

**RENEWABLE ENERGY**

**LEASE OPTION AGREEMENT**

THIS RENEWABLE ENERGY LEASE OPTION AGREEMENT (the "**Agreement**") is made as of November 29, 2011 (the "**Effective Date**") by and between Stephen Kenneth Meyer and Bonnie G Meyer, ("**Owner**") and Renewable Energy Development Corporation, a Utah corporation ("**REDCO**"). Owner and REDCO are sometimes individually referred to as a "**Party**" and collectively as the "**Parties**."

**RECITALS:**

WHEREAS, Owner owns certain real property in San Juan County, Utah, more particularly described on Exhibit A-1 attached hereto and made a part hereof (the "**Property**");

WHEREAS, REDCO develops and operates renewable energy projects to provide clean and sustainable electrical energy;

WHEREAS, REDCO has identified the Property as a potentially suitable site on which to build a renewable energy project that would include, among other things, generation equipment (wind turbines, Renewable Energy arrays, solar panels, or other similar technologies), generators, transformers, access roads, monitoring equipment, transmission and communications lines, and other facilities for the operation of one or more clean, renewable energy projects (collectively, the "**Renewable Energy Facility**"); and

WHEREAS, REDCO desires to acquire the right to lease the Property for the purpose of developing the Renewable Energy Facility thereon, and Owner desires to grant such option to REDCO, all on the terms set forth herein.

NOW THEREFORE, in consideration of the mutual benefits of the covenants and agreements herein contained, Owner and REDCO hereby agree as follows:

**AGREEMENT:**

1. **Recitals.** The Recitals set forth above are hereby expressly incorporated into and made a part of this Agreement.
2. **Project.** This Agreement relates to the Renewable Energy Facility, which may be wholly or partially located on the Property. Upon REDCO's exercise of the Option (as defined below), the project shall be based on the lease terms as set forth below.
3. **Exclusive Option.** Owner hereby irrevocably grants, bargains, sells and conveys to REDCO the exclusive right and option (the "**Option**") to lease and obtain the easements on the Property (or such portion thereof that may be designated by REDCO) in accordance with the lease ("Lease") terms and conditions set forth below. During the Option Term, as defined below, and other than the Option granted herein, Owner shall

grant no other option or right in the Property with respect to the Renewable Energy Facilities on the Property or any rights related thereto.

- 3.1 **Option Term.** The initial period during which REDCO may exercise the Option shall be for a term of three (3) years, commencing on the Effective Date and expiring on the date immediately preceding the third (3<sup>rd</sup>) anniversary of the Effective Date (“**Option Term**”). REDCO shall have the right to extend the Option Term for up to five additional twelve (12) month periods (each an “**Extended Option Term**”) by written notice to Owner at any time prior to the third (3<sup>rd</sup>) anniversary of the Effective Date, or at any time prior to the termination of an Extended Option Term, which notice is accompanied by the Option Extension Payment (as defined in Section 3.2). References herein to the Option Term shall mean the initial three (3) year period and, to the extent exercised by REDCO, also the Extended Option Term, unless the context otherwise expressly requires.
- 3.2 **Consideration for Option.** This Option Agreement is granted in consideration for a payment by REDCO to Owner (the “**Option Payment**”) the amount of \$1,000. The Option Payment will be paid within thirty (30) days of execution of this Agreement. In the event that REDCO elects an Extended Option Term, REDCO will pay to the Owner an Option Extension Payment in the amount of; (i) \$2.50 per acre for the first, second and third years of Extended Option Term; and (ii) \$3.00 per acre for the fourth and fifth years of Extended Option Term, payable within thirty (30) days after written notice by REDCO that it has exercised its rights to an extended option term.
- 3.3 **Right to Grant Option.** Owner warrants and represents to REDCO that (i) the statements in Section 9, below, concerning Owner’s title to the Property are true and correct; (ii) Owner has the authority to grant this Option to REDCO without the consent or approval of any other party; and (iii) there are no other existing options, rights of first refusal, contracts to purchase, leases or mortgages that would prevent REDCO from exercising its rights with respect to the Option.
- 3.4 **Condition to Exercise.** Prior to exercising the Option Notice (as such term is hereinafter defined), REDCO shall deliver to Owner a proposed plan of development (the “**Development Plan**”) demonstrating the contemplated locations and routes of the Improvements (as defined in Section 8, below) which shall serve the Renewable Energy Facility. If Owner has a concern with the location of any Improvements on the Development Plan, it shall notify REDCO within ten (10) days of receiving the Development Plan. REDCO and Owner shall meet to resolve any issues with the location of the Improvements within twenty (20) days of Owner’s receipt of the Development Plan. If Owner and REDCO are unable to resolve the issues, then REDCO agrees that it shall not exercise the Option with respect to the improvements that remain in dispute. Owner and REDCO may elect to move forward with the Improvements upon which the Parties agree.
- 3.5 **Exercise Notice.** REDCO may exercise the Option by giving written notice to Owner (“**Option Notice**”) at any time during the Option Term or at any time during an Extended

Option Term. REDCO shall specify in the Option Notice the Commencement Date referenced in Section 6.1.1, which shall be a day that is the first day of a month and a day that is not sooner than thirty (30) days and not later than sixty (60) days after the date the Option Notice is given to Owner. On the Commencement Date, the Leases and Easements referenced in Sections 4 and 5 shall automatically become effective, and REDCO and Owner shall be subject to all of the terms and conditions of this Agreement with respect to such Leases and all rights and obligations relating thereto.

- 3.6 **Use of Property.** During the Option Term, REDCO and its employees, agents and contractors shall have a non-exclusive right to enter upon the Property and the right of ingress and egress on and across the Property for the purposes of (i) surveying the Property; (ii) performing such other tests and studies as REDCO may desire in connection with the Option, including, without limitation, environmental, avian and cultural resource assessments, and geotechnical, foundation and soil tests; provided that such activities do not unreasonably interfere with Owner's use of the Property; and (iii) installing, maintaining, operating, inspecting and removing one or more wind or Renewable Energy monitoring devices and all associated activities, and including the performance of all tests and studies associated therewith. REDCO shall submit the proposed location of any Measuring Equipment on the Property prior to the installation and Owner shall approve or disapprove of such location within five (5) days of REDCO's submittal. If Owner fails to approve or disapprove of such location within such time period, then the location of the Renewable Energy Measuring equipment shall be deemed approved. Owner shall not permit any other individual or entity except REDCO or its affiliates to install any Renewable Energy measuring equipment on the Property or other items that may interfere with the Renewable Energy measuring equipment.
- 3.7 **Termination of the Option.** If REDCO fails to exercise the Option within the Option Term, the option and the rights of REDCO as the Optionee shall automatically terminate. Upon request and without additional consideration, REDCO agrees to execute a Notice of Termination of Renewable Energy Lease Option Agreement, if REDCO fails to exercise the option.
4. **Leases.** Upon the exercise of the Option by REDCO, Owner grants to REDCO, and REDCO then accepts from Owner, for the Term referenced in Section 6.1, the following leases over and across the Property in accordance with the terms and conditions of this Agreement. The following leases are for the benefit of REDCO and REDCO's agents, contractors and employees and located on the Property and are collectively referred to as the "Leases."
- 4.1 **Construction Access Right.**
- 4.1.1 Owner grants REDCO access rights for purposes of constructing, maintaining, repairing, replacing, and removing all or any part or component of the Improvements whether located on or off Property. This construction access is referred to as the "**Construction Access Right**", and the property subject to the burden of this Construction Access Right

is referred to as the “**Construction Access Property.**” REDCO may exercise its right to use all or any part of the Construction Access Property as and when REDCO deems it necessary or advisable to do so to perform the activities for which this Construction Access Right is granted. After each use of the Construction Access Right, REDCO to the extent reasonably possible shall restore the Construction Access Property to the condition it was in before REDCO’s use.

- 4.1.2 When installing, maintaining or removing the Renewable Energy collector and turbine equipment, whether located on or off of Property, this Construction Access Right also shall permit REDCO to: 1) (for the purpose of securing equipment) travel on foot or in a pickup truck, SUV, small forklift or other similar vehicles onto Property up to seven hundred (700) feet in any direction from the center of the Construction Access Right; and (2) drive an erection crane on Property. REDCO shall be permitted to maintain a 120-foot by 40-foot crane pad at each Turbine location on the Property for purposes of constructing and maintaining the Renewable Energy generating system.

