

Threshold Criteria

Power Purchase Agreement

Idaho Power Company has received from Magic Wind a developer originated signed Purchase Power Agreement prior to July 1, 2005. The agreement was signed by us and was hand delivered and received by Idaho Power Company on June 14, 2005.

Interconnection Request

Magic Wind submitted to Idaho Power Company prior to July 1, 2005 a complete Request for Interconnection on forms provided by Idaho Power Company. It was signed by me on June 15, 2005 and was received by Idaho Power on June 17, 2005. The Request was accompanied by a check in payment of the required fees and was received and deposited by Idaho Power Company on June 17, 2005 for the interconnection fee deposit. Subsequently, we have inquired of Idaho Power Company as to the status of the interconnection study, but have received no reply.

Secondary Criteria

Wind Study

Attached as Exhibit A is a memo by Brian Jackson of Renaissance Engineering & Design summarizing his analysis of the wind study currently being done for Magic Wind LLC. That study was initialized in May 2005 and has been updated monthly since June 30, 2005.

Site Access and Control

The lands where the wind turbines will be located are on existing private land owned in fee simple by Magic Irrigators, Inc. That company is owned 25% each by Granville Eckert, Norman Eckert, Armand Eckert, and Kenneth Elkin. Those four individuals are also primary owners of Magic Wind LLC. A formal easement agreement, Exhibit B, attached hereto, has been executed between Magic Irrigators and Magic Wind. Two existing private roads, one on each side of the project are owned by Magic Irrigators, Inc. and they intersect with the Twin Falls county road one-

half mile away from the site. The Twin Falls Highway District has already been notified of this project and the District has executed the required permit, Exhibit C, attached hereto.

Wind Turbines

Confidential Exhibit C, which will be made available upon execution of a Protective Agreement, is a Memorandum of Understanding between Magic Wind and a development/investment firm known as Blue Ribbon Energy LLC. Blue Ribbon, or its principles, have a commitment from Clipper Windpower Inc., a leading manufacturer of wind turbines for delivery of eight (8) 2.5MW turbines in the spring of 2006. The commitment was received before July 1, 2005 is still in effect as of this date.

Project Financing

Confidential Exhibit C which will be made available upon execution of a Protective Agreement, establish, with the degree of certainty that can reasonably be expected at this stage of the project, the likely existence of adequate financing. Based on my experience in the industry, I do not believe any investor—whether it be an institutional funder, or private venture funder—will enter into a binding legal commitment until a Purchase Power Agreement (PPA) has been executed. This project is unique, however, in that the original Suzlon turbines were purchased before the project PPA was finalized. Arrangements were made for the Clipper turbines before the end of June 2005 and the appropriate financing was arranged at that time.

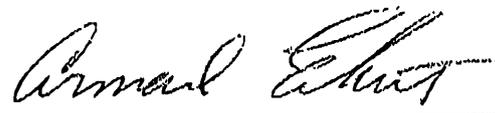
Permitting and Licensing

In addition to roadway permits, discussed above, during the week of June 13, 2005, Magic Wind applied to the Twin Falls County Planning and Zoning Administration for a Conditional Use Permit. Notice of the Application was given to 19 entities and agencies including Twin Falls County Assessor's Office, U.S. Bureau of Land Management, Twin Falls Canal Company, Idaho Department of Agriculture, Idaho Department of Lands, Idaho Department of Water Resources,

Environmental Protection Agency, Idaho Department of Fish and Game, Twin Falls Highway
 Idaho Agriculture Aviation Association, Inc., Idaho Manufactured Housing Association,
 Post Office, U.S. Soil Conservation Map, Southern Idaho Regional Communication Center,
 Central Community Action Agency, South Central District Health Department, Twin Falls
 Parks & Recreation, Twin Falls County Sheriff's Department, and Twin Falls County West.
 On October 13, 2005 the Planning and Zoning Administration approved the requested
 Conditional Use Permit.

Further your affiant sayeth not.

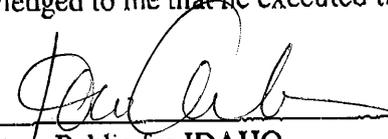
Dated this 20th day of October, 2005.



Armand Eckert

STATE OF IDAHO)
)
) ss
 County of Twin Falls)

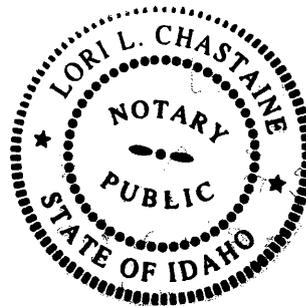
On this 20th day of October, 2005, before me Lori Chastaine, a notary public,
 personally appeared Armand Eckert known or identified to me to be the person whose name is
 subscribed to the within instrument, and acknowledged to me that he executed the same.



Notary Public for IDAHO

Residing at: Boise

Commission Exp.: 9-21-06



CERTIFICATE OF SERVICE

I hereby certify that on the 20th day of October, 2005, I caused to be served, via the method(s) indicated below, true and correct copies of the foregoing document, upon:

Jean Jewell, Secretary
Idaho Public Utilities Commission
472 West Washington Street
P.O. Box 83720
Boise, ID 83720-0074
jjewell@puc.state.id.us

Hand Delivered
U.S. Mail
Fax
Fed. Express
Email

Scott Woodbury
Idaho Public Utilities Commission
472 West Washington Street
P.O. Box 83720
Boise, ID 83720-0074
swoodbu@puc.state.id

Hand Delivered
U.S. Mail
Fax
Fed. Express
Email

Barton L. Kline
Monica B. Moen
Idaho Power Company
1221 West Idaho Street
P.O. Box 70
Boise, ID 83707
BKline@idahopower.com
MMoen@idahopower.com

Hand Delivered
U.S. Mail
Fax
Fed. Express
Email

Linda Nordstrom
PacifiCorp
825 NE Multnomah, Suite 1800
Portland, OR 97232
Fax: 503.813.7252
lisa.nordstrom@pacificorp.com

Hand Delivered
U.S. Mail
Fax
Fed. Express
Email

Bob Lively
Pacifcorp
One Utah Center, 23rd Floor
201 S. Main Street
Salt Lake City, UT 84140
Fax: 801.220.2798
bob.lively@pacificorp.com

Hand Delivered
U.S. Mail
Fax
Fed. Express
Email

William J. Batt
John R. Hammond, Jr.
Batt & Fisher, LLP
U S Bank Plaza, 5th Floor
101 South Capital Boulevard
P.O. Box 1308
Boise, ID 83701
Fax: 208.331.2400
jrh@battfisher.com
wjb@battfisher.com

Hand Delivered
U.S. Mail
Fax
Fed. Express
Email

Michael Heckler
Director of Marketing & Development
Windland Incorporated
7669 West Riverside Drive, Suite 102
Boise, ID 83714
Fax: 208.375.2894
mheckler@windland.com

Hand Delivered
U.S. Mail
Fax
Fed. Express
Email

Peter J. Richardson
James T. Carkulis
Richardson & O'Leary PLLC
99 East State Street
P.O. Box 1849
Eagle, ID 83616
Fax: 208.938.7904
peter@richardsonandoleary.com

Hand Delivered
U.S. Mail
Fax
Fed. Express
Email

Glenn Ikemoto
Principal
Energy Vision, LLC
672 Blair Avenue
Piedmont, CA 94611
Fax: 510.217.2239
glenni@pacbell.net

Hand Delivered
U.S. Mail
Fax
Fed. Express
Email

Richard L. Storro
Director, Power Supply
and David Meyer
1411 E. Mission Ave.
P.O. Box 3727, MSC-7
Spokane, WA 99220-3727
Fax: 509.495.4272
dick.storro@avistacorp.com
david.meyer@avistacorp.com

Hand Delivered
U.S. Mail
Fax
Fed. Express
Email

R. Blair Strong
Paine, Hamblen, Coffin, Brooke &
Miller LLP
717 West Sprague Ave., Suite 1200
Spokane, WA 99201-3505
Fax: 509.838.0007
r.blair.strong@painehamblen.com

Hand Delivered
U.S. Mail
Fax
Fed. Express
Email

J. R. Simplot Company
Attn: David Hawk
Director, Energy Natural Resources
999 Main Street
P. O. Box 27
Boise, Idaho 83702
(208) 389-7306
Fax: (208) 389-7333
dhawk@simplot.com

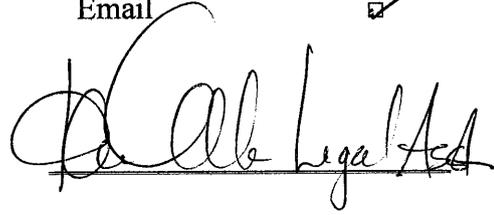
Hand Delivered
U.S. Mail
Fax
Fed. Express
Email

R. Scott Pasley
Assistant General Counsel
J. R. Simplot Company
999 Main Street
P. O. Box 27
Boise, Idaho 83702
(208) 389-7321
(208) 389-7464 telefax
spasley@simplot.com

Hand Delivered
U.S. Mail
Fax
Fed. Express
Email

William M. Eddie
Advocates for the West
P.O. Box 1612
Boise, ID 83701
billeddie@rmci.net

Hand Delivered
U.S. Mail
Fax
Fed. Express
Email


W. Eddie Legal Aid

RENAISSANCE ENGINEERING & DESIGN PLLC

"Virtutem, Formam, Decorat" (Merit, Beauty, Honor)

August 15, 2005

MAGIC WIND LLC
716-B East 4900 North
Buhl, Idaho 83316
ATTN: ARMAND ECKERT

Wind Analysis Summary Memo

Dear Armand,

This memo is intended to summarize a portion of the data analysis work which has been done to date on your project in support of your letter to Idaho Power indicating "substantial progress" and "project maturity" per the Commission's language.

