

Recording Request By
and When Recorded Mail To:

Philip H. Essner
CE Geothermal, Inc.
10831 Old Mill Road
Omaha, NE 68154

139765

GRAZING LEASE
(G701260 - A)

THIS LEASE, made and entered into as of the 5th day of December, 1991 with an effective date of April 1, 1991 by and between CE GEOTHERMAL, INC., hereinafter called "Lessor", and TERESA SANSINENA, a widow, hereinafter called "Lessee":

IN CONSIDERATION for this Grazing Lease Lessee agrees to simultaneously execute the "Right-of-Way Agreement" between Lessee and CE Geothermal, Inc. covering certain lands owned by Lessee in the vicinity of Beowawe, Nevada in Eureka County.

WITNESSETH:

1. Term: Tenancy. In consideration of the covenants, agreements, terms and conditions hereinafter set forth, Lessor hereby leases to Lessee and Lessee hereby hires from Lessor, for a one (1) year term commencing as of the date set forth above that certain property located within the boundaries of the Counties of Lander and Eureka, State of Nevada, herein called the Leased Premises. CE agrees that it will continue the Grazing Lease so long as the underlying Stanford University Lease remains in full force and effect and unless and to the extent CE finds it necessary to reduce the acreage under such Grazing Lease to accommodate CE's development of the Beowawe Unit. Subject to the preceding conditions, CE agrees that it will continue the grazing Lease automatically for an additional twelve month period upon receipt of the specified rent payment by lessee prior to each lease anniversary date. The leased premises are more particularly described as follows:

The South one-half of the Southeast quarter of Section 8; the Northwest quarter of Section 17; and the East one-half of the Northeast quarter of Section 18, all in Township 31 North, Range 48 East, M.D.B. & M.

This lease is made subject to all matters of record:

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2. **Rent.** As rent for the term created hereby Lessee agrees to Pay Lessor, without deduction or offset, in advance, the sum of one hundred dollars (\$100.00) payable upon execution of this Lease, receipt of which is hereby acknowledged by Lessor.

3. **Use.** The Leased Premises are to be used by Lessee solely for the grazing of cattle and for no other purpose without the prior written consent of Lessor. The Leased Premises shall not be overstocked and will at all times be pastured in a careful and conservative manner consistent with good grazing practice to the end that the range or pasture shall not be damaged or destroyed by overfeeding.

4. **Utilities.** Lessee agrees to pay for all utility services (including water) furnished to the Leased Premises for Lessee's use, together with the cost of installing all necessary utility services lines and connections.

5. **Improvements.** As between Lessor and Lessee, it is agreed that all buildings and improvements now situated on the Leased Premises are the property of Lessor, and all buildings, improvements and trade fixtures erected by Lessee upon the Leased Premises, or any part thereof, during the term of this Lease, shall immediately become and shall be the property of Lessor, and shall not be removed from the Leased premises without the written consent of Lessor. However, at the request of the Lessor, the Lessee shall remove, at its expense, any building, improvement or trade fixture erected on the Leased Premises by Lessee. Lessee covenants and agrees to protect all buildings, facilities, fences, roads and other improvements now upon or hereafter placed upon the Leased Premises. Lessee further agrees, at his sole cost and expense, to keep the shoulders of any public roadway through or adjacent to the Leased Premises, being the area between the fence line and the surfaced portion of such roadway, neat and clean in appearance. In the event of destruction of any improvement during the term hereof as a result of any act or omission of Lessee, Lessee agrees, at his expense, promptly to rebuild said improvement or to restore the land to its natural condition as directed by Lessor. Lessee agrees not to construct any improvements at any time upon the Lease Premises until the plans therefor have first been approved in writing by Lessor.

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6. **Fences.** Lessee, as an additional consideration for the execution of this Lease, covenants and agrees, at his sole cost and expense, to maintain, repair and, if necessary, replace the fences now located upon the Leased Premises which Lessee, by execution of this lease, acknowledges to be in good condition and repair.

7. **Option to Terminate.** If in Lessor's sole opinion, Lessee's grazing activities hereunder will interfere with, or prevent, Lessor or a third party contracting with Lessor from engaging in exploration, drilling, mining, geothermal or other development on the Leased Premises, Lessor may terminate this Lease upon the giving of thirty (30) days' written notice to Lessee, in which event Lessor agrees to refund, pro rata, the rental paid by lessee for the unexpired period of the lease.

8. **Holding Over.** If Lessee shall hold over after the expiration of the term hereby created, with the consent of Lessor, such holding over shall be a tenancy from month to month only and upon the same terms and conditions, except that the rental shall be fifty dollars (\$50.00) per month payable in advance on the first day of each month.

9. **Indemnity.** Lessee covenants and agrees that Lessor and Stanford University shall not at any time or to any extent whatsoever be liable, responsible or in anywise accountable for any loss, injury, death or damage to persons or property which at any time may be suffered or sustained by Lessee or by any person who may at any time be using, occupying or visiting the Leased Premises through Lessee; Lessee shall forever indemnify, defend, hold and save Lessor and Stanford University free and harmless or, from and against any and all claims, liability, loss or damage whatsoever on account of any such loss, injury, death or damage, except those arising by reasons of the gross negligence or wilful misconduct of Lessor, its agents or employees.