#### 4.2 Access Right.

- 4.2.1 Owner grants REDCO the right for unobstructed vehicular and pedestrian ingress to and egress from the Improvements across Owner’s Property, whether the Improvements are located on or off the Property. This right of access is referred to as the “**Access Right**” and the property subject to the burden of this access right is referred to as the “**Access Right Property.**” REDCO shall have the right to travel over, across and along the Access Easement Property by means of existing roads and lanes, and by roads REDCO or Owner may construct or improve from time to time on, over, and across the Access Right Property.

- 4.2.2 Owner reserves the right to use all roads on the Access Right Property provided, however, that Owner shall not and shall not permit others to obstruct or damage the roads or in any other way interfere with REDCO’s rights under this Access Right. If all or a part of the Access Right Property constitutes a part of the width of a larger access easement straddling a property line between Property and the abutting property of another owner, the Owner and REDCO grant the owner of the abutting property an easement over such portion of the Access Right Property for ingress and egress to the abutting property for the conduct of farming activities on the abutting property.

- 4.3 Renewable Energy Site Lease. Owner grants REDCO a lease to construct, operate, replace, relocate, remove, and maintain a Renewable Energy Facility, together with associated roads and parking areas on Property. This grant is referred to as the “**Renewable Energy Facility Site Lease**” and each Renewable Energy Site so leased is referred to as a “**Renewable Energy Facility Site Property.**” Such Renewable Energy Facility Site Property must be located at a distance of at least 1,400 feet from habitable dwellings.

- 4.4 **Renewable Energy Collection Facility Lease.** Owner grants REDCO a lease for the construction, operation, maintenance, replacement, relocation or removal of Collection Facilities on and under the Property. This grant is referred to as the “**Renewable Energy Collection Facility Lease**” and the property so leased is referred to as the “**Renewable Energy Collection Facility Property.**” Collection Facilities located on the surface of the Collection Facilities Property shall be limited to above ground collection lines and junction boxes, if any; all other Collection Facilities shall be buried at least forty-eight (48) inches beneath the surface of the Collection Facilities Property.
- 4.5 **Overhang Right.** Owner grants REDCO the right and privilege to permit the Renewable Energy Facility Equipment located on adjacent properties to overhang a portion of the Property (“Overhang Property”) by no more than 30 feet at a height of at least 20 feet above the ground (“Overhang Right”). Owner shall not interfere with the operation of Renewable Energy Facility Equipment that overhangs the Overhang Property.
- 4.6 **Renewable Energy Measuring Equipment Site Lease.** Owner grants REDCO a lease to construct, operate, replace, relocate, remove, and maintain Renewable Energy Measuring Equipment and Collection Facilities on Property. This grant is referred to as the “**Renewable Energy Measuring Equipment Site Lease**” and each site so leased is referred to as a “**Renewable Energy Measuring Equipment Site Property.**”
- 4.7 **Location of Leases.** The locations and routes of the Improvements (as such term is defined in Section 8) for which the Leases are being granted cannot be determined until the completion of REDCO’s inspection, testing, study and surveying of the Property during the Option Term. Along with the Option Notice, REDCO shall deliver to Owner a proposed plan of development showing the contemplated locations and routes of the Improvements, which shall serve as the **Exhibit B** to this Agreement. Prior to installing any Improvements on the Property, REDCO must receive from Owner duly signed and dated **Exhibit “B”** (such approval by Owner to be granted in the spirit of fair dealing and not to be arbitrarily or unreasonably withheld). REDCO shall coordinate the location of the Improvements with Owner to minimize any disruption or inconvenience to Owner and the uses of the Property reserved to Owner in Section 11.4. During the final development and construction of the Renewable Energy Facility, such locations and routes may need to be amended and approved in writing by Owner (such approval by Owner to be granted in the spirit of fair dealing and not to be arbitrarily or unreasonably withheld). Following construction of the Renewable Energy Facility, REDCO shall provide Owner an “as-built” survey of all Improvements on Property, which shall serve as **Exhibit C** to this Agreement. Further, following construction, the Improvements may need to be relocated or rerouted by REDCO, at any time during the Term of this Agreement, so long as the nature and extent of any such relocated or rerouted Leases are not materially different and impose no greater burden on the Property than the original locations routes, and so long as (i) REDCO takes appropriate actions to minimize any disruption or inconvenience to Owner and the uses of the Property reserved to Owner in Section 11.4 and (ii) Owner’s written approval has been received (such



approval by Owner to be granted in the spirit of fair dealing and not to be arbitrarily or unreasonably withheld).

5. **Easements.** Upon the exercise of the Option by REDCO, Owner grants to REDCO, and REDCO accepts from Owner, for the Term referenced in Section 6.1, the following easements over and across the Property in accordance with the terms and conditions of this Agreement. The following easements are for the benefit of REDCO and REDCO's agents, contractors, and employees and located on the Property and are collectively referred to as the "Easements."

- 5.1 **Energy Sources Non-Obstruction Easement.**

- 5.1.1 Owner grants REDCO an irrevocable, exclusive easement for the right and privilege to use, maintain and capture the free and unobstructed solar radiance and wind Energy Sources over and across the Property ("**Energy Sources Non-Obstruction Easement**"). The following legal descriptions shall be set forth in **Exhibit A-2** of this Agreement: (a) a description of the Energy Sources Non-Obstruction Easement property subject to this Agreement; (b) a description of the Energy Sources Non-Obstruction Easement in vertical and horizontal angles; and (c) a description of real property benefiting from the Energy Sources Non-Obstruction Easement. Owner shall not engage in any activity on the Property that might interfere with Energy Sources over any Renewable Energy Collection or Renewable Energy Measuring Equipment Easement Properties, whether located on or off the Property; cause a decrease in the output or efficiency of any Wind Generator, Thermal Collector or accuracy of any Renewable Energy Measurement Equipment; or otherwise interfere with REDCO's operation of the Renewable Energy Collection Facility or exercise of any rights or the Leases granted in this Agreement ("**Interference**"). Owner reserves the right to erect structures on the Property in compliance with all applicable laws and ordinances except as specifically limited in this Agreement. Owner must consult with and obtain REDCO's prior written approval as to the location of all structures greater than forty (40) feet in height and located on thousand (1000) feet or less from any Renewable Energy Collection or Renewable Energy Measuring Equipment. Approval shall be based on whether, in REDCO's sole judgment, informed by appropriate professional engineering and Renewable Energy measurement experts' opinions, the proposed structures at the proposed location are likely to cause Interference.

- 5.1.2 This grant of easement of the Energy Sources Non-Obstruction Easement expressly includes the right of REDCO to enter on any part of the Property to enforce REDCO's rights, including the physical removal of trees or structures (except existing trees and structures) causing Interference to the project contemplated by REDCO. REDCO shall consult with Owner before making any such removals.

- 5.2 **Noise Easement.** Owner grants REDCO an irrevocable, non-exclusive easement for the right and privilege to generate and maintain audible noise levels in excess of fifty (50)dbA on and above the Noise Easement Property at any or all times of the day or

night (“**Noise Easement**”). The “**Noise Easement Property**” shall mean the Property except those portions within a 200-foot radius circle (or lesser distance with Owner’s prior written consent) centered on the inside of each presently existing, occupied residence on the Property. The following legal descriptions shall be set forth in **Exhibit A-3** of this Agreement: (a) a description of the Noise Easement Property; and (b) a description of real property benefiting from the Noise Easement. If noise levels emanating from the Wind Generators, Turbines, or Collection Facilities exceed fifty (50) dbA without the Owner’s written consent as measured within 200 feet (or lesser agreed distance) from the inside of a presently existing residence on the Property by an independent professional applying commonly accepted measurement instruments and standards, REDCO shall reduce the noise level to 50 dbA at 200 feet (or less agreed distance) from the residence. Measures to be taken by REDCO may include installing insulation or sound deadening material in the offending Turbine(s); installing landscaping, insulation, and sound deadening material at the residence; or, changing the operation of the Wind Generators, Turbine(s), or Collection Facilities to reduce noise output.

