

Geothermal Lease and Agreement

AGREEMENT, Made and entered into this 3rd day of July 1973 by and between Alex Adler and Jeannette S. Adler, husband and wife, 3301 Heritage Way South Las Vegas, Nevada 89121, party of the first part, hereinafter called Lessor, (whether one or more) and Thermal Power Company of Utah, party of the second part, Lessee.

WITNESSETH:

1. That for and in consideration of One Dollar (\$1.00), in hand paid to the Lessor, and other good and valuable consideration, the receipt of which is hereby acknowledged, and in consideration of the covenants and agreements as herein provided, the Lessor does grant, lease, let and demise unto the Lessee, its successors and assigns, the land and premises hereinafter described, with the sole and exclusive right to the Lessee to enter upon and to use and occupy the said land to explore for, drill for, develop, mine, produce and utilize geothermal energy including geothermal steam, geothermal fluids and hot water, geothermal heat, and by-products thereof and products associated therewith (except oil and gas), hereinafter called the Leased Substances, and to take, store and remove, dispose of and use same for uses and purposes incidental thereto, together with the right to construct and maintain any and all facilities as may be necessary to Lessee's operations on the leased land or other land in the vicinity of the leased land and for utilization of the geothermal and other products produced therefrom, including but not limited to well sites, pipelines, power stations, powerlines, tanks, ponds, roads, and structures thereon for extracting and/or processing extractable minerals and/or by-products and wells for injection or re-injection of water, waste water, gases and other residual products, the following described land, herein called the "Premises" situated in the County of

IRON, State of Utah, to wit:

See Exhibit "A" attached hereto and made a part hereof.

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Recorded at
Request of Thermal Power Company of Utah
DEC - 5 1973 P.M. 12:12 R 190 Page 533-536
John D. Maslin County Recorder
Notary Public
Notary Seal
Notary Signature
Notary Title
Notary Commission Expires

deemed to contain, for the purposes hereof, 4123.95 acres, whether there be more or less.

2. The Lessor reserves the exclusive right to utilize said land for agricultural purposes. If Lessee's operation on the land cause damage or loss to crops or other agricultural operations, Lessee shall compensate the injured party for such loss.

In the event Lessee requires the permanent use of the surface of any of said land for facilities for utilization of the Leased Substances, including but not limited to generation of electric power or for processing Leased Substances, Lessee shall pay to Lessor the then market value of such land so required. Lessor shall retain all mineral and geothermal rights under such lands, subject to this lease.

3. The term of this lease shall be for a period of ten (10) years from date hereof (herein called "primary term") and so long thereafter as any of the aforesaid Leased Substances are produced therefrom, or drilling or producing operations are conducted thereon, or excused under the terms hereof. If at the expiration of the primary term hereof Lessee has not completed one or more wells on the leased lands or on lands pooled therewith, but is then engaged in drilling, re-drilling, or reworking any well or wells drilled thereon or on lands pooled therewith, and as a result thereof geothermal steam or any other of the aforesaid Leased Substances is produced in commercial quantities, then in such event, such well or wells shall be deemed completed during the primary term of this lease.

4. The Lessee shall pay as royalties to the Lessor 10 percent of the gross proceeds received by Lessee from the sale of Leased Substances produced upon said lands.

5. Should Lessee process its by-products before sale, Lessor's royalty shall bear its proportionate share of such processing or extraction costs. Lessee shall pay to Lessor said royalty by the 25th day of each month for accrued royalties for the Leased Substances produced from the leased land with such substances produced from other lands and to pay Lessor's royalty on the basis of production allocable to the leased land as determined by metering or gauging same. Lessee shall not be required to account to the Lessor for, or pay royalty on any such products produced by Lessee from said land used by it in its operations thereunder.

If the Lessor or any party Lessor owns a less interest in the Leased Substances recovered hereunder than the entire and undivided fee estate therein, then the royalty and rental herein provided shall be paid the Lessor or such party Lessor only in the proportion which his ownership bears to the whole and undivided fee; provided however, that if Lessor has no interest in the Leased Substances recovered hereunder but has an interest in the leased land, the Lessee shall pay the Lessor (or all owners Lessor collectively) an overriding royalty of one percent (1%) of the gross proceeds received by Lessee from the sale of Leased Substances as rental for the surface of the leased land.

6. Commencing with the first anniversary during the term hereof, if the Lessee has not theretofore commenced drilling operations on each of the sections covered by this agreement or terminated this lease as herein provided, Lessee shall pay or tender to Lessors as rental, yearly in advance, the sum of One Dollar and thirty-one cents (\$1.31) per acre per year for acreage on all of said sections where drilling operations have not been commenced for so much of said land as may then still be held under this lease, or until drilling operations are commenced on each section.