I have performed the required comparisons to the long term data sets with permission from a particular site approximately 20 miles to the north of you and have great news. The initial comparisons which indicated a comparable resource have proven better than our expectations. When you first asked me to perform a site assessment on your property in March 2005, I admit I drove out somewhat reluctantly. However, as you may remember I did get excited on seeing the site itself and even told you I thought this was one of the better locations I've seen. I encouraged you to get anemometers ordered and installed and you followed through. The good news is the correlation is coming out better than I imagined. Note Chart 1 shows a daily comparison of about 6000 overlapping data points and has a close parallel to the reference which we have long term data and a capacity factor of approximately 31% depending on the turbines involved. Chart 2 shows the exciting news when the data is sorted and the top 2000 points (those over 15mph) are charted. Magic is looking like it will be almost 10% higher capacity factor in output which is correlating at this point to around 35% net capacity factor over an annual basis. That is great news. Of course we only have specific data for this spring, but the close correlation at this point is very substantial.

7800 Alfalfa Lane, Melba Idaho 83641 ph 208-495-1111 fax 208-495-1555
brian@clever-ideas.com

RENAISSANCE ENGINEERING & DESIGN PLLC

"Virtutem, Formam, Decorem" (Merit, Beauty, Honor)

Also as a summary, the site you have correlates to the wind rose exceptionally well and will allow a close turbine spacing, though since you are using larger 2MW class turbines that won't be a problem. Note the wind rose comparisons and especially the frequency distribution comparisons which show a significant amount of higher winds in the 20 to 30 mph range which is the generation area. Also, since the wind energy varies with the velocity cubed, the higher mph bins are worth a tremendous amount more energy. I took dates and reference data off for the presentation here to protect anything of strategic importance. If we need to show more information, then that is possible.

The final package for the investors is almost complete, though we will be continuously updating our data correlation work each month.

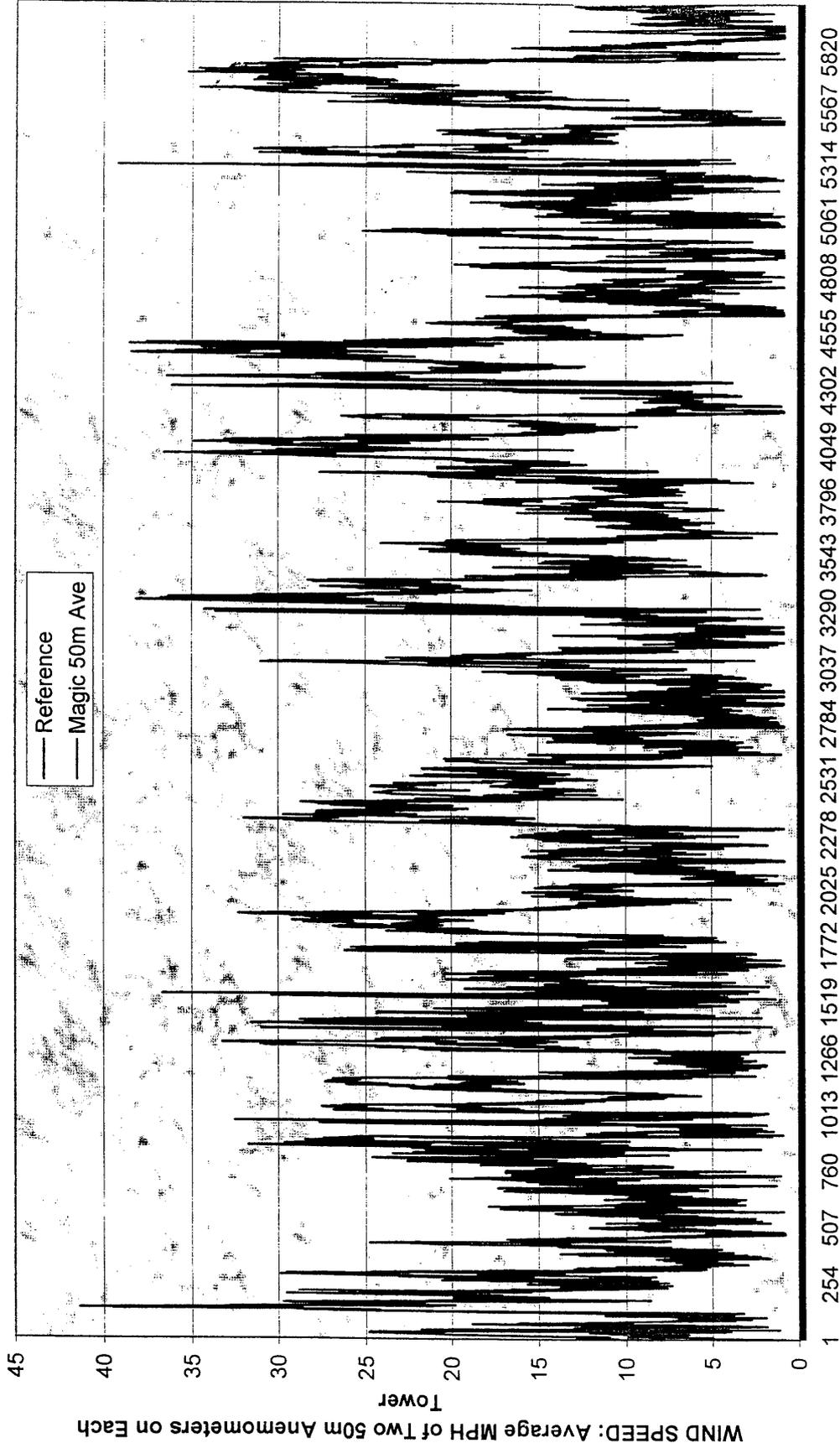
I would like to close and re-emphasize this is one of the best sites in the state....it has an excellent ridge, it is located on farm ground, it is near county roads, distribution lines and within two miles of a major substation. This project is ready to go if we can just get the PPA in place.