6. **Term of Agreement.** The term of this Agreement (“Term”) includes the Option Term referenced in Section 3.1; and the Easement Term referenced in Section 6.1.

6.1 **Lease & Easement Term.**

6.1.1 The Term of the Leases and Easements and the effective date thereof shall commence on the date specified by REDCO in the Option Notice (“Commencement Date”). The Term shall end fifty (50) years after the Commencement Date, unless terminated as provided in this Agreement.

6.1.2 **Delays during Easement Term.** At REDCO’s option, the Term may be extended for a period of time equal to the period of time during which operation of the Renewable Energy Facility is delayed or suspended because of the occurrence of a Regulatory Suspension or Force Majeure, which are defined as follows:

6.1.2.1 **“Regulatory Suspension”** shall mean the enactment or application of any law, order, rule, or regulation of the Public Service Commission, Federal Energy Regulatory Commission, or other local, state, or federal government authority having jurisdiction over the Renewable Energy Facility or REDCO, or the failure of any such governmental authority to issue an approval or permit pursuant to any such law, order, rule, or regulation, which results in the delay, interruption, or suspension of the production, sale or transmission of electricity from the Renewable Energy Facility facilities; and

6.1.2.2 **“Force Majeure”** shall mean causes beyond the reasonable control of and without the fault or negligence of the Party claiming Force Majeure, including but not limited to acts of God, labor unrest (including, but not limited to, slowdowns, picketing, boycotts or strikes), flood, earthquake, storm, fire, lightning, explosion, power failure or power surge, vandalism, theft, the cutting of power, transmission or other lines, wires or cables



to the Renewable Energy Facility by persons other than Renewable Energy Generation Facility employees, epidemic, war, revolution, riot, civil disturbance, sabotage, change in law or applicable regulation subsequent to the Commencement Date and action or inaction by any federal state or local legislative, executive, administrative judicial agency or body which in any of the foregoing cases, by exercise of due foresight such Party could not reasonably have expected to avoid, and which, by the exercise of due diligence, it is unable to overcome. The Parties shall be excused from performing their respective obligations under this Agreement and shall not be liable in damages or otherwise if and to the extent that they are unable to so perform and are prevented from performing by a Force Majeure, provided that: (i) the non-performing Party, as promptly as practicable after the occurrence of the Force Majeure, but in no event later than thirty (30) days thereafter, gives the other Party written notice describing the particulars of the occurrence; (ii) the suspension of performance is of no greater scope and of no longer duration than is reasonably required by the Force Majeure; (iii) the non-performing Party uses good faith commercially reasonable efforts to remedy its inability to perform; and (iv) as soon as the non-performing is able to resume performance of its obligations excused as a result of the occurrence, each party shall give prompt written notification thereof to the other Party.

6.2 **Termination by REDCO**, REDCO, at its option, shall have the right to terminate this Agreement at any time during the Term of Agreement, as to all or any part of the REDCO Property, which is defined as REDCO's interest in this Agreement and any REDCO Improvements as defined in Section 8. Termination shall be effective sixty (60) days after written notice of such termination to Owner. If REDCO's notice is a full termination of the Agreement relating to the REDCO Property, the Parties shall be relieved of all further duties and obligations under this Agreement, other than (i) the payment of any accrued and unpaid obligations owed by either Party as of the date of termination; (ii) the removal of the Improvements by REDCO pursuant to Section 8.7; and (iii) any other obligations and liabilities that are expressly stated in this Agreement to survive such termination. Upon any such partial termination by REDCO, the Parties shall be relieved of all further duties and obligations under this Agreement with respect to the portion thereof terminated by REDCO, subject to the obligations and liabilities referenced in items (i) through (iii) above that shall continue to be applicable to the terminated portion of this Agreement. Should the REDCO terminate this Agreement, REDCO agrees to leave the Owner's property in a condition similar to or better than the condition of the property prior to the Execution Date of this Agreement. Owner and REDCO agree to execute an amendment to this Agreement evidencing such partial termination.

6.3 **Termination by Owner**. Owner, at its option, shall have the right to terminate this Agreement, as to all or any part of the REDCO Property, if at any time following the fifth (5) year after the Option Term or Extended Option Term, REDCO has failed to install any Renewable Energy Facility, Collection Facilities or Roadway Improvements pursuant to the terms of this Agreement. Termination shall be effective sixty (60) days after written

notice of such termination to REDCO. If Owner's notice is a full termination of the Agreement relating to the REDCO Property, the Parties shall be relieved of all further duties and obligations under this Agreement, other than (i) the payment of any accrued and unpaid obligations owed by either Party as of the date of termination; and (ii) any other obligations and liabilities that are expressly stated in this Agreement to survive such termination. Upon any such partial termination by Owner, the Parties shall be relieved of all further duties and obligations under this Agreement with respect to the portion thereof terminated by Owner, subject to the obligations and liabilities referenced in items (i) and (ii) above that shall continue to be applicable to the terminated portion of this Agreement. Should the Owner terminate this Agreement, REDCO agrees to leave the Owner's property in a condition similar to or better than the condition of the property prior to the Execution Date of this Agreement. Owner and REDCO agree to execute an amendment to this Agreement evidencing such partial termination.

7. **Payments.** If REDCO exercises the Option referenced in Section 3, REDCO agrees to pay Owner the amounts set forth in Exhibit D as consideration for the Leases and REDCO's other rights and interests in the Property.
8. **Improvements.** REDCO shall have the right, at its sole cost and expense, to construct, install, maintain, use, operate, repair, replace, relocate and remove all facilities, structures, equipment, machinery, wires, conduit, cables, poles, materials and property of every kind and character required for the construction and operation of portions of the Renewable Energy Construction Facility on the Property, including, but not limited to, the Renewable Energy Collection Equipment, Turbines, Collection Facilities, Renewable Energy Measuring Equipment, and Roadway Improvements referenced in Sections 8.1 through 8.4 (collectively, the "Improvements").
  - 8.1 **"Turbines"** shall mean any steam turbine generator, wind turbine generator, or machine designed for the generation of electrical power from Renewable Energy power, including without limitation, the associated towers, support structures, guy wires, braces and directly related equipment.
  - 8.2 **"Collection Facilities"** shall mean all Improvements whose purpose is to deliver heated thermal fluid to the turbines or electrical power generated by the Turbines to an electrical power grid or other system, including without limitation transformers and overhead and underground electrical collection lines, wind turbines, wind towers, solar arrays, and interconnection facilities.
  - 8.3 **"Renewable Energy Measuring Equipment"** shall mean towers used primarily to gather and transmit Renewable Energy data relating to the Renewable Energy Facility, and includes the tower's foundations, guy wires, Renewable Energy data acquisition equipment, power source, and any required data and electrical transmission lines.

- 8.4 **“Roadway Improvements”** shall mean all improvements that may be necessary to construct, maintain and repair any new and existing roadways and other means of ingress and egress over, across and along the Access Right Property, including paving or surfacing of the roadways with asphalt, gravel or other roadway materials, and the construction and installation of culverts, bridges, drainage ditches, gates, cattle guards and similar structures and facilities. All roads constructed shall be “all weather” roads so as to withstand the elements of the region.
- 8.5 **Ownership of the Improvements.** All Improvements shall at all times remain the property of REDCO, and Owner shall have no right, title or interest therein. All Improvements constructed or placed on the Property by REDCO during the Term of this Agreement may be repaired, replaced, relocated, removed, added to or expanded upon by REDCO at any time during the Term of this Agreement. Owner expressly waives any statutory lien or common law liens on the Improvements to which Owner might be entitled.
- 8.6 **Construction Liens.** REDCO shall not permit any liens arising out of REDCO’s use of the REDCO Property under this agreement to be filed against the REDCO Property. REDCO shall, within sixty (60) days after it receives notice of the lien, provide a bond or other security that Owner may reasonably request, or remove such lien from the REDCO Property in the manner provided by applicable law.
- 8.7 **Removal of Improvements.** Upon full or partial termination of any of the Leases, REDCO shall remove all physical material pertaining to the Improvements from the affected REDCO Property to a depth of thirty-six inches (36”) beneath the soil surface, and restore the area formerly occupied by the Improvements to substantially the same physical condition that existed immediately before the construction of the Improvements or to a condition better than the what existed immediately before the construction of the Improvements (the “Removal Obligations”). If REDCO fails to complete its Removal Obligations within twelve (12) months of full or partial termination of the applicable Easement, Owner may do so, in which case REDCO shall reimburse Owner for costs of fulfilling REDCO’s Removal Obligations incurred by Owner. REDCO shall remediate the land after completion of project construction. Both Parties will agree upon the grass seed used in the remediation.
9. **Ownership and Title Matters.** Owner warrants and represents to REDCO, both as of the Effective Date, and as of the Commencement Date as follows:
- 9.1 **Authority.** Owner is the sole owner of the Property including the REDCO Property and has the unrestricted right and authority to sign this Agreement and to grant REDCO the Leases and Easements and other rights granted in this Agreement. When signed by both parties, this Agreement constitutes a valid and binding agreement enforceable against Owner in accordance with its terms.

