

1. This easement is exclusive and you can't grant easements to others.
2. The Evaluation Period is for three years and can be extended indefinitely. I would suggest a drop dead date.
3. 2(a) permits the Grantee to reduce the easement area. That area is the basis for payments under the Development Phase. This should be changed.
4. There should be a most favored nations clause regarding bonus payments and energy payments.
5. Under 4(a) they have to restore everything but the roads.
6. Under 4(b) they have the exclusive right to choose the site. I would have the site and road locations determined up front, in writing.
7. There should be a limit regarding the turbine footprint.
8. Both Restricted Areas and Non-Recreational Areas should be determined and limited in writing up front.
9. You should limit who will do the tile work.
10. Under 15 you can't create or permit any new liens. What happens when you need to remortgage?
11. Under 16 you must defend interference, even if caused by third parties.
12. Under 20 they can assign to anyone they want.
13. Exhibit B lets them extend the Evaluation Phase by paying \$5/acre/year. If you can't limit the period, that payment should be high enough to force development or abandonment.
14. Energy payments are based on a pooling arrangement. If the pool is huge, you are stuck with a turbine and lower energy payments. I suggest a limit on the acreage placed in the pool. That discussion should let you know what size pools they think they need. The other alternative is a density provision where x number of turbines must be constructed on x acres, or the area can't be added to the unit.
15. There should be a limit on the number of turbines by area.
16. Add Grantor as additional insured on insurance.
17. All wires should be underground.
18. There should also be a minimal distance to other turbines.
19. There should be a size limit on the height of the turbines.
20. The energy payments are based on MISO/ but is there some type of transportation charge? Are the payments based on energy produced at the site or energy delivered at the Michigan Trading Hub?
21. Is there a bond for restoration?
22. Who pays if someone is hurt by the improvements?

Memorandum of Wind Energy Agreement

This Memorandum of "Agreement to Conduct Assessment of Wind Resources and Option to Acquire Wind Energy Easements and Lease", referenced as "Wind Energy Agreement", entered into on _____, 200__, by and between: _____, whose address is: _____, hereinafter "Lessor", and Midland Energy, L.L.C., a Michigan Limited Liability Company, whose address is 622 South Jefferson Avenue, Midland, Michigan 48640, hereinafter called "Lessee":

WITNESSETH:

Whereas, Lessor and Lessee have entered into a Wind Energy Agreement of event date herewith; and

Whereas, the parties desire to enter into this Memorandum of Wind Energy Agreement and give record notice of existence of said Agreement.

Now therefore, in consideration of the Premises and for other good and valuable consideration Lessor acknowledges and agrees that they have leased to Lessee an Agreement dated _____, 200__.

The Property is located in the Township of _____ County of _____, State of Michigan and described as follows:

The purpose of this Memorandum of Wind Energy Agreement is to give record notice to the existence of the aforesaid Agreement.

In Witness Whereof, the parties hereto have executed this Memorandum of Wind Energy Agreement and have caused their hands and seals to be fixed hereto the day and year first above written,

Signed and Delivered in Presence of:

Signature: _____ Signature: _____

Lessor (Printed Name): _____ Lessor (Printed Name): _____

Signature: _____ Signature: _____

Lessor (Printed Name): _____ Lessor (Printed Name): _____

STATE OF MICHIGAN)
) SS.
County of _____)

On the _____ day of _____ 200__ before me, a Notary Public, in and for said County personally appeared _____ to me known to be the same person(s) described in and who executed the within instrument, who acknowledged the same to be his/her free act and deed.

