

MEMORANDUM OF OPTION

THE STATE OF NEVADA I
 I
COUNTY OF EUREKA I

THIS AGREEMENT made and entered into this 6th day
of August, 1976, by and between DAY
CATTLE COMPANY, hereinafter referred to as "Day", and THE
DOW CHEMICAL COMPANY, hereinafter referred to as "Dow".

W I T N E S S E T H:

1. That Day for valuable consideration, receipt
of which is hereby acknowledged, and in consideration of the
letter agreement hereinafter and particularly referred to,
has granted and hereby grants Dow the exclusive right to
lease and let all Day's real property situated in Eureka
County, Nevada, as described on Exhibit "A" attached hereto
for the purpose of exploring for and drilling and producing
geothermal energy and all related resources.

2. Dow's option to lease Day's land shall extend
to December 31, 1976, and this memorandum is intended for
recordation in the Eureka County records for notice to third
parties of the existence of Dow's option. For full details
all interested parties refer to the letter agreement of even
date between the parties which is incorporated herein.

3. This memorandum of option shall be binding
upon the successors and assigns of the parties hereto.

IN WITNESS WHEREOF the parties hereto have caused
this memorandum of option to be duly executed as of the date
first hereinabove written.

DAY CATTLE COMPANY

BY [Signature]

THE DOW CHEMICAL COMPANY

BY [Signature]

Vincent H. Buckley ATTORNEY-IN-FACT

THE STATE OF California
COUNTY OF Los Angeles

BEFORE ME, the undersigned authority, on this day personally appeared ROBERT A. DAY, JR., known to me to be the person who executed the foregoing instrument as PRESIDENT of DAY CATTLE COMPANY and acknowledged to me that he executed the same for the purposes and consideration therein expressed, as the act and deed of said corporation, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 19th day of October, 1976.



Sheilagh Ross
Notary Public in and for
Los Angeles County, California

THE STATE OF TEXAS
COUNTY OF Harris

BEFORE ME, the undersigned authority, on this day personally appeared Vincent H. Buckley, known to me to be the person who executed the foregoing instrument as Attorney in Fact for THE DOW CHEMICAL COMPANY, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, as the act and deed of said corporation and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 28th day of September, 1976.



Charlene Donovan
Notary Public in and for
Harris County, Texas

CHARLENE DONOVAN
Notary Public in and for Harris County, Texas
My Commission Expires June 1, 1977

EXHIBIT "A"

DESCRIPTION

All those certain pieces or parcels of land situate in the County of Eureka, State of Nevada, described as follows:

TOWNSHIP 31 NORTH, RANGE 49 EAST, M.D.B.&M.

- Section 1: All
Section 3: South half and the Northeast quarter
Section 4: Southwest quarter of the Northwest quarter;
Northwest quarter of the Southwest quarter
Section 5: All, except that portion contained within the Town of Beowawe as shown on the Plat filed in the office of the County Recorder of Eureka County, Nevada, as Document No. 2166 on June 15, 1908.
Section 9: All
Section 10: South half of the North half;
North half of the South half
Section 11: All
Section 12: North half of the South half;
North half

EXCEPTING from Sections 5, 9, 10, 11 and 12 all those portions lying within the rights-of-way of the Southern Pacific Railroad Company (or Central Pacific Railway Company) and Western Pacific Railroad Company.

TOWNSHIP 31 NORTH, RANGE 50 EAST, M.D.B.&M.

Section 3: All, EXCEPTING THEREFROM all those portions lying within the rights-of-way of the Southern Pacific Railroad Company (or Central Pacific Railway Company) and Western Pacific Railroad Company.

- Section 5: All
Section 7: All that portion of Lot 3 (Northwest quarter of the Southwest quarter) lying Northerly of a line parallel with and 200.00 feet distant Northerly of the center line of Central Pacific Railway Company's Railroad: Northeast quarter;
East half of the Northwest quarter;
Lots 1 and 2 (West half of the Northwest quarter)
Northeast quarter of the Southwest quarter and
North half of the Southeast quarter

EXCEPTING all those portions lying within the rights-of-way of the Southern Pacific Railroad Company (or Central Pacific Railway Company) and Western Pacific Railroad Company.

