

## **GEOZONE COOPERATION AGREEMENT**

This GEOZONE COOPERATION AGREEMENT (“Agreement”) is entered into this 2nd day of March, 2023 (“Effective Date”), by and between **Sonoma Clean Power Authority**, a California joint powers authority (“SCPA”), and **Cyrq Energy Inc.**, a Delaware Corporation (“Company”), each referred to herein individually as a “Party” and collectively as the “Parties”, regarding the exploration of geothermal resource development opportunities within a specified GeoZone (as defined in Section 1). All capitalized terms used in this Agreement are used with the meanings ascribed to them in Section 1 of this Agreement.

### **RECITALS**

**WHEREAS**, SCPA is a publicly-owned and governed community choice aggregator that has an interest in purchasing electric energy and capacity produced by new local geothermal energy resources to reduce greenhouse gas emissions and provide renewable firm energy to serve SCPA customers in Sonoma and Mendocino Counties; and

**WHEREAS**, SCPA established a Geothermal Opportunity Zone (“GeoZone”) on October 7, 2021 to explore the opportunity to develop local geothermal resources in partnership with Mendocino County (joined by resolution on December 7, 2021) and Sonoma County (joined by resolution on February 8, 2022); and

**WHEREAS**, new geothermal technologies and development approaches provide an opportunity to develop power projects that are commercially scalable, reduce environmental impacts, and provide benefits to the community, and as such SCPA issued a Request for Information (“RFI”) on March 14, 2022 seeking interested entities to enter into a cooperative agreement to collaborate on development of new geothermal resources in the GeoZone; and

**WHEREAS**, Company submitted a response to SCPA’s RFI on April 29, 2022 stating its interest in entering into a cooperative agreement with SCPA to explore development of geothermal resources within the GeoZone; and

**WHEREAS**, SCPA’s Board approved selection of the Company’s proposal as finalist in their October 6, 2022 meeting, which enabled both SCPA and Company to execute a Memorandum of Understanding on October 17, 2022 stating their mutual commitment to negotiate a cooperation agreement and meanwhile collaborate on progressing technical, policy, financing, and stakeholder engagement work for the GeoZone.

**NOW THEREFORE**, in consideration of the mutual covenants and agreements herein contained, and for other good and valuable consideration, the sufficiency and adequacy of which are hereby acknowledged, the Parties agree to the following:

### **AGREEMENT**

- 1. Definitions.** The following terms, when used herein with initial capitalization, shall have the meanings set forth below:

“Affiliate” means, with respect to any Person, each Person that directly or indirectly controls, is controlled by, or is under common control with such designated Person. For purposes of this definition “control” (including, with correlative meanings, the terms “controlled by” and “under common control with”), as used with respect to any Person, shall mean (a) the direct or indirect right to cast at least fifty percent (50%) of the votes exercisable at an annual general meeting (or its equivalent) of such Person or, if there are no such rights, ownership of at least fifty percent (50%) of the equity or other ownership interest in such Person, or (b) the right to direct the policies or operations of such Person.

“Agreement” has the meaning set forth in the introductory paragraph.

“Bankrupt” or “Bankruptcy” means with respect to any entity, such entity that (a) files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause of action under any bankruptcy, insolvency, reorganization or similar Law, (b) has any such petition filed or commenced against it which remains unstayed or undismissed for a period of ninety (90) days, (c) makes an assignment or any general arrangement for the benefit of creditors, (d) otherwise becomes bankrupt or insolvent (however evidenced), (e) has a liquidator, administrator, receiver, trustee, conservator or similar official appointed with respect to it or any substantial portion of its property or assets, or (f) is generally unable to pay its debts as they fall due.

“Capacity Attributes” means any current or future defined characteristic, certificate, tag, credit, or accounting construct associated with the amount of electricity that an energy generating facility can generate and deliver at a particular moment and that can be purchased, sold or conveyed under CAISO or California Public Utilities Commission market rules.

“Company” has the meaning set forth in the introductory paragraph.

“Completion Date” has the meaning provided in Section 4.

“Confidential Information” means information, whether oral or written, that is delivered by one Party to the other Party that either Party stamps or otherwise identifies as “confidential” or “proprietary” before disclosing it to the other. Confidential Information does not include (i) this Agreement; (ii) information that was publicly available at the time of the disclosure, other than as a result of a disclosure in breach of this Agreement; (iii) information that becomes publicly available through no fault of the recipient after the time of the delivery; (iv) information that was rightfully in the possession of the recipient (without confidential or proprietary restriction) at the time of delivery or that becomes available to the recipient from a source not subject to any restriction against disclosing such information to the recipient; (v) information that the recipient independently developed without a violation of this Agreement; and (vi) information that is determined by SCPA to be subject to the California Public Records Act. In the event that SCPA determines Confidential Information must be released pursuant to the California Public Records Act, SCPA agrees to notify Company in advance as set forth in Section 14.2. In order to designate information as confidential, the Disclosing Party must clearly stamp and identify the specific portion of the material designated with the word “Confidential.”

“Cost Effectiveness” means the ability to provide competitively priced Product to SCPA’s customers.