Sincerely,



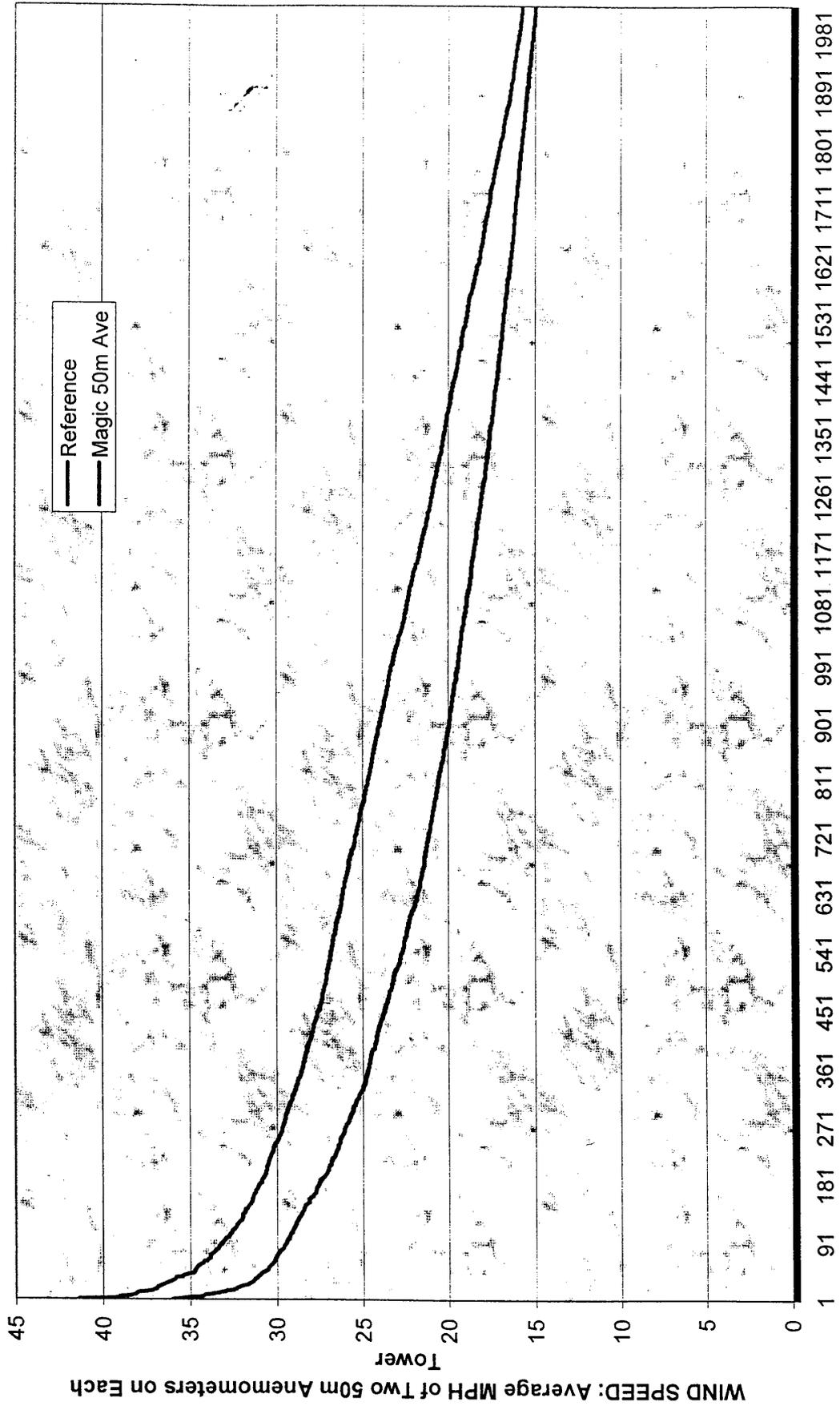
Brian D. Jackson, PE MBA CEM
Project Engineer

**CHART 1: Daily Data Correlation Magic Wind 50m and Long Term Reference Site 50m
Anemometers 20mi North**

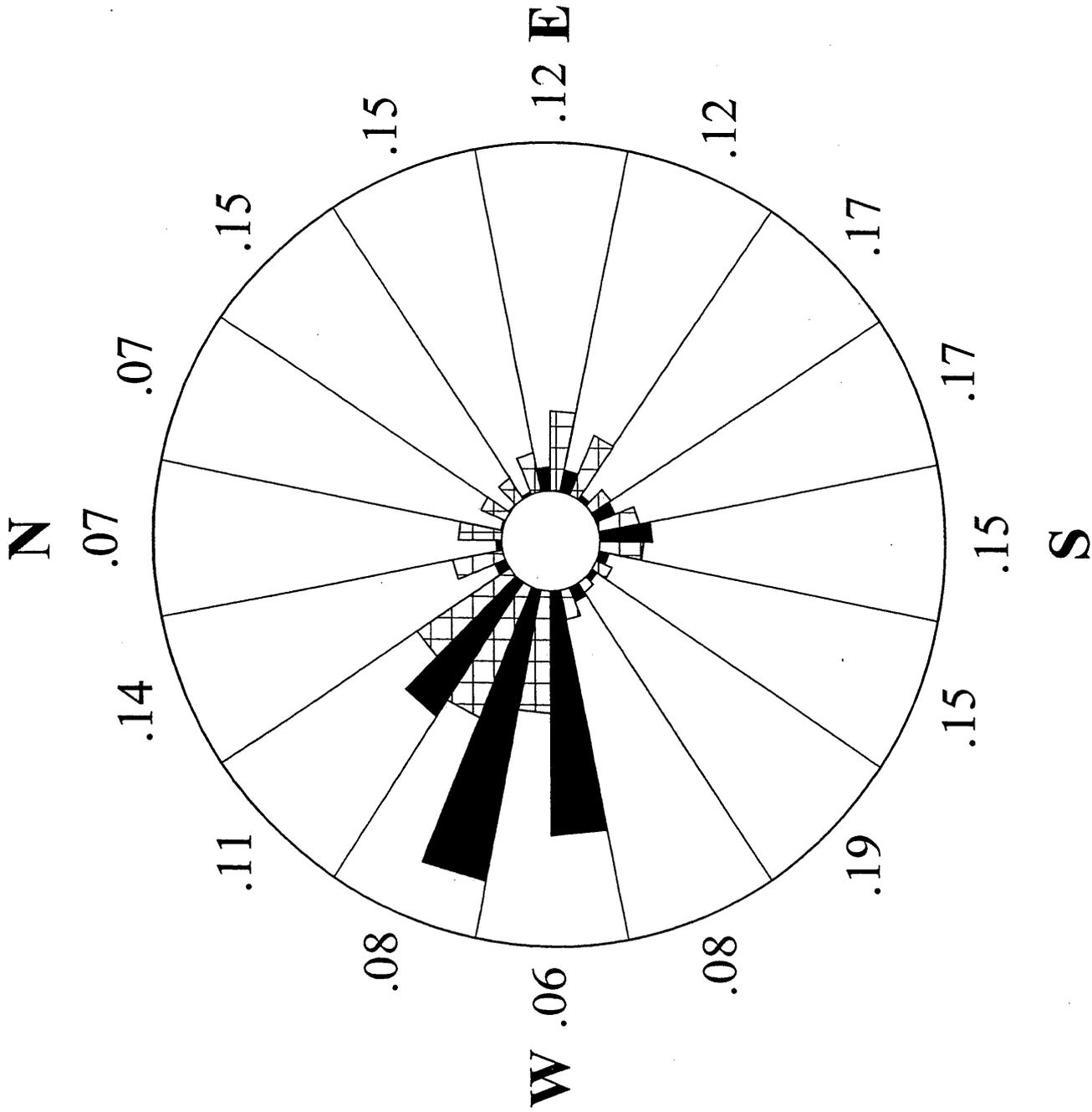


Data Points

CHART 2: Data Speed Correlation Magic 50m and Long Term Reference Site 20mi North