- 9.2 **Other Agreements.** The Property is not subject to any other agreements, opinions, rights of first refusal or other prior right of any party to purchase, lease or acquire the Leases and Easements in the Property, or create any prior claim or right that would preclude or interfere with REDCO's rights and interests under this Agreement and the Leases and Easements.
- 9.3 **Minerals.** Owner owns some of the oil, water, gas and other minerals, and the rights thereto as on or under the Property, and will continue to own and have the right to develop such rights during and after the Term of this Agreement and the Lease. The Owner will sell REDCO water on a per gallon basis, when such water is available. REDCO shall be responsible for procuring any needed water for its needs on the Property. REDCO shall compensate Owner for water taken from the Property at the going rate as agreed upon in writing before hand by Owner and REDCO.
- 9.4 **Owner Mortgage.** Except as disclosed by Owner to REDCO at the time of the execution of this Agreement by Owner, there are no mortgages encumbering the Property ("**Owner Mortgage**").
- 9.4.1 **Notice and Opportunity to Cure.** If there is an Owner Mortgage encumbering Property and Owner receives from the holder thereof ("**Owner Mortgagee**") any notice that payments are overdue, Owner shall notify REDCO and each REDCO Mortgagee (as defined at Section 13.1) by sending a copy of such overdue payment notice to REDCO by the earlier of (i) five (5) days after receipt, or (ii) three (3) business days prior to the date by which a default under or in respect of such Owner Mortgage could occur. If REDCO or any REDCO Mortgagee determines that it would be in REDCO's interest to make such payments to Owner Mortgagee on Owner's behalf, whether as a result of receiving such notice or otherwise, REDCO shall have the right to make such payments and credit the payments so made against the Annual Installment Payment next due under the Agreement.
10. **Representations and Warranties of Owner.** Owner hereby makes the following further representations and warranties:
- 10.1 **Physical Condition.** Owner has no actual knowledge of any existing physical conditions of the Property which would prevent, significantly restrict or make more expensive REDCO's development of the Property for the purposes specified in this Agreement, or which could, with the passage of time, or the giving of notice, constitute a violation of any currently applicable governmental law, ordinance, order, rule or regulation.
- 10.2 **Legal Restrictions.** Without having made any specific investigation thereof, and without undertaking to do so, Owner has no actual knowledge of any law, regulation, ordinance or order of any local, state or federal governmental authority that would prohibit or significantly restrict REDCO's development of the Property pursuant to this Agreement. This Agreement does not violate any contract, agreement, instrument, judgment, or order to which Owner is a party or which affects the Property. To the best of Owner's

knowledge, the Property is currently in full and complete compliance with all governmental laws, ordinances, orders, rules and regulations applicable to the Property. It shall be REDCO's responsibility to conduct all environmental, permitting and zoning changes and designations needed to construct and operate a Renewable Energy facility on the Owner's property, pursuant to Section 11.4.5.

- 10.3 **No Litigation.** No litigation is pending and, to the best of Owner's knowledge, no litigation or administrative actions are proposed, threatened or anticipated with respect to any matter affecting the Property. If Owner learns of any litigation or administrative action proposed, threatened or instituted with respect to the Property, Owner shall give REDCO prompt notice thereof.
- 10.4 **Survival.** The representations and warranties set forth in this Section 10 shall survive the execution and delivery thereof.
11. **Representations and Warranties of REDCO.** REDCO hereby makes the following representations and warranties:
- 11.1 **Organization; Good Standing.** REDCO is a Utah corporation validly existing and in good standing under the laws of the State of Utah and has all the requisite power and authority to own, operate and lease its properties, to carry on its business as now being conducted and as proposed to be conducted and to enter into this Agreement and consummate the transactions contemplated hereby.
- 11.2 **Authorization.** REDCO has taken all actions required by law, its organizational documents or otherwise, to authorize the execution and delivery of this Agreement and the transactions contemplated hereby, and this Agreement is a valid and binding agreement of REDCO enforceable against it in accordance with its terms and conditions.
- 11.3 **No Violations.** The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby will not (i) conflict with or result in any violation of or constitute a default under the certificate of formation or company agreement of REDCO; (ii) violate any statute, ordinance, rule, regulation, order or decree of any court or of any public, governmental or regulatory body, agency or authority applicable to REDCO or by which any of its properties or assets may be bound; or (iii) result in a violation or breach of, or constitute (with or without due notice or lapse of time or both) a default (or give rise to any right of termination, cancellation or acceleration) under, any of the terms, conditions or provisions of any note, bond, mortgage, indenture, license, franchise, permit, agreement or other instrument or obligation to which REDCO is party, or by which it or any of its properties or assets may be bound.
- 11.4 **Required Approvals.** No approval, authorization, order, registration or qualification of or with any court or governmental authority is required for the consummation of the transactions contemplated herein by REDCO and no consent of any person is required.

12. **Use, Operation and Maintenance.**

- 12.1 **Exclusive Use by REDCO.** Subject to the limitations in Sections 12.3 and 12.4, REDCO shall have the exclusive right (i) to use and possess the REDCO Property in connection with the Renewable Energy Facility and other similar Renewable Energy electrical power generation projects; (ii) to investigate, inspect, survey, and conduct tests of the Property, including, but not limited to, Renewable Energy measuring equipment and environmental, archeological and geotechnical tests and studies; (iii) to use and convert all of the Energy Source resources on the Property; and (iv) to undertake such other activities on the Property that may be related to the Renewable Energy Facility, including, without limitation, the storage of towers, materials and equipment during the installation and construction of the Collection facilities and other Improvements; development and operation of communications systems; and site tours of the Renewable Energy Facility for visitors and other interested parties.
- 12.2 **No Required Installation or Operation.** Nothing in this Agreement shall be interpreted as imposing on REDCO any obligation to install Renewable Energy Facilities or other Improvements on the Property, or to operate the Renewable Energy Facility on the Property. REDCO shall have the sole discretion of determine if and when any Renewable Energy Facility and other Improvements may be constructed on the Property, and if and when to commence the operation of the Renewable Energy Facility on the Property.
- 12.3 **Limitations on Use during Option Term.** During the Option Term, REDCO's use and possession of the Property shall be limited to the uses described in Section 3.6. During such Option Term, the only Improvements that may be constructed or installed on the Property are the Renewable Energy Measuring Equipment.
- 12.4 **Uses Reserved by Owner.** Owner expressly reserves the right to use Property for all other purposes not granted to REDCO under this Agreement, including ranching and agricultural uses, and all recreational uses and mineral development, provided that no such other use interferes in any way with REDCO's use of the REDCO Property under this Agreement, including the joint use of roadways now and hereafter located on the Access Right Property. Any and all negotiations required shall be done in the spirit of fairness and shall be constructed in a simple, straightforward manner. Owner's reserved rights are further made subject to the following conditions, requirements and limitations:
- 12.4.1 **Ranching & Agricultural Uses.** Owner and REDCO agree to cooperate with each other in a manner that allows Owner to continue the current ranching and agricultural uses of the Property in a manner that does not unreasonably interfere with REDCO's use of the REDCO Property.
- 12.4.2 **Hunting.** All hunting on the property leased to the REDCO through this Agreement shall be prohibited. Owner participation in a Cooperative Wildlife Management Unit (CWMU)

may continue until construction of a renewable energy project on Owner's property begins. Owner may continue hunting on that portion of land not within 1000 feet of any REDCO construction activity and owner will be responsible for any damage caused by such hunting. REDCO shall assume the responsibility of displaying adequate signage warning others of the hunting prohibition.