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DESCRIPTION (Continued)

TOWNSHIP 31 NORTH, RANGE 50 EAST, M.D.B.&M. (Continued)

- Section 8: North half of the Southwest quarter, EXCEPTING all those portions lying within the rights-of-way of the Southern Pacific Railroad Company (or Central Pacific Railway Company) and Western Pacific Railroad Company.
- Section 9: That portion of the North half lying Northerly of a line parallel with and 100 feet distant Northerly of the center line of the Western Pacific Company's railroad as now constructed. That portion of the North half and the Southeast quarter Southeasterly of a strip of land 200 feet wide containing 23.13 acres conveyed to Western Pacific Railway Company by deed dated November 27, 1908, and Northwesterly of a line parallel with and 200.00 feet distant Northwesterly of center line of C.P.R.R. Co.'s railroad as now constructed.
- Section 10: Northwest quarter of the Northeast quarter EXCEPTING all those portions lying within the rights-of-way of the Southern Pacific Railroad Company (or Central Pacific Railway Company) and Western Pacific Railroad Company.
- Section 11: That portion of the Northeast quarter lying Northeasterly of the Northeasterly boundary of that parcel conveyed to the Western Pacific Railway Company by deed dated November 27, 1908.

EXCEPTING FROM Sections 7 and 9 all those portions lying within the rights-of-way of the Southern Pacific Railroad Company (or Central Pacific Railway Company) and Western Pacific Railroad Company.

FURTHER EXCEPTING from Lot 3 of Section 7, and those portions of Sections 9 and 11 described above all petroleum, oil, natural gas and products derived therefrom, within or underlying said land or that may be produced therefrom as reserved by Southern Pacific Land Company in Deed recorded October 27, 1948 in Book 23 of Deeds, at page 501, Eureka County, Nevada, records.

TOWNSHIP 31 NORTH, RANGE 52 EAST, M.D.B.&M.

- Section 6: Lot 7 (Southwest quarter of the Southwest quarter)

DESCRIPTION (Continued)

TOWNSHIP 32 NORTH, RANGE 48 EAST, M.D.B.&M.

- Section 1: East half lying Easterly of a line parallel with and 200.00 feet distant Easterly of the center line of the Central Pacific Railway Company's Railroad right-of-way. EXCEPTING THEREFROM all those portions lying within the rights-of-way of the Southern Pacific Railroad Company (or Central Pacific Railway Company) and Western Pacific Railroad Company.
- Section 12: East half of the East half, excepting all those portions lying within the rights-of-way of the Southern Pacific Railroad Company (or Central Pacific Railway Company) and Western Pacific Railroad Company.
- Section 13: Southeast quarter of the Northwest quarter; East half of the Northeast quarter; Southwest quarter of the Northeast quarter; East half of the Southwest quarter; Southeast quarter
- Section 23: East half of the Southeast quarter
- Section 24: East half; Southwest quarter; East half of the Northwest quarter
- Section 25: All
- Section 26: Southeast quarter; East half of the Southwest quarter; South half of the Northeast quarter; Northeast quarter of the Northeast quarter
- Section 27: South half of the Southeast quarter; Northeast quarter of the Southeast quarter
- Section 34: East half of the East half
- Section 35: All
- Section 36: North half; Southwest quarter; West half of the Southeast quarter

EXCEPTING from the Southeast quarter of the Northwest quarter of Section 13, the Northeast quarter of the Southeast quarter of Section 23 and the Northeast quarter of the Southeast quarter and the South half of the Southeast quarter of the Section 27 all petroleum, oil, natural gas and products derived therefrom, within or underlying said land or that may be produced therefrom as reserved by Southern Pacific Land Company in Deed recorded November 12, 1948 in Book 23 of Deeds at page 506, Eureka County, Nevada, records.

TOWNSHIP 32 NORTH, RANGE 49 EAST, M.D.B.&M.

- Section 5: All, excepting therefrom that portion lying Northeasterly of U. S. Highway 40. Further excepting therefrom that parcel conveyed to the State of Nevada by deed recorded September 24, 1963 in Book 27 of Deeds, at page 25, Eureka County, Nevada, records.

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DESCRIPTION (Continued)

TOWNSHIP 32 NORTH, RANGE 49 EAST, M.D.B.&M. (Continued)

- Section 6: Lot 5 (Southwest quarter of the Northwest quarter)
Lots 6 and 7 (West half of the Southwest quarter)
Southeast quarter of the Southwest quarter;
Southwest quarter of the Southeast quarter
- Section 7: All, Excepting all those portions lying within
the rights-of-way of the Southern Pacific Railroad
Company (or Central Pacific Railway Company) and
Western Pacific Railroad Company.
- Section 8: Northwest quarter of the Northwest quarter;
South half of the Northwest quarter;
Southwest quarter; Southwest quarter of the
Northeast quarter; West half of the Southeast quarter;
Southeast quarter of the Southeast quarter
- Section 9: All except that portion lying Northerly of U.S.
Highway 40;
Further excepting therefrom that parcel conveyed
to the State of Nevada by deed recorded September
24, 1963 in Book 27 of Deeds, at page 25,
Eureka County, Nevada, records.
- Section 11: All except that portion lying Northerly of U.S.
Highway 40 ;
Further excepting therefrom that parcel conveyed
to the State of Nevada by deed recorded August 10, 1964
in Book 5 of Official Records, at page 38, Eureka
County, Nevada.
- Section 15: All
- Section 17: All
- Section 18: All excepting all those portions lying within the
rights-of-way of the Southern Pacific Railroad
Company (or Central Pacific Railway Company)
and Western Pacific Railroad Company.
- Section 19: All excepting all those portions lying within the
rights-of-way of the Southern Pacific Railroad
Company (or Central Pacific Railway Company)
and Western Pacific Railroad Company.
- Section 20: All
- Section 21: All
- Section 23: North half and the Southwest quarter
- Section 25: Northeast quarter; South half
- Section 27: North half; the Southwest quarter
- Section 28: West half; Northeast quarter; West half of the
Southeast quarter; Northeast quarter of the Southeast
quarter
- Section 29: All
- Section 30: All excepting all those portions lying within the
rights-of-way of the Southern Pacific Railroad
Company (or Central Pacific Railway Company)
and Western Pacific Railroad Company.