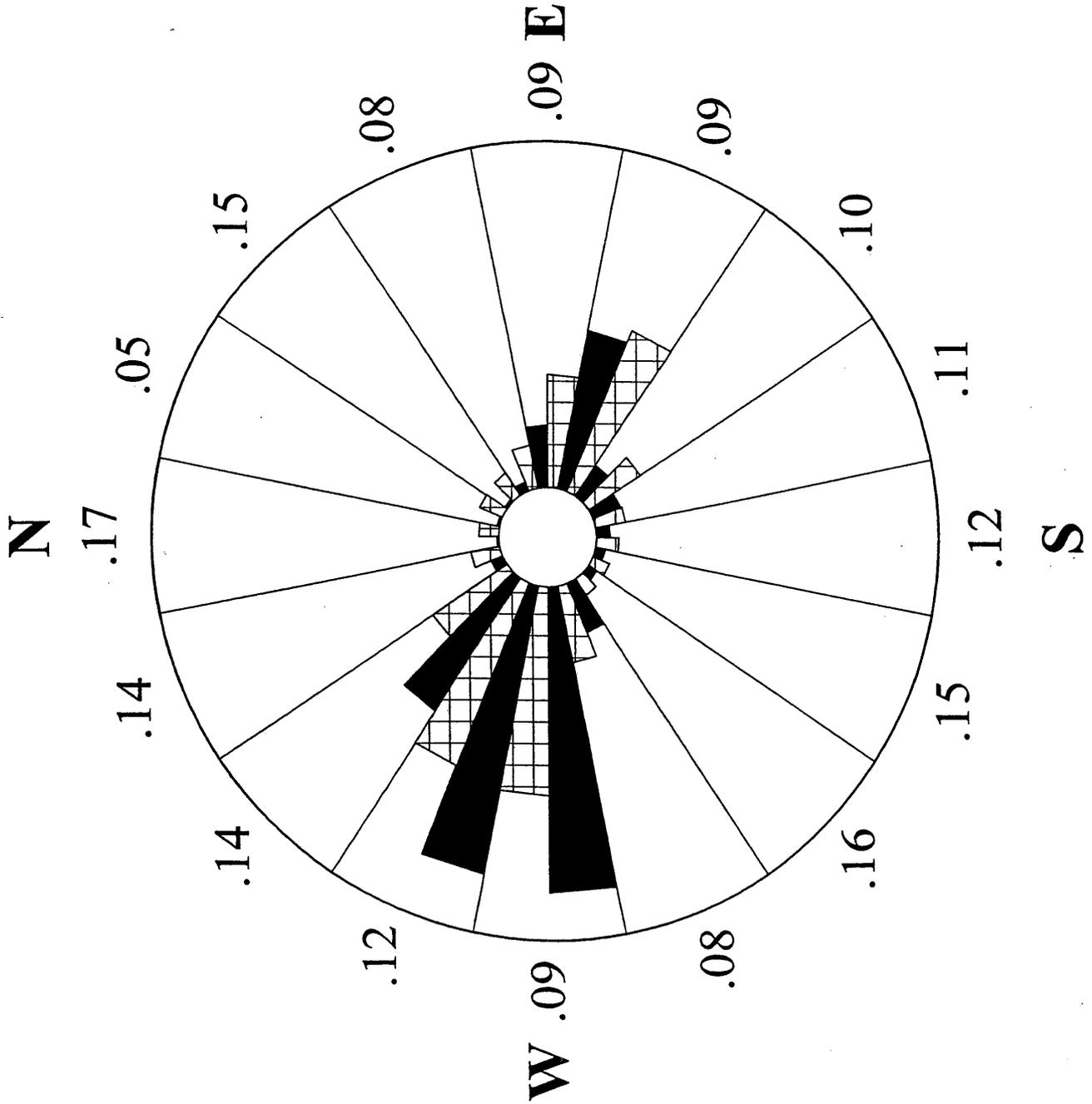


Data Points



MAGIC	
Magic Wind 50m	
Site Information:	Project: South Ridgeline
	Location: Buhl Idaho
	Elevation:
Anemometer on channel 1:	NRG #40 Anem. mph
	Height: 164 ft
	Serial #: SN:
Vane on channel 7:	#200P Wind Vane
	Height: 164 ft
	Serial #: SN:
Outer Numbers are Average TIs for speeds greater than 10 mph	
Inner Circle = 0%	
Outer Circle = 40%	
Percent of Total Wind Energy	Percent of Total Time

Total 10-minute intervals: 2160 Intervals used in calculations: 2160 Percent data used: 100



REFERENCE

Site Information:

Project: I
 Location: J
 Elevation:

Anemometer on channel 1:

NRG #40 Anem. mph
 Height: 164 ft
 Serial #: SN:

Vane on channel 7:

#200P Wind Vane
 Height: 164 ft
 Serial #: SN:

Outer Numbers are Average TIs for speeds greater than 10 mph

Inner Circle = 0%

Outer Circle = 30%



Percent of Total Wind Energy



Percent of Total Time

Site Information:

Project: South Ridgeline
Location: Buhl Idaho
Elevation:

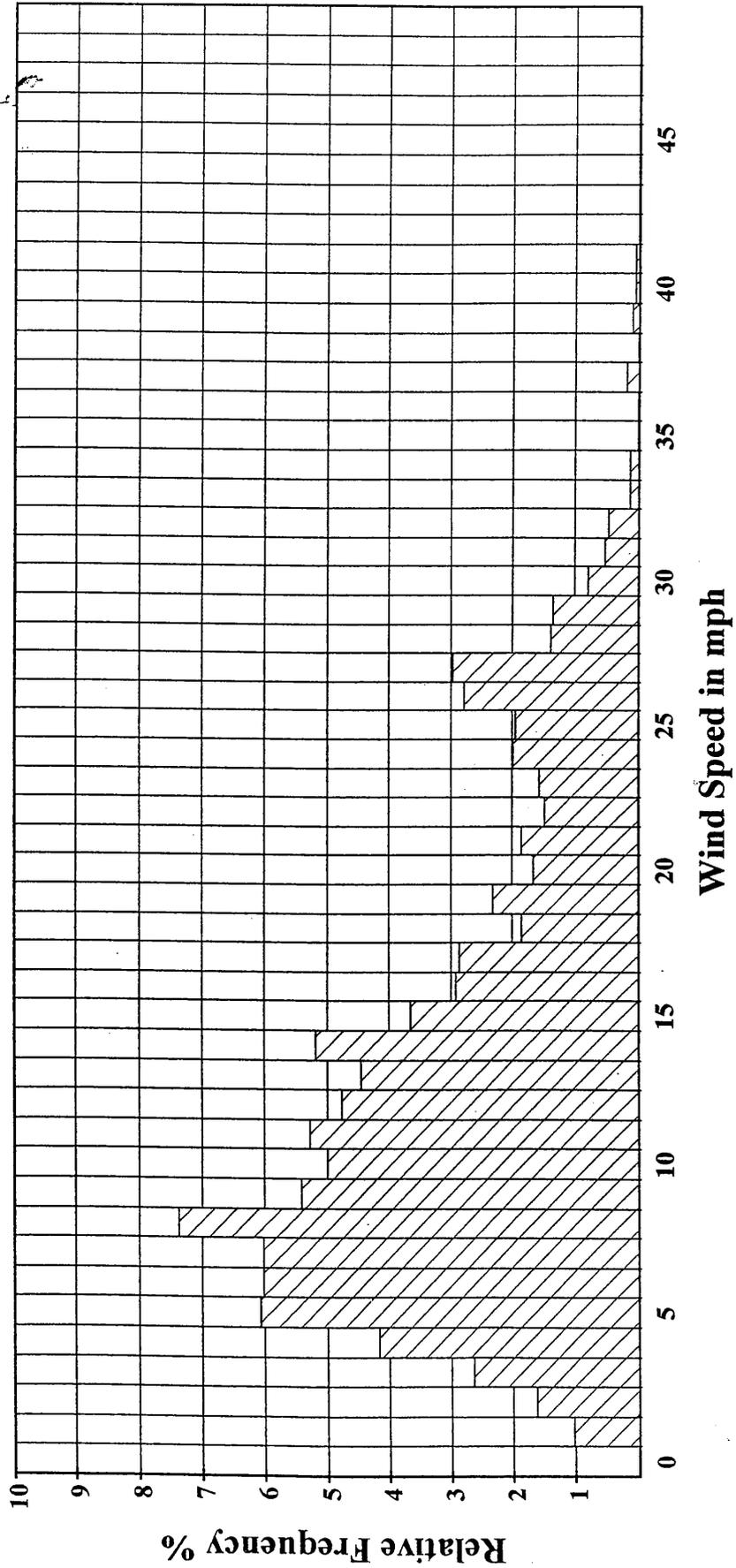
Sensor on channel 1:

NRG #40 Anem. mph
Height: 164 ft
Serial #: SN:

MAGIC

Frequency Distribution Ch 1
SITE 8904
Magic Wind 50m

Frequency Distribution



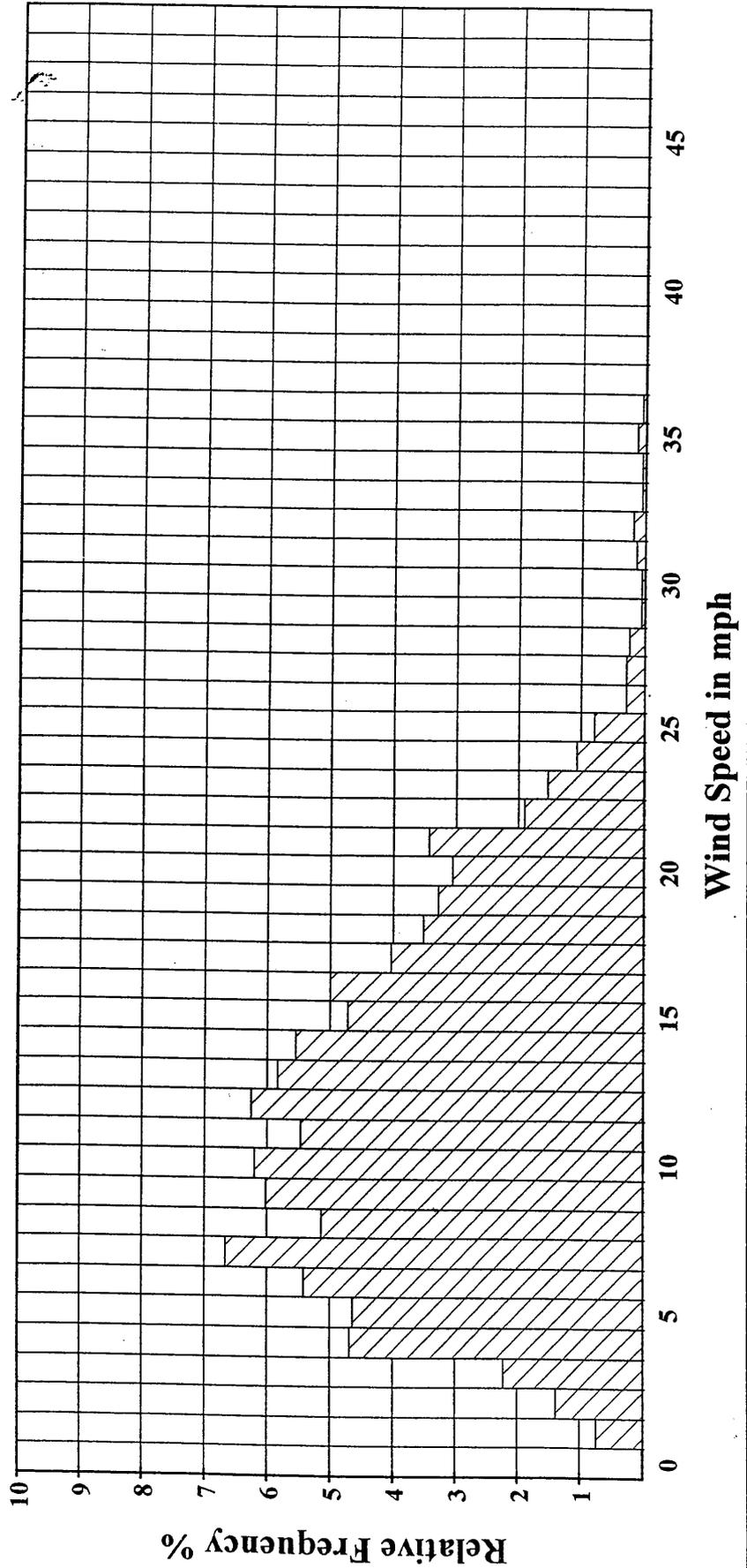
Total 10-minute intervals: 2160 Intervals used in calculations: 2160 Percent data used: 100