“Creating Party” has the meaning provided in Section 10.2.

“Defaulting Party” has the meaning provided in Section 12.1.

“Development Target” has the meaning provided in Section 4.1.

“Disclosing Party” has the meaning provided in Section 14.1.

“Early Termination Date” has the meaning provided in Section 12.2.1.

“Effective Date” has the meaning provided in the introductory paragraph.

“Energy” means electrical energy, measured in kilowatt-hours or multiple units thereof.

“Event of Default” has the meaning provided in Section 12.1.

“Force Majeure Event” means any act or event that delays or prevents a Party from timely performing all or a portion of its obligations under this Agreement or from complying with all or a portion of the conditions under this Agreement if such act or event, despite the exercise of commercially reasonable efforts, cannot be avoided by and is beyond the reasonable control (whether direct or indirect) of and without the fault or negligence of the Party relying thereon as justification for such delay, nonperformance, or noncompliance. Without limiting the generality of the foregoing, so long as the following events, despite the exercise of reasonable efforts, cannot be avoided by, and are beyond the reasonable control (whether direct or indirect) of and without the fault or negligence of the Party relying thereon as justification for such delay, nonperformance or noncompliance, a Force Majeure Event may include an act of God or the elements, such as flooding, lightning, hurricanes, tornadoes, or ice storms; explosion; fire; volcanic eruption; flood; epidemic; landslide; mudslide; sabotage; terrorism; earthquake; or other cataclysmic events; an act of public enemy; war; blockade; civil insurrection; riot; civil disturbance; or strikes or other labor difficulties caused or suffered by a Party.

“Geysers” means the existing geothermal field including wells, geologic targets, and surface facilities spanning Sonoma, Mendocino and Lake Counties currently operated by the Calpine Corporation and the Northern California Power Agency.

“GeoZone” means the Geothermal Opportunity Zone consisting of land area as agreed to by SCPA and the participating Counties of Sonoma and Mendocino and as set forth in Resolution No. 2021-06 of the Board of Directors of SCPA, Resolution No. 22-0035 of the County of Sonoma, and Resolution No. 21-188 of the County of Mendocino, as such land area may be modified from time to time by the actions of these or additional governing boards.

“Governmental Authority” means any federal, state, provincial, local or municipal government, any political subdivision thereof or any other governmental, congressional or

parliamentary, regulatory, or judicial instrumentality, authority, body, agency, department, bureau, or entity with authority to bind a Party at law, including the CAISO and California Public Utilities Commission; *provided*, “Governmental Authority” shall not in any event include any Party.

“Green Attributes” means any and all credits, benefits, emissions reductions, offsets, and allowances, howsoever entitled (including under the RPS regulations and/or under any and all other international, federal, regional, state or other law, rule, regulation, bylaw, treaty or other intergovernmental compact, decision, administrative decision, program (including any voluntary compliance or membership program), competitive market or business method (including all credits, certificates, benefits, and emission measurements, reductions, offsets and allowances related thereto)), attributable to the generation from a renewable energy generating resource and its displacement of conventional energy generation. Green Attributes include but are not limited to renewable energy credits, as well as: (1) any avoided emissions of pollutants to the air, soil or water such as sulfur oxides (SOx), nitrogen oxides (NOx), carbon monoxide (CO), hydrogen sulfide (H<sub>2</sub>S) and other pollutants; (2) any avoided emissions of carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride and other greenhouse gases (GHGs) that have been determined by the United Nations Intergovernmental Panel on Climate Change, or otherwise by law, to contribute to the actual or potential threat of altering the Earth’s climate by trapping heat in the atmosphere; and (3) the reporting rights to such avoided emissions. Green Attributes do not include (i) any energy, capacity, reliability or other power attributes, (ii) tax credits associated with the construction or operation of the renewable energy generating resource and other financial incentives in the form of credits, reductions, or allowances associated with the renewable energy generating resource that are applicable to a state or federal income taxation obligation, or (iii) emission reduction credits encumbered or used by the renewable energy generating resource for compliance with local, state, or federal operating and/or air quality permits.

“Indemnified Party” has the meaning provided in Section 13.1.

“Indemnifying Party” has the meaning provided in Section 13.1.

“Joint Powers Act” means the Joint Exercise of Powers Act of the State of California (Government Code Section 6500 et seq.).

“Joint Powers Agreement” means that certain Joint Powers Agreement dated July 25, 2013, as amended from time to time, under which SCPA is organized as a Joint Powers Authority in accordance with the Joint Powers Act.

“Law” means any applicable law, statute, rule, regulation, decision, writ, order, decree or judgment, permit or any interpretation thereof, promulgated or issued by a Governmental Authority.

“Non-Defaulting Party” has the meaning provided in Section 12.2.

“Notice” means, unless otherwise specified in the Agreement, written communications by a Party to be delivered by hand delivery, United States mail, overnight courier service, or electronic messaging (e-mail).

“Person” means any individual, sole proprietorship, corporation, limited liability company, limited or general partnership, joint venture, association, joint-stock company, trust, incorporated organization, institution, public benefit corporation, unincorporated organization, government entity or other entity.