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DESCRIPTION (Continued)

TOWNSHIP 32 NORTH, RANGE 49 EAST, M.D.B.&M. (Continued)

- Section 31: North half and the East half of the Southeast quarter excepting all those portions lying within the rights-of-way of the Southern Pacific Railroad Company (or Central Pacific Railway Company) and Western Pacific Railroad Company.
- Section 32: North half; Southwest quarter; Southwest quarter of the Southeast quarter and the North half of the Southeast quarter, excepting all those portions lying within the rights-of-way of the Southern Pacific Railroad Company (or Central Pacific Railway Company) and Western Pacific Railroad Company.
- Section 33: West half and the Northeast quarter
- Section 35: South half and the Northeast quarter

TOWNSHIP 32 NORTH, RANGE 50 EAST, M.D.B.&M.

- Section 7: All except that portion lying North of U.S. Highway 40.
- Section 13: All
- Section 15: All except that portion lying Northeasterly of U.S. Highway 40.
- Section 17: All except that portion lying Northeasterly of U.S. Highway 40.
- Section 19: All
- Section 21: All
- Section 23: All
- Section 25: All
- Section 27: All
- Section 29: All
- Section 31: All
- Section 33: All
- Section 35: All

EXCEPTING FROM Section 7, 15 and 17 those parcels conveyed to the State of Nevada by Deed recorded August 10, 1964 in Book 5 of Official Records, at page 38, Eureka County, Nevada.

FURTHER EXCEPTING FROM Section 13, that parcel conveyed to State of Nevada by deed recorded September 10, 1965 in Book 5 of Official Records, at page 38, Eureka County, Nevada.

TOWNSHIP 33 NORTH, RANGE 48 EAST, M.D.B.&M.

- Section 36: Southeast quarter; West half of the Northeast quarter; East half of the Northwest quarter; Northeast quarter of the Southwest quarter Excepting all those portions lying within the rights-of-way of the Southern Pacific Railroad Company (or Central Pacific Railway Company) and Western Pacific Railroad Company.
- Further excepting therefrom those parcels conveyed to State of Nevada by deeds recorded September 24, 1963 in Book 27 of Deeds, at page 22 and 25, Eureka County, Nevada, records.

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DESCRIPTION (Continued)

TOWNSHIP 33 NORTH, RANGE 49 EAST, M.D.B.&M.

Section 31: All excepting therefrom that portion lying Northeastly of U.S. Highway 40. Excepting therefrom those parcels conveyed to State of Nevada by deeds recorded September 14, 1963 in Book 27 of Deeds, at pages 23, 25 and 31.

All those parcels lying within the townsite of Beowawe as shown on the plat filed in the office of the County Recorder of Eureka County, Nevada on June 15, 1903 described as follows:

- Block 1: Lots 1 thru 12 inclusive
- Block 2: Lots 1 thru 12 inclusive
- Block 3: Lots 1 thru 12 inclusive
- Block 4: Lots 1, 2, 3, 10, 11 and 12
- Block 5: Lots 1 thru 6 inclusive
- Block 6: Lots 1 thru 6 inclusive
- Block 7: Lots 1 thru 6 inclusive
- Block 8: Lots 1, 2, 3, 7 thru 18 inclusive
- Block 9: Lots 7 thru 12 inclusive and Lots 15 thru 18 inclusive
- Block 10: Lots 5, 6 and 18
- Block 11: Lots 1 thru 6, Lots 8, 9, 10, 16, 17 and 18
- Block 12: Lots 1 thru 15 inclusive
- Block 13: Lots 1 thru 18 inclusive
- Block 14: Lots 1 thru 18 inclusive
- Block 15: Lots 1 thru 18 inclusive
- Block 16: Lots 1 thru 12 inclusive
- Block 17: Lots 6 thru 12 inclusive
- Block 18: Lots 1 thru 6 inclusive except the Northwestly 13 feet of Lot 6
- Block 19: Lots 1 thru 18 inclusive
- Block 20: Lots 1, 2, 9, 10, 11, 12, 13, 14 and 18
Lots 3, 4, 5, 6, 7, 8, 15, 16, 17
excepting therefrom that parcel conveyed by R. H. Hadley et ux to Roman Catholic Bishop of Reno by deed recorded April 2, 1958 in Book 25 of Deeds at page 214, Eureka County, Nevada, records.
- Block 21: Lots 4 thru 18 inclusive
- Block 22: Lots 13, 14, 15, 16, 17 and 18
- Block 23: Lots 1 thru 18 inclusive
- Block 24: Lots 1 thru 18 inclusive
- Block 25: Lots 1 thru 12 inclusive
- Block 26: Lots 1 thru 12 inclusive
- Block 27: Lots 1 thru 12 inclusive
- Block 28: Lots 1 thru 12 inclusive
- Block 29: Lots 1 thru 12 inclusive