533

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6. ~~Conveyance with the lessor hereby assigns to the lessee the right to the lease and the right to the leasehold interest in the land hereunder.~~

The **Milford State** Bank at **Milford, Utah 84751**
or its successor, is hereby designated as Lessor's agent to receive from Lessee all payments of rentals and/or royalties on actual production under the terms of this lease and all such payments may be made by mailing or delivering the same to Lessor, or for Lessor's credit to said bank.

7. Lessee may at any time during the life of this lease, pool, unitize or combine all or any part of the leased land into a unit with any other land or lands or leases adjacent, adjoining, or in the immediate vicinity of the leased land for drilling, development, producing or operating purposes, provided that the total acreage within any such drilling or operating unit shall not exceed eight hundred and eighty (880) plus or minus ten percent.

Production as to which royalty is payable from any wells drilled upon any such unit, whether located upon the leased land or other lands, shall be credited to the leased land in the proportion that the acreage of the leased land in such unit bears to the total acreage of such unit. Such a unit shall be created upon Lessee's filing with the County Recorder in the county where the leased land is located a notice of such unitization describing said unit with proper notice to Lessor thereof.

8. The obligation of the Lessee hereunder shall be suspended while the Lessee is prevented from complying therewith in whole or in part by strikes, lockouts, actions of the elements, accidents, rules and regulations of any Federal, State, Municipal, or other governmental agency, or other matters or conditions beyond the reasonable control of the Lessee, whether or not similar to the matters or conditions herein specifically enumerated. Lessee shall also be excused from obligations hereunder, except that Lessee shall continue to pay rental, as aforesaid, after expiration of the primary term during the period of such suspension of Lessee's obligations, if Lessee is unable to sell, or no ready market is available for the sale or use of Leased Substances by Lessee from the leased

534

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Signature of Lessee

Signature of Lessor
Alex Adler
Jeanette S. Adler

IN WITNESS WHEREOF, the Lessor and Lessee have caused this lease and agreement to be duly executed as of the date first above written.

land. However, Lessee shall endeavor to find a means to secure such method for the Leased Substances and in the event Lessee is not able, within five (5) years after termination of the primary term, to enter into a lease with agreement for sale or assignment of Leased Substances, Lessor may declare this lease in default and may terminate same if such default is not remedied as provided in this lease.

9. Lessee shall have the right to dispose of waste water, gases, and other waste or residual products by injecting or depositing into a well or wells or by other means, on the leased lands, incidental to the operations of Lessee in pursuant to this lease, or in the operation of any electric power generating facility upon the leased premises, or incidental to any other facility associated with the geothermal field upon the leased premises, or adjoining or adjacent thereto.

10. The Lessee shall pay all property taxes on its improvements and property and shall pay all of the taxes, if any, levied against its rights in the Leased Substances covered by this lease. Lessor shall pay all taxes levied and assessed against the land as such and Lessor's property and all taxes levied and assessed against its rights in the Leased Substances covered by this lease. In the event the State, United States or any municipality or other governmental agency levies a license, severance, production or other tax on the Leased Substances hereunder, or on Lessee's right to operate or produce or sell such Leased Substances, then and in that event the Lessee shall pay that portion of such tax attributable to its portion hereof. Lessor is hereby authorized to pay any taxes and the amount so paid from royalties or monies due Lessee hereunder.

11. The Lessor or the owner thereof shall have the right at any time to remove from said land all machinery, equipment, pipes, casing, structures and other property and improvements belonging to or placed on the land by or under agreement with the Lessee, provided that such removal shall be completed within a reasonable time after the termination of this lease, and Lessee agrees after termination to leave said land in a clean condition and to level sump holes or excavations.

12. Upon the violation of any of the terms and conditions of this lease by the Lessee and failure to begin to remedy the same within ninety (90) days after written notice from the Lessor specifying such fault and requesting remedy thereof, then, at the option of the Lessor, this shall forthwith cease and terminate, and all rights of the Lessee in and to said land shall be at an end, save and excepting one (1) acre surrounding each well producing or being drilled or re-drilled and in respect to which Lessee shall not be in default, and saving and excepting rights of way, easements and surface areas necessary for Lessee's operations and for maintenance and operation of electric generating and power transmission facilities and other facilities for utilization or processing of other products covered hereby, and as to which the person or persons owning or operating such facilities were installed on the leased land, Lessee may at any time before or after such default, and upon the payment of the sum of ten dollars (\$10.00) to the Lessor as and for fixed and liquidated damages, quitclaim to the Lessor all of the right, title and interest of Lessee in and to the leased lands or any part thereof, and thereupon all rights and obligations of the parties hereto, one to the other, shall thereupon cease and terminate as to the premises quitclaimed.

13. Lessor hereby warrants and agrees to defend the title to the land herein described and agrees that the Lessee, at its option, may pay and discharge any taxes, mortgage or other liens existing levied or assessed on or against the above described lands and in event it exercises such option, it shall be subrogated to the rights of any holder or holders thereof and may reimburse itself by applying to the discharge of any such mortgage, tax or other lien, any royalty or rentals accruing hereunder.