“Pilot Project” has the meaning provided in Section 7.1.

“Product” means Energy, Capacity Attributes, and Green Attributes produced by geothermal resources developed by Company or Company’s Affiliates within the GeoZone.

“Receiving Party” has the meaning provided in Section 14.1.

“Requested Confidential Information” has the meaning provided in Section 14.2.

“RFI” has the meaning provided in the Recitals.

“SCPA” means Sonoma Clean Power Authority, a California joint powers authority.

“Subsequent Project(s)” has the meaning provided in Section 7.2.

“Term” has the meaning provided in Section 2.1.

## **2. Term and Termination**

**2.1** Term. The term of this Agreement commences on Effective Date and continues until the earlier of: (a) completion of commercialization milestones for Subsequent Project(s) in Section 7.2, or (b) early termination of this Agreement pursuant to Section 2.2 (the “Term”).

**2.2** Termination. This Agreement may be terminated upon occurrence of any of the following:

**2.2.1** Mutual agreement of the Parties in writing; or

**2.2.2** By SCPA if the Counties of Mendocino and Sonoma both determine, in their sole discretion, to rescind their resolutions authorizing participation in the GeoZone; or

**2.2.3** By the Non-Defaulting Party pursuant to Section 12.2.1.

**2.3** Effect of Termination. Upon the date of termination of this Agreement, this Agreement shall terminate and be of no further force and effect, except with respect to obligations that arose prior to such termination; *provided*, Sections 8.2, 10, 13, 14, and 15.2 shall survive such termination for a period of two (2) years from the termination date.

3. **GeoZone Objectives.** Company acknowledges and agrees that SCPA seeks to support development of geothermal energy resources within the GeoZone that meet the following objectives:
  - 3.1 **Scalability; Cost Effectiveness.** Deploy technologies and development approaches that are scalable (at least two hundred (200) MWs within the GeoZone) and demonstrate Cost Effectiveness.
  - 3.2 **Environmental Protection.** Minimize environmental effects, including land use, air and water pollution, water consumption, and induced seismicity. Specifically, SCPA is seeking resources that utilize relatively small-scale surface equipment, and limited site disturbance. Given concerns about the scarcity of water and current drought conditions and the expected water scarce future, surface and subsurface technologies that require minimal water usage are desirable.
  - 3.3 **Workforce.** Use commercially reasonable efforts to ensure that work performed in connection with construction of geothermal projects in the GeoZone (with the exception of the drilling work) is conducted using a project labor agreement, community workforce agreement, work site agreement, collective bargaining agreement, or similar agreement providing for terms and conditions of employment with applicable labor organizations.
  - 3.4 **Stakeholder Engagement.** Involve early and frequent stakeholder engagement with community.
  - 3.5 **Resource Sustainability.** Make good faith efforts to avoid actions that intentionally and materially harm the sustainability of the existing geothermal operation at the Geysers.
  - 3.6 **Local Economic Benefits.** Provide economic benefits to local community.
4. **Obligations of Company.** During the Term of the Agreement, Company shall use commercially reasonable efforts to accomplish the following by no later than May 31, 2025, unless the Parties mutually agree to extend such date (the “Completion Date”):
  - 4.1 Assess the full development potential of the Company’s geothermal energy resource development technology within the GeoZone, including reasonable estimates of the corresponding price to sell Product from development occurring at scales from twenty (20) MWs to two hundred (200) MWs (the “Development Target”); and
  - 4.2 Seek commercial agreement with existing operator of geothermal energy resource within the GeoZone to host both a Pilot Project and Subsequent Project(s); and
  - 4.3 Obtain site control for the development of an initial Pilot Project that satisfies the objectives of Section 3; *provided, however,* that SCPA understands and acknowledges that the offtake price for an initial Pilot Project may not satisfy the Cost Effectiveness objective of Section 3.1; and

- 4.4 Submit an interconnection application for an initial Pilot Project; and
  - 4.5 Identify all permits necessary for the development of a Pilot Project and Subsequent Project(s), including submitting a permit application for a calibration well for an initial Pilot Project; and
  - 4.6 Identify required agreements with third parties, if any, necessary to sell Product from development occurring at scales including the Development Target; and
  - 4.7 Reasonably support SCPA's promotion of GeoZone development that meets the objectives of Section 3 in state, local, and federal policy arenas; and
  - 4.8 Provide quarterly reports in a form reasonably accepted to SCPA that summarizes efforts taken by Company during the prior quarter to (a) satisfy the obligations set forth in this Section 4, (b) satisfy the commercialization milestones for an initial Pilot Project as set forth in Section 7.1, and (c) to the extent that the commercialization milestones for an initial Pilot Project as set forth in Section 7.1 have been satisfied, satisfy the commercialization milestones set forth in Section 7.2.
5. **Obligations of SCPA.** During the Term of the Agreement, SCPA shall use commercially reasonable efforts to accomplish the following:
- 5.1 Convene relevant stakeholders in forums that are outside of and in addition to the required public meetings for environmental review and permitting to promote geothermal energy resource development within the GeoZone that meets the objectives of Section 3; and
  - 5.2 Reasonably facilitate relationships with potential site hosts identified by Company for potential geothermal energy resource development within the GeoZone that meets the objectives of Section 3.2; and
  - 5.3 Collaborate with GeoZone member Counties of Sonoma and Mendocino to promote geothermal resource development within the GeoZone that meets the objectives of Section 3; and
  - 5.4 Reasonably support Company's efforts to obtain necessary permits, financing, transmission, interconnection, and approvals to achieve commercial operation of geothermal resource development within the GeoZone that meets the objectives of Section 3, provided Company understands that entering into this Agreement does not waive or modify applicable permitting processes and SCPA will have no ability to alter, waive, or exempt Company from any such processes; and
  - 5.5 Reasonably assist Company with identifying sales opportunities for geothermal resource development within the GeoZone that meets the objectives of Section 3 and is not purchased by SCPA; and
  - 5.6 Reasonably support Company efforts to secure grant funding, as mutually agreed between the Parties, to achieve commercial operation of geothermal resource