Notary Public
_____ County, Michigan
My commission expires: _____
Acting in the County of _____

Signature: _____
Lessee: Midland Energy, L.L.C.
By: Printed Name: _____
Its: Authorized Member

STATE OF MICHIGAN)
) SS.
COUNTY OF _____)

The foregoing instrument was acknowledged before me, a Notary Public, on the _____ day of _____ 200__, by _____, the Authorized Member of Midland Energy, L.L.C., a Michigan limited liability company, on behalf of said limited liability company

Notary Public: _____ County, Michigan
My commission expires: _____
Acting in the County of _____

AGREEMENT TO CONDUCT ASSESSMENT OF WIND RESOURCES
AND
OPTION TO ACQUIRE WIND ENERGY EASEMENTS AND LEASE

This agreement is made and entered into on this _____ day of _____, 200__, (Effective Date), by and between _____ whose address is _____, herein referred to as the "Owner", and Midland Energy, L.L.C., a Michigan limited liability company, whose address is 622 South Jefferson Avenue, Midland, Michigan 48640, herein referred to as "Midland Energy".

Owner owns the following described property located in the Township of _____, County of _____, State of Michigan, hereinafter referred to as "Property", and described as follows:

Midland Energy desires (a) to assess the Property to ascertain the average annual wind speed, wind shear and wind direction to enable Midland Energy to determine if the Property is suitable for commercial generation of electricity from wind power, and (b) to determine the optimal geographical placement of wind turbines on the Property.

1. Option price and Grant of Option. In consideration of the payment of \$500 plus \$2.00 per for all acres over 250 acres, to the Owner, the receipt and sufficiency being hereby acknowledged, Owner grants to Midland Energy the sole and exclusive option to develop the Property for the generation of electricity from wind power for the terms of the Wind Energy Easements and Lease Agreement ("Agreement") attached as Exhibit A and incorporated by reference, for the price and within the time specified in this Agreement. In the event Midland Energy elects to exercise this option, the consideration of the above payment for this option shall not apply or be considered a part of the purchase price for the wind, on or over the Property.

2. Option Term and Exercise of Option. This option to enter into the Agreement may be exercised by Midland Energy at any time on or before the ____ day of _____, 200__, the "Exercise Date", being three years from the Effective Date, by depositing written notice to that affect in the U.S. Mail to Owner at the address set forth in this Agreement (Exhibit A), becoming a binding contract between the parties. In the event Midland Energy fails to exercise this option before the expiration of the Exercise Date, the consideration paid shall be retained by Owner and this Agreement shall be of no further force or effect. Upon receipt of the two executed Agreements, Owner shall execute and mail the same to Midland Energy within two (2) business days from the date notice is received.

3. Option to Extend Exercise Date. Owner hereby grants to Midland Energy, and it assigns, the right, privilege, and option to extend the Exercise Date for two successive periods of three years each (the "Extended Term"), upon the same terms and conditions as herein contained. Midland Energy, if it elects to extend this option, shall do so by giving written notice prior to expiration of the Exercise Date for each three year term, and the \$500.00 plus \$2.00 per acre for all acres over 250 acres, for each extension.

4. Purchase Price. The purchase price for the Wind Energy Easements and Lease ("Agreement") shall be the amount specified in the Agreement and shall be payable to Owner at the time and in the manner specified in the Agreement.

5. Assessment of Wind Resources. Midland Energy, and its authorized agents, is hereby granted permission to enter on to the Property during the term of this option, or any extension, for the purpose of determining if the Property, or any of it, is suitable commercially for the generation of electricity from wind power. Midland Energy shall be entitled, during the term hereof, to conduct such activities as shall be necessary for making such determination, including the right to place upon the Property temporary wind measuring instruments, such as anemometers or sodar equipment; taking soil samples for the purpose of determining the suitability of the Property for foundations to support wind turbines and towers, concrete pads and footings, and to make any and all other reasonable investigations with respect to the intended use of the Property as Midland Energy may reasonably deem appropriate

6. Assign ability of Option. Midland Energy may assign this option. The assignment may be effective as to Owner without written notice by Midland Energy to Owner.