- 12.4.3 **Recreational Uses.** Owner may allow Owner's guests to use REDCO Property, except the Renewable Energy Facility and Renewable Energy Measuring Equipment Properties, for recreational purposes except at times or under circumstances that adversely affect public health and safety or operation and safety of the Improvements. If Owner uses snowmobiles or other all terrain vehicles in the vicinity of the REDCO Property, it shall take such reasonable precautions so as to ensure the safety of Owner's guests, REDCO's site personnel, and the protection of Improvements on the REDCO Property during and after construction of the Renewable Energy Facility.
- 12.5 **Permits and Approvals.** REDCO shall be responsible, at its sole cost and expense, for obtaining any governmental permits and approvals, necessary for the construction and operation of the Renewable Energy Facility and the construction and operation of the Improvements, including complying with the provisions of State Laws. Owner shall cooperate with REDCO as necessary to obtain any governmental or utility approvals or permits, including, without limitation, signing any applications, provided that REDCO shall reimburse Owner for all its reasonable out-of-pocket expenses directly incurred in connection with such cooperation.
- 12.6 **Compliance with Laws.** REDCO shall comply in all material respects with valid laws applicable to the Property and the REDCO Property. REDCO shall have the right, in its sole discretion and at its sole expense, in REDCO's name or Owner's name, to contest the validity or applicability to the Property and the REDCO Property of any law, ordinance, statute, order, regulation, property assessment or the like made by any governmental agency or entity. REDCO shall control any such contest and Owner shall cooperate with REDCO in every reasonable way in such contest, at no out-of-pocket expense to Owner.
- 12.7 **No Interference.** During the Term of this Agreement, Owner covenants and agrees that neither Owner nor its agents, lessees, invitees, guests, licensees, successors or assigns will (i) interfere with, impair or prohibit the free and complete use and enjoyment by REDCO of all rights granted by this Agreement; (ii) take any action which will interfere with or impair the availability, accessibility, frequency, or direction of Energy Sources over and above the Property; (iii) take any action which will in any way interfere with or impair the transmission of electric, electromagnetic or other forms of energy to or from the Property; or (iv) take any action which will interfere with or impair REDCO's access to the Property and the REDCO Property for the purposes specified in this Agreement.
- 12.8 **Care and Appearance.** REDCO, in its exercise of the easement and other rights granted hereunder shall, at all times, maintain the Property and the Improvements in a

reasonably neat, clean and presentable condition, consistent with its current usage. REDCO shall not willfully or negligently damage or destroy the Property. REDCO shall keep the Property clean and free of debris created by REDCO, its contractors, or others brought onto the Property by REDCO. REDCO shall not use the Property for storage, except for materials, construction equipment and vehicles directly associated with construction or maintenance of the Improvements on the Property or adjacent properties that are part of the Renewable Energy Facility.

- 12.9 **Fences and Gates.** Within a reasonable time following Owner's request, REDCO shall repair or replace any fences, gates or cattle guards damaged or removed in connection with REDCO's activities on the Property. Fences removed from the Property, if replaced, shall be re-built by REDCO at its expense in mutually agreeable locations. All fences, gates, and cattle guards that need to be replaced by REDCO shall be of similar type and materials to the ones removed. Once completed, all replacement fences, gates and cattle guards shall be owned and maintained by Owner. To minimize the need for temporary fencing, Owner will cooperate with REDCO to avoid pasturing animals on or near the Improvements during periods of construction, maintenance or removal activity by REDCO.
- 12.10 **Roadway Maintenance and Repairs.** REDCO agrees to maintain and repair all Roadway Improvements located on the Access Easement for the joint use thereof by REDCO and Owner for ingress and egress over, across, and along the Access Easement; provided, however, Owner shall reimburse REDCO for any costs and expenses incurred by REDCO to repair any damage or perform any special maintenance of the roadway caused by Owner or any person using the roadway with Owner's permission, other than REDCO. All roads constructed shall meet a standard agreed upon by both Parties. All roads constructed shall be all-weather roads to withstand seasonal climate conditions.
- 12.11 **Remediation of Glare.** REDCO Agrees that should Owner experience problems with glare or shadow flicker in Owner's house associated with the presence of the Renewable Energy Facility on the Property or adjacent properties, REDCO will promptly investigate the nature and extent of the problem and the best methods of correcting any problems found to exist. REDCO at its expense, with agreement of Owner, will then promptly undertake measures such as tree planting or installation of awnings necessary to mitigate the offending glare.
13. **Taxes.**
- 13.1 **REDCO's Taxes.** Owner and REDCO agree that San Juan County shall separately assess and collect taxes for Owner's Property and REDCO Property. REDCO shall pay all taxes due on the REDCO Property pursuant to this Agreement ("**REDCO's Taxes**"), and Owner shall pay all taxes due on Owner's Property to the appropriate taxing authority prior to delinquency.



13.2 **REDCO's Right to Contest.** REDCO may contest the legal validity or amount of any REDCO's Taxes for which it is responsible under the Agreement, and may institute such proceedings as it considers necessary, provided that REDCO shall bear all expenses in pursuing such contest or proceeding. REDCO's Taxes shall not constitute a lien on Owner's Property. REDCO shall promptly pay such Taxes unless the proceeding in which it contests such Taxes shall operate to prevent or stay the collection of the Taxes so contested or unless REDCO removes any such lien by bonding or otherwise. Owner agrees to render to REDCO all reasonable assistance in contesting the validity or amount of any such Taxes, including joining in the signing of any reasonable protests or pleading which REDCO may deem advisable to file; provided, however, that REDCO shall reimburse Owner for its reasonable out-of-pocket expenses, including reasonable attorney's fees incurred in connection with providing such assistance.

14. **Mortgage of REDCO Property.**

14.1 **Right to Mortgage.** REDCO may, upon notice to Owner, but without requiring Owner's consent of approval, mortgage, collaterally assign, or otherwise encumber and grant security interests in all or any part of its interests in the REDCO Property. These various security interests in all or a part of the REDCO Property are collectively referred to as an "REDCO Mortgage" and holder of such security interest, an "REDCO Mortgagee." Any REDCO Mortgagee shall use the REDCO Property only for the uses permitted under this Agreement. Whenever REDCO has granted a security interest under this Section 14, it will give Owner notice of the REDCO Mortgage (including the name and address of the REDCO Mortgagee for notice purposes), provided that failure to give this notice shall not constitute a default under this Agreement, but rather shall only have the effect of not binding Owner to provide such REDCO Mortgage notice until its address is given to Owner. REDCO shall have no power to encumber Owner's interest in the Property and shall only be able to mortgage, collaterally assign or otherwise encumber and grant security interests in all or a part of the REDCO property, as defined in Section 6.2, as REDCO's interest in this Agreement and its Improvements.

14.2 **Notice of Default and Opportunity to Cure.** As a precondition to exercising any rights or remedies related to any alleged default by REDCO under this Agreement, Owner shall give written notice of the default to each REDCO Mortgagee at the same time it delivers notice of default to REDCO, specifying in detail the alleged event of default and the required remedy. Each REDCO Mortgagee shall have the right to cure any default as REDCO, and/or the right to remove any Improvements or other property owned by REDCO or such REDCO Mortgagee located on the Property to the same extent as REDCO. The cure period for any REDCO Mortgagee shall be the latest of (i) the end of the REDCO cure period; (ii) thirty (30) days after such REDCO Mortgagee's receipt of the default notice; or (iii) if applicable, the extended cure period provided for in Section 14.3. Failure by Owner to give an REDCO Mortgagee notice of default shall not diminish Owner's rights against REDCO, but shall preserve all rights of the REDCO Mortgagee to

cure any default and to remove any Improvements or other property of REDCO or the REDCO Mortgagee located on the Property.