development within the GeoZone that meets the objectives of Section 3, including the use of such grant funding to provide competitively priced Product to SCPA's customers; and

- 5.7 Promote GeoZone development that meets the objectives of Section 3 in state, local, and federal policy arenas; and
- 5.8 Reasonably assist Company as necessary with economic and commercial assessments to aid in project design to meet the objectives of Section 3.
- 5.9 Although SCPA will share on-the-ground knowledge and experience with potential sites, permitting, stakeholder engagement, commercialization, and transmission interconnection, SCPA shall not be liable for the reliability or accuracy of information SCPA shares with Company in good faith.

6. **Mutual Obligations.** During the Term of the Agreement, the Parties shall:

- 6.1 Use commercially reasonable efforts to identify mutually beneficial strategies for financing geothermal energy resource development in the GeoZone that meets the objectives of Section 3, including identifying available grant funding opportunities.
- 6.2 Use commercially reasonable efforts to meet in person or telephonically no less than once every other month to discuss progress made since the last meeting in satisfying their respective obligations set forth in Sections 4, 5, and 6.

7. **Commercialization Milestones**

7.1 **Pilot Project Product Offtake Negotiation.** Upon Company's completion, to SCPA's reasonable satisfaction, of the following milestones, the Parties shall enter negotiations for an offtake agreement with terms and conditions to be mutually negotiated between the Parties pursuant to which SCPA shall purchase Product from an up to twenty (20) MW pilot project (the "Pilot Project") that is located within the GeoZone:

- 7.1.1 The Pilot Project satisfies the objectives of Section 3; *provided, however*, that SCPA understands and acknowledges that the offtake price for an initial Pilot Project may not satisfy the Cost Effectiveness objective in Section 3.1; and
- 7.1.2 Company has completed a comprehensive feasibility study supporting the technical and financial viability of deployment at a scale commensurate with the Development Target in the GeoZone including an expected commercialization strategy and provided the same to SCPA; and
- 7.1.3 Company has executed a commercial agreement with an existing geothermal operator or obtains site control of a geothermal project within the GeoZone to host the initial Pilot Project; and



- 7.1.4 Company has submitted an interconnection application, if necessary, for the Pilot Project; and
- 7.1.5 Company has executed a contract with a technology provider for a thermal storage system at the Pilot Project and provided reasonable evidence of the same to SCPA.
- 7.2 Subsequent Project Product Offtake Negotiation. Upon Company's completion, to SCPA's reasonable satisfaction, of the following milestones, the Parties shall enter negotiations for one or more offtake agreements with terms and conditions to be mutually negotiated between the Parties pursuant to which SCPA shall purchase Product up to the amount of the Development Target from subsequent project(s) ("Subsequent Project(s)") that are located within the GeoZone:
  - 7.2.1 The Subsequent Project(s) satisfy the objectives of Section 3, including with respect to the Cost Effectiveness objective of Section 3.1; and
  - 7.2.2 The Pilot Project has achieved commercial operation and demonstrated the ability for Company to deploy technologies and development approaches that are scalable to at least the Development Target from Subsequent Project(s) within the GeoZone; and
  - 7.2.3 SCPA has determined in its sole discretion that it has a need for the additional capacity associated with the Subsequent Project(s) to serve its customers, and if not, SCPA shall assist Company with identifying sales opportunities for such capacity to third parties.

## **8. Non-Disparagement; Non-Compete; Right of First Refusal**

- 8.1 Non-Disparagement. Company agrees that during the Term of this Agreement, Company shall not issue public statements that disparage the existing Calpine and NCPA geothermal facility operations within the GeoZone.
- 8.2 Non-Compete. Company agrees that during the Term of this Agreement, Company shall not take any actions or enter any agreements that commit physical resources that would otherwise be used for geothermal energy resource development within the GeoZone (e.g. transmission) and whose re-allocation limits the ability of SCPA to meet its objectives.
- 8.3 Right of First Refusal. Company agrees that during the Term of this Agreement and for a period of two (2) years following the Early Termination Date due to Company's Event of Default, neither Company nor its Affiliates may sell, market, or deliver any Product associated with or attributable to new geothermal resource capacity developed by Company and its Affiliates and located within the GeoZone to a party other than SCPA, unless prior to selling, marketing or delivering such Product, or entering into the agreement to sell, market or deliver such Product to a party other than SCPA, Company or Company's Affiliates provide SCPA with a written offer to sell the Product to SCPA on terms and conditions at least as favorable (including

price) as Company or Company's Affiliates has offered or intends to offer to a party other than SCPA, and SCPA fails to accept such offer within ninety (90) days of SCPA's receipt thereof. Company shall indemnify and hold SCPA harmless from all benefits lost and other damages sustained by SCPA as a result of any breach by Company of its covenants contained within this Section 8.3.