10. **Assignment.** Lessee covenants not to assign this Lease or any interest therein, or to sublet the Leased Premises or any part thereof, without the prior written consent of Lessor. In case any such consent is given or waived, no subsequent letting, underletting, sale, transfer or assignment can be made by Lessee, or by a sub-tenant, vendee, transferee or assignee without again obtaining the consent in writing of Lessor. Without limiting the generality of the foregoing, Lessee further covenants not to sublet pasturage privileges on the Leased Premises or any part thereof, not to permit pasturage thereon by others without the written consent of Lessor. Neither this Lease nor any of Lessee's rights hereunder shall be assignable involuntarily or by operation of law or otherwise; any assignment, whether voluntary, or involuntary, or by operation of law or otherwise, shall be void and shall be deemed to be and shall constitute a breach of this Lease.

11. **Governmental Regulations.** Lessee shall during the term hereof at his sole expense comply and abide by all federal, state, county, municipal and other governmental statutes, ordinances, laws and regulations pertaining to Lessee's use of the Leased Premises.

12. **Liens.** Lessee covenants and agrees to defend, indemnify, and save harmless Lessor from all liens and claims of lien and all other liability, claims and demands, on account of, or arising out of, any work performed on or materials supplied to the Leased Premises at the instance of Lessee.

13. **Rights Reserved.** Lessor expressly reserves all rights in and with respect to the Leased Premises. It is understood that Lessor has entered into a Geothermal Resource Lease with Stanford University dated August 29, 1978 pertaining to the Leased Premises for the purpose of geothermal exploration and development and has also entered into a surface lease with Stanford University pertaining to a portion of the Leased Premises. Lessee's rights herein shall in no way diminish or derogate any rights of Lessor, either explicit or implicit, relating to lessor's geothermal exploration or development.

14. **Waiver.** None of the covenants, terms or conditions of this Lease can be waived except by instrument in writing signed by the waiving party.

15. **Time of the Essence.** Time is hereby expressly declared to be of the essence of the Lease and of each and every covenant, term and condition hereof.

16. **Remedies Cumulative.** All remedies hereinbefore and hereafter conferred upon Lessor shall be deemed cumulative and no one exclusive of the other, or any other remedy conferred by law.

17. **Paragraph Headings.** Paragraph headings in this Lease are for convenience only and are not to be construed as a part of this Lease or any way limiting or amplifying the provisions hereof.

18. **Successors and Assigns.** The terms and provisions of this Lease shall inure to the benefit or and be binding upon the successors and assigns of Lessor, and upon the heirs, executors, administrators, successors and permitted assigns of Lessee and all subsequent permitted assigns.

19. **Insurance.** Without limiting rights of Lessor under Paragraph 9, during the term of this Lease Lessee shall procure and maintain in full force and effect (i) bodily injury liability insurance with limits of not less than five hundred thousand dollars (\$500,000.00) per occurrence insuring against any and all liability of Lessee with respect to the Leased Premises or arising out of the maintenance, use, or occupancy thereof, and (ii) property damage liability insurance with a limit of not less than two hundred fifty thousand dollars (\$250,000.00) per accident. All policies provided for in this paragraph 19 shall expressly provide that the policy shall not be canceled or altered without thirty (30) days' prior written notice to Lessor and Stanford University and shall insure (to the extent of the aforesaid limits and the policies terms, conditions and exclusions) the performance by Lessee of the indemnity agreement in Paragraph 9. The policies required hereunder shall also name the

Lessor and Stanford University as additional insureds, and shall contain a waiver of subrogation against Lessor and Stanford and provide that the insurance is the primary coverage with respect to all insureds and contain a standard severability of interest clause. Upon the issuance thereof, each policy or a duplicate or certificate of insurance thereof shall be delivered to Lessor.

20. **NOTICES.** Whenever in this Option Agreement it shall be required, permitted or desired that notice or demand be given to either party to or on the other, including notice of change of address of either party, such notice or demand shall be in writing and may be either personally served or sent by United States mail and shall be deemed to have been given when personally served or when deposited in the United States mail, certified or registered, with postage prepaid and properly addressed. For the purposes hereof, the addresses of the parties hereto (until notice of change thereof is given as provided in the paragraph) shall be as follows:

Sansinena Ms. Teresa Sansinena
 P.O. Box 58
 Beowawe, Nevada 89821

CE Geothermal, Inc. CE Geothermal, Inc.
 Attn: Philip H. Essner
 10831 Old Mill Road
 Omaha, Nebraska 68154

IN WITNESS WHEREOF, the parties hereto have executed this instrument in duplicate as of the day and year first hereinabove written.

CE GEOTHERMAL, INC.

By: Philip H. Essner LESSOR

By: Teresa Sansinena
Teresa Sansinena LESSEE

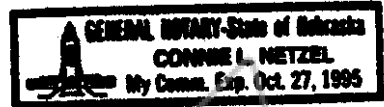
STATE OF NEBRASKA)

COUNTY OF DOUGLAS)

The foregoing instrument was acknowledged before me this day of 2 Dec., 1991,
by PHILIP H. ESSNER, VICE PRESIDENT, LAND of CE GEOTHERMAL, INC., a Delaware corporation.

Connie L. Netzel
Notary Public

My commission expires: 10/27/95



STATE OF NEVADA)

COUNTY OF Lander)

On December 5, 1991, before a notary public, personally appeared Ms. Teresa Sanson
who acknowledged to me that she executed the above instrument.

Grace Powrie
Notary Public



My commission expires: Feb. 23, 1995

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OFFICIAL RECORDS
RECORDED AT THE REQUEST OF
California Energy
'92 FEB -7 AM '41

EUREKA COUNTY, NEVADA
M.N. REBALEATI, RECORDER
FILE NO. FEE \$ 11.00

139765

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