7. Delivery of Notice. All notices provided for in this Agreement, if not delivered in person, shall be sent by United States certified mail, return receipt requested, to Midland Energy at 622 South Jefferson Avenue, Midland, Michigan 48640, and to the Owner at the address specified on page 1. Either party shall have the right to designate a new address for the receipt of notices by written notice to the other party.

8. Entire Agreement. This Option Agreement contains the entire agreement between the parties relating to the option granted.

9. Authority of Owner. Within a reasonable time from the execution of this Agreement, Owner, if an entity, shall furnish to Midland Energy a certified copy of the resolution adopted by the directors of the Owner authorizing the Owner to consummate this transaction, together with opinions of counsel and other instruments as Midland Energy shall deem appropriate in its reasonable judgment.

EXECUTED on the day and year first above written:

(Print name) _____

Dated: _____

(Print name) _____

Dated: _____

(Print name) _____

Dated: _____

(Print name) _____

Dated: _____

STATE OF MICHIGAN _____)
) SS.
County of _____)

On the ____ day of _____, 200__, before me, a Notary Public, in and for said County, personally appeared _____, to me known to be the same person described in and who executed the within instrument, who acknowledged the same to be his/her free act and deed.

Notary Public _____ County, MI.

My commission expires: _____

Acting in the County of _____.

MIDLAND ENERGY L.L.C.

By:

It's Authorized Member

STATE OF MICHIGAN _____)
) SS.
County of _____)

This instrument was acknowledged before me this ____ day of _____, 200__ by _____, the Authorized Member of Midland Energy, L.L.C., a Michigan limited liability company, on behalf of said limited liability company.

Notary Public _____ County, MI.

My commission expires: _____

Acting in the County of _____.

WIND ENERGY EASEMENTS AND LEASE

This Wind Energy Easements and Lease Agreement, hereinafter "Agreement", made and entered into this _____ day of _____ 200__, by and between _____ whose address is _____,

hereinafter called "Lessor", whether one or more, and Midland Energy, L.L.C., a Michigan limited liability company, whose address is 622 South Jefferson Avenue, Midland, Michigan 48640, hereinafter called "Lessee",

WITNESSETH THAT:

1. Lessor, for and in consideration of \$500.00, the receipt of which is hereby acknowledged, and the covenants, grants and agreements of the Lessee hereinafter contained, does hereby grant and lease unto Lessee the land described below, together with access to the wind from all air space above it, (herein called "Property"), exclusively to Lessee, for the purposes of harvesting the wind resources and converting the wind power to electricity (herein called "Production") by constructing and installing wind energy facilities upon the Property. In connection with such activity, Lessee is hereby granted the right to construct and install on the Property, on tracts designated by Lessee of approximately one acre for each wind turbine unit consisting of foundations, concrete pads and footings; towers, guy wires; support fixtures, anchors and fences; buildings needed for maintenance of wind turbine units and maintenance and storage of related equipment, electrical transformers and energy storage facilities, together with all rights, privileges and easements necessary or convenient for the operation of the wind energy facilities, including the placement of electric distribution and transmission towers and lines and telephone lines, either above ground, or upon the request of the Lessor, underground; substations or switching facilities for the purpose of connecting to transmission systems, together with roadway easements across the Property for ingress and egress from public roads to the wind energy facilities described above, and the right of Lessee to engage in all other activity reasonably necessary or useful to maintain the wind energy facilities and easements and accomplish the general purpose of this Agreement. Provided, Lessor reserves the right to engage in any activity on the Property that would not obstruct the wind sources, or in any way impede or decrease the output or efficiency of the wind energy or otherwise interfere with the wind speed and direction, the wind energy facilities and easements granted to Lessee. All of the foregoing shall be deemed covenants and burdens which run with the Property, coupled with an interest in the Property, for the benefit of Lessee, its successors and assigns, and shall be referred to collectively as "Wind Facility".