## **9. Costs and Expenses**

**9.1** No Shared Costs or Expenses. Unless otherwise expressly agreed in writing between the Parties, all costs and expenses, including fees and disbursements of counsel, financial advisors, accountants, and consultants incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the Party incurring such costs and expenses.

## **10. Trademarks, Patents, Trade Secrets and Copyrights**

**10.1** Trademarks. Trademarks of any Party may not be used without that Party's prior written consent, which shall be given in the form of a non-exclusive, royalty-free limited license for use in furtherance of this Agreement, and shall not be unreasonably withheld.

**10.2** Copyrights. All copyrights shall be owned by the Party primarily responsible for creating the work ("Creating Party"). In the case of creation of a joint work, the Parties will at the outset, before creating such work, allocate the ownership rights to such work to the Creating Party. The Creating Party hereby grants to the other Party an unlimited, non-transferable, royalty-free right to use such works in the furtherance of the Agreement.

**10.3** Patents. Any inventions, whether patented or not, created in the performance of this Agreement, shall be owned by the Party that is responsible for making the inventive step. Upon request of either Party, the Parties will establish a protocol to ensure clarity about the inventive step.

**10.4** Trade Secrets. Each Party's own trade secrets and all intellectual property rights thereto shall remain with such Party. In case new trade secrets are created jointly by way of the collaboration of the Parties under this Agreement, such trade secrets will be jointly owned by the Parties and each Party shall have a license to use them solely for the purposes of furthering this Agreement.

## **11. Representations and Warranties**

**11.1** Company Representations and Warranties. As of the Effective Date, Company represents and warrants as follows:

**11.1.1** Company is a Delaware Corporation, duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation, and is qualified to conduct business in each jurisdiction where the failure to so

qualify would have a material adverse effect on the business or financial condition of Company.

**11.1.2** Company has the power and authority to enter into and perform this Agreement and is not prohibited from entering into this Agreement or discharging and performing all covenants and obligations on its part to be performed under and pursuant to this Agreement. The execution, delivery and performance of this Agreement by Company has been duly authorized by all necessary action on the part of Company.

**11.1.3** The execution and delivery of this Agreement, consummation of the transactions contemplated herein, and fulfillment of and compliance by Company with the provisions of this Agreement will not conflict with or constitute a breach of or a default under any Law presently in effect having applicability to Company.

**11.1.4** This Agreement has been duly executed and delivered by Company. This Agreement is a legal, valid and binding obligation of Company enforceable in accordance with its terms, except as limited by laws of general applicability limiting the enforcement of creditors' rights or by the exercise of judicial discretion in accordance with general principles of equity.

**11.2** SCPA Representations and Warranties. As of the Effective Date, SCPA represents and warrants as follows:

**11.2.1** SCPA is a joint powers authority and a validly existing community choice aggregator, duly organized, validly existing and in good standing under the laws of the State of California and the rules, regulations and orders of the California Public Utilities Commission, and is qualified to conduct business in each jurisdiction of the Joint Powers Agreement members. All Persons making up the governing body of SCPA are the elected or appointed incumbents in their positions and hold their positions in good standing in accordance with the Joint Powers Agreement and other Law.

**11.2.2** SCPA has the power and authority to enter into and perform this Agreement and is not prohibited from entering into this Agreement or discharging and performing all covenants and obligations on its part to be performed under and pursuant to this Agreement. The execution, delivery and performance of this Agreement by SCPA has been duly authorized by all necessary action on the part of SCPA.

**11.2.3** The execution and delivery of this Agreement, consummation of the transactions contemplated herein, and fulfillment of and compliance by SCPA with the provisions of this Agreement will not conflict with or constitute a breach of or a default under any Law presently in effect having applicability to SCPA, including but not limited to community choice aggregation, the Joint Powers Act, competitive bidding, public notice, open meetings, election,

referendum, or prior appropriation requirements, or the documents of formation of SCPA.

11.2.4 This Agreement has been duly executed and delivered by SCPA. This Agreement is a legal, valid and binding obligation of SCPA enforceable in accordance with its terms, except as limited by laws of general applicability limiting the enforcement of creditors' rights or by the exercise of judicial discretion in accordance with general principles of equity.