REFERENCE

Sensor on channel 1:
NRG #40 Anem. mph
Height: 164 ft
Serial #: SN:

Site Information:
Project:
Location:
Elevation:

Frequency Distribution



Total 10-minute intervals: 2160 Intervals used in calculations: 2160 Percent data used: 100

4556

MAGIC IRRIGATORS, INC.
400 N. 71st EAST
SALT LAKE CITY, UT 84143

WELLS FARGO BANK, N.A.
60-379-1541

4/29/2005

PAY TO THE ORDER OF NRG Systems, Inc. \$10,293.25

Ten Thousand Two Hundred Ninety-Three and 25/100 DOLLARS

NRG Systems, Inc.
110 Riggs Road
P.O. Box 803
Hinesburg, Vermont
06481

MEMO
Quote DE500710
⑈004556⑈ ⑆124103799⑆1010056255⑈ ⑆0001029325⑈

Am. Std.

0811560004 MERCHANTS BANK, VT
02/23/2005
PAY TO THE ORDER OF 147678

FOR DEPOSIT ONLY
NRG SYSTEMS INC
11891817

WELLS FARGO BANK, N.A.
60-379-1541
1221-0527-8
2148429613

REF#2148429613 CK# 4556 10293.25

4557

MAGIC IRRIGATORS, INC.
400 N. 71st EAST
SALT LAKE CITY, UT 84143

WELLS FARGO BANK, N.A.
60-379-1541

4/29/2005

PAY TO THE ORDER OF Renaissance Engineering & Design \$1,600.00

One Thousand Six Hundred and 00/100 DOLLARS

Renaissance Engineering & Design
Brian Jackson
7800 Athlete Lane
Merida, Idaho 83641

MEMO

⑈004557⑈ ⑆124103799⑆1010056255⑈ ⑆0000160000⑈

Am. Std.

0811560004 MERCHANTS BANK, VT
02/23/2005
PAY TO THE ORDER OF 147678

FOR DEPOSIT ONLY
NRG SYSTEMS INC
11891817

WELLS FARGO BANK, N.A.
60-379-1541
1221-0527-8
2648688722

2178 05717

Am. Std.

REF#2648688722 CK# 4557 1600.00

2654

WINDPARK EASEMENT AGREEMENT

THIS WINDPARK EASEMENT AGREEMENT ("This Agreement") is entered into as of June 14, 2005 (the "Effective Date") by and between Magic Irrigators, Inc., the land owner ("the Owner") and Magic Wind LLC, an Idaho Limited Liability Company ("the Developer"). Owner and Developer are sometimes herein referred to as the "Parties".

RECITALS

- A. Owner owns certain real property located in Twin Falls County, in the State of Idaho, and more particularly described in Exhibit A attached hereto (the "Property").
- B. Developer desires to obtain certain easements and other rights with respect to the Properties in order for Developer to develop, install, own, and operate a wind energy conversion system on the Property.
- C. Owner desires to grant to Developer certain easements and other rights over the Property on the terms and conditions contained herein.

NOW, THEREFORE, for a valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Owner and Developer hereby agree as follows:

AGREEMENT

1. Grant of Easement. Owner hereby grants and conveys to Developer (i) an exclusive wind energy easement on, over, under and across all of the Property for the free flow of wind, wind resource evaluation, wind energy development, energy storage system, energy transmission and related wind energy development uses, all as described in Section 3.1 below (the "Wind Development Easement"), (ii) a non-exclusive easement on, over, under and across the Property for transmission lines for electricity and communications and related facilities and for a substation or interconnection facilities, if needed, all as described in Section 3.2 below (the "Transmission Easement"), and (iii) a non-exclusive easement on, over and across any and all access routes to and from the Property for purposes of ingress and egress to and from the Property, all as described in Section 3.3 below (the "Access Easement") (collectively, the easements granted in (i), (ii), (iii) are hereinafter referred to as the "Easements"). The Easements and other rights granted by Owner in this Agreement are easements in gross and are personal to Developer for the benefit of Developer, its successors and assigns, as owner of the Easements.

2. Term

2.1 The term of the Easement and this Agreement (the "Term"), shall commence on the Effective Date and shall continue until the expiration of the Operating Phase, unless sooner terminated as provided herein. As used herein, the term "Operating Phase" shall mean the period commencing upon the first production and sale of wind energy by Developer or its successors or assigns on the Property or any portion thereof (the "Commercial Operation Date"), and ending forty (40) years thereafter. The parties agree to execute and record a supplemental memorandum of this Agreement setting forth the expiration date of the Term within ninety (90) days after the beginning of the Operating Phase has been determined. In the event developer fails to attain the Operating Phase of the wind development within three (3) years of the Effective Date, the Owner may terminate this Agreement. However, it is the tentative intent that the Developer will obtain the Operating Phase by December 31, 2005.

2.2 Continuing Easement. If Developer elects to terminate the easements and rights set forth in subparagraph (i) of Section 1 above in accordance with Section 8.2 below, Developer, unless otherwise extended by the Parties, may still continue to have and enjoy the Transmission Easement and the Access Easement granted in subparagraphs (ii) and (iii) of Section 1, above, for an additional two (2) years in exchange for payment to Owner of \$200 per easement acre per year.

3. Permitted Uses of the Property. The Easements described above shall permit Developer to use the Property for the following uses, and no others:

3.1 Scope of Wind Energy and Development Easement. The Wind Development Easement grants to Developer the exclusive right to erect, install, construct, replace, maintain, repair and operate wind energy conversion systems on the Property, including the use of all wind that passes over the Property, as Developer determines in its sole discretion. Without limiting the generality of the foregoing, this Section 3.1 shall include the installation, construction, maintenance and operation of any and all equipment and improvements necessary or useful for the conversion of wind energy into electricity, including, but not limited to, wind turbines, distribution wires, transmission wires, electric transformers, if any, energy storage facilities, telecommunications equipment, power generation facilities to be operated in conjunction with wind turbines installations, roads, anemometers, meteorological towers and wind measurement equipment, control buildings, storage facilities, maintenance yards, and related facilities and equipment, but shall not include the construction, installation or erection of any temporary or permanent residential structures. Developer shall determine the size, type, manufacture and exact location of such wind energy conversion systems in its sole discretion, but Developer

shall not locate, position or place any wind turbines, unless otherwise agreed to by the Parties, within one thousand (1,000') of any occupied residence as such residence exists on the Effective Date without Owner's prior written consent. In addition, the Wind Development Easement shall permit Developer to conduct such tests and inspections, including wind speed tests and soils and geologic inspections, as Developer deems necessary or desirable in connection with its development of a wind energy conversion system on the Property.

3.2 Scope of Transmission Easement. The Transmission Easement grants Developer the non-exclusive, so long as any other use does not interfere with Developer's easement, right to erect, install, construct, replace, maintain, repair, operate and use (i) underground and/or overhead distribution and transmission lines, cables and related facilities for the transmission of electrical energy and communications and (ii) one or more substations and interconnection or switching facilities, if any, from which Developer and others may interconnect to a utility transmission system or the transmission system of another purchaser of electrical energy, all together with appropriate rights of way on, along and across the Property. The Transmission Easement, unless otherwise extended by the Parties, will terminate two (2) years after the termination of this Agreement. The existence of this Transmission Easement shall, however, not become effective until Developer shall have generated electric energy through the installation of wind turbines on Owner's property pursuant to the Wind Energy and Development Easement described in Section 3.1 above and shall remain in effect only so long as Developer continues to generate such electric energy on Owner's property.