- 14.3 **Extended Cure Period.** If any default by REDCO under this Agreement cannot be cured without the REDCO Mortgagee obtaining possession of all or part of the REDCO Property, then any such default shall be deemed remedied if a REDCO Mortgagee: (i) acquires possession of all or part of the REDCO Property, or begins to appropriate judicial or non-judicial proceedings to obtain the same within sixty (60) days after receiving notice from Owner as set forth in Section 14.2.; (ii) diligently prosecutes any such proceedings to completion; and (iii) after gaining possession of all or part of the REDCO Property performs all other obligations as and when the same are due in accordance with the terms of this Agreement. If an REDCO Mortgagee is prohibited by any court or by operation of any bankruptcy or insolvency laws from commencing or prosecuting the proceedings described above, the sixty (60) day period specified above for commencing proceedings shall be extended for the period of such prohibition.
- 14.4 **REDCO Mortgagee Liability.** Any REDCO Mortgagee whose interest in the REDCO Property is held solely for security purposes shall have no obligation or liability under this Agreement unless and until the REDCO Mortgagee succeeds to absolute title to the REDCO Property and the rights of REDCO under this Agreement. An REDCO Mortgagee shall be liable to perform obligations under this Agreement only for and during the period it directly holds such absolute title.
- 14.5 **Certificates & Other Documents.** Owner shall execute any estoppel certificates (certifying as to truthful matters, including without limitation that no default then exists under this Agreement, if such be the case), consents to assignment and non-disturbance agreements as REDCO or any Mortgagee may reasonably request from time to time. Owner and REDCO shall conduct all negotiations in good faith, in the spirit of fairness.
- 14.6 **REDCO's Mortgagee's right to Enforce Mortgage & Assign.** Each REDCO Mortgagee shall have the right, in its sole discretion: (i) to assign its REDCO Mortgagee; (ii) to enforce its lien and acquire title to all or any portion of the REDCO Property by any lawful means; (iii) to take possession of and operate all or any portion of the REDCO Property and to perform all obligations to be performed by REDCO under this Agreement, or to cause a receiver to be appointed to do so; and (iv) to acquire all or any portion of the REDCO Property by foreclosure or by an assignment in lieu of foreclosure and thereafter, without Owner's consent, to assign or transfer all or any portion of the REDCO Property to a third party. Any REDCO Mortgagee or other party who acquires REDCO's interest in the REDCO Property pursuant to foreclosure or assignment in lieu of foreclosure shall not be liable to perform the obligations imposed on REDCO by this Agreement that are incurred or accruing after such REDCO Mortgagee or other party no longer has ownership or possession of the REDCO Property.
- 14.7 **New Agreement.** If the REDCO Property is foreclosed upon or there is an assignment in lieu of foreclosure, or if this Agreement is rejected or disaffirmed pursuant to

bankruptcy law or other law affecting creditor's rights and, within ninety (90) days after such event, REDCO or any REDCO Mortgagee or other purchaser at a foreclosure sale shall have arranged to the reasonable satisfaction of Owner for the payment of all Annual Installment Payments or other charges due and payable by REDCO as of the date of such event, then Owner shall execute and deliver to REDCO or such REDCO Mortgagee or other purchaser at a foreclosure sale, or to a designee of one of these parties, as the case may be, a new agreement ("**New Agreement**") which (i) shall be for a term equal to the remainder of the Term of this Agreement before giving effect to such rejection or termination; (ii) shall contain the same covenants, agreements, terms, provisions and limitations as this Agreement (except for any requirements that have been fulfilled by REDCO or any REDCO Mortgagee or other purchaser at a foreclosure sale prior to rejection or termination of this Agreement); and (iii) shall include that portion of the REDCO Property in which REDCO or such other REDCO Mortgagee or other purchaser at a foreclosure sale had an interest on the date of rejection or termination. If more than one REDCO Mortgagee makes a written request for a New Agreement pursuant to this provision, the New Agreement shall be delivered to the REDCO Mortgagee requesting such New Agreement whose REDCO Mortgage has lien priority, and the written request of any other REDCO Mortgagee whose lien is subordinate shall be void and of no further force or effect. The provisions of this Section 14.7 shall survive the termination, rejection or disaffirmation of this Agreement and shall continue in full force and effect thereafter to the same extent as if this Section 14.7 were a separate and independent contract made by Owner, REDCO and each REDCO Mortgagee, and, from the effective date of such termination, rejection or disaffirmation of this Agreement to the date of execution and delivery of such New Agreement, such REDCO Mortgagee or other purchaser at a foreclosure sale may use and enjoy the REDCO Property without hindrance by Owner or any person claiming by, through or under the Owner; provided that all of the conditions for the New Agreement as set forth above are complied with.

- 14.8 **REDCO Mortgagee's Consent to Amendment Termination or Surrender.** The Parties agree that so long as any REDCO Mortgage remains outstanding, this Agreement shall not be modified or amended, and Owner shall not accept a surrender, cancellation or release of all or any part of the REDCO Property from REDCO, prior to expiration of the Term of this Agreement, without the prior written consent of the REDCO Mortgagee holding such REDCO Mortgage. This provision is for the express benefit of and shall be enforceable by each REDCO Mortgagee as if it were a party named in this Agreement. However, this provision shall not be applicable if Owner exercises its rights pursuant to Section 6.3.
15. **Assignment and Sublease.** REDCO shall have the right, without Owner's consent, to sell, convey, lease, or assign all or any portion of the REDCO Property, on either an exclusive or a non-exclusive basis, or to grant subleases, co-leases, leases, licenses or similar rights with respect to the REDCO Property (collectively, "**Assignment**"), to one or more persons or entities (collectively, "**Assignee**"). Each Assignee shall use the REDCO

Property only for the uses permitted under this Agreement. When REDCO Makes any Assignment under this Section 15, REDCO shall give notice to Owner of such Assignment (including the interest conveyed by the Assignment and address of the Assignee for notice purposes to Owner) provided REDCO's failure to give such notice shall not constitute a default under this Agreement, but rather shall only have the effect of not binding Owner with respect to such assignment or conveyance until such notice is given. Any Assignment by REDCO shall release REDCO from obligations subject thereof accruing after the date that liability for such obligations is assumed by the Assignee.

16. **Hazardous Materials.**

16.1 **Owner's Covenants Regarding Hazardous Materials.** Owner represents and warrants that, to the best of Owner's knowledge, the Property is not and has not been in violate of any federal, state, or local environmental health or safety laws, statute, ordinance, rule, regulation or requirement ("**Environmental Laws**"), and Owner has not received any notice or other communication from any governmental authorities alleging that the Property is in violate of any Environmental Laws. "**Hazardous Materials**" shall mean any material containing asbestos, petroleum, explosives, toxic materials, or substances regulated as hazardous wastes, hazardous materials, hazardous substances, or toxic substances under any federal, state, or local law or regulation. Owner represents and warrants that, except as disclosed to REDCO in writing, to the best of Owner's knowledge, no underground storage tanks and no Hazardous Materials are or were located on the Property during or prior to Owner's ownership of the Property. Owner shall not violate in a material way any Environmental Law relating to the Property.

16.2 **REDCO's Covenants Regarding Hazardous Materials.** REDCO shall comply with all Environmental Laws and shall, at REDCO's sole cost and expense, promptly take removal or remedial action required by Environmental Laws with regard to any Hazardous Materials brought onto the Property by REDCO or its employees, agents, or contractors of any Environmental Laws. Owner shall cooperate with REDCO with regard to any scheduling or access to the Property in connection with any action required hereunder.

16.3 **REDCO's Indemnity Regarding Hazardous Materials.** REDCO shall indemnify, defend, protect and hold Owner harmless from any liability based on: (i) the release of Hazardous Materials in, on, under or about the Property caused by REDCO or its employees, agents or contractors, or (ii) the violation by REDCO or its employees, agents, or contractors. Owner shall cooperate with REDCO with regard to any scheduling or access to the Property in connection with any action required hereunder.

17. **Indemnity and Insurance.**

17.1 **Indemnity by REDCO.** REDCO shall defend, indemnify, protect and hold Owner harmless from and against all liabilities, costs, expenses, obligations, losses, damages, claims, including reasonable attorneys' fees (collectively "**Liability**"), resulting from the negligence, willful misconduct, or breach of this Agreement by REDCO, its agents,

contractors or employees, invitees, licensees and permittees; provided, however, that such Liability is not due to any negligence, willful misconduct, or breach by Owner, its agents, contractors or employees, invitees, licensees or permittees. Furthermore, REDCO shall defend, indemnify, protect and hold Owner harmless from and against all liabilities, costs, expenses, obligations, losses, damages, claims, including reasonable attorneys' fees resulting from the actions brought against Owner by Owners neighbors because of the Improvements or the Renewable Energy Facility, including, but not limited by, actions from the resulting noise, glare or damage to the Property or surrounding properties because of the Improvements or the Renewable Energy Facility.