14. All express and implied covenants of this lease shall be subject to all federal and state laws, executive orders, rules and regulations, and this lease shall not be terminated, in whole or in part, nor lessee held liable in damage for failure to comply therewith if compliance is prevented by or if such failure is the result of any such law, order, rule or regulation.

15. This Lease and all its terms, conditions and provisions shall extend and be binding upon the heirs, executors, administrators, grantees successors and assigns of the parties herein.

16. All notices to be given under the terms of this Lease, shall be given by United States mail, postage prepaid, to the Lessor and to the Lessee at the address first shown herein.

IN WITNESS WHEREOF, the Lessor and Lessee have caused this lease and agreement to be duly executed as of the date first above written.

Alex Adler
Alex Adler

Jeannette S. Adler
Jeannette S. Adler

STATE OF Nevada)
COUNTY OF Clark) ss:

On this 3rd day of July, 1973, before me, the undersigned, a Notary Public, personally appeared Alex Adler and Jeannette S. Adler, known to me to be the persons whose names are subscribed to the within instrument, and acknowledged to me that they executed the same.

WITNESS my hand and official seal:
BETTY KRIEGER
My Commission Expires Jan. 26, 1977
STATE OF Nevada)
COUNTY OF Clark)

On this 10th day of July, 1973, before me, the undersigned, a Notary Public, personally appeared Alex Adler and Jeannette S. Adler, known to me to be the persons whose names are subscribed to the within instrument, and acknowledged to me that they executed the same.

WITNESS my hand and official seal:
STATE OF Utah)
COUNTY OF Cannonville) ss:

On this 31st day of September, 1973, before me, the undersigned, a Notary Public, personally appeared Emogene M. Davis, M.D., Pres. & C. G. Johnstone, Sec. Treas., known to me to be the President and Secretary of the Corporation that executed the within instrument, and known to me to be the persons who executed the within instrument on behalf of the Corporation herein named, and acknowledged to me that such Corporation executed the within instrument pursuant to its by-laws or a resolution of its Board of Directors.

WITNESS my hand and official seal:
Robert M. Tucker, Broker for Resource Management Co.
Emogene M. Davis, M.D., Pres. & C. G. Johnstone, Sec. Treas.
My Commission Expires Dec. 17, 1977

Exhibit "A" attached hereto and made a part
hereof this lease.

Surface Rights Only

Township 31 South, Range 12 West, SLM. Iron County, Utah.

Section 17: S $\frac{1}{4}$.

Excepting therefrom beginning at the Southeast corner of the
Northeast quarter of the Southwest quarter of Section 17,
Township 31 South, Range 12 West, SLM. Thence West 521.375
feet; Thence North 1043.55 feet; Thence East 1043.55 feet;
Thence South 1043.55 feet; Thence West 521.375 feet to beginning.
Containing 25 acres more or less.

Section 20: All.

Total acreage 935.00 acres more or less.

Surface Rights and Mineral Rights

Township 31 South, Range 12 West, SLM. Iron County, Utah.

Section 9: NW $\frac{1}{4}$ SW $\frac{1}{4}$.

Section 30: SW $\frac{1}{4}$, S $\frac{1}{2}$ SE $\frac{1}{4}$, South 9 acres of the North half of the Southeast quarter,
Excepting there from: Beginning at the Southeast corner of the
Southwest quarter of Section 30, Township 31 South, Range 12 West,
SLM. Thence North 1043.55 feet; Thence West 1043.55 feet; Thence
South 1043.55 feet; Thence East 1043.55 feet to beginning. Con-
taining 25 acres more or less.

Section 31: SW $\frac{1}{4}$, E $\frac{1}{2}$ NW $\frac{1}{4}$, NE $\frac{1}{4}$ NW $\frac{1}{4}$.

Township 31 South, Range 13 West, SLM. Iron County, Utah.

Section 25: All.

Section 26: E $\frac{1}{4}$.

Section 35: E $\frac{1}{4}$.

Township 32 South, Range 12 West, SLM. Iron County, Utah.

Section 7: E $\frac{1}{4}$.

Township 32 South, Range 13 West, SLM. Iron County, Utah.

Section 1: SW $\frac{1}{4}$.

Section 2: E $\frac{1}{4}$.

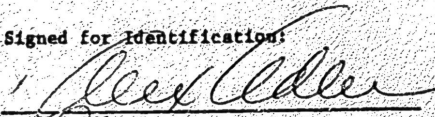
Section 11: SE $\frac{1}{4}$.

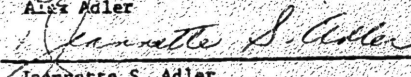
Section 13: W $\frac{1}{4}$.

Total acreage 3188.95 acres more or less.

Net Surface Rights and Mineral Rights	3188.95 acres
Net Surface Rights Only	935.00 acres
GROSS AGREAGE	4123.95 acres

Signed for Identification:


Alex Adler


Jeannette S. Adler