3.3 Scope of Access Easement. The Access Easement grants to Developer (a) the non-exclusive right of access, ingress and egress to and from the Property and any facilities and equipment installed thereon or on adjacent property or elsewhere over and across the Property by means of existing roads or otherwise and by such route or routes as Developer may construct from time to time. The routes or roads will be engineered approximately fourteen (14) feet in width. The Access Easement, unless otherwise extended by the Parties, will terminate two (2) years after the termination of this Agreement.

3.4 Waiver of Setback Requirements. Owner hereby consents to Developer's location of wind energy conversion systems or related facilities or equipment at any location upon the Property and any adjacent properties, including at or near the property lines under the terms and conditions herein. Developer shall provide to Owner for Owner's review the layout and location of the wind energy conversion systems, roads, transmission lines, related facilities or equipment upon the Property. Owner may provide advice on the layout and location. Developer will work in good faith with the Owner to address any of Owner's concerns over the layout and location,

however, Developer retains the power and control to select the final location of wind energy conversion systems, roads, transmission lines, related facilities, or equipment upon the Property. Developer without waiving its power or control over the final layout and location, agrees, to the extent possible, to coordinate such selection as not to unreasonably interfere with Owner's agricultural activities. The Developer in good faith shall consult and coordinate with Owner on placement of wind energy conversion systems and all related components to determine if any impact may occur on current agricultural operation conditions and shall use all commercially reasonable efforts to locate wind conversion related systems as to minimally impact the current agricultural methods employed by Owner. Owner's consent of final turbine placement shall not be unreasonably withheld. Furthermore, in the event that the location of any portion of any wind energy conversion system or related facilities or equipment to be installed or constructed on the Property or any adjacent properties along or near property lines is limited or restricted by any private agreements or restrictions or any laws, rules or ordinances of any government agency, Owner shall cooperate with and assist Developer in obtaining waivers or variances from such requirements and shall execute all documents evidencing Owner's agreement to the elimination of such requirements. This Section 3.4 shall survive the termination of this Agreement.

3.5 Ownership of Installed Property. All property installed on the Property by Developer, its successors or assigns, whether real, personal or mixed, shall remain the property of Developer and shall be removable by Developer at any time, subject to Section 8.3 below.

4. Payments to Owner.

4.1 Payment Due Prior to Commencement of Commercial Operation.

Beginning on the Effective Date and continuing through the Commercial Operation Date, Developer shall pay to Owner an annual fee of \$43,200.00. Such fee to be paid in four quarterly payments ten (10) days after the end of each calendar quarter (i.e. March, June, September and December).

4.2 Reimbursement to Owner of Certain Development Expenses to Owner.

Developer agrees to reimburse owner for all costs Owner has expended relating to the development of this project, including by not limited to the deposit fee for the interconnect fees, for the purchase of the anemonmeters, for consulting fees and for any and all legal fees in perfecting the purchase power agreement and other agreements or disputes as they relate to this project.

5. Developer Covenants. Developer covenants, represents and warrants to Owner as follows as of the Effective Date:
- 5.1 Compliance with Law. Developer shall at all times comply in all material respects with all valid laws, ordinances, rules, regulations and statutes of any governmental agency applicable to Developer's operations on and use of the Property.
- 5.2 Payment of Taxes and Other Charges. Developer shall be responsible for any increase in real property taxes levied against the Property attributable to Developer's installation of improvements on the Property owned by, or under the control of Developer, which improvements may include the wind energy conversion system, power transmission and interconnection facilities, if any, and other fixtures and equipment owned by Developer and located on the Property. Developer will also pay when due all charges for gas, water, electricity and other utilities used by Developer on the Property.
- 5.3 Liens. Developer shall keep Owner's interest in the Property free and clear of all liens and claims of liens for labor and services performed on, and materials, supplies and equipment furnished to the Property in connection with Developer's use of the Property.
- 5.4 Hazardous Substances. Developer shall not violate, and shall indemnify Owner against any violation by Developer, of any law, statute, order, ordinance, rule or regulation relating to the generation, manufacture, storage, use release or threatened release, disposal, transportation or presence of any substance which is defined as a "hazardous substance", "deleterious substance", "hazardous material", toxic substance", "solid waste" or "hazardous waste" in any applicable federal, state or local law, statute or ordinance on or under the Property. This Section is not intended to apply to the legal and appropriate application of substances to mitigate or control weeds.
- 5.5 Indemnification. Developer shall indemnify, defend (using counsel satisfactory to Owner) and hold harmless Owner's members, partners, mortgages, officers, employees and agents (each, an "Owner Indemnified Party") against any and all losses, damages, claims, expenses and other liabilities resulting from or arising out of, either wholly or in part (i) any operations of Developer on the Property, (ii) any negligent act or negligent failure to act on the part of Developer or anyone else engaged in doing work for Developer, or (iii) any breach of this Agreement by Developer. This indemnification shall survive the termination of this Agreement. This indemnification shall not apply to losses, damages, claims, expenses and other liabilities caused solely by any negligent or deliberate act or omission on the part of any Owner Indemnified Party.

- 5.6 Insurance. Developer agrees to maintain liability insurance covering its activities on the Property and to name Owner as an additional insured. Such coverage shall have a minimum combined occurrence and annual limitation of \$5 million, provided that such amount may be provided as part of a blanket policy covering other properties. Developer agrees to supply Owner with such certificates and other evidence of insurance as Owner may reasonably request.
- 5.7 Damage to Growing Crops. In the event that Developer's, its contractors', or subcontractors' activities on the Property pursuant to this Agreement causes damage to any of Owner's growing crops on the Property, Developer agrees to pay to Owner an amount equal to all of Owner's out-of-pocket losses due to such damage to such growing crops, which shall be an amount equal to the revenue that the Owner would have received on the open market for said damaged crops during the growing season during which crops were damaged or destroyed. Payment shall be made by Developer within thirty (30) days after completion of construction of Developer's entire wind system project on the Property.
- 5.8 Weeds. Developer agrees to coordinate with the Owner to implement reasonable appropriate weed mitigation measures on the Property.
- 5.9 Fences and Gates. Developer, its agents, employees, and invitees shall be responsible to open and close any gates accessing the Owner's property, and to repair both the fences and gates from any damage caused by their opening and closing of the gates in the course of gaining access to the Property. Developer will be responsible for any gates left open and for any time spent by Owner gathering livestock that strayed from Owner's property as a result of Developer's or its agents or employees leaving a gate open.
- 5.10 Project(s) Expansion. The Developer shall take initiative to maximize opportunities to further wind energy conversion systems on the Owner's property under the terms and conditions of this Agreement.
6. Owner Covenants. Owner covenants, represents and warrants to Developer as follows as of the Effective Date:
- 6.1 Owner's Authority. Owner is the sole owner of Property. Owner and each person signing this Agreement on behalf of Owner have the full unrestricted power and authority to execute and deliver this Agreement and grant the easements and rights herein granted. All persons having any ownership or possessory interest in the Property (including spouses) have consented to the terms of this Agreement and hereby give authority to the person signing this document to sign such document on their behalf. Further, each spouse hereby grants and agrees that any rights of community property, homestead, dower, contribution, and the like shall be subject and subordinate to this

Agreement and the easement rights granted hereby. Owner hereby releases and waives all rights under and by virtue of any applicable homestead exemption laws as to the easements and rights granted hereunder.

6.2 Liens and Tenants. There are no liens, encumbrances, leases, mortgages, deeds of trust, fractured interests, mineral or oil and gas rights, or other exceptions to Owner's fee title ownership of the Property except as specified in Exhibit C, if any, attached hereto. Owner represents and warrants that there are no tenants on the Property, except those specified in Exhibit D, if any, attached hereto. Owner covenants and agrees that, during the Term, it shall not permit or grant tenancy rights in the Property to any entity or person unless and until both the Owner and such tenant have executed agreements presented by Developer subordinating such tenancy to the Easements granted herein and/or protecting Developer from disturbance by the tenant of Developer's use of the Easements (the "Subordination Agreements"). Furthermore, in the event that any entity or person holds or comes to hold any form of tenancy on the Property during the Term without having previously executed a Subordination Agreements, Owner shall notify Developer within ten (10) days of gaining knowledge of such tenancy, and both Owner and such tenant shall execute Subordination Agreements presented by Developer within fifteen (15) days of such presentation by Developer.