The Property is located in the Township of _____ County of _____, State of Michigan and described as follows:

2. Lessor agrees to assist and fully cooperate with Lessee in obtaining land use permits, zoning, building permits, environmental impact reviews and/or other approvals required for the construction or financing of the Wind Facility. Such assistance and cooperation shall be at no cost whatsoever to Lessor.

3. Lessor agrees to cooperate with Lessee in obtaining any necessary subordination agreements or approvals from existing lien holders, including mortgagees.

4. Lessee is hereby empowered to pool and unitize the Property and this Lease, or a portion thereof, with other property and leases in the area when, in the Lessee's judgment, such is advisable in order to properly develop, operate and maintain the Wind Facility, or to facilitate an orderly or uniform turbine spacing pattern or to comply with any ordinance, order, rule or regulation of the Township and County in which the Property is located or to comply with any State or Federal agency having jurisdiction. To accomplish such pooling, Lessee shall make, execute and record in the County in which the Property is situated a written instrument describing the pooled property and providing a copy to Lessor.

Lessee shall have the power to pool, as herein provided, whether or not wind turbines are located on the Property covered by this Agreement. In the event no wind turbine is constructed and installed upon the Property, then Lessor shall nevertheless be compensated as provided in paragraph 5(a) with respect to the Easement Payment.

5. (a) On or before two (2) years from the date first above written ("Anniversary Date"), and annually thereafter, Lessee agrees to pay the Lessor for the rights, easements and privileges granted herein, the sum of \$500.00 per annum ("Easement Payment"). The Easement Payment shall be increased annually by the annual increase in the United States Cost of Living Index, All Goods and Services. In addition, Lessee shall pay to Lessor \$ 500.00, per annum for each turbine constructed on the property, which shall be paid within 120 days from the date Production commences from the turbine and annually thereafter from the date such payment is made.

(b) In addition to the payment provided in paragraph 5(a), Lessee shall pay to Lessor four percent (4%) of gross proceeds received by Lessee from the sale of Production from each wind turbine constructed and installed on the Property ("Production Payment"). Provided, however, that in the event Lessee pools the Property into a unit, as provided in paragraph 4, and the turbine's Surface Area of Influence (as hereinafter defined) extends beyond the boundaries of the Property, then the Production Payment shall be four percent (4%) of a fraction of the gross proceeds received by Lessee from the sale of Production from the turbine. The fraction shall be the ratio between the acreage of this Lease lying within the turbine's Surface Area of Influence (the numerator) and the total of all acreage in the turbine's Surface Area of Influence (the denominator). A turbine's Surface Area of Influence is an area which has a circumference, the radius of which is established by multiplying the diameter of a turbine's rotor by seven (or such other multiple as the turbine's manufacturer may designate).

6. Lessee agrees to pay any personal property taxes levied against any Wind Facility, or related equipment, and Lessee shall pay all water, electric, telecommunications and other utility service used by the Lessee.

7. Lessee may sell or assign all or any portion of the easement and leasehold rights to another without Lessor's approval or consent, which right of assignment shall include the right to finance Wind Facilities by having a mortgage placed on the easement and leasehold rights acquired hereunder by Lessee.

8. Lessee is hereby granted the right to grant to utility companies the right to construct, operate, and maintain telephone and electric transmission, interconnection and switching facilities on the Property.

9. In the event Lessor considers that Lessee has not complied with all of its obligations hereunder, both express and implied, Lessor shall give written notice to Lessee, setting out specifically in what respects Lessee has breached this contract. Lessee shall have 60 days from receipt of such notice to commence and thereafter pursue with reasonable diligence such action as may be necessary or proper to satisfy such obligation of Lessee, if any, with respect to Lessor's notice. Neither the service of said notice nor the doing of any acts by Lessee intended to satisfy any of the alleged obligations shall be deemed an admission or presumption that Lessee has failed to perform all of its obligations hereunder. No judicial action may be commenced by Lessor for forfeiture or for damages until after said 60-day period. Lessee shall be given a reasonable opportunity after judicial ascertainment to prevent forfeiture by discharging its express or implied obligation as established by the court.