## 12. **Default; Remedies; Waiver of Consequential Damages; Limitation on Liability**

12.1 **Default.** An "Event of Default" shall mean with respect to a Party (the "Defaulting Party") the occurrence of any of the following:

12.1.1 Any representation or warranty made by such Party herein is false or misleading in any material respect when made or when deemed made or repeated, and such default is not remedied within thirty (30) days after Notice thereof; or

12.1.2 The failure by such Party to perform any material covenant or obligation set forth in this Agreement and such failure is not remedied within thirty (30) days after Notice thereof; or

12.1.3 Company fails to complete the obligations set forth in Section 4 on or before the Completion Date; or

12.1.4 Such Party becomes Bankrupt; or

12.1.5 Such Party assigns this Agreement or any of its rights hereunder other than in compliance with Section 15.4; or

12.1.6 Such Party consolidates or amalgamates with, or merges with or into, or transfers all or substantially all of its assets to, another entity and, at the time of such consolidation, amalgamation, merger or transfer, the resulting, surviving or transferee entity fails to assume all the obligations of such Party under this Agreement to which it or its predecessor was a party by operation of Law or pursuant to an agreement reasonably satisfactory to the other Party

12.2 **Remedies.** If an Event of Default with respect to a Defaulting Party shall have occurred and be continuing, the other Party ("Non-Defaulting Party") shall have the following rights:

12.2.1 To send Notice, designating a day, no earlier than the day such Notice is deemed to be received and no later than twenty (20) days after such Notice is deemed to be received, as an early termination date of this Agreement ("Early Termination Date") that terminates this Agreement as of the Early Termination Date; and

12.2.2 To suspend performance; and

12.2.3 To exercise any other right or remedy available at law or in equity, including specific performance or injunctive relief, except to the extent such remedies are expressly limited under this Agreement.

12.3 Waiver of Consequential Damages. EXCEPT TO THE EXTENT RESULTING FROM A PARTY'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT, NEITHER PARTY SHALL BE LIABLE TO THE OTHER OR ITS INDEMNIFIED PERSONS FOR ANY SPECIAL, PUNITIVE, EXEMPLARY, INDIRECT, OR CONSEQUENTIAL DAMAGES, OR LOSSES OR DAMAGES FOR LOST REVENUE OR LOST PROFITS, WHETHER FORESEEABLE OR NOT, ARISING OUT OF, OR IN CONNECTION WITH THIS AGREEMENT, BY STATUTE, IN TORT, OR CONTRACT.

12.4 Limitation on Liability. EXCEPT WITH RESPECT TO SECTION 13, NEITHER PARTY SHALL BE LIABLE TO THE OTHER PARTY FOR CLAIMS ARISING FROM THIS AGREEMENT IN AN AMOUNT THAT EXCEEDS THE REASONABLY DOCUMENTED COSTS AND EXPENSES INCURRED BY SUCH CLAIMING PARTY IN ITS FURTHERANCE OF THIS AGREEMENT.

### 13. Indemnification

13.1 Mutual Indemnification. Each Party (the "Indemnifying Party") agrees to indemnify, defend and hold harmless the other Party and its Affiliates, directors, officers, employees and agents (collectively, the "Indemnified Party") from and against all claims, demands, losses, liabilities, penalties, and expenses (including reasonable attorneys' fees) (i) for personal injury or death to Persons and damage to the property of any third party to the extent arising out of, resulting from, or caused by the negligent or willful misconduct of the Indemnifying Party, its Affiliates, its directors, officers, employees, or agents, or (ii) for third-party claims resulting from the Indemnifying Party's breach (including inaccuracy of any representation of warranty made hereunder), performance or non-performance of its obligations under this Agreement.

13.2 Procedure for Indemnification. Promptly after receipt by a Party of any claim or Notice of the commencement of any action, administrative, or legal proceeding, or investigation as to which the indemnity provided for in this Section 13.2 may apply, the Indemnified Party shall notify the Indemnifying Party in writing of such fact. The Indemnifying Party shall assume the defense thereof with counsel designated by the Indemnifying Party and satisfactory to the Indemnified Party; *provided*, if the defendants in any such action include both the Indemnified Party and the Indemnifying Party and the Indemnified Party shall have reasonably concluded that there may be legal defenses available to it which are different from or additional to, or inconsistent with, those available to the Indemnifying Party, the Indemnified Party shall have the right to select and be represented by separate counsel, at the Indemnifying Party's expense, unless a liability insurer is willing to pay such costs.

If the Indemnifying Party fails to assume the defense of a claim meriting indemnification, the Indemnified Party may at the expense of the Indemnifying Party contest, settle, or pay such claim; *provided*, settlement or full payment of any such claim may be made only following consent of the Indemnifying Party or, absent such consent, written opinion of the Indemnified Party's counsel that such claim is meritorious or warrants settlement. Except as otherwise provided in this Section 13.2, in the event that a Party is obligated to indemnify and hold the other Party and its successors and assigns harmless under this this Section 13.2, the amount owing to the Indemnified Party will be the amount of the Indemnified Party's damages net of any insurance proceeds received by the Indemnified Party following a reasonable effort by the Indemnified Party to obtain such insurance proceeds.