6.3 No Interference. As long as no "Event of Default" (as this term is defined in Section 8 below) caused by the Developer has occurred and is continuing, Developer shall have the quiet use and enjoyment of the Property and all wind that passes over the Property in accordance with the terms of this Agreement without any suit, trouble or interference of any kind by Owner or any party claiming through Owner. Owner may use the Property for agricultural, recreational, or other beneficial purposes, including oil and gas exploration or any other mineral exploration or extraction (see Section 6.3.1, below, for additional limitations on these uses) agreed to by the Parties, so long as the use does not interfere with Developer's use of the Property. Owner will not otherwise use the Property for any sue or take any other action which interferes with or is incompatible with Developer's use of the Property as permitted by this Agreement or which in any way interferes with the wind flow across the Property. Owner may build, construct, reconstruct or locate improvement(s) on the Property, provided that any such improvement(s) shall not (i) interfere with the wind flow across the Property, (ii) interfere with or obstruct Developer's operations on the Property, nor (iii) impede or obstruct Developer's access to the Property. In no event during the Term of the Agreement shall Owner construct, build or locate or allow others to construct or locate any structure within one thousand five hundred feet (1,500') of the Developer's improvements, including the wind conversion system and associated facilities as more

particularly described in Section 3, above. Owner shall not construct or locate, or allow others to construct or locate, wind turbines or other similar projects on any property adjacent to the Property which is within five thousand (5,000') of Developer's improvements, including the wind conversion system, and associated facilities as more particularly described in Section 3, above. Owner will not sell, transfer, assign, or encumber the Property or grant any license, easement, or other right with respect to the Property which could interfere with Developer's operations. Developer shall have the right to remedy any such interference by any appropriate means and the cost thereof shall be immediately reimbursed to Developer by Owner, with interest at a rate equal to the rate of ten percent (10%) per annum or the maximum rate permitted by law and may be offset by Developer against amounts owed to Owner under this Agreement. Owner shall have equal and parallel rights in connection with remedies as set forth in the prior sentence.

6.3.1 Oil, Gas and Mineral Exploration and Extraction. Owner reserves the right to lease the Property for oil and gas exploration, extraction and transportation by pipelines. Any exploration, extraction, or pipeline activities arising from a mineral lease executed by Owner subsequent to this Windpark Easement Agreement must be compatible with Developer's use of the Property, and will not harm, interfere with, put at risk, or jeopardize any of the Developer's improvement, including any infrastructure or improvements located in the subsurface, it being understood and agreed that Owner does not own any mineral rights appurtenant to the land which is the subject of this Agreement and has no control over the exploration and development activities undertaken by the holder of those rights. In addition, no such exploration or extraction arising from a mineral lease executed by Owner subsequent to this Windpark Easement Agreement shall interfere with Developer's rights granted pursuant to this Agreement. Any damage to Developer's infrastructure and improvements as a result of the exploration or extraction of oil, gas, minerals arising from a mineral lease executed by Owner subsequent to this Windpark Easement Agreement shall be the responsibility of the Owner. Developer reserves the right for reimbursement for repairs to such infrastructure and improvements if damage is caused by others leasing or otherwise using the Property for oil, gas, and mineral exploration and extraction.

6.3.2 Owner's Right to Generate. So long as it does not interfere with Developer's use of the Property, Owner reserves the right to install and construct wind generation and transmission lines or Owner's own consumptive use provided that Owner will not install or operate generating turbines with combined name plate capacity of greater than 65 kilowatts (KW).

6.4 Hazardous Substances. Owner shall not violate, and shall indemnify Developer against any violation by Owner of, any law, statute, order, ordinance, rule or regulation relating to the generation, manufacture, storage, use, release or threatened release, disposal, transportation or presence of any substance which is defined as a “hazardous substance”, “deleterious substance”, “hazardous material”, “toxic substance”, or “solid waste”, “hazardous waste” in any applicable federal, state or local law, statute or ordinance, on or under the Property. This Section is not intended to apply to the legal and appropriate application of substances to mitigate or control obnoxious weeds.

6.5 Indemnification. Owner shall indemnify, defend (using counsel satisfactory to Developer) and hold harmless Developer and Developer’s members, partners, mortgagees, officers, employees and agents (each, a “Developer indemnified Party”) against any and all losses, damages, claims, expenses and other liabilities resulting solely from or arising solely out of (i) any operations of Owner on the Property, (ii) any negligent act or negligent failure to act on the part of Owner or anyone else engaged in doing work for Owner, or (iii) any breach of this Agreement by Owner. This indemnification shall survive the termination of this Agreement. This indemnification shall not apply to losses, damages, claims, expenses and other liabilities caused either wholly or in part by any negligent or deliberate act or omission on the part of any Developer Indemnified Party.

6.5.1 Owner’s responsibility to indemnify Developer under Section 6.5 is capped at One Million Dollars (\$1,000,000), unless an insurance policy is in place which provides for greater coverage. In the event of oil, gas, mineral exploration or extraction activities commence on the Property by Owner or other party, the cap of Owner’s responsibility to indemnify Developer under Section 6.5 is increased to Five Million Dollars (\$5,000,000).

7. Encumbrances; Required Notices to Mortgages.

7.1 Right to Encumber. Developer shall have the right at any time to mortgage to any entity (herein, a “Mortgagee”) all or any part of Developer’s interest under this Agreement and the easements and rights created by this Agreement without the consent of Owner.

7.2 Covenants for Mortgagees Benefit. Should Developer mortgage any of its interest hereunder as provided in Section 7.1 above, Developer and Owner expressly agree between themselves and for the benefit of any Mortgagees as follows:

- (a) The Parties will not cancel or modify this Agreement without the prior written consent of each of the Mortgagees, which consent shall not be unreasonably withheld or delayed.
- (b) Each Mortgagee shall have the right to do any act or thing required to be performed by Developer under this Agreement, and Owner shall accept any such act or thing performed by a Mortgagee under this Agreement as if such act or thing was done by Developer itself.
- (c) No default which requires the giving of notice to Developer shall be effective unless a similar notice is given to all of the Mortgagees which have recorded and/or given Owner personal notice of their secured interest in Developer's property. If Owner shall become entitled to terminate this Agreement due to an uncured default by Developer, Owner will not terminate this Agreement unless it has first given written notice of such uncured default and of its intent to terminate this Agreement to each Mortgagee which have recorded and/or given Owner personal notice of their secured interest in Developer's property and has given each such Mortgagee at least thirty (30) additional days to cure the default to prevent such termination of this Agreement. Furthermore, if within such thirty (30) day period such Mortgagee notifies Owner that it must foreclose on Developer's interest or otherwise take possession of Developer's interest under this Agreement in order to cure the default. Owner shall not terminate this Agreement and shall permit such Mortgagee a sufficient period of time as may be necessary for such Mortgagee, with the exercise of due diligence, to foreclose or acquire Developer's interest under this Agreement and to perform or cause to be performed all of the covenants and agreements to be performed and observed by Developer. Upon the sale or transfer of any interest in the easements and rights granted hereunder by any such Mortgagee, such Mortgagee shall have no further duties or obligations hereunder.
- (d) In case of the this Agreement as a result of any default or the bankruptcy, insolvency or appointment of a receiver in bankruptcy for Developer, Owner shall give prompt notice to all Mortgagees which have recorded and/or given Owner personal notice of their secured interest in Developer's property. Owner shall, upon written request of the first priority Mortgagee which has recorded and/or given Owner personal notice of their secured interest in Developer's property, made within forty (40) days after notice to such Mortgagee, enter into a new easement agreement with such Mortgagee, or its designee, within twenty (20) days after the receipt of such request. Such new easement agreement shall be effective as of the date of the termination of this Agreement by reason of default by Developer, and shall be for a term equal to the remainder of the Term of this Agreement and upon the same terms, covenants, conditions and agreements as contained in this

Agreement. Upon the execution of any such new easement agreement, such Mortgagee shall (i) pay Owner any amounts which are due Owner from Developer, (ii) pay Owner any and all amounts which would have been due under this Agreement (had this Agreement not been terminated) from the date of termination of this Agreement to the date of the new easement agreement, and (iii) agree in writing to perform or cause to be performed all of the other covenants and agreements set forth in this Agreement to be performed by Developer to the extent that Developer failed to perform the same prior to the execution and delivery of the new easement agreement.

- (e) Owner is only obligated to notify those Mortgagees and Creditors of Developer that Developer identified in writing to Owner or which have recorded their mortgage or otherwise provided Owner with written notice of their security interest in Developer's property.

