

APPENDIX "B"
TO THE
VERIFIED APPLICATION FOR AUTHORITY TO ISSUE SECURITIES

LOAN AGREEMENT

LOAN AGREEMENT

LOAN AGREEMENT (this "Agreement") dated as of _____, 2011, between DESERET GENERATION & TRANSMISSION CO-OPERATIVE ("Borrower"), a non-profit corporation organized and existing under the laws of the State of Utah and NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION ("CFC"), a cooperative association organized and existing under the laws of the District of Columbia.

RECITALS

WHEREAS, the Borrower has applied to CFC for a loan for the purposes set forth in Schedule 1 hereto, and CFC is willing to make such a loan to the Borrower on the terms and conditions stated herein; and

WHEREAS, the Borrower has agreed to execute a promissory note to evidence an indebtedness in the aggregate principal amount of the CFC Commitment (as hereinafter defined).

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants hereinafter contained, the parties hereto agree and bind themselves as follows:

ARTICLE I

DEFINITIONS

Section 1.01 For purposes of this Agreement, the following capitalized terms shall have the following meanings (such definitions to be equally applicable to the singular and the plural form thereof).

"Advance" shall mean the advance of funds by CFC to the Borrower pursuant to the terms and conditions of this Agreement.

"Amortization Basis Date" shall mean the first calendar day of the month following the end of the Billing Cycle in which the Advance occurs, provided, however, that if the Advance is made on the first day of a Billing Cycle, and such day is a Business Day, then the Amortization Basis Date shall be the date of the Advance.

"Benefit Plan" shall mean a "defined benefit plan" as defined in Section 3(35) of ERISA in respect of which the Borrower or any of its Subsidiaries or ERISA Affiliates is, or within the immediately preceding six (6) years was, an "employer" as defined in Section 3(5) of ERISA.

"Billing Cycle" shall mean any 3-month period ending on, and including, a Payment Date.

"BME" shall mean Blue Mountain Energy, Inc., a Wyoming corporation and wholly-owned subsidiary of the Borrower.

"Business Day" shall mean any day that both CFC and the depository institution CFC utilizes for funds transfers hereunder are open for business.

"Casualty Event" shall mean, with respect to any property of the Borrower or BME, any loss of or damage to, or any condemnation or other taking by eminent domain or public improvement proceeding of, such property for which the Borrower or BME receives insurance proceeds or proceeds of a condemnation award or other compensation.

"CFC Commitment" shall have the meaning as defined in Schedule 1.

"CFC Fixed Rate" shall mean such fixed rate as is then available for loans similarly classified pursuant to CFC's policies and procedures then in effect.

"CFC Fixed Rate Term" shall mean the specific period of time that a CFC Fixed Rate is in effect for the Loan.

"CFC Variable Rate" shall mean the rate established by CFC for variable interest rate long-term loans similarly classified pursuant to the long-term loan programs established by CFC from time to time.

"Closing Date" shall mean September 15, 2011.

"Conversion Request" shall mean a written request from any duly authorized official of the Borrower, in form and substance satisfactory to CFC, that requests an interest rate conversion.

"Default Rate" shall mean a rate per annum equal to the interest rate in effect for a Loan plus two hundred basis points.

"Deferred Compensation Subsidiary" shall mean any corporation, limited liability company, limited partnership, or other entity wholly owned by Borrower, established and maintained solely as a vehicle to hold notional investment accounts on behalf of participants in one or more deferred compensation plans maintained by Borrower, and funded solely with assets of a value not in excess of the amounts deferred by the participants under the terms of such plan(s).

"Distributions" shall mean, with respect to the Borrower, any dividend, patronage refund, patronage capital retirement or cash distribution to its members, or consumers (including but not limited to any general cancellation or abatement of charges for electric energy or services furnished by the Borrower). The term "Distribution" shall *not* include (a) a distribution by the Borrower to the estate of a deceased patron, (b) repayment by the Borrower of a membership fee upon termination of a membership, or (c) any rebate to a patron resulting from a cost abatement received by the Borrower, such as a reduction of wholesale power cost previously incurred.

"Environmental Laws" shall mean all laws, rules and regulations promulgated by any Governmental Authority, with which Borrower is required to comply, regarding the use, treatment, discharge, storage, management, handling, manufacture, generation, processing, recycling, distribution, transport, release of or exposure to any Hazardous Material.

"Equity" shall mean the aggregate of the Borrower's equities and margins computed pursuant to GAAP.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time, and any successor statute.

"ERISA Affiliate" means any (i) corporation which is or was at any time a member of the same controlled group of corporations (within the meaning of Section 414(b) of the Internal Revenue Code) as the Borrower or any of its Subsidiaries; (ii) partnership or other trade or business (whether or not incorporated) at any time under common control (within the meaning of Section 414(c) of the Internal Revenue Code) with the Borrower or any of its Subsidiaries; and (iii) member of the same affiliated service group (within the meaning of Section 414(m) of the Internal Revenue Code) as the Borrower or any of its Subsidiaries, any corporation described in clause (i) above, or any partnership or trade or business described in clause (ii) above.

"Event of Default" shall have the meaning as described in Article VI hereof.

"Excess Cash Flow" shall have the meaning applied to such term in the ORA on the date hereof, which definition, for purposes of this Agreement, shall survive the termination of the ORA.

"Final Advance Date" shall be 5 years after the date of this Agreement.

"GAAP" shall mean generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board.

"Governmental Authority" shall mean the government of the United States of America, any other nation or government, any state or other political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"Hazardous Material" shall mean any (a) petroleum or petroleum products, radioactive materials, asbestos-containing materials, polychlorinated biphenyls, lead and radon gas, and (b) any other substance designated as hazardous or toxic or as a pollutant or contaminant under any Environmental Law.

"Internal Revenue Code" shall mean the Internal Revenue Code of 1986, as amended from time to time, and any successor statute thereto and all rules and regulations promulgated thereunder.

"Lien" shall mean any statutory or common law consensual or non-consensual mortgage, pledge, security interest, encumbrance, lien, right of set off, claim or charge of any kind, including, without limitation, any conditional sale or other title retention transaction, any lease transaction in the nature thereof and any secured transaction under the Uniform Commercial Code of any state.

"Loan" shall mean the loan made by CFC to the Borrower, pursuant to this Agreement and the Note, in an aggregate principal amount not to exceed the CFC Commitment.

“Loan Documents” shall mean this Agreement, the Note, the Mortgage and all other documents or instruments executed, delivered or executed and delivered by the Borrower and evidencing, securing or governing the Loan.

“Major Real Property Asset” means the Bonanza Facility, the Hunter Facility and the Deserado Mine (each as defined in the Recapitalization Agreement), together with the Mona Line and the Coal Transportation System (each as defined in Appendix B to the Recapitalization Agreement).

“Make-Whole Premium” shall mean, with respect to any principal sum of a CFC Fixed Rate Advance paid prior to the expiration of the CFC Fixed Rate Term applicable thereto (the “Prepaid Principal Amount”), an amount calculated as set forth below. The Make-Whole Premium represents CFC’s reinvestment loss resulting from making a fixed rate loan.

(1) Compute the amount of interest (“Loan Interest”) that would have been due on the Prepaid Principal Amount at the applicable CFC Fixed Rate for the period from the prepayment date through the end of the CFC Fixed Rate Term (such period is hereinafter referred to as the “Remaining Term”), calculated on the basis of a 30-day month/360-day year, adjusted to include any amortization of principal in accordance with the amortization schedule that would have been in effect for the Prepaid Principal Amount.

(2) Compute the amount of interest (“Investment Interest”) that would be earned on the Prepaid Principal Amount (adjusted to include any applicable amortization) if invested in a United States government security with a term equivalent to the Remaining Term, calculated on the basis of a 30-day month/360-day year. The yield used to determine the amount of Investment Interest shall be based upon United States government security yields dated no more than two Business Days prior to the prepayment date in Federal Reserve statistical release H.15 (519), under the caption “U.S. Government Securities/Treasury Constant Maturities”. If there is no such United States government security under said caption with a term equivalent to the Remaining Term, then the yield shall be determined by interpolating between the terms of whole years nearest to the Remaining Term.

(3) Subtract the amount of Investment Interest from the amount of Loan Interest. If the difference is zero or less, then the Make-Whole Premium is zero. If the difference is greater than zero, then the Make-Whole premium is a sum equal to the present value of the difference, applying as the present value discount a rate equal to the yield utilized to determine Investment Interest.

“Maturity Date” shall mean December 31, 2025 or such other date to which it may be extended pursuant to Section 3.06 hereof.

“Mortgage” shall have the meaning as described in Schedule 1 hereto.

“Mortgaged Property” shall have the meaning ascribed to it in the Mortgage.

“Note” shall mean the secured promissory note, payable to the order of CFC, executed by the Borrower, dated as of even date herewith, pursuant to this Agreement as identified on Schedule 1 hereto.

"Obligations" shall mean any and all liabilities, obligations or indebtedness owing by the Borrower to CFC, of any kind or description, irrespective of whether for the payment of money, whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising.

"ORA" shall mean that certain Obligations Restructuring Agreement dated as of October 16, 1996 by and among the Borrower, BME, CFC and National Cooperative Services Cooperation, as amended, as such agreement may be further modified, supplemented or amended.

"Payment Date" shall mean the last day of each of the months referred to in Schedule 1.

"Payment Notice" shall mean a notice furnished by CFC to the Borrower that indicates the amount of each payment of interest or interest and principal and the total amount of each payment due.

"Permitted Encumbrances" shall have the meaning ascribed to it in the Mortgage.

"Person" shall mean natural persons, cooperatives, corporations, limited liability companies, limited partnerships, general partnerships, limited liability partnerships, joint ventures, associations, companies, trusts or other organizations, irrespective of whether they are legal entities, and Governmental Authorities.