10. All present and Future regulations and orders of any governmental agency pertaining to the generation of electricity from wind power shall be binding on the parties hereto with like affect as though incorporated herein.

11. If the estate of either party hereto is assigned, and the privilege of assigning in whole or in part is expressly allowed, the covenants and provisions of this Agreement shall extend to such party's heirs, executors, administrators, successors or assigns, but no change in the ownership of the Property or assignment or other monies, or any part thereof, shall be binding on Lessee until 45 days after Lessee has received written notice of such change and has been furnished with a true copy of the written transfer or assignment thereof. No change or division in the ownership of said Property shall increase the obligations or diminish the rights of Lessee.

12. All written notices permitted or required by this Agreement to be given Lessor and Lessee herein shall be at their respective addresses listed above, shall be by certified United States mail, and shall identify this Agreement by date, parties, description and recording data; provided that either party may change such notice address by giving written notice to the other party specifying the new address.

13. Lessee will defend, indemnify and hold Lessor harmless from any and all claims, demands, losses, costs, expenses, recoveries, deficiencies, damages, injuries and liabilities of any kind whatsoever, including interest, penalties and reasonable attorneys fees, that Lessor shall incur or suffer, which arise, result from or relate to any actions of Lessee or its employees, contractors, sub lessees, licensees or invitees on the Property, and not caused by the negligence of Lessor.

14. Lessee shall maintain a commercial general insurance policy, insuring against public liability for injury to persons (including death) or damage to property relating to the Lessee, its licensees, employees, invitees or customers, use of the Property. Such insurance shall be within minimum limits of One Million Dollars (\$1,000,000) per person, Two Million Dollars (\$2,000,000) per occurrence for personal injury or death and Five Hundred Thousand Dollars (\$500,000) for property damage and Lessor shall be listed as an additional insured under the policy. Said policy shall include a contractual liability endorsement covering the indemnification provisions of this Agreement. Evidence of said policy shall be furnished to Lessor at closing.

15. Lessee may, at any time or from time to time, encumber by mortgage or other security instrument, by way of assignment or otherwise, Lessee's interest under this Agreement and the estate hereby created for any purpose, without the consent of Lessor.

(a) Any lender on the security of Lessee's estate shall have the right at any time during the term of this Agreement:

(1) To do any act or thing required of Lessee hereunder, and all such acts or things done and performed shall be as effective to prevent a forfeiture of Lessee's rights hereunder as if done by the Lessee, and

(2) To realize on the security by exercising foreclosure proceedings or power of sale or other remedy afforded in law or in equity or by the security documents (hereinafter sometimes collectively referred to as "Foreclosure Sale"), and to transfer, convey, or assign the title of Lessee to the estate created hereby to any purchaser at any such Foreclosure Sale, and to acquire and succeed to the interest of Lessee hereunder by virtue of any such Foreclosure Sale.

(b) Lessee may provide to Lessor in writing the names and addresses of its primary lender. Notwithstanding anything to the contrary provided for in this Article or elsewhere in this Agreement, the rights of Lessor, in the event of a default, may not be exercised until written notice of such default is given to such primary lender or to the person or firm designated by any such primary lender to accept such notices. It is agreed that Lessor shall be required to provide a name and address only to the last primary lender designated in writing by Lessee. It is agreed that such primary lender shall have the right to cure any such default within fifteen (15) days with respect to any default that can be cured by the payment of money, or within thirty (30) days with respect to any other covenant or condition or term of this Agreement; and, if such default is of such nature that it cannot be remedied within said time, then said primary lender shall have such additional time as is reasonably necessary to cure such default, provided that it commences the curing of such default within said thirty (30) day period, and thereafter diligently continues the curing of the same.