Excepting from Townsite of Beowawe a plot of ground upon which the jail building of the County of Eureka State of Nevada is situate, together with 30 feet in each direction from the outer wall thereof and surrounding said jail as conveyed to County of Eureka by deed recorded June 6, 1904 in Book 14 of Deeds at page 583, Eureka County, Nevada, records.

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DESCRIPTION (Continued)

Further excepting therefrom those portions of Lot 1, 2 and 18, Block 20; Lots 9 thru 18, Block 21; Lots 13 and 14, Block 22; Lots 1 and 12 Block 29; Lots 1 thru 12, Block 28; Lots 1 thru 12, Block 27; and Lots 7 and 8, Block 26 conveyed to Eureka County School District by deed recorded November 14, 1967 in Book 21 Official Records, at page 87, Eureka County, Nevada, and described as follows:

Commencing at the Northwest corner of parcel, which point bears North $65^{\circ} 28' 16''$ East a distance of 7098.59 feet from the Southwest corner of Section 6, Township 31 North, Range 49 East, M. D. B. & M.; thence North $49^{\circ} 12'$ East a distance of 609.75 feet to the intersection of the West right-of-way boundary of Nevada State Route 21; thence along the West right-of-way boundary of said highway on a 1,250.00 foot radius, curving to the right, through a central angle of $48^{\circ} 17' 12''$, an arc distance of 1,053.45 feet to end of said curve; thence South $12^{\circ} 53' 41''$ West along said right-of-way boundary a distance of 130.82 feet; thence North $40^{\circ} 48'$ West a distance of 966.99 feet to the point of beginning

EXCEPTING from said Section 31, Township 33 North, Range 49 East, M.D.B.&M., Lots 5, 6, 7, and 8.

Excepting and Reserving, and excluding therefrom that certain interest in and to all oil, gas and minerals and ores on, in or under all of the above described lands, which reservation is more particularly described in the deed dated June 14, 1956, executed by Dextra Baldwin McGonagle to Baldwin M. Baldwin and recorded in Book 25, Page 27, Eureka County Deed Records.

Excepting from all of the above described property for a period of 20 years from June 14, 1956 to June 14, 1976 that certain interest in and to all of the oil, gas, minerals, and ores, on, in or under such described lands as reserved in deed executed by Baldwin M. Baldwin to R. H. Hadley recorded January 10, 1957 in Book 25 of Deeds at page 84, Eureka County, Nevada, records and more particularly described therein.

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DESCRIPTION (Continued)

ALSO EXCEPTING all land as shown in Lease to Magma Energy Inc., a Nevada corporation recorded September 2, 1975 in Book 52, page 16 of Official Records of Eureka County, Nevada and more particularly described as follows:

Township 31 North, Range 49 East M.D.B.&M.

Section 1: ALL
Section 3: The South half (S/2) and the Northeast quarter (NE/4)
Section 9: ALL

Township 32 North, Range 48 East, M.D.B.&M.

Section 26: The Northeast quarter of the Northeast quarter (NE/4 NE/4); the South half of the Northeast quarter (S/2 NE/4); the Southeast quarter (SE/4); and the East half of the Southwest quarter (E/2 SW/4)
Section 34: The East half of the East half (E/2 E/2)
Section 35: ALL

Township 32 South, Range 49 East, M.D.B.&M.

Section 25: The South half (S/2) and the Northeast quarter (NE/4)
Section 35: The South half (S/2) and the Northeast quarter (NE/4)

Containing 3,880 acres, more or less.

RECORDED AT THE REQUEST OF Dow Chemical U.S.A.
on November 30, 1976 at 55 mins. past 10 A.M. In
Book 57 of OFFICIAL RECORDS, page 523-532 RECORDS OF
EUREKA COUNTY, NEVADA. WILLIS A. DePAOLI Recorder
File No. 62486 Fee \$ 12.00