"Prepayment Administrative Fee" shall mean an amount equal to thirty three one-hundredths of one percent (0.33%) of the amount being prepaid.

"Prior Loan Documents" shall mean, collectively, all long term loan agreements entered into prior to the date hereof by and between CFC and the Borrower, and all promissory notes delivered pursuant thereto secured under the Mortgage.

"Recapitalization Agreement" shall mean that certain Recapitalization Agreement, dated December 4, 1998, among CFC, National Cooperative Services Corporation, General Electric Capital Corporation ("GECC") and the Borrower.

"Requisition" shall mean the form letter set forth in Exhibit A hereto which is to be used by the Borrower to request an Advance under the Loan.

"Subsidiary" as to any Person, shall mean a corporation, partnership, limited partnership, limited liability company or other entity of which shares of stock or other ownership interests having ordinary voting power (other than stock or such other ownership interests having such power only by reason of the happening of a contingency) to elect a majority of the board of directors or other managers of such entity are at the time owned, or the management of which is otherwise controlled, directly or indirectly through one or more intermediaries, or both, by such Person. Unless otherwise qualified, all references to a "Subsidiary" or to "Subsidiaries" in this Agreement shall refer to a Subsidiary or Subsidiaries of the Borrower.

"Total Assets" shall mean an amount constituting the total assets of the Borrower computed pursuant to GAAP.

"Total Utility Plant" shall mean the amount constituting the total utility plant of the Borrower computed pursuant to GAAP.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.01 The Borrower represents and warrants to CFC that as of the date of this Agreement:

A. Good Standing. The Borrower is duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization, is duly qualified to do business and is in good standing in those states in which it is required to be qualified to conduct its business. The Borrower is a member in good standing of CFC.

B. Subsidiaries and Ownership. Except for Deferred Compensation Subsidiaries, Schedule 1 hereto sets forth a complete and accurate list of the Subsidiaries of the Borrower showing the percentage of the Borrower's ownership of the outstanding stock, membership interests or partnership interests, as applicable, of each Subsidiary.

C. Authority; Validity. The Borrower has the power and authority to enter into this Agreement, the Note and the Mortgage; to make the borrowing hereunder; to execute and deliver all documents and instruments required hereunder and to incur and perform the obligations provided for herein, in the Note and in the Mortgage, all of which have been duly authorized by all necessary and proper action; and no consent or approval of any Person, including, as applicable and without limitation, members of the Borrower, which has not been obtained is required as a condition to the validity or enforceability hereof or thereof.

Each of this Agreement, the Note and the Mortgage is, and when fully executed and delivered will be, legal, valid and binding upon the Borrower and enforceable against the Borrower in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity.

D. No Conflicting Agreements. The execution and delivery of the Loan Documents and performance by the Borrower of the obligations thereunder, and the transactions contemplated hereby or thereby, will not: (i) violate any provision of law, any order, rule or regulation of any court or other agency of government, any award of any arbitrator, the articles of incorporation or by-laws of the Borrower, or any indenture, contract, agreement, mortgage, deed of trust or other instrument to which the Borrower is a party or by which it or any of its property is bound; or (ii) be in conflict with, result in a breach of or constitute (with due notice and/or lapse of time) a default under, any such award, indenture, contract, agreement, mortgage, deed of trust or other instrument, or result in the creation or imposition of any Lien (other than contemplated hereby) upon any of the property or assets of the Borrower.

The Borrower is not in default in any material respect under any agreement or instrument to which it is a party or by which it is bound and no event or condition exists which constitutes a default, or with

the giving of notice or lapse of time, or both, would constitute a default under any such agreement or instrument.

E. Taxes. The Borrower, and each of its Subsidiaries, has filed or caused to be filed all federal, state and local tax returns which are required to be filed and has paid or caused to be paid all federal, state and local taxes, assessments, and governmental charges and levies thereon, including interest and penalties to the extent that such taxes, assessments, and governmental charges and levies have become due, except for such taxes, assessments, and governmental charges and levies which the Borrower or any Subsidiary is contesting in good faith by appropriate proceedings for which adequate reserves have been set aside.

F. Licenses and Permits. The Borrower has duly obtained and now holds all licenses, permits, certifications, approvals and the like necessary to own and operate its property and business that are required by Governmental Authorities and each remains valid and in full force and effect.

G. Litigation. Except as set forth on Schedule 2.01.G attached hereto, there are no outstanding judgments, suits, claims, actions or proceedings pending or, to the knowledge of the Borrower, threatened against or affecting the Borrower, its Subsidiaries or any of their respective properties which, if adversely determined, either individually or collectively, would have a material adverse effect upon the business, operations, prospects, assets, liabilities or financial condition of the Borrower or its Subsidiaries. The Borrower and its Subsidiaries are not, to the Borrower's knowledge, in default or violation with respect to any judgment, order, writ, injunction, decree, rule or regulation of any Governmental Authority which would have a material adverse effect upon the business, operations, prospects, assets, liabilities or financial condition of the Borrower or its Subsidiaries.

H. Financial Statements. The balance sheet of the Borrower as at the date identified in Schedule 1 hereto, the statement of operations of the Borrower for the period ending on said date, and the interim financial statements of the Borrower, all heretofore furnished to CFC, are complete and correct. Said balance sheet fairly presents the financial condition of the Borrower as at said date and said statement of operations fairly reflects its operations for the period ending on said date. The Borrower has no contingent obligations or extraordinary forward or long-term commitments except as specifically stated in said balance sheet or herein. There has been no material adverse change in the financial condition or operations of the Borrower from the financial condition and operations set forth in said financial statements except changes disclosed in writing to CFC prior to the date hereof.

I. Borrower's Legal Status. Schedule 1 hereto accurately sets forth: (i) the Borrower's exact legal name, (ii) the Borrower's organizational type and jurisdiction of organization, (iii) the Borrower's organizational identification number or accurate statement that the Borrower has none, and (iv) the Borrower's place of business or, if more than one, its chief executive office as well as the Borrower's mailing address if different.

J. Required Approvals. No license, consent or approval of any Governmental Authority is required to enable the Borrower to enter into this Agreement, the Note and the Mortgage, or to perform any of its Obligations provided for in such documents, including without limitation (and if applicable), that of any state public utilities commission, any state public service

commission, and the Federal Energy Regulatory Commission, except as disclosed in Schedule 1 hereto, all of which the Borrower has obtained prior to the date hereof.

K. Compliance With Laws. The Borrower and each Subsidiary is in compliance, in all material respects, with all applicable requirements of law and all applicable rules and regulations of each Governmental Authority.

L. Disclosure. To the Borrower's knowledge, information and belief, neither this Agreement nor any document, certificate or financial statement furnished to CFC by or on behalf of the Borrower in connection herewith (all such documents, certificates and financial statements, taken as a whole) contains any untrue statement of a material fact or omits to state any material fact necessary in order to make the statements contained herein and therein not misleading.

M. No Other Liens. As to property which is presently included in the description of Mortgaged Property, the Borrower has not, without the prior written approval of CFC, executed or authenticated any security agreement or mortgage, or filed or authorized any financing statement to be filed with respect to assets owned by it, other than security agreements, mortgages and financing statements in favor of CFC, except as disclosed in writing to CFC prior to the date hereof or relating to Permitted Encumbrances.

N. Environmental Matters. Except as to matters which individually or in the aggregate would not have a material adverse effect upon the business or financial condition of the Borrower or its Subsidiaries, (i) Borrower is in compliance with all Environmental Laws (including, but not limited to, having any required permits and licenses), (ii) there have been no releases (other than releases remediated in compliance with Environmental Laws) from any underground or aboveground storage tanks (or piping associated therewith) that are or were present at the Mortgaged Property, (iii) Borrower has not received written notice or claim of any violation of any Environmental Law, (iv) there is no pending investigation of Borrower in regard to any Environmental Law, and (v) to the best of Borrower's knowledge, there has not been any release or contamination (other than releases or contamination remediated in compliance with Environmental Laws) resulting from the presence of Hazardous Materials on property owned, leased or operated by the Borrower.

O. Title to Properties; Location of Properties. Each of the Borrower and its Subsidiaries has good and marketable title in fee simple to, or a valid leasehold interest in, or valid rights-of-way or easements across all its real property, and good title to, or a valid leasehold interest in, all its personal property, and none of such real or personal property is subject to any Lien except as permitted by this Agreement. The Mortgage has been recorded in the locations set forth on Schedule 2.01.O hereto, which locations represent the appropriate Governmental Authority in each jurisdiction where Borrower and/or its Subsidiaries own any interest in any Major Real Property Asset.

P. Insurance. The Borrower is in compliance with Section 4.14 ("Insurance") of the Mortgage.

Q. ERISA. None of the Borrower or any of its Subsidiaries or ERISA Affiliates maintains or contributes to any Benefit Plan other than those provided by the Borrower to CFC. Each Benefit Plan has been and is being maintained and funded in accordance with its terms and in compliance in all material respects with all provisions of ERISA and the Internal Revenue Code applicable thereto.

No event or events have occurred in connection with which the Borrower or any of its Subsidiaries or ERISA Affiliates, any fiduciary of a Benefit Plan or any Benefit Plan, directly or indirectly, would be subject to any material liability, individually or in the aggregate, under ERISA, the Internal Revenue Code or any other law, regulation or governmental order. As of the most recent valuation date for any Benefit Plan, the amount of assets of such Benefit Plan equals or exceeds plan benefit liabilities (as defined in Section 4001(a)(18) of ERISA).

R. Public Utility Holding Company Act. None of the Borrower or any of its Subsidiaries is a "holding company," or a "subsidiary company" of a "holding company," or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company," within the meaning of the Public Utility Holding Company Act of 1935, as amended.

S. Accuracy of Information. All factual information furnished by or on behalf of the Borrower or any of its Subsidiaries in writing to CFC for purposes of or in connection with this Agreement or any Loan Document, or any transaction contemplated hereby or thereby, is or will be true and accurate in all material respects on the date as of which such information is delivered to CFC, and is not or will not be incomplete by omitting to state any material fact necessary to make such information not misleading at such time.

ARTICLE III

LOAN

Section 3.01 Advance. Subject to the terms and conditions set forth herein, CFC agrees to lend to the Borrower an amount not to exceed the CFC Commitment in one or more Advances. CFC will disburse each Advance by wire transfer on the date specified in the Requisition for each Advance to an account designated by the Borrower; *provided that*, CFC shall not be obligated to make any Advance with respect to a Requisition that is received in CFC's offices in Herndon, VA after 5:00 PM local time on the Final Advance Date.

Section 3.02 Interest Rate and Payment. The Note shall be payable and bear interest as follows:

A. Payments; Maturity; Amortization.

(i) The Note shall have a Maturity Date of December 31, 2025 unless extended pursuant to Section 3.06 hereof.

(ii) At the time of the Advance, the Borrower shall elect an amortization method for principal with respect to such Advance. The Advance shall amortize over a period commencing on the date of such Advance, until the Maturity Date when all amounts due and payable hereunder shall be paid in full.

(iii) The Borrower shall promptly pay interest in the amount shown in the Payment Notice on each Payment Date until the first Payment Date of the Billing Cycle in which the Amortization Basis Date occurs. On such Payment Date, and on each Payment Date thereafter, the Borrower shall promptly pay interest and principal in the amounts shown in the Payment Notice. If not sooner paid, any amount due on account of the unpaid principal, interest accrued thereon and fees, if any, shall be

due and payable on the Maturity Date. The amortization method for the Advance shall be as stated on Schedule 1 or, if not so stated, then as stated on the written requisition for such Advance submitted by the Borrower to CFC pursuant to the terms hereof.

(iv) CFC will furnish to the Borrower a Payment Notice at least ten (10) days before each Payment Date, provided, however, that CFC's failure to send a Payment Notice shall not constitute a waiver by CFC or be deemed to relieve the Borrower of its obligation to make payments as and when due as provided for herein.

(v) No provision of this Agreement or of any Note shall require the payment, or permit the collection, of interest in excess of the highest rate permitted by applicable law.

B. Application of Payments. Each payment shall be applied to the Obligations, first to any fees, costs, expenses or charges other than interest or principal, second to interest accrued, and the balance to principal.

C. Selection of Interest Rate and Interest Rate Computation. Prior to the Closing Date, the Borrower must select in writing either a CFC Fixed Rate or the CFC Variable Rate for the Loan, as follows:

(i) CFC Fixed Rate. If the Borrower selects a CFC Fixed Rate for the Loan, then such rate shall be in effect for the CFC Fixed Rate Term selected by the Borrower. CFC shall provide the Borrower with at least sixty (60) days prior written or electronic notice of the date on which the CFC Fixed Rate is due to reprice. Pursuant to CFC's policies of general application for repricing, the Borrower may select any of the interest rate options then available for similarly classified borrowers repricing from a CFC Fixed Rate. If the Borrower does not select an interest rate in writing when the CFC Fixed Rate is subject to repricing, then the Loan shall reprice to, and shall bear interest at, the CFC Variable Rate. CFC agrees that its long-term loan policies will include a fixed interest rate option until the Maturity Date. The Borrower may not select a CFC Fixed Rate with a CFC Fixed Rate Term that extends beyond the Maturity Date. Interest on the Loan shall be computed for the actual number of days elapsed on the basis of a year of 360 days.

(ii) CFC Variable Rate. If the Borrower selects the CFC Variable Rate for the Loan, then such CFC Variable Rate shall apply until the Maturity Date, unless the Borrower elects to convert to a CFC Fixed Rate pursuant to the terms hereof. Interest on the Loan bearing interest at the CFC Variable Rate shall be computed for the actual number of days elapsed on the basis of a year of 365 days.

Section 3.03 Conversion of Interest Rates.

A. CFC Variable Rate to a CFC Fixed Rate. The Borrower may at any time convert from the CFC Variable Rate to a CFC Fixed Rate by submitting to CFC a Conversion Request requesting that a CFC Fixed Rate apply to the Loan. The rate shall be equal to the rate of interest offered by CFC in effect on the date of the Conversion Request. The effective date of the new interest rate shall be a date determined by CFC pursuant to its policies of general application following receipt of the Conversion Request.

B. CFC Fixed Rate to CFC Variable Rate. The Borrower may at any time convert a CFC Fixed Rate to the CFC Variable Rate by: (i) submitting a Conversion Request requesting that the CFC

Variable Rate apply to the Loan; and (ii) paying to CFC promptly upon receipt of an invoice any applicable conversion fee calculated pursuant to CFC's long-term loan policies as established from time to time for similarly classified long-term loans. The effective date of the CFC Variable Rate shall be a date determined by CFC pursuant to its policies of general application following receipt of the Conversion Request.

C. A CFC Fixed Rate to Another CFC Fixed Rate. The Borrower may at any time convert from a CFC Fixed Rate to another CFC Fixed Rate if the Borrower: (i) submits a Conversion Request requesting that a CFC Fixed Rate apply to the Loan and (ii) pays to CFC promptly upon receipt of an invoice any applicable conversion fee calculated pursuant to CFC's long-term loan policies as established from time to time for similarly classified long-term loans. The effective date of the new interest rate shall be a date determined by CFC pursuant to its policies of general application following receipt of the Conversion Request.

Section 3.04 Prepayment. The Borrower may at any time, on not less than thirty (30) days prior written notice to CFC, prepay any Advance, in whole or in part. In the event the Borrower prepays all or any part of an Advance (regardless of the source of such prepayment and whether voluntary, by acceleration or otherwise), the Borrower shall pay any Prepayment Administrative Fee and/or Make-Whole Premium as CFC may prescribe pursuant to the terms of this Section 3.04. All prepayments shall be accompanied by payment of accrued and unpaid interest on the amount of and to the date of the repayment. All prepayments shall be applied first to fees, second to the payment of accrued and unpaid interest, and then to the unpaid balance of the principal amount of the applicable Advance.

If the Advance bears interest at the CFC Variable Rate, then the Borrower may on any Business Day prepay the Advance or any portion thereof, provided that the Borrower pays together therewith the Prepayment Administrative Fee. If the Advance bears interest at a CFC Fixed Rate, then the Borrower may prepay the Advance on (a) the Business Day before an Interest Rate Reset Date, provided that the Borrower pays together therewith the Prepayment Administrative Fee, or (b) any other Business Day, provided that the Borrower pays together therewith the Prepayment Administrative Fee and any applicable Make-Whole Premium.

Section 3.05 Default Rate. If Borrower defaults on its obligation to make a payment due hereunder by the applicable Payment Date, and such default continues for thirty days thereafter, then beginning on the thirty-first day after the Payment Date and for so long as such default continues, the Loan shall bear interest at the Default Rate.

Section 3.06 Extension of Maturity Date. CFC hereby agrees to extend said Maturity Date upon satisfaction of the following conditions:

A. Notice of Extension. CFC receives from Borrower a written request to extend the Maturity Date to no later than December 31, 2040 (such extended Maturity Date being referred to hereinafter as the "Extended Maturity Date");

B. No Event of Default. No Event of Default has occurred and is continuing, and no other event that has occurred which, with the lapse of time and/or notification to CFC of such event, or after giving effect to the Extended Maturity Date, would become an Event of Default;

C. Power Contracts. Borrower provides documentation, in form and substance satisfactory to CFC in its sole and absolute discretion, that Borrower is party to an enforceable Power Contract with each of its then existing Members, and that each such Power Contract has a term ending no earlier than the Extended Maturity Date;

D. Documents. Borrower executes extension documents reasonably required by CFC to evidence the Extended Maturity Date.

E. Payment of Fee. Borrower pays to CFC any applicable conversion fee calculated pursuant to CFC's long-term loan policies as established from time to time for similarly classified long-term loans.

ARTICLE IV

CONDITIONS OF LENDING

Section 4.01 The obligation of CFC to make the Loan hereunder is subject to satisfaction of the following conditions in form and substance satisfactory to CFC:

A. Legal Matters. All legal matters incident to the consummation of the transactions hereby contemplated shall be satisfactory to counsel for CFC.

B. Documents. CFC shall have been furnished with (i) the executed Loan Agreement, Note and Mortgage, (ii) certified copies of all such organizational documents and proceedings of the Borrower authorizing the transactions hereby contemplated as CFC shall require, (iii) an opinion of counsel for the Borrower addressing such legal matters as CFC shall reasonably require, and (iv) all other such documents as CFC may reasonably request.

C. Government Approvals. The Borrower shall have furnished to CFC true and correct copies of all certificates, authorizations, consents, permits and licenses from Governmental Authorities necessary for the execution or delivery of this Agreement, the Note and the Mortgage or performance by the Borrower of the obligations thereunder.

D. Representations and Warranties. The representations and warranties contained in Article II shall be true on the date of the making of the Loan hereunder; no Event of Default and no event which, with the lapse of time or the notice and lapse of time would become such an Event of Default, shall have occurred and be continuing or will have occurred after giving effect to the Loan on the books of the Borrower; there shall have occurred no material adverse change in the business or condition, financial or otherwise, of the Borrower; and nothing shall have occurred which in the opinion of CFC materially and adversely affects the Borrower's ability to perform its obligations hereunder.

E. Mortgage Recordation. The Mortgage (and any amendments, supplements or restatements as CFC may require from time to time) shall have been duly filed, recorded or indexed in all jurisdictions necessary (and in any other jurisdiction that CFC shall have reasonably requested) to provide CFC a lien, subject to Permitted Encumbrances, on all of the Borrower's real property, except as otherwise set forth in Schedule 1, all in accordance with applicable law, and the Borrower

shall have paid all applicable taxes, recording and filing fees and caused satisfactory evidence thereof to be furnished to CFC.

F. UCC Filings. Uniform Commercial Code financing statements (and any continuation statements and other amendments thereto that CFC shall require from time to time) shall have been duly filed, recorded or indexed in all jurisdictions necessary (and in any other jurisdiction that CFC shall have reasonably requested) to provide CFC a perfected security interest, subject to Permitted Encumbrances, in the Mortgaged Property which may be perfected by the filing of a financing statement, all in accordance with applicable law, and the Borrower shall have paid all applicable taxes, recording and filing fees and caused satisfactory evidence thereof to be furnished to CFC.

G. Requisition. The Borrower will requisition each Advance by submitting its written Requisition to CFC on or before the Final Advance Date in the form attached as Exhibit A hereto. The Requisition for an Advance shall be made only for the purposes set forth in Schedule 1 hereto.

H. Other Information. The Borrower shall have furnished such other information as CFC may reasonably require, including but not limited to (a) information regarding the specific purpose for the Loan and the use thereof, (b) feasibility studies, cash flow projections, financial analyses and pro forma financial statements sufficient to demonstrate to CFC's reasonable satisfaction that after giving effect to the Loan, the Borrower shall continue to meet all of its debt service obligations, and otherwise to perform and to comply with all other covenants and conditions set forth in this Agreement, and (c) any other information as CFC may reasonably request. CFC's obligation to make the Loan hereunder is conditioned upon prior receipt and approval of the Borrower's written requisition and other information and documentation, if any, as CFC may have requested pursuant to this paragraph.

I. Wholesale Power Contracts. The Borrower shall have furnished to CFC: (i) true and correct copies of each wholesale power supply contract, including any amendments thereto to the date of the Loan, between the Borrower and any of its members; and (ii) evidence and opinions of counsel, if so requested by CFC, that such contracts have been approved by all applicable governmental or regulatory authorities and that such contracts are valid and binding on the parties thereto.

J. [Reserved]

K. [Reserved]

L. BME Guaranty. BME shall have executed a guaranty agreement in favor of CFC, satisfactory in form and content to CFC, pursuant to which BME unconditionally guarantees the payment in full when due of the principal of and interest of the Note and all other amounts owing from the Borrower to CFC under the Loan Documents.

M. Insurance. The Borrower shall have provided to CFC, with respect to insurance upon any part of the Mortgaged Property, copies of insurance certificates demonstrating compliance with the provisions of the Loan Documents relating to insurance.

N. Special Conditions. CFC shall be fully satisfied that the Borrower has complied with all special conditions identified in Schedule 1 hereto.

ARTICLE V

COVENANTS

Section 5.01 Affirmative Covenants. The Borrower covenants and agrees with CFC that until payment in full of the Note and performance of all obligations of the Borrower hereunder:

A. Loan Proceeds. The Borrower shall use the proceeds of this Loan solely for the purposes identified on Schedule 1 hereto.

B. Notice. The Borrower shall promptly notify CFC in writing of:

(i) any material adverse change in the business, operations, prospects, assets, liabilities or financial condition of the Borrower;

(ii) the institution or threat of any litigation or administrative proceeding of any nature involving the Borrower which could materially affect the business, operations, prospects, assets, liabilities or financial condition of the Borrower;

(iii) the occurrence of an Event of Default hereunder, or any event that, with the giving of notice or lapse of time, or both, would constitute an Event of Default.

C. Default Notices. Upon receipt of any notices with respect to a default by the Borrower under the terms of any evidence of any indebtedness for borrowed money with parties other than CFC or of any loan agreement, mortgage or other agreement relating thereto, the Borrower shall deliver copies of such notice to CFC.

D. Annual Certificates.

(i) Within one hundred twenty (120) days after the close of each calendar year, commencing with the year in which the Loan hereunder shall have been made, the Borrower will deliver to CFC a written statement, in form and substance satisfactory to CFC, signed by the Borrower's General Manager or Chief Executive Officer, stating that during such year, and that to the best of said person's knowledge, the Borrower has fulfilled all of its obligations under this Agreement, the Note, and the Mortgage throughout such year or, if there has been a default in the fulfillment of any such obligations, specifying each such default known to said person and the nature and status thereof.

(ii) The Borrower shall deliver to CFC within one hundred twenty (120) days of CFC's written request, which shall be no more frequently than once every year, a certification, in form and substance satisfactory to CFC, regarding the condition of the Mortgaged Property prepared by a professional engineer satisfactory to CFC. The Borrower shall also deliver to CFC such other information as CFC may reasonably request from time to time.

E. [Reserved]

F. Financial Books; Financial Reports; Right of Inspection. The Borrower will at all times keep, and safely preserve, proper books, records and accounts in which full and true entries

will be made of all of the dealings, business and affairs of the Borrower, in accordance with GAAP. Within sixty (60) days of the end of each month during the term hereof, the Borrower shall furnish to CFC an unaudited report of its financial condition and statement of its operations as of the end of such month, including without limitation its balance sheet and the related statements of income and cash flow. Within one hundred twenty (120) days of the end of each calendar year during the term hereof, the Borrower shall furnish to CFC a full and complete report of its financial condition and statement of its operations as of the end of such calendar year, in form and substance satisfactory to CFC. In addition, within one hundred twenty (120) days of the end of each the Borrower's fiscal years during the term hereof, the Borrower shall furnish to CFC a full and complete consolidated and consolidating report of its financial condition and statement of its operations as of the end of such fiscal year, audited and certified by independent certified public accountants nationally recognized or otherwise satisfactory to CFC and accompanied by a report of such audit in form and substance satisfactory to CFC, including without limitation a consolidated and consolidating balance sheet and the related consolidated and consolidating statements of income and cash flow. CFC, through its representatives, and at its sole expense, shall at all times during reasonable business hours and upon prior notice have access to, and the right to inspect and make copies of, any or all books, records and accounts, and any or all invoices, contracts, leases, payrolls, canceled checks, statements and other documents and papers of every kind belonging to or in the possession of the Borrower or in anyway pertaining to its property or business.

G. Notice of Additional Secured Debt. The Borrower will notify CFC promptly in writing if it incurs any additional secured indebtedness other than indebtedness to CFC or indebtedness otherwise provided for in the Mortgage.

H. Funds Requisition. The Borrower agrees (i) that CFC may rely conclusively upon the interest rate option, interest rate term and other written instructions submitted to CFC in the Borrower's written request for the Loan, (ii) that such instructions shall constitute a covenant under this Agreement to repay the Loan in accordance with such instructions, the applicable Note, the Mortgage and this Agreement, and (iii) to request the Loan only for the purposes set forth in Schedule 1 hereto.

I. Compliance With Laws. The Borrower and each Subsidiary shall remain in compliance, in all material respects, with all applicable requirements of law and applicable rules and regulations of each Governmental Authority.

J. Taxes. The Borrower shall pay, or cause to be paid, all taxes, assessments or governmental charges lawfully levied or imposed on or against it and its properties prior to the time they become delinquent, except for any taxes, assessments or charges that are being contested in good faith and with respect to which adequate reserves as determined in good faith by the Borrower have been established and are being maintained.

K. Further Assurances. The Borrower shall execute any and all further documents, financing statements, agreements and instruments, and take all such further actions (including the filing and recording of financing statements, fixture filings, mortgages, deeds of trust and other documents), which may be required under any applicable law, or which CFC may reasonably request, to effectuate the transactions contemplated by the Loan Documents or to grant, preserve, protect or perfect the Liens created or intended to be created thereby. The Borrower also agrees to provide to CFC, from time to time upon request, evidence reasonably satisfactory to CFC as to the perfection and priority of the Liens created or intended to be created by the Loan Documents.

L. Environmental Covenants. Borrower shall:

- (i) at its own cost, comply in all material respects with all applicable Environmental Laws, including, but not limited to, any required remediation; and
- (ii) if it receives any written communication alleging Borrower's violation of any Environmental Law, provide CFC with a copy thereof within ten (10) Business Days after receipt, and promptly take appropriate action to remedy, cure, defend, or otherwise affirmatively respond to the matter.

M. Limitations on Loans, Investments and Other Obligations. In the event that the ORA is terminated, then from and after such termination, the aggregate amount of all purchases, investments, loans, guarantees, commitments and other obligations described in Section 5.02.D(i) of this Agreement shall at all times be less than fifteen percent (15%) of Total Utility Plant or fifty percent (50%) of Equity, whichever is greater.

N. Payment of Obligations. (i) The Borrower shall promptly pay any and all liabilities, obligations and indebtedness owing by the Borrower to CFC now existing or hereafter arising, when and as due and payable, and (ii) the Borrower shall promptly pay any and all liabilities, obligations and indebtedness owing by the Borrower to a party other than CFC, now existing or hereafter arising, when and as due and payable, except to the extent any such liability or obligation owing by the Borrower to such party other than CFC is contested in good faith by Borrower,

O. Casualty Event. For so long as any portion of the Loan remains outstanding, within 30 days following any Casualty Event that occurs after the termination of the ORA, the Borrower shall either (i) elect in writing delivered to CFC to repair or replace or cause BME to repair or replace the applicable property, or (ii) pay CFC 100% of the proceeds or other compensation received by the Borrower or BME for such Casualty Event. In the event the Borrower makes the election referred to in clause (i), it shall pay any proceeds or other compensation remaining after completion of the repair or replacement (or in any event, three years after the Casualty Event) to CFC. In the event the Borrower makes the election referred to in clause (i) but fails to diligently pursue such repair or replacement, it shall immediately pay the proceeds or other compensation received to CFC. In the event Borrower makes the election referred to in clause (ii), such payment shall be applied to repayment of the Loan in such manner as CFC may determine. Nothing in this paragraph shall be deemed to limit any obligation of the Borrower pursuant to the Mortgage to remit to a collateral account maintained by CFC pursuant to the Mortgage the proceeds of a Casualty Event (as proceeds of the Mortgaged Property) for disbursement in accordance with the terms of the Mortgage, subject to the terms of the ORA.

P. Corporate Existence. The Borrower shall preserve, renew and keep in full force and effect its organizational existence, good standing and rights in its jurisdiction of organization and all other jurisdictions in which it does business.

Q. Licenses and Permits. The Borrower shall maintain all licenses, permits, franchises, rights and privileges necessary or desirable in the normal conduct of its business.

R. Properties. The Borrower shall at all times comply with the terms of the Mortgage.

S. Subsidiaries. The Borrower shall promptly notify CFC of the formation, acquisition or sale of any Subsidiary (other than a Deferred Compensation Subsidiary), or the formation of or investment in any joint venture to which the Borrower or any Subsidiary is a party, or any change in the percentage of the Borrower's direct or indirect ownership of the outstanding stock, membership interests or partnership interests, as applicable, of any Subsidiary or joint venture.

T. Special Covenants. The Borrower agrees that it will comply with any special covenants identified in Schedule 1 hereto.

Section 5.02 Negative Covenants. The Borrower covenants and agrees with CFC that until payment in full of the Note and performance of all obligations of the Borrower hereunder, the Borrower will not, directly or indirectly, without CFC's prior written consent:

A. Limitations on Mergers. Consolidate with, merge, or sell all or substantially all of its business or assets, or enter into an agreement for such consolidation, merger or sale, to another entity or person unless such action is either approved, as is evidenced by the prior written consent of CFC, or the purchaser, successor or resulting corporation is or becomes a member in good standing of CFC and assumes the due and punctual payment of the Note and the due and punctual performance of the covenants contained in the Mortgage and this Agreement.

B. Limitations on Sale, Lease or Transfer of Capital Assets; Application of Proceeds. Except for the transfer of any property expressly released by CFC from or otherwise not subject to the lien of the Mortgage, sell, lease or transfer (or enter into an agreement to sell, lease or transfer) any capital asset, except in accordance with this Section 5.02.B. If no Event of Default (and no event which with notice or lapse of time and notice would become an Event of Default) shall have occurred and be continuing, the Borrower may, without the prior written consent of CFC, sell, lease or transfer (or enter into an agreement to sell, lease or transfer) any capital asset in exchange for fair market value consideration paid to the Borrower if the value of such capital asset is less than five percent (5%) of Total Utility Plant and the aggregate value of capital assets sold, leased or transferred in any 12-month period is less than ten percent (10%) of Total Utility Plant. If the Borrower does sell, lease or transfer any capital assets, then 100% of the proceeds thereof (less ordinary and reasonable expenses incident to such transaction) shall immediately be applied (i) so long as the ORA remains in effect, as set forth in Section 2.06(c) of the ORA, and (ii) following the termination of the ORA, as follows: (a) as a prepayment of the Note, to such installments as may be designated by CFC at the time of any such prepayment; (b) in the case of dispositions of equipment, material or scrap, applied to the purchase of other property useful in the Borrower's business, although not necessarily of the same kind as the property disposed of, which shall forthwith become subject to the lien of the Mortgage; or (c) applied to the acquisition or construction of other property or in reimbursement of the costs of such property.

C. Limitation on Dividends, Patronage Refunds and Other Distributions. In the event that the ORA is terminated, then from and after such termination,

(i) Make Distributions in any calendar year if, after giving effect to the Distribution, the total Equity of the Borrower will be less than thirty percent (30%) of its Total Assets.

(ii) If, after giving effect to the Distribution, the total Equity of the Borrower will be less than thirty percent (30%) of its Total Assets, then the Borrower may nevertheless make Distributions of up to twenty-five percent (25%) of its total margins for the preceding calendar year.

(iii) Notwithstanding anything to the contrary in subparagraphs (i) and (ii) above, the Borrower shall not make any Distribution without the prior written consent of CFC if an Event of Default under this Agreement has occurred and is continuing.

D. Limitations on Loans, Investments and Other Obligations.

In the event that the ORA is terminated, then from and after such termination,

(i) (a) Purchase, or make any commitment to purchase, any stock, bonds, notes, debentures, or other securities or obligations of or beneficial interests in, (b) make, or enter into a commitment to make, any other investment, monetary or otherwise, in, (c) make, or enter into a commitment to make, any loan to, or (d) guarantee, assume, or otherwise become liable for, or enter into a commitment to guarantee, assume, or otherwise become liable for, any obligation of any Person if, after giving effect to such purchase, investment, loan, guarantee or commitment, the aggregate amount thereof would exceed the greater of fifteen percent (15%) of Total Utility Plant or fifty percent (50%) of Equity.

(ii) The following shall not be included in the limitation of purchases, investments, loans and guarantees in (i) above: (a) bonds, notes, debentures, stock, or other securities or obligations issued by or guaranteed by the United States or any agency or instrumentality thereof; (b) bonds, notes, debentures, stock, commercial paper, subordinated capital certificates, or any other security or obligation of institutions whose senior unsecured debt obligations are rated by at least two nationally recognized rating organizations in either of their two highest categories; (c) investments incidental to loans made by CFC; (d) any deposit that is fully insured by the United States, (e) loans and grants made by any Governmental Authority to the Borrower under any rural economic development program, but only to the extent that such loans and grants are non-recourse to the Borrower, (f) unretired patronage capital allocated to the Borrower by CFC, a cooperative from which the Borrower purchases electric power, or a statewide cooperative association of which Borrower is a member, and (g) any purchase, investment, or notional account maintained or held by a Deferred Compensation Subsidiary.

(iii) In no event may the Borrower take any action pursuant to subsection (i) if an Event of Default under this Agreement has occurred and is continuing.

E. Organizational Change. Change its type of organization, except as permitted by Section 5.02.A. hereof, in which case the Borrower shall provide at least 30 days prior written notice to CFC together with all documentation reflecting such change as CFC may reasonably require.

F. Notice of Change in Borrower Information. Change its (i) state of incorporation, (ii) legal name, (iii) mailing address, or (iv) organizational identification number, if it has one, unless the Borrower provides written notice to CFC at least thirty (30) days prior to the effective date of any such change together with all documentation reflecting any such change as CFC may reasonably require.

G. Liens; Encumbrances. Mortgage, assign, pledge, transfer or otherwise permit any Lien to exist on any of the Mortgaged Property, except for Permitted Encumbrances.

H. Indebtedness. Incur any Debt (as defined in the ORA on the date hereof), except as expressly permitted by the ORA on the date hereof (which definition and provision in the ORA shall survive termination of the ORA for purposes of this Section 5.02.H).

I. Investments in Subsidiaries and Joint Ventures. Knowingly make any investment in or contribution to any Subsidiary, or any joint venture of the Borrower or a Subsidiary, except investments or contributions: (i) made solely from Deseret's Share of Excess Cash Flow (as defined in the ORA); or (ii) in or to any Deferred Compensation Subsidiary.

Section 5.03 So long as the ORA remains in effect, if there is a conflict between a covenant set forth in Article V of this Agreement and a covenant set forth in Article IV of the ORA, the terms set forth in Article IV of the ORA will prevail, and the Borrower's compliance with the applicable covenant in Article IV of the ORA shall be deemed to be compliance with the applicable covenant in Article V of this Agreement.

ARTICLE VI

EVENTS OF DEFAULT

Section 6.01 The following shall be "Events of Default" under this Agreement:

A. Representations and Warranties. Any representation or warranty made by the Borrower herein, or in any of the other Loan Documents, or in any certificate or financial statement furnished to CFC hereunder or under any of the other Loan Documents shall prove to be false or misleading in any material respect.

B. Payment. The Borrower shall fail to pay (whether upon stated maturity, by acceleration, or otherwise) any principal, interest, premium (if any) or other amount payable under the Note and the Loan Documents within five (5) Business Days after the due date thereof.

C. Other Covenants.

(i) No Grace Period. Failure of the Borrower to observe or perform any covenant or agreement contained in Sections 5.01.A, 5.01.C, 5.01.H, 5.01.M, 5.01.N(i), 5.02.A, 5.02.B, 5.02.C, 5.02.D, 5.02.E, 5.02.F, and 5.02.I of this Agreement.

(ii) Thirty Day Grace Period. Failure of the Borrower to observe or perform any other covenant or agreement contained in this Agreement or any of the other Loan Documents, which shall remain unremedied for thirty (30) calendar days after written notice thereof shall have been given to the Borrower by CFC.

D. Legal Existence, Permits and Licenses. The Borrower shall forfeit or otherwise be deprived of (i) its authority to conduct business in the jurisdiction in which it is organized or in any other jurisdiction where such authority is required in order for the Borrower to conduct its business in

such jurisdiction or (ii) permits, easements, consents or licenses required to carry on any material portion of its business.

E. Other CFC Obligations. The Borrower shall be in breach or default of any Obligation, including but not limited to a breach or default under the ORA, which breach or default continues uncured beyond the expiration of any applicable grace period.

F. Other Obligations. The Borrower shall (i) fail to make any payment of any principal, premium or any other amount due or interest on any indebtedness for borrowed money with parties other than CFC which shall remain unpaid beyond the expiration of any applicable grace period, or (ii) be in breach or default with respect to any other term of any evidence of any other indebtedness with parties other than CFC or of any loan agreement, mortgage or other agreement relating thereto which breach or default continues uncured beyond the expiration of any applicable grace period, if the effect of such failure, default or breach is to cause the holder or holders of that indebtedness to cause that indebtedness to become or be declared due prior to its stated maturity (upon the giving or receiving of notice, lapse of time, both or otherwise).

G. Involuntary Bankruptcy. An involuntary case or other proceeding shall be commenced against the Borrower seeking liquidation, reorganization or other relief with respect to it or its debts under bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property and such involuntary case or other proceeding shall continue without dismissal or stay for a period of sixty (60) days; or an order for relief shall be entered against the Borrower under the federal bankruptcy laws or applicable state law as now or hereafter in effect.

H. Insolvency. On or after the date hereof, the Borrower shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall admit in writing its inability to, or be generally unable to, pay its debts as they become due, or shall take any action to authorize any of the foregoing.

I. Dissolution or Liquidation. Other than as provided in subsection H. above, the dissolution or liquidation of the Borrower, or failure by the Borrower promptly to forestall or remove any execution, garnishment or attachment of such consequence as will impair its ability to continue its business or fulfill its obligations and such execution, garnishment or attachment shall not be vacated within sixty (60) days. The term "dissolution or liquidation of the Borrower", as used in this subsection, shall not be construed to include the cessation of the corporate existence of the Borrower resulting either from a merger or consolidation of the Borrower into or with another corporation following a transfer of all or substantially all its assets as an entirety, under the conditions set forth in Section 5.02.A.

J. Material Adverse Change. Any material adverse change in the business or condition, financial or otherwise, of the Borrower.

K. Monetary Judgment. The Borrower shall suffer any money judgment not covered by insurance, writ or warrant of attachment or similar process involving an amount in excess of \$100,000 and shall not discharge, vacate, bond or stay the same within a period of sixty (60) days.

L. Nonmonetary Judgment. One or more nonmonetary judgments or orders (including, without limitation, injunctions, writs or warrants of attachment, garnishment, execution, distraint, replevin or similar process) shall be rendered against the Borrower that, either individually or in the aggregate, could reasonably be expected to have a material adverse effect upon the business, operations, prospects, assets, liabilities or financial condition of the Borrower.

ARTICLE VII

REMEDIES

Section 7.01 If any of the Events of Default listed in Article VI hereof shall occur after the date of this Agreement and shall not have been remedied within the applicable grace periods specified therein, then CFC may:

- (i) Declare all unpaid principal outstanding on the Note, all accrued and unpaid interest thereon, and the same shall thereupon become immediately due and payable without presentment, demand, protest or notice of any kind, all of which are hereby expressly waived.
- (ii) Declare all other Obligations to be immediately due and payable (subject to the provisions of any forbearance arrangement or agreement with respect to any other Obligations), and the same shall thereupon become immediately due and payable without presentment, demand, protest or notice of any kind, all of which are hereby expressly waived.
- (iii) Exercise rights of setoff or recoupment and apply any and all amounts held, or hereby held, by CFC or owed to the Borrower or for the credit or account of the Borrower against any and all of the Obligations of the Borrower now or hereafter existing hereunder or under the Note, including, but not limited to, patronage capital allocations and retirements, moneys due to Borrower from equity certificates purchased from CFC, and any membership or other fees that would otherwise be returned to Borrower. The rights of CFC under this section are in addition to any other rights and remedies (including other rights of setoff or recoupment) which CFC may have. The Borrower waives all rights of setoff, deduction, recoupment or counterclaim.
- (iv) Pursue all rights and remedies available to CFC that are contemplated by the Mortgage and the other Loan Documents in the manner, upon the conditions, and with the effect provided in the Mortgage and the other Loan Documents, including, but not limited to, a suit for specific performance, injunctive relief or damages.
- (v) Pursue any other rights and remedies available to CFC at law or in equity.

Nothing herein shall limit the right of CFC to pursue all rights and remedies available to a creditor following the occurrence of an Event of Default. Each right, power and remedy of CFC shall be cumulative and concurrent, and recourse to one or more rights or remedies shall not constitute a waiver of any other right, power or remedy.

ARTICLE VIII

MISCELLANEOUS

Section 8.01 Notices. All notices, requests and other communications provided for herein including, without limitation, any modifications of, or waivers, requests or consents under, this Agreement shall be given or made in writing (including, without limitation, by telecopy) and delivered to the intended recipient at the "Address for Notices" specified below; or, as to any party, at such other address as shall be designated by such party in a notice to each other party. All such communications shall be deemed to have been duly given (i) when personally delivered including, without limitation, by overnight mail or courier service, (ii) in the case of notice by United States mail, certified or registered, postage prepaid, return receipt requested, upon receipt thereof, or (iii) in the case of notice by telecopy, upon transmission thereof, provided such transmission is promptly confirmed by either of the methods set forth in clauses (i) or (ii) above in each case given or addressed as provided for herein. The Address for Notices of each of the respective parties is as follows:

National Rural Utilities Cooperative Finance Corporation
2201 Cooperative Way
Herndon, Virginia 20171-3025
Attention: Senior Vice President – Member Services
Fax # 703-709-6811

The Borrower:

The address set forth in
Schedule 1 hereto

Section 8.02 Expenses. Borrower shall reimburse CFC for any and all costs and out-of-pocket expenses paid or incurred by CFC (including, without limitation, reasonable fees and expenses of outside attorneys, paralegals and consultants) for all actions CFC takes, (a) to enforce the payment of any Obligation, to effect collection of any Mortgaged Property, or in preparation for such enforcement or collection, (b) to institute, maintain, preserve, enforce and foreclose on CFC's security interest in or Lien on any of the Mortgaged Property, whether through judicial proceedings or otherwise, (c) to restructure any of the Obligations, (d) to review, approve or grant any consents or waivers hereunder, (e) to prepare, negotiate, execute, deliver, review, amend or modify this Agreement, and (f) to prepare, negotiate, execute, deliver, review, amend or modify any other agreements, documents and instruments deemed necessary or appropriate by CFC in connection with any of the foregoing.

The amount of all such expenses identified in this Section 8.02 shall be secured by the Mortgage and shall be payable upon demand, and if not paid, shall accrue interest at the Default Rate.

Section 8.03 Late Payments. If payment of any amount due hereunder is not received at CFC's office in Herndon, Virginia, or such other location as CFC may designate to the Borrower within five (5) Business Days after the due date thereof, the Borrower will pay to CFC, in addition to all other amounts due under the terms of the Loan Documents, any late-payment charge as may be fixed by CFC from time to time pursuant to its policies of general application as in effect from time to time.

Section 8.04. Non-Business Day Payments. If any payment to be made by the Borrower hereunder shall become due on a day which is not a Business Day, such payment shall be made on the preceding Business Day.

Section 8.05 Fees. The Borrower agrees to pay all expenses of CFC (including the reasonable fees and expenses of its counsel) in connection with the preparation and negotiation of the Loan Documents and the closing of the Loan hereunder on the Closing Date. In addition, to the extent permitted by law, the Borrower agrees to pay all expenses of CFC (including the reasonable fees and expenses of its counsel) in connection with the filing, registration, recordation or perfection of the Mortgage and any other security instruments as may be required by CFC in connection with this Agreement, including, without limitation, all documentary stamps, recordation and transfer taxes and other costs and taxes incident to filing, registration or recordation of any document or instrument in connection herewith. The Borrower agrees to save harmless and indemnify CFC from and against any liability resulting from the failure to pay any required documentary stamps, recordation and transfer taxes, recording costs, or any other expenses incurred by CFC in connection with this Agreement. The provisions of this subsection shall survive the execution and delivery of this Agreement and the payment of all other amounts due under the Loan Documents.

Section 8.06 Waiver; Modification. No failure on the part of CFC to exercise, and no delay in exercising, any right or power hereunder or under the other Loan Documents shall operate as a waiver thereof, nor shall any single or partial exercise by CFC of any right hereunder, or any abandonment or discontinuance of steps to enforce such right or power, preclude any other or further exercise thereof or the exercise of any other right or power. No modification or waiver of any provision of this Agreement, the Note or the other Loan Documents and no consent to any departure by the Borrower therefrom shall in any event be effective unless the same shall be in writing by the party granting such modification, waiver or consent, and then such modification, waiver or consent shall be effective only in the specific instance and for the purpose for which given. Any such modification, waiver or consent by CFC will require the approval of CFC's board of directors as a precondition to becoming enforceable against CFC.

Section 8.07 Governing Law; Submission To Jurisdiction; Waiver Of Jury Trial.

(A) THE PERFORMANCE AND CONSTRUCTION OF THIS AGREEMENT AND THE NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE COMMONWEALTH OF VIRGINIA.

(B) THE BORROWER HEREBY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF THE UNITED STATES COURTS LOCATED IN VIRGINIA AND OF ANY STATE COURT SO

LOCATED FOR PURPOSES OF ALL LEGAL PROCEEDINGS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY. THE BORROWER IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTIONS THAT IT MAY NOW OR HEREAFTER HAVE TO THE ESTABLISHING OF THE VENUE OF ANY SUCH PROCEEDINGS BROUGHT IN SUCH A COURT AND ANY CLAIM THAT ANY SUCH PROCEEDING HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

(C) THE BORROWER AND CFC EACH HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

SECTION 8.08 INDEMNIFICATION. THE BORROWER HEREBY INDEMNIFIES AND AGREES TO HOLD HARMLESS, AND DEFEND CFC AND ITS MEMBERS, DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, ATTORNEYS AND REPRESENTATIVES (EACH AN "INDEMNITEE") FOR, FROM, AND AGAINST ALL CLAIMS, DAMAGES, LOSSES, LIABILITIES, COSTS, AND EXPENSES (INCLUDING, WITHOUT LIMITATION, COSTS AND EXPENSES OF LITIGATION AND REASONABLE ATTORNEYS' FEES) ARISING FROM ANY CLAIM OR DEMAND IN RESPECT OF THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS, THE MORTGAGED PROPERTY, OR THE TRANSACTIONS DESCRIBED IN THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS AND ARISING AT ANY TIME, WHETHER BEFORE OR AFTER PAYMENT AND PERFORMANCE OF ALL OBLIGATIONS UNDER THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS IN FULL, EXCEPTING ANY SUCH MATTERS ARISING SOLELY FROM THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF CFC OR ANY INDEMNITEE. NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN SECTION 8.10 HEREOF, THE OBLIGATIONS IMPOSED UPON THE BORROWER BY THIS SECTION SHALL SURVIVE THE REPAYMENT OF THE NOTE, THE TERMINATION OF THIS AGREEMENT AND THE TERMINATION OR RELEASE OF THE LIEN OF THE MORTGAGE.