- 17.2 **Indemnity by Owner.** Owner shall defend, indemnify, protect and hold REDCO harmless from and against all Liability resulting from the negligence, willful misconduct, or breach of this Agreement by Owner, its agents, contractors or employees, invitees, licensees and permittees; provided, however, that such Liability is not due to any negligence, willful misconduct, or breach by REDCO, its agents, contractors, employees, invitees, licensees, or permittees.
- 17.3 **Insurance by REDCO.** Prior to any use of the Property as set forth in Section 3.6 and thereafter, REDCO shall, at its expense, continually maintain a liability insurance policy in the amount of not less than \$1 million, under which Owner shall be named as an additional insured for personal injuries and property damage for which REDCO is legally liable. REDCO shall cause Owner to receive notice of all extensions, modifications, and payments of premium of said insurance.
- 17.4 **Survival.** The obligations of the Parties under this Section 17 shall survive expiration or another termination of this Agreement.
18. **Confidentiality.** This Agreement includes confidential and proprietary information relating to REDCO and the Renewable Energy Facility. In addition, from time to time REDCO may deliver to owner additional confidential and proprietary information relating to the Renewable Energy Facility ("**Additional Information**"). Subject to any applicable state or federal law, Owner agrees not to provide copies of the Agreement or additional information or disclose the terms of the Agreement or additional information, in whole or in part, to any person or entity, except as expressly authorized in this Section 18. REDCO authorizes Owner to provide copies of the Agreement and additional information and disclose the terms thereof to Owner's family, attorney, accountant, financial advisor and any existing or prospective mortgagee, lessee, or purchaser, so long as they likewise agree not to provide copies of the Agreement or additional information or disclose the terms thereof to any unauthorized person or entity.
19. **Default and Remedies.**
- 19.1 **REDCO Payment Default.** If REDCO shall fail to pay any amounts set forth in **Exhibit D** which failure continues for more than thirty (30) days from receipt of written notice

from Owner that such amount is due, then REDCO shall be in default ("**REDCO Payment Default**") and Owner shall have the following remedies:

- 19.1.1 **Collection of Payments.** With or without terminating this Agreement, Owner may pursue any and all action or remedies that may be available to Owner at law or in equity, against REDCO to collect any unpaid amounts set forth in **Exhibit D** together with interest thereon that accrues during the continuance of the REDCO Payment Default, calculated at a rate ("**Default Rate**") which is the lesser of (i) the prime interest rate at The Chase Manhattan Bank (or its successor) plus two percent (2%) per month, or (ii) the maximum lawful rate. Owner shall also be entitled to recover all court costs and reasonable attorneys' fees that may be incurred by Owner in collecting such amounts.
- 19.1.2 **Terminate Agreement.** Owner may not terminate this Agreement because of any REDCO Payment Default without first giving REDCO written notice of its intention to terminate the Agreement ("**Termination Notice**"), to be effective on a date to be specified by Owner that is at least thirty (30) days after the date of the Termination Notice. If, by the date specified in the Termination Notice, REDCO fails to pay the amount required to cure the REDCO Payment Default (including interest at the Default rate that accrues during the continuance of the REDCO Payment Default), Owner's termination of this Agreement shall become effective on the date specified in the Termination Notice. Upon such Termination, the Parties shall be relieved of all further duties and obligations under this Agreement, other than (i) the payment of any accrued and unpaid obligations owed by either Party as of the date of termination (including the amount owed by REDCO with respect to the REDCO Payment Default and interest payable with respect thereto); (ii) the removal of the Improvements by REDCO pursuant to Section 8.7; and (iii) any other obligations and liabilities that are expressly stated in this Agreement to survive such termination. Owner's right to terminate this Agreement pursuant to this Section 19.1.2 is subject to and conditioned upon Owner giving any REDCO Mortgagee written notice and opportunity to cure the REDCO Payment Default as provided in Section 14.2.
- 19.2 **Other REDCO Default.** The breach by REDCO of any provision hereof, other than an REDCO Payment Default as set forth in Section 19.1 ("**Other REDCO Default**"), may result in a cause of action by owner under applicable law and all action or remedies that may be available to Owner at law or in equity, including but not limited to all loss or damage, but excluding future lease payments, which Owner may suffer by reason of a REDCO's breach of this Agreement, other than as set forth in this Section 19.2. In the event of any such breach by REDCO, Owner shall, at least thirty (30) days prior to commencing any cause of action, give written notice of the cause of the breach to REDCO, and any REDCO Mortgagee (of which it has been notified in writing) concurrently, specifying in detail the alleged event of breach and the required remedy. If REDCO does not cure or commence curing such breach within thirty (30) days of receipt of notice, the REDCO Mortgagee shall have the absolute right to substitute itself for REDCO and perform the duties of REDCO hereafter for the purposes of curing such



- 20.3 **Change of Recipient or Address.** Either party may, by notice given at any time or from time to time, require subsequent notices to be given to another individual person, whether a party or an office or representative, or to a different address, or both. Notices given before actual receipt or notice of change shall not be invalidated by the change.
21. **Miscellaneous Provisions.**
- 21.1 **Successors & Assigns.** The terms and provisions of this Agreement shall run with the land and be binding on and inure to the benefit of the heirs, successors, assigns, and personal representatives of the Parties. REDCO in its discretion may authorize other persons or entities to use the REDCO Property for the purposes stated in this Agreement.
- 21.2 **Memorandum.** Simultaneously with the execution of this Agreement, Owner and REDCO agree to execute and acknowledge a memorandum of this Agreement satisfactory in form and substance to REDCO and Owner. Owner consents to the recordation of the interest of any REDCO Mortgage or Assignee in the REDCO Property.
- 21.3 **Entire Agreement.** This Agreement and the attached Exhibits shall constitute the entire agreement between the Parties and supersedes all other prior writings and understandings.
- 21.4 **Amendments.** This Agreement shall not be amended or modified in any way except by an instrument signed by Owner and REDCO and consented to by any REDCO Mortgagee. The Parties hereto shall at all times hereafter execute any documents and do any further acts which may be necessary or desirable to carry out the purposes of this Agreement and to give full force and effect to each and all of the provisions hereof. Owner and REDCO shall conduct all negotiations in good faith, in the spirit of fairness.
- 21.5 **Legal Matters.** This agreement shall be governed by and interpreted in accordance with the then existing laws of the State of Utah where the Property is located shall be considered the proper forum and jurisdiction for any disputes arising in connection with this Agreement. The parties agree to first attempt to settle any dispute arising out of or in connection with this agreement by good-faith negotiation. If the parties are unable to resolve amicably any dispute arising out of or in connection to this agreement, The Parties agree to mediate and each Party shall bear the costs of their own expenses, legal and otherwise. Each party waives all right to trial by jury and specifically agrees that a trial of suits or causes of action arising out of this agreement shall be to the Court. Time is of the essence with regard to the terms and conditions of this agreement.
- 21.6 **Severability.** If any term or provision of this Agreement, or the application thereof to any person or circumstance shall, to any extent, be determined by judicial order or decision to be invalid or unenforceable, the remainder of this Agreement or the application of such term or provision to persons or circumstances, other than those as to which it is held to be invalid, shall be enforced to the fullest extent permitted by law.



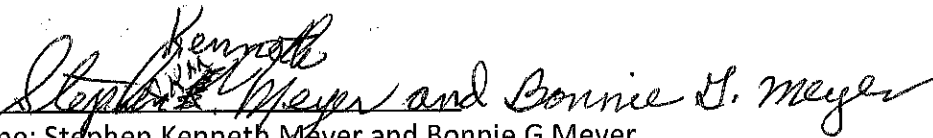
The parties agree to amend this agreement or modify the rights granted herein in order to comply with all applicable laws and to grant to REDCO the rights to the extent necessary to construct, operate and maintain the Improvements as contemplated herein.