8. Defaults; Termination.

8.1 Defaults. Each of the following events shall constitute an "Event of Default" by a party and, subject to Section 7.2 above, shall permit the non-defaulting party to terminate this Agreement and/or pursue all other appropriate remedies available at law or equity:

- (a) The failure or omission by either party to pay amounts to be paid hereunder when due, and such failure or omission has continued for thirty (30) days after written notice from the other party;
- (b) The failure or omission by either party to observe, keep or perform any of the other terms, agreements or conditions set forth in this Agreement, and such failure or omission has continued for thirty (30) days (or such longer reasonable period of time required to cure such failure or omission, if such failure or omission cannot reasonably be cured within a thirty (30) day period) after written notice from the other party; or
- (c) A party files for protection or liquidation under the bankruptcy laws of the United States or any other jurisdiction or has an involuntary petition in bankruptcy or a request for the appointment of a receiver filed against it and such involuntary petition or request is not dismissed within sixty (60) days after filing.

8.2 Termination by Developer. Developer may terminate this Agreement at any other time by giving Owner at least three (3) months' written notice and paying Owner a termination fee equal to the Minimum Rent applicable to a three (3) month time period. Upon termination of this Agreement, Developer shall execute and record a quitclaim deed, or other appropriate instrument, to Owner of all of Developer's right, title and interest in and to

the Property, which is not otherwise inconsistent with any surviving provisions of this Agreement.

8.3 Surrender of Property. Upon the expiration or earlier termination of this Agreement, Developer shall peaceably and quietly leave, surrender and return the Property to Owner in the condition in which it was at the commencement of this Agreement. Developer agrees and hereby covenants to dismantle and remove all equipment, improvements, fixtures and other property owned or installed by Developer or its affiliates on the Property (provided that all footings and foundations shall be to a depth of three (3) feet below the surface of the ground and covered with soil) within one hundred eighty (180) days from the date of termination, all of which shall be at Developer's sole cost and expense. In addition to any other remedies available to Owner, should Developer fail to remove such property within one hundred eighty (180) days from the expiration or earlier termination of this Agreement, any and all property remaining on the Property beyond such one hundred eighty (180) day removal period shall be deemed abandoned to Owner and Developer hereby agrees to relinquish any and all rights to any such property, it being nonetheless understood and agreed that Owner shall be under no obligation to accept such abandonment.

9. Condemnation. Should title or possession of all of the Property be taken in Condemnation proceedings by a government agency, governmental body or other private party under the exercise of the right of eminent domain, or should a partial taking render the remaining portion of the Property wholly unsuitable for Developer's use then this Agreement shall terminate upon the vesting of title or taking of possession. All payments made on account of any taking by eminent domain shall be made to Owner, except that Developer shall be entitled to any award made for the reasonable removal and relocation costs of any removable property that Developer has the right to remove, and for the loss and damage to any such property that Developer elects or is required not to remove, and for the loss of use of the Property by Developer. It is agreed that Developer shall have the right to participate in any settlement proceedings and that Owner shall not enter into any binding settlement agreement without the prior written consent of Developer, which shall not be unreasonably withheld.

10. Miscellaneous

10.1 Force Majeure – Delays. If performance of any act required by this Agreement to be performed by either party is prevented or delayed by reason of any act of God, strike, lockout, labor trouble, inability to secure materials, restrictive governmental laws or regulations, or any other cause not the fault of the party required to perform the act, the affected party, upon giving notice to the other party, shall be excused from such performance to the extent of and for the duration of such prevention, restriction or delay.

10.2 Assignment. Developer shall at all times have the right to sell, assign, encumber, transfer, or grant easements to any or all of its rights and interests under this Agreement without Owner's consent' provided, however, that any and all such transfers shall be expressly made subject to all of the terms, covenants and conditions of this Agreement. No such sale, assignment, transfer, or easement shall relieve Developer of its obligation under this Agreement unless Developer assigns its entire interest hereunder, in which event Developer shall have no continuing liability, except that Developer shall remain a guarantor of all obligations assumed by it in Section 8.3 above to return the property to the condition that is was in at the commencement of this Agreement. The burdens of the easements and rights contained in this Agreement shall run with and against the Property and shall be a charge and burden thereon for the duration of this Agreement and shall be binding upon and against Owner and its successors, assigns, permittees, licensees, lessees, employees, and agents. The easements shall inure to the benefit of Developer and its successors, assigns, permittees, licensees, lessees, employees and agents.

10.3 Notices. All or other communications required or permitted hereunder, including notices to Mortgagees, shall, unless otherwise provided herein, be in writing, shall be personally delivered, delivered by reputable overnight courier, or sent by registered or certified mail, return receipt requested, and postage prepaid, addressed to the parties at the following addresses:

Owner: Magic Irrigators, Inc.
700 East 4795 North
Buhl, Idaho 83316

Developer: Magic Wind LLC
716-B East 4900 North
Buhl, Idaho 83316

10.4 Further Assurances. Each of the parties to this Agreement agrees to perform all such acts (including but not limited to, executing and delivering such instruments and documents) as reasonably may be necessary to fully effectuate each and all of the purposes and intent of this Agreement, including reasonable amendments hereto as may be required by any Mortgagee or required in connection with the transfer by Developer of the rights granted under this Agreement. Owner expressly agrees that it will from time to time enter into reasonable non-disturbance agreements with any Mortgagee which requires such an agreement providing that Owner shall recognize the rights of the Mortgagee and not disturb its possession of the Property so long as it is not in default of any of the provisions of this Agreement. Owner agrees that within ten (10) days after receipt of a written request by Developer it shall: (a) join in all grants for rights-of-way and easements for electric and other public utilities and facilities and any other

electric power purpose including any power transmission line as Developer shall deem necessary or desirable for its development and use of the Property; and (b) join with Developer in requesting any and all zoning changes or other land use permits and/or approvals necessary for Developer's development and use of the Property as contemplated by this Agreement.

10.5 Estoppel Certificates. Each party agrees that it shall, at any time during the Term of this Agreement within ten (10) days after a written request by the other party, execute, acknowledge and deliver to the requesting party a written statement certifying that this Agreement is unmodified and in full force and effect (or modified and stating the modifications), the dates on which the payments and any other charges have been paid, and that there are no defaults existing or that defaults exist and stating the nature of such defaults.

10.6 No Waiver. No waiver of any right under this Agreement shall be effective for any purpose unless in writing, signed by the party hereto possessing the right, nor shall any such waiver be construed to be a waiver of any subsequent right, term or provision of this Agreement.

10.7 Entire Agreement. This Agreement, together with its attached exhibits, contains the entire agreement between the parties hereto with respect to the subject matter hereof and any prior agreements, discussions or understandings, written or oral, are superseded by this Agreement and shall be of no force or effect. No addition or modification of any term or provision of this Agreement shall be effective unless set forth in writing and signed by each of the parties.

10.8 Governing Law. The terms and provisions of this Agreement shall be interpreted in accordance with the laws of the State of Idaho applicable to contracts made and to be performed within such State and without reference to the choice of law principles of such State or any other state. In the event of any dispute between the parties hereto, the Idaho state district court for the Fourth Judicial District, Twin Falls County, Idaho shall be the sole venue for any legal proceedings arising there from.

10.9 Interpretation. The parties agree that the terms and provisions of this Agreement embody their mutual intent and that such terms and conditions are not to be construed more liberally in favor, nor more strictly against, either party.

10.10 Partial Invalidly. Should any term or provision of this Agreement, or the application thereof to any person or circumstance, to any extent, be invalid or unenforceable, the remainder of this Agreement or the application of such term or provision to persons or circumstances other than those to which it is held invalid or unenforceable, shall not be effected thereby, and each

remaining term and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

10.11 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which, taken together, shall constitute one and the same instrument.

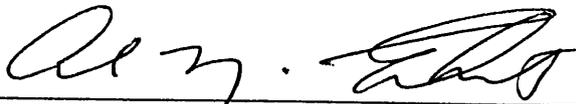
10.12 Attorney's Fees. The prevailing party in any action or proceeding for the enforcement, protection, or establishment of any right or remedy under this Agreement or for the interpretation of this Agreement shall be entitled to recover its reasonable attorney's fees and costs in connection with such action or proceeding from the non-prevailing party.

10.13 Memorandum. The parties shall execute and record a memorandum of this Agreement in the form attached hereto as Exhibit B.

IN WITNESS WHEREOF, Owner and Developer enter into this Agreement as of the Effective Date.



On behalf of the Owner: Norman M. Eckert, Vice-President
Magic Irrigators, Inc.
An Idaho Corporation



On behalf of the Developer: Armand M. Eckert, Secretary
Magic Wind LLC
An Idaho Limited Liability Company

Effective Date: June 15, 2005



EXHIBIT A

DESCRIPTION OF PROPERTY

Township 9S Range 13 E, Section 2 – E1/2SE1/4, W1/2SE1/4 and Section 11 –
E1/2NW1/4, W1/2NE1/4.

Also attached to this Exhibit A is the legal document proving ownership of such property.