Section 8.09 Complete Agreement. This Agreement, together with the schedules to this Agreement, the Note and the other Loan Documents, and the other agreements and matters referred to herein or by their terms referring hereto, is intended by the parties as a final expression of their agreement and is intended as a complete statement of the terms and conditions of their agreement. In the event of any conflict in the terms and provisions of this Agreement and any other Loan Documents, the terms and provisions of this Agreement shall control.

Section 8.10 Survival; Successors and Assigns. All covenants, agreements, representations and warranties of the Borrower which are contained in this Agreement shall survive the execution and delivery to CFC of the Loan Documents and the making of the Loan hereunder and shall continue in full force and effect until all of the obligations under the Loan Documents have been paid in full. All covenants, agreements, representations and warranties of the Borrower which are contained in this Agreement shall inure to the benefit of the successors and assigns of CFC. The Borrower shall not have the right to assign its rights or obligations under this Agreement without the prior written consent of CFC, except as provided in Section 5.02.A hereof.

Section 8.11 Use of Terms. The use of the singular herein shall also refer to the plural, and vice versa.

Section 8.12 Headings. The headings and sub-headings contained in this Agreement are intended to be used for convenience only and do not constitute part of this Agreement.

Section 8.13 Severability. If any term, provision or condition, or any part thereof, of this Agreement, the Note or the other Loan Documents shall for any reason be found or held invalid or unenforceable by any governmental agency or court of competent jurisdiction, such invalidity or unenforceability shall not affect the remainder of such term, provision or condition nor any other term, provision or condition, and this Agreement, the Note and the other Loan Documents shall survive and be construed as if such invalid or unenforceable term, provision or condition had not been contained therein.

Section 8.14 Binding Effect. This Agreement shall become effective when it shall have been executed by both the Borrower and CFC and thereafter shall be binding upon and inure to the benefit of the Borrower and CFC and their respective successors and assigns.

Section 8.15 Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed an original and all of which together will constitute one and the same document. Signature pages may be detached from the counterparts and attached to a single copy of this Agreement to physically form one document.

Section 8.16 Rescission Fee. The Borrower may elect not to borrow all or any portion of the CFC Commitment in which event CFC shall release the Borrower from its obligations hereunder as to such rescinded portion, provided the Borrower complies with such terms and conditions as CFC may impose for such release including, without limitation, payment of any rescission fee that CFC may from time to time prescribe, pursuant to its policies of general application.

Section 8.17 Schedule 1. Schedule 1 attached hereto is an integral part of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

[Signatures on following page]

DESERET GENERATION & TRANSMISSION
CO-OPERATIVE

(SEAL)

By: _____

Title: _____

Attest: _____
Secretary

NATIONAL RURAL UTILITIES
COOPERATIVE FINANCE CORPORATION

(SEAL)

By: _____
Assistant Secretary-Treasurer

Attest: _____
Assistant Secretary-Treasurer

BLUE MOUNTAIN ENERGY, INC.

(SEAL)

By: _____

Title: _____

Attest:

By: _____

Title: _____

SCHEDULE 1

1. The purpose of this loan is to provide funds to the Borrower for capital expenditures at any of Borrower's generation or transmission assets, including, but not limited to Bonanza 1, Hunter 2, and/or the existing Transmission System.
2. The aggregate CFC Commitment is \$40,000,000.00. The Borrower will execute a Note containing the CFC Commitment amount as the face amount and Maturity Date in accordance with the terms, conditions and provisions of this Agreement.
3. The Mortgage shall mean the Amended and Restated Mortgage and Security Agreement, dated as of December 16, 2005, made by and among the Borrower and CFC, as it may have been supplemented, amended, consolidated, or restated from time to time.
4. The Note executed pursuant hereto and the amortization method for such Note is as follows:

LOAN NUMBER	AMOUNT	AMORTIZATION METHOD
UT021-A-9048	\$40,000,000.00	Level debt service, level principal or serial amortization according to CFC policy as designated by Borrower.

5. The Payment Date months are March, June, September and December.
6. The Subsidiaries of the Borrower referred to in Section 2.01.B. are:

<u>Name of Subsidiary</u>	<u>% of Borrower's ownership</u>
Blue Mountain Energy, Inc.	100%
7. The date of the Borrower's balance sheet referred to in Section 2.01.H is November 30, 2010.
8. The Borrower's exact legal name is: Deseret Generation & Transmission Co-operative
9. The Borrower's organizational type is: Utah non-profit corporation
10. The Borrower is organized under the laws of the state of: Utah
11. The Borrower's organizational identification number is: 87-0350540
12. The place of business or, if more than one, the chief executive office of the Borrower referred to in Section 2.01.I is:

Deseret Generation & Transmission Co-operative
 10714 South Jordan Gateway, Suite 300
 South Jordan, Utah 84095

13. The Governmental Authority referred to in Section 2.01.J. is: Utah Public Service Commission.
14. The special condition(s) referred to in Section 4.01.N is (are): None
15. The special covenant(s) referred to in Section 5.01.T is (are) as follows: None
16. The address for notices to the Borrower referred to in Section 8.01 is:

Deseret Generation & Transmission Co-operative
10714 South Jordan Gateway, Suite 300
South Jordan, Utah 84095
Attention: General Manager
Fax: (801) 619-6599

17. The Mortgage shall NOT encumber any real or personal property of Deseret located at the chief executive office of the Borrower, which address is set forth in item 12 above.

SCHEDULE 2.01.G

SCHEDULE OF PENDING OR THREATENED LITIGATION (Excluding Unasserted Claims)

1. See those matters discussed in the footnotes to Deseret's financial statements dated as of December 31, 2010 and the year then ended, delivered to CFC prior to the date hereof and incorporated herein.
2. Deseret and BME have received, and from time to time continue to receive, notice of various investigations, citations, and pending actions by or involving state and federal regulatory agencies with respect to ongoing operations. Other than those items discussed below, some of which have now been fully addressed and/or resolved as I explain, and except for relatively minor investigations and/or citations involving ongoing oversight responsibility of the Mine Safety and Health Administration, there are no pending adjudicative or judicial proceedings involving any such actions. Within the context of the foregoing, I wish to make you aware of the following:
 - In March, 2008 Deseret received a request for information from the U.S. Environmental Protection Agency ("EPA") pursuant to Section 114(a) of the Clean Air Act as part of an EPA investigation to determine the compliance status of the Bonanza Power Plant with Clean Air Act requirements. Deseret's preliminary response to this data request was delivered in May, 2008 and subsequently augmented by supplemental preliminary responses during 2008.
 - On or about December 24, 2009 EPA issued a request pursuant to Section 114 of the Clean Air Act to the Company as part of a broad set of requests to a significant portion of operators of coal-fired power plants within the United States. Deseret's preliminary response to this data request is not yet due.
3. By Petition dated June 1, 2004, certain counties located in the State of Utah (the "Petitioning Counties") petitioned the Utah State Tax Commission (the "Tax Commission") for a redetermination of the ad valorem property tax assessment of Deseret's centrally assessed properties for the tax year 2004. In subsequent pleadings the Petitioning Counties also contested the assessed value of Deseret's centrally assessed property for the tax years 2005, 2006, 2007, 2008, and 2009. In 2005, Deseret moved for summary judgment against the Petitioning Counties asserting the terms of an Order of Approval of Settlement Agreement between and among Deseret, the

Petitioning Counties, and the Tax Commission dated April 24, 1998 (the "1998 Settlement."). On January 11, 2006 the Tax Commission issued its Findings of Fact, Conclusions of Law, and Final Decision denying Deseret's motion for summary judgment and essentially setting aside the terms of the 1998 Settlement Agreement as no longer applicable for the tax years in question. On June 11, 2007 the Tax Commission issued its Findings of Fact, Conclusions of Law, and Final Decision with respect to the property tax dispute for tax years 2004 and 2005 affirming the revised assessment of taxable values for Deseret's Utah property, adjusting allocation(s) of taxable value(s) among affected Utah counties, and effectively reducing Deseret's overall property tax liability for those tax years. In related complaints, all affected counties have subsequently commenced actions in the Third Judicial District Court in Salt Lake County, Utah seeking to reverse some or all aspects of the Tax Commission's ruling. The cases are each styled *Uintah County vs. Property Tax Division of the Utah State Tax Commission ex. Rel. Deseret Generation & Transmission Co-operative*, and are Civil Case No's. 070910511 and 070910574, respectively.

Certain of the Appealing Counties have submitted tax notices and/or invoices to Deseret for delinquencies purportedly due on property taxes for 2004 and 2005, based on the adjusted allocation of taxable values set forth in the Tax Commission's Final Order, from which those same Counties are currently appealing.