#### **14. Confidentiality**

- 14.1 Confidential Information.** The Party receiving Confidential Information (the "Receiving Party") from the other Party (the "Disclosing Party") shall not disclose Confidential Information to a third party (other than the Party's employees, lenders, counsel, accountants, directors or advisors, or any such representatives of a Party's Affiliates, who have a need to know such information and have agreed to keep such terms confidential) except in order to comply with any applicable Law, regulation, or any exchange, control area or independent system operator rule or in connection with any court or regulatory proceeding applicable to such Party or any of its Affiliates; *provided*, each Party shall, to the extent practicable, use reasonable efforts to prevent or limit the disclosure. The Parties shall be entitled to all remedies available at law or in equity to enforce, or seek relief in connection with, this confidentiality obligation.
- 14.2 California Public Records Act.** Company acknowledges that SCPA is a public agency subject to the requirements of the California Public Records Act. Upon request or demand of any third person or entity not a Party hereto to SCPA pursuant to the California Public Records Act for production, inspection and/or copying of Confidential Information ("Requested Confidential Information"), SCPA shall as soon as practical notify Company in writing via email that such request has been made. If Company takes no such action after receiving the foregoing notice from SCPA, SCPA shall, at its discretion, be permitted to comply with the third party's request or demand and is not required to defend against it. If Company does take or attempt to take such action, SCPA shall provide timely and reasonable cooperation to Company, if requested by Company, and Company agrees to indemnify and hold harmless SCPA, its officers, employees and agents from any claims, liability, award of attorneys' fees, or damages, and to defend any action, claim or lawsuit brought against any of them for SCPA's refusal to disclose any Requested Confidential Information.
- 14.3 Publicity.** Neither Party shall issue or make public any marketing, advertising, promotional materials, press releases or other public announcements regarding this Agreement or the activities taken hereunder except upon the mutual agreement of the other Party, unless required by law, in which case, to the extent reasonably practicable

and legally permissible, the other Party shall be consulted as to the content and timing of such release, announcement or statement.

## **15. General Provisions**

- 15.1 Independent Contractors.** Each Party is an independent contractor and not a partner or agent of the other. This Agreement shall not be interpreted or construed as creating or evidencing any partnership or agency between the Parties or as imposing any partnership or agency obligations or liability upon the other Party. No Party is authorized to, and will not, enter into or incur any agreement, contract, commitment, obligation, or liability in the name of or otherwise on behalf of the other Party.
- 15.2 Joint Powers Authority.** SCPA is organized as a Joint Powers Authority in accordance with the Joint Exercise of Powers Act of the State of California (Government Code Section 6500, et seq.) pursuant to its Joint Powers Agreement and is a public entity separate from its constituent members. SCPA shall solely be responsible for all debts, obligations and liabilities accruing and arising out of this Agreement. Company shall have no rights and shall not make any claims, take any actions or assert any remedies against any of SCPA's constituent members, or the employees, directors, officers, consultants or advisors of SCPA or its constituent members, in connection with this Agreement.
- 15.3 No Third-Party Beneficiaries.** This Agreement is not intended to benefit any third parties.
- 15.4 Assignment.** The rights and obligations assumed by each Party under this Agreement are personal and shall not be assigned or otherwise transferred, in whole or in part, without the written prior consent of the other Party. Any assignment in violation of this Section 15.4 shall be void.
- 15.5 Dispute resolution.** In the event of any dispute arising under this Agreement that does not constitute an Event of Default, within ten (10) days following the receipt of a Notice from either Party identifying such dispute, the Parties shall meet, negotiate and attempt, in good faith, to resolve the dispute quickly, informally and inexpensively. If the Parties are unable to resolve a dispute arising hereunder within the earlier of either thirty (30) days of initiating such discussions, or within forty (40) days after Notice of the dispute, either Party may seek any and all remedies available to it at law or in equity, subject to the limitations set forth in this Agreement. In any proceeding brought to enforce this Agreement or because of the breach by any Party of any covenant or condition herein contained, the prevailing Party shall be entitled to reasonable attorneys' fees (including reasonably allocated fees of in-house counsel) in addition to court costs and any and all other costs recoverable in said action.
- 15.6 Notices.** Any Notice required, permitted, or contemplated hereunder shall be in writing, shall be addressed to the Party to be notified at the address set forth below or at such other address or addresses as a Party may designate for itself from time to

time by Notice hereunder. Each Notice required, permitted, or contemplated hereunder shall be deemed to have been validly served, given, received or delivered as follows: (a) if sent by United States mail with proper first class postage prepaid, three (3) Business Days following the date of the postmark on the envelope in which such Notice was deposited in the United States mail; (b) if sent by a regularly scheduled overnight delivery carrier with delivery fees either prepaid or an arrangement with such carrier made for the payment of such fees, the next Business Day after the same is delivered by the sending Party to such carrier; (c) if sent by electronic communication (including electronic mail or other electronic means) at the time indicated by the time stamp upon delivery and, if after 5 pm, on the next Business Day; or (d) if delivered in person, upon receipt by the receiving Party.