No such lender shall be liable to the Lessor as an assignee of this Agreement unless and until such time as such lender shall acquire the rights of Lessee hereunder through foreclosure or other appropriate proceedings in the nature thereof, or as a result of any other action or remedy provided for by such mortgage, or which may otherwise be provided by law.

16. (a) Lessee has obtained an environmental site assessment for the Property and is satisfied with the environmental condition of the Property as of the date hereof.

(b) Lessee shall not install, store, treat, use, transport or otherwise dispose of any hazardous materials on, under, above or in the Property or any of the improvements constructed thereon. Lessee shall reimburse, defend, indemnify and hold harmless Lessor, its successors, assigns and other parties claiming any interest in the Property by, through or under Lessor from and against any and all liabilities, claims, damages, penalties, expenditures, losses or charges (including, but not limited to, all costs of investigation, monitoring, legal fees, remedial response, removal, restoration or permit acquisition) that may in the future be undertaken, suffered, paid, awarded, assessed or otherwise

incurred as the result of (1) any contamination or Hazardous Substances introduced (unless caused by Lessor, its agents, employees or contractors which shall be Lessor's obligation) on, above or under the Property and the improvements thereon after the Commencement Date; and (2) any investigation, monitoring, cleanup, removal, restoration, remedial response or remedial work undertaken on the Property by or on behalf of Lessor subsequent to the Commencement Date hereof with respect to any such contamination. The obligation to indemnify Lessor shall survive the expiration or earlier termination of this Agreement or any extensions thereof.

17. Lessee agrees to take reasonable steps to prevent its operations from (a) causing or contributing to soil erosion or to the injury of terraces or other soil-conserving structures on said Property; (b) damaging crop, timber, or pastures (except to the extent necessary to maximize the wind resources, construct the roadways and otherwise conduct such activity as is reasonably necessary or useful to maintain the Wind Energy Facility and easements and accomplish the general purpose of this Agreement); or (c) harming or injuring in any way the animals or livestock owned by Lessor or its tenants and kept or pastured on the premises, including the erection and maintenance of fences, gates and cattle guards where necessary for such purposes.

Lessee shall pay to the person beneficially interested in the damaged object all damages caused by its operations to the surface, growing crops, pasture and improvements on said land or to animals or livestock.

18. Upon termination of this Agreement, Lessee must remove all Wind Facilities and related Equipment to four feet below the ground level of the Property within 180 days from the date of termination and replace and level with topsoil on all disturbed areas.

Termination will be defined when the unit is no longer able to produce electricity for 12 consecutive months.

19. Final location of Wind Turbine(s) and Service Road(s) will be mutually agreed upon by Lessor and Lessee to achieve optimum Wind Farm Capacity and Turbine Spacing.

20. Any excess soil shall be removed from the property or relocated on the property if the Lessor requests.

This Agreement shall be interpreted according to the laws of the State of Michigan.

Signature: _____

Signature: _____

Print Name: _____

Print Name: _____

Telephone No.: _____

Telephone No.: _____

Signature: _____

Signature: _____

Print Name: _____

Print Name: _____

Telephone No.: _____

Telephone No.: _____

STATE OF MICHIGAN)
) SS.
County of _____)

On the _____ day of _____ 200__ before me, a Notary Public, in and for said County personally appeared _____ to me known to be the same person(s) described in and who executed the within instrument, who acknowledged the same to be his/her free act and deed.

Notary Public
_____ County, Michigan
My commission expires: _____
Acting in the County of _____

MIDLAND ENERGY, L.L.C.

By:
Its Authorized Member

STATE OF MICHIGAN)
) SS.
County of _____)

On the _____ day of _____ 200__, before me, a Notary Public, in and for said County personally came _____, the Authorized Member of Midland Energy L.L.C., a Michigan limited liability company, who acknowledged the same for said limited liability company.

Notary Public
_____ County, Michigan
My commission expires: _____
Acting in the County of _____