4. On August 30, 2007, the U.S. EPA, Region VIII, issued its Permit No. PSD-OU-0002-04.00 to permit construction of a 110 MW waste fuel-fired generating unit at the Bonanza Plant site. On October 1, 2007, the Sierra Club petitioned to the Environmental Appeals Board ("EAB") of the EPA, seeking to reverse and overturn the permit. On November 13, 2008 the EAB issued an order denying review in part and remanding in part the decision of Region VIII to issue the foregoing permit. On January 15, 2009, the Sierra Club, Natural Resources Defense Council, and the Environmental Defense Fund ("Petitioners") commenced an action in the U.S. Court of Appeals for the District of Columbia Circuit captioned *Sierra Club et. al v. U.S. EPA et. al*, No. 09-1020, effectively challenging the EAB's order as it relates to Deseret's proposed pre-construction permit. On February 19, 2009 the D.C. Circuit Court entered an order holding in abeyance indefinitely further proceedings in the matter.
5. On February 13, 2009 Deseret was notified by letter issued from the general counsel for PacifiCorp Energy, a Division of PacifiCorp, that PacifiCorp intended to proceed against Deseret to collect amounts allegedly due and owing to PacifiCorp and putatively related to the Hunter II O&M Agreement between PacifiCorp and Deseret. The unpaid amounts referenced in the February 13, 2009 letter from PacifiCorp are allegedly for "Hunter 2 Environmental Upgrade Costs" which PacifiCorp claims to be undertaking at the Hunter II Unit in Emery County, Utah. As of March, 2010, the

amount requested from PacifiCorp to be paid on account of such alleged "Upgrades" exceeded the amount paid by Deseret by approximately \$ 9,285,805.

On January 28, 2010 the Company commenced an action against PacifiCorp in the Eighth Judicial District Court, Uintah County, State of Utah styled *Deseret Generation & Transmission Co-Operative v. PacifiCorp*, Civil No. 100800107. In its complaint, the Company seeks declaratory, injunctive, and other relief against PacifiCorp arising from various contract breaches and other conduct alleged therein. On or around February 22, 2010 the action was removed to the United States District Court, District of Utah, Civil No. 2:10cv00159.

By written Notice and Demand dated April 8, 2010 and November 3, 2010, respectively, PacifiCorp demanded arbitration related to the matters raised in Deseret's complaint before arbitrator(s) selected in accordance with a process established by rules of the American Arbitration Association. Subsequently, arbitration proceedings have been commenced in separate matters referred to as AAA CASE NO. 77 198 00223 10 and AAA CASE NO. 77 198 0451 10, respectively. On February 17, 2007 an Arbitrator issued a Final Award in Case AAA 77 198 00223 10 (the "Final Award") finding substantially in favor of Deseret in part and in favor of PacifiCorp in part. By letter dated March 22, 2011, PacifiCorp informed Deseret that it is reviewing and is in the process of determining what costs pertain to project(s) which will or which should not be passed on to Deseret pursuant to the provisions of the Final Award.

6. By letter correspondence dated June 24, 2008 and July 16, 2008, Ned B. Mitchell, Inc. ("NBMI"), through its attorney, has notified the Company of certain alleged claims which it may assert under various theories arising from a terminated Limestone Supply and Hauling Agreement dated April 1, 1999 (the "Limestone Hauling Agreement"). The Limestone Hauling Agreement terminated during 2008, following which the attorney for NBMI has contacted the Company asserting that additional amount(s) may be due and owing thereunder and/or that the Company may have otherwise damaged NBMI. Among other things, the correspondence appears to assert contract damages in an amount of something approximating \$67,200.00 to \$100,800.00, together with other non-contract damages for unjust enrichment and other matters in excess of approximately \$200,000.00.
7. On March 22, 2011 Deseret was served with a Summons and Complaint filed by Mr. Joel Christianson against Deseret and a number of unnamed co-defendants asserting claims for bodily injury and other damages allegedly suffered in the course of work being performed by the plaintiff while on the Bonanza plant premises. Deseret has not yet responded to the complaint.

SCHEDULE 2.01.O

In the office of the Recorder of Duchesne County, Utah [Deseret will provide recordation information after it has been received and compiled];

In the office of the Recorder of Sanpete County, Utah, [Deseret will provide recordation information after it has been received and compiled];

In the office of the Recorder of Uintah County, Utah, [Deseret will provide recordation information after it has been received and compiled];

In the office of the Recorder of Wasatch County, Utah, [Deseret will provide recordation information after it has been received and compiled];

In the office of the Recorder of Utah County, Utah, [Deseret will provide recordation information after it has been received and compiled];

In the office of the Recorder of Juab County, Utah, [Deseret will provide recordation information after it has been received and compiled];

In the office of the Recorder of Salt Lake County, [Deseret will provide recordation information after it has been received and compiled];

In the office of the Recorder of Emery County, Utah, [Deseret will provide recordation information after it has been received and compiled];

In the office of the Recorder of Carbon County, Utah, [Deseret will provide recordation information after it has been received and compiled];

In the State of Utah, Department of Commerce, Division of Corporations & Commercial Code, [Deseret will provide recordation information after it has been received and compiled];

In the State of Colorado, Secretary of State, [Deseret will provide recordation information after it has been received and compiled];

In the office of the Recorder of Moffat County, Colorado, [Deseret will provide recordation information after it has been received and compiled];

In the office of the Recorder of Rio Blanco County, Colorado, [Deseret will provide recordation information after it has been received and compiled];



Exhibit A - Funds Requisition Statement

100% CFC Member

Borrower Name & ID:

Loan Number(s):

Amount Requested:

Date Of Loan:

Disposition of Funds (wiring instructions):

Certification

Acting on behalf of the Borrower, I hereby certify that as of the date below: (1) I am duly authorized to make this certification and to request funds on the terms specified herein; (2) the Borrower has met all of the conditions contained in the loan agreement governing the terms of this Loan that the Borrower is required to meet prior to the making of the Loan by CFC; (3) all of the representations and warranties contained in said loan agreement are true; (4) no Event of Default, as defined in said loan agreement, has occurred and is continuing; (5) I know of no other event that has occurred which, with the lapse of time and/or notification to CFC of such event, or after giving effect to this Loan, would become an Event of Default; and (6) the funds requested herein will be used only for the purposes specified in said loan agreement.

I hereby authorize CFC, for and on behalf of the Borrower, to make this Loan on the following terms, and hereby acknowledge and agree that such terms shall be binding upon Borrower under the provisions of the loan agreement governing this Loan:

Loan Number	Loan Amount	Loan Maturity (years)	Interest Rate Selection	Interest Rate Term	Amortization Method, LD, LP, Bullet	Purpose of Loan

Certified By:

Signature

Date

Title of Authorized Officer

PLEASE FAX TO 703-709-6811

ATTN: _____, Associate Vice President

SECURED PROMISSORY NOTE

\$40,000,000.00

DRAFT
dated as of July 21, 2011

DESERET GENERATION & TRANSMISSION CO-OPERATIVE, a Utah corporation ("Borrower"), for value received promises to pay, without setoff, deduction, recoupment or counterclaim, to the order of NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION ("Payee") at the Payee's main office or such other place as designated by the Payee, in lawful money of the United States, the sum of the aggregate unpaid principal amount of the Loan (as defined in the Loan Agreement referred to herein) made by the Payee pursuant to a Loan Agreement dated as of even date herewith between the Borrower and the Payee, as it may be amended from time to time (the "Loan Agreement"), on the dates provided in the Loan Agreement, *provided, however*, that if not sooner paid as provided in the Loan Agreement, then the aggregate unpaid principal amount of the Loan shall be due and payable on December 31, 2025, or such other date to which it may be extended in compliance with Section 3.06 of the Loan Agreement (such date being the Maturity Date), with interest thereon in like money from the date hereof until paid in full, at the rate or rates and payable at the times provided in said Loan Agreement together with all other amounts payable under the Loan Agreement.

This Secured Promissory Note is secured under an Amended and Restated Mortgage and Security Agreement, dated as of December 16, 2005, between the Borrower as Mortgagor and the Payee as Mortgagee, as supplemented and amended by that certain Supplemental Mortgage dated as of even date herewith between the Borrower as Mortgagor and the Payee as Mortgagee, as they may be further supplemented, amended, modified and restated from time to time ("Mortgage"). This Secured Promissory Note is referred to in, and has been executed and delivered pursuant to, the Loan Agreement and under Section 3.01 of the Mortgage. This Secured Promissory Note is a Note under the Mortgage secured *pari passu* and of equal priority with all other Notes issued under the Mortgage regardless of the date or time of issuance.

This Secured Promissory Note is guaranteed by Blue Mountain Energy, Inc. ("Guarantor") under a Secured Guaranty dated of even date herewith ("Guaranty"). The Guarantor's obligations under the Guaranty are secured by that certain Amended and Restated Mortgage and Security Agreement, dated as of December 16, 2005, between the Guarantor as Mortgagor and the Payee as Mortgagee as supplemented and amended by that certain Supplemental Mortgage dated as of even date herewith between the Guarantor as Mortgagor and the Payee as Mortgagee, as they may be further supplemented, amended, modified and restated from time to time.

The principal hereof and interest accrued thereon and any other amount due under the Loan Agreement may be declared to be forthwith due and payable in the manner, upon the conditions, and with the effect provided in the Mortgage or the Loan Agreement.

The Borrower waives demand, presentment for payment, notice of dishonor, protest, notice of protest, and notice of non-payment of this Note.

IN WITNESS WHEREOF the Borrower has caused this Note to be signed in its corporate name and its corporate seal to be hereunto affixed and to be attested by its duly authorized officers, all as of the day and year first above written.

(SEAL)

DESERET GENERATION & TRANSMISSION CO-OPERATIVE

By: _____

Title: _____

~~DRAFT~~

Attest: _____
Assistant Secretary

Loan No. UT021-A-9049