**15.6.1** If to SCPA: Sonoma Clean Power Authority  
Attn: Ryan Tracey  
P.O. Box 1030  
Santa Rosa, CA 95402  
[rtracey@sonomacleanpower.org](mailto:rtracey@sonomacleanpower.org)

**15.6.2** If to Company: Cyrq Energy, Inc.  
Attn: Nick Goodman  
W South Temple, Suite 1900  
Salt Lake City, UT 84101  
[nick.goodman@cyrqenergy.com](mailto:nick.goodman@cyrqenergy.com)

with a copy to:

Davison Van Cleve, P.C.  
Attn: Curt R. Ledford  
4675 W. Teco Ave., Suite 230  
Las Vegas NV, 89118  
[crl@dvclaw.com](mailto:crl@dvclaw.com)

**15.7** Force Majeure. Neither Party shall be considered in breach or default of this Agreement if and to the extent that any failure or delay in the Party's performance of one or more of its obligations hereunder is caused by a Force Majeure Event. The Party rendered unable to fulfill any obligation by reason of a Force Majeure Event shall take reasonable actions necessary to remove such inability with due speed and diligence. Nothing herein shall be construed as permitting that Party to continue to fail to perform after said cause has been removed. The obligation to use due speed and diligence shall not be interpreted to require resolution of labor disputes by acceding to demands of the opposition when such course is inadvisable in the discretion of the Party having such difficulty.

**15.8** Governing Law and Venue. This Agreement and any action related thereto shall be governed, controlled, interpreted, and defined by and under the laws of the State of California and the United States, without regard to the conflicts of laws provisions



thereof. Venue for any action under this Agreement shall be Sonoma County, California. The Parties hereby waive any defense of lack of *personam jurisdiction*, *forum non conveniens*, or improper venue in any such action.

- 15.9** Entire Agreement. This Agreement constitutes the entire agreement and understanding of the Parties relating the subject matter hereof and supersedes all prior contracts or agreements with respect to the subject matter hereof, whether oral or written.
- 15.10** Amendment; Waiver. No change, amendment to, or modification of this Agreement shall be valid unless set forth in a written instrument signed by both Parties. No waiver of any right or obligations of the Parties under this Agreement shall be implied by any action or course of conduct of a Party unless such waiver is in writing and agreed to by both Parties. The failure of a Party to insist upon or enforce performance by the other Party of any provision of this Agreement, or to exercise any right or remedy under this Agreement or otherwise by law, will not be construed as a waiver or relinquishment of such Party's right to assert or rely upon the provision, right, or remedy in that or any other instance; rather the provision, right, or remedy will be and will remain in full force and effect.
- 15.11** Severability. In the event that any provision of this Agreement is unenforceable or held to be unenforceable, the Parties agree that all other provisions of this Agreement have force and effect and shall not be affected thereby. The Parties shall, however, use their best endeavors to agree on the replacement of the void, illegal or unenforceable provision(s) with legally acceptable clauses which correspond as closely as possible to the sense and purpose of the affected provision and this Agreement as a whole.
- 15.12** Rules of Interpretation. In this Agreement, except as expressly stated otherwise or unless the context otherwise requires: (a) headings and the rendering of text in bold and italics are for convenience and reference purposes only and do not affect the meaning or interpretation of this Agreement; (b) words importing the singular include the plural and vice versa; (c) the words "hereof", "herein", and "hereunder" and words of similar import shall refer to this Agreement as a whole and not to any particular provision of this Agreement; (d) a reference to an Article, Section, paragraph, clause, Party, or Exhibit is a reference to that Article, Section, paragraph, clause of, or that Party or Exhibit to, this Agreement unless otherwise specified; (e) a reference to a document or agreement, including this Agreement shall mean such document, agreement or this Agreement including any amendment or supplement to, or replacement, novation or modification of this Agreement, but disregarding any amendment, supplement, replacement, novation or modification made in breach of such document, agreement or this Agreement; (f) the terms "include" and "including" mean "include or including (as applicable) without limitation" and any list of examples following such term shall in no way restrict or limit the generality of the word or provision in respect of which such examples are provided; and (g) references to any statute, code or statutory provision are to be construed as a reference to the same as it may have been, or may from time to time be, amended, modified or

reenacted, and include references to all bylaws, instruments, orders and regulations for the time being made thereunder or deriving validity therefrom unless the context otherwise requires.

**15.13** Construction of Document. Each Party acknowledges that it was represented by counsel in connection with this Agreement and that it or its counsel reviewed this Agreement. This Agreement shall be considered for all purposes as prepared through the joint efforts of the Parties and shall not be construed against one Party or the other as a result of the preparation, substitution, submission or other event of negotiation, drafting or execution hereof.

**15.14** Counterparts. The Parties may sign this Agreement in counterparts, each of which shall be considered an original, but all of which will constitute the same agreement. This Agreement may be duly executed and delivered by a Party by electronic format (including portable document format (.pdf)) delivery of the signature page of a counterpart to the other Party.

*[Signatures on following page]*

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the Effective Date.

CYRQ ENERGY INC.

By: Nicholas Goodman  
Name: Nicholas Goodman  
Title: CEO

SONOMA CLEAN POWER AUTHORITY

By: Geoff Sypers  
Name: Geoff Sypers  
Title: Chief Executive Officer