- 21.7 **Tax Credits.** If under applicable law REDCO becomes ineligible for any tax credit, benefit or incentive for alternative energy expenditure established by any local, state or federal government, then, at REDCO's option, Owner and REDCO shall amend this Agreement or replace it with a different instrument so as to convert REDCO's interest in the REDCO Property to a substantially similar interest that makes REDCO eligible for such tax credit, benefit or incentive, so long as Owner's interests are not impaired. Owner and REDCO shall conduct all negotiations in good faith, in the spirit of fairness.
- 21.8 **Approvals.** Whenever in this Agreement the approval or consent of either Party is required or contemplated, unless otherwise specified, such approval or consent shall not be unreasonably withheld or delayed.
- 21.9 **Counterparts.** This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, and all of which together shall constitute a single instrument.
- 21.10 **Option to Convert.** During the Term of the Leases and Easements granted herein, Owner grants to REDCO the option to convert the Leases herein contained to easements, or the Easements to leases, as determined by REDCO in its sole discretion. REDCO may exercise such option by giving the Owner thirty (30) days written notice of its intent to exercise such option. The terms and conditions of such easements and/or leases shall be the same as the terms and conditions of the Leases and Easements, including the annual payments as set forth in **Exhibit D** of this Agreement.
- 21.11 **Attorneys' Fees.** The prevailing party in any arbitration or litigation undertaken in connection with any default or indemnity under this Agreement shall be entitled to be paid its reasonable costs and attorneys' fees incurred in connection therewith by the losing party, including such costs and fees as may be incurred on appeal.

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This Renewable Energy Lease Option Agreement is dated as of the Effective Date set forth above.

Owner:

By:   
Name: Stephen Kenneth Meyer and Bonnie G Meyer  
Its: Owner  
Date: November 29, 2011

**REDCO: Renewable Energy Development Corporation**

By: \_\_\_\_\_  
Name: Ryan Davies  
Its: President & CEO  
Date: November \_\_\_\_\_, 2011

EXHIBIT A-1

Legal Description of Property

SEC 18 T32S R25E: Lots 1, 2, 3, 4 AND E1/2W1/2 (303.88 AC) – 32S25E182400

SEC 13 T32S R24E: NE1/4, SE1/4NW1/4 (200 AC) – 32S24E130000

SEC 13 T32S R24E: S1/2 (320 AC) – 32S24E135400

SEC 12 T32S R24E: S1/2SE1/4 (80 AC) – 32S24E128400

EXHIBIT A-2

Legal Description of Renewable Energy Facility Non-Obstruction Easement Property and Description of Energy Source Non-Obstruction Easement in Vertical and Horizontal Angles & Legal Description of Real Property Benefiting from Energy Source Non-Obstruction Easement To be Delivered with Option Notice

EXHIBIT A-3

Legal Description of Noise Easement Property and Legal Description of Real Property Benefiting from Noise Easement To be delivered with Option Notice



EXHIBIT B

Preliminary Lease & Easement Plan To be Delivered with Option Notice

EXHIBIT C

As Built Lease & Easement Plan



EXHIBIT D

Easement Compensation

- 1) **Signing Bonus.** REDCO shall pay to Owner a bonus of One Thousand Dollars (\$1,000.00) within 60 days of the execution date of this contract.
- 2) **Annual Installments Payments”** means the amounts that are paid to Owner annually for the Leases. The amounts paid to Owner for the Renewable Energy Measuring Equipment Easement shall be paid to Owner annually, but the amount shall be separate from the other Leases.
- 3) **Minimum Megawatts Installed –** REDCO will make its best effort to build as many megawatts of Renewable Energy on the Owner’s land as is practical.
- 4) **Purchase Price for Leases.** The Annual Installment Payments for the Leases and Easements [Construction, Access, Turbine, Collection, Wind Non-Obstruction, Noise and Overhang] shall be \$3,000.00 per 1.0 megawatt (“**MW**”) nameplate rated Turbine or Solar Facility (Annual Minimum Rent (AMT) or Percentage of gross revenue Lease Rate:

Subject to the lease termination provisions, REDCO agrees that Owner shall receive either an Annual Minimum Rent (AMR) or a lease rate (percentage of gross revenue), whichever is greater, according to the following schedule:

**Note: If CRP payments decrease to owner due to REDCO use of the property then REDCO will pay owner the difference between CRP payments that would have been paid and payments paid for “Purchase Price for Leases”**

Payments to Owner:

Annual Minimum Rent (AMR):	\$3,000/MW/year	each year
Lease Rate:	2.0% of gross revenue <sup>1</sup>	years 1-10
	3.0% of gross revenue <sup>1</sup>	years 11-15
	3.5% of gross revenue <sup>1</sup>	years 16-20
	4.0% of gross revenue <sup>1</sup>	years 21-end of lease

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<sup>1</sup> Gross Revenue is defined as the total revenue received by REDCO, its successors, mortgagees, or assigns, for the sale of the electricity and/or environmental attributes (including RECs, green tags, or CO2 offsets) generated by a wind project installed on the property.

REDCO will provide and Owner shall receive an annual report of installed nameplate rated Turbine Capacity and Gross Revenue annually on or before January 1 of each year lease payments are due to Owner. Annual Installment Payments for partial years shall be prorated based on the number of days in the partial year included in the Term. If a part of the Improvements is removed before the end of the Term, future Annual Installment Payments due on the purchase price of the Leases shall be reduced by the amount attributable to the Improvements removed. If a part of the Improvements remains after the end of the Term, REDCO shall continue to make Annual Installment Payments at the rate paid for the last year of the Term until REDCO's Removal Obligations are fulfilled ("**Removal Date**"). However, such payments shall not excuse REDCO from its Removal Obligations, nor extend the time for REDCO to comply with such Removal Obligations. Upon written request and upon execution of an appropriate confidentiality agreement, Owner and its representatives, accountants and legal counsel shall have the right to audit or review REDCO's books and records to verify payments made pursuant to this Agreement. If the audit reveals an error in excess of 5% of the annual revenues to Owner, then REDCO shall pay for the expense of the audit.

- 5) **Timing of Payments.** The signing bonus will be paid within sixty (60) days of mutual execution of this Agreement. Payments for the first partial year of the Term shall be made on the Commencement Date. All subsequent Annual Installment Payments shall be due on or before January 15<sup>th</sup> of the subsequent calendar year or partial calendar year to which they are attributable during the Term. For example purposes only, Annual Installment Payments for the 2010 calendar year shall be due on or before January 15, 2011. After REDCO delivers **Exhibit C** to Owner, any necessary payment adjustments shall be paid within thirty (30) days by REDCO or credited against the next payment due from REDCO to Owner.
- 6) **Collections Facilities** Any payments for the Collections Facilities shall be included in the amount specified in Item 4 of this Exhibit D. In the event that REDCO does not install any Renewable Energy Facilities on Property, but installs Collection Facilities, then REDCO shall pay to Owner the one-time first year sum of \$600.00 per acre used for Collection Facilities. After the first year, REDCO will pay Owner \$100 per acre, used for the collection facilities, per year for the term of lease. If REDCO does not extend the Option after the third year REDCO will provide the wind data collected on Owners property to Owner.
- 7) **Access.** In the event that REDCO does not install any Collection Facilities on Property, but installs Roadway Improvements, then REDCO shall pay to Owner the sum of \$500.00 per acre used for Roadway Improvements annually.
- 8) **Payments for Extended Use of Leases.** If REDCO continues to use the Access Right, Renewable Energy Collection Lease, Non-Obstruction Easement, Noise Easement and Overhang right after the end of the Term, REDCO shall pay Owner the then fair

market value of the Access Right, Collection Lease, Energy Source Non-Obstruction Easement, Noise Easement and Overhang Right determined by agreement of the parties. If REDCO does not continue to use any or all of these Leases or Easements, REDCO shall provide evidence of termination.

Owner:

By: *Stephen Kenneth Meyer and Bonnie G. Meyer*  
Name: Stephen Kenneth Meyer and Bonnie G Meyer  
Its: Owner  
Date: November 29, 2011

**REDCO: Renewable Energy Development Corporation**

By: \_\_\_\_\_  
Name: Ryan Davies  
Its: President & CEO  
Date: