

P Book 88 Pg 264

STATE MS.-DE SOTO CO.
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W.L. ...

Name, Address and Telephone
Number of Preparer:
Bass, Berry & Sims PLC
100 Peabody Place, Suite 950
Memphis, TN 38103
(901)543-5900

MEMORANDUM OF OPTION AGREEMENT

THIS MEMORANDUM OF OPTION AGREEMENT is executed by and between **MRS. JEAN RASCO**, an individual, having an address of 3281 State Line Road, Southaven, Mississippi 38671, **ROBERT H. RASCO**, an individual, having an address of 1099 Rasco Road, Southaven, Mississippi 38671, and **WILLIAM D. RASCO**, having an address of 3371 State Line Road, Southaven, Mississippi 38671, collectively as Seller (the "Seller") and

DYNEGY POWER DEVELOPMENT COMPANY, a Delaware corporation, having an address of 1000 Louisiana Street, Suite 5800, Houston, Texas 77002, as Buyer ("Buyer").

WITNESSETH:

In consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the parties, the mutual covenants and agreements set forth in an Option to Purchase Real Estate executed of even date herewith (the "Option Agreement"), Seller has agreed to sell to Buyer, upon the exercise of the Option (as such term is defined in the Option Agreement) by Buyer, the a portion of the real estate and easements located in DeSoto County, State of Mississippi, as more fully described on collective Exhibit "A" and Exhibit "B" attached hereto and incorporated herein by reference (the "Property"), and grant easements pursuant to the terms and conditions set forth in the Option Agreement. Subject to the terms of the Option Agreement, Buyer must exercise its option to purchase the Property by written notice to the Seller no later than the Option Agreement's expiration date of July 5, 2003.

This Memorandum of Option Agreement is executed for the purpose of giving notice of the existence of the Option Agreement and the respective terms thereof. Reference is made to the Option Agreement for the full description of the rights and duties of Seller and Buyer, and this Memorandum of Option Agreement shall in no way affect or modify any of the terms and conditions of the Option Agreement, all of which remain in full force and effect, or the interpretation of rights and duties of Seller and Buyer thereunder.

IN WITNESS WHEREOF, the Seller and Buyer have caused this Memorandum of Option Agreement to be executed on this 12th day of January, 2001.

Signed, sealed and delivered in the presence of:

[Signature]
Witness
Print Name: D. G. PERRY

Mrs Jean Rasco
MRS. JEAN RASCO

[Signature]
Witness
Print Name: B. L. PERRY

Robert H Rasco
ROBERT H. RASCO

[Signature]
Witness
Print Name: B. L. PERRY

William D. Rasco
WILLIAM D. RASCO

Signed, sealed and delivered in the presence of:

DYNEGY POWER DEVELOPMENT COMPANY
a Delaware Corporation

[Signature]
Witness
Print Name: SHARON K HORTON

By: [Signature]
Name: BEN C. TRAMMEL, JR
Title: VICE PRESIDENT

STATE OF MISSISSIPPI §
COUNTY OF DESOTO §

PERSONALLY appeared before me, the undersigned authority in and for the said County and State, on this the 9th day of January, 2001, within my jurisdiction, the within named **MRS. JEAN RASCO**, an individual whose name is signed to the foregoing instrument and who is known to me, acknowledged that she signed, executed and delivered this document for the purposes mentioned on the day and year mentioned.

Russell D'Neal Young
NOTARY PUBLIC

My Commission Expires:

Nov 17, 2003



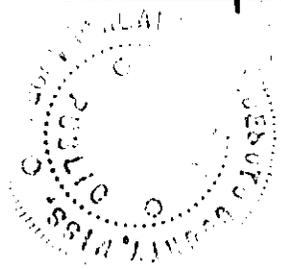
STATE OF MISSISSIPPI §
COUNTY OF DESOTO §

PERSONALLY appeared before me, the undersigned authority in and for the said County and State, on this the 9th day of January, 2001, within my jurisdiction, the within named **ROBERT H. RASCO**, an individual whose name is signed to the foregoing instrument and who is known to me, acknowledged that she signed, executed and delivered this document for the purposes mentioned on the day and year mentioned.

Russell D'Neal Young
NOTARY PUBLIC

My Commission Expires:

Nov. 17, 2003

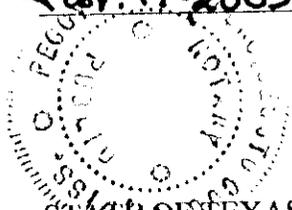


STATE OF MISSISSIPPI §
COUNTY OF DESOTO §

PERSONALLY appeared before me, the undersigned authority in and for the said County and State, on this the 9th day of January, 2001, within my jurisdiction, the within named **WILLIAM D. RASCO**, an individual whose name is signed to the foregoing instrument and who is known to me, acknowledged that he signed, executed and delivered this document for the purposes mentioned on the day and year mentioned.

Ruggy Neal Young
NOTARY PUBLIC

My Commission Expires:

Nov. 17, 2003

STATE OF TEXAS
COUNTY OF HARRIS

PERSONALLY appeared before me, the undersigned authority in and for the said County and State, on this the 12th day of January, 2001, within my jurisdiction, the within named BEN C. TRAMMELL, JR., who acknowledged that he is a Vice President of **DYNEGY POWER DEVELOPMENT COMPANY**, a Delaware corporation, and that for and on behalf of the said corporation, and as its act and deed, executed the above and foregoing instrument, after first having been duly authorized by said corporation so to do.

Arleen R. Dillon
NOTARY PUBLIC

My Commission Expires:

November 13, 2004

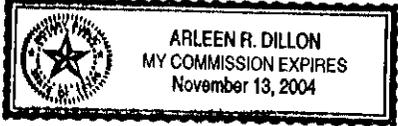

ARLEEN R. DILLON
MY COMMISSION EXPIRES
November 13, 2004

EXHIBIT "A"

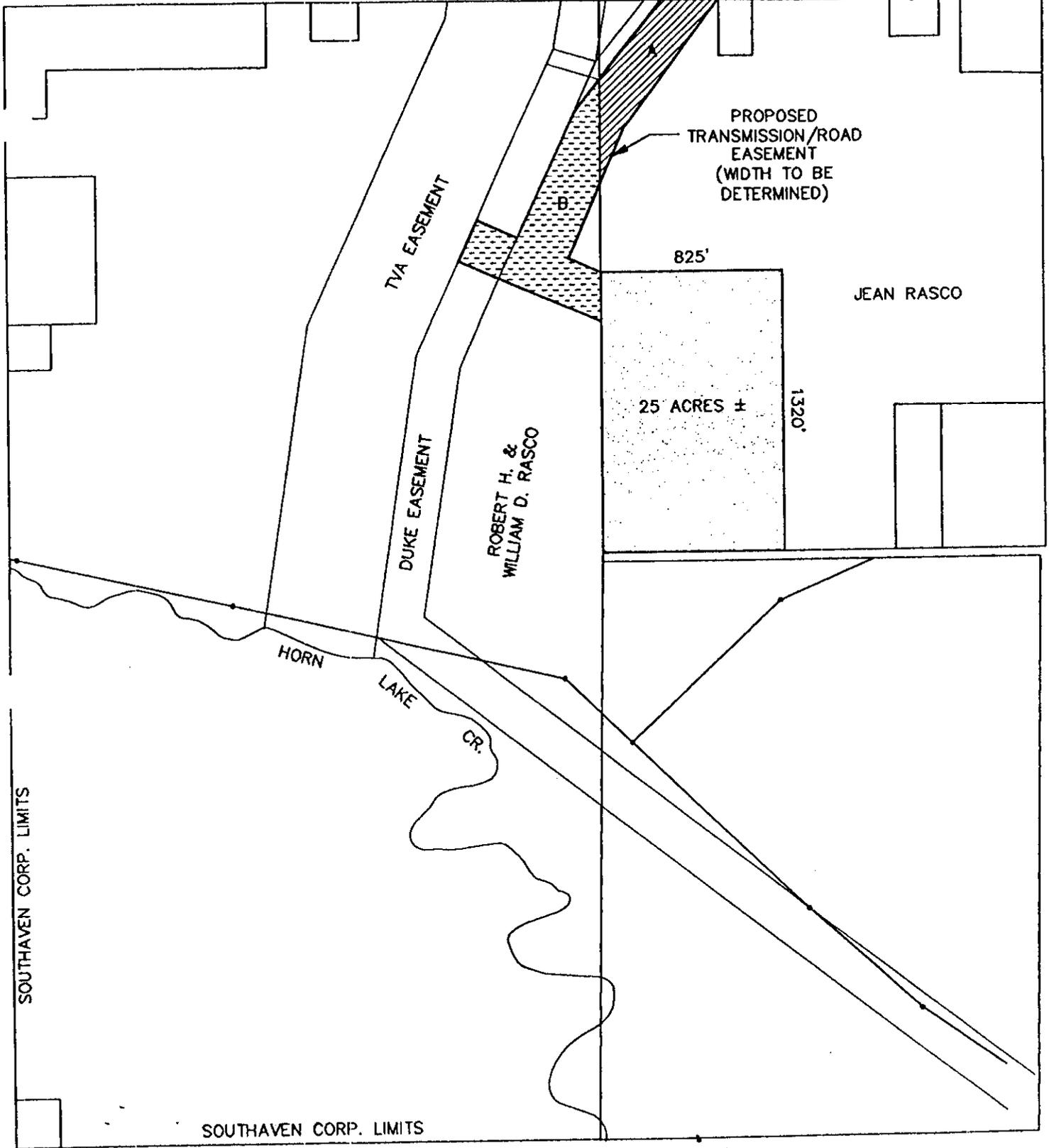
Legal Description

Property of Mrs. Jean Rasco:

The West Half of the Northeast Quarter of Section 21, Township 1, Range 8 West, containing 80 acres, more or less; also, 26 acres, more or less, being all of the West Half of the East Half of the Northeast Quarter of Section 21, Township 1, Range 8 West, except 1 acre in the Northwest corner thereof, and except 10 acres off of the South end thereof, and except approximately 3 acres in the Northeast corner thereof as described in Deed of Record in Deed Book 36, at page 11, in the office of the Chancery Clerk of DeSoto County, Mississippi.

Property of Robert H. Rasco and William D. Rasco:

All of the Northwest Quarter (NW $\frac{1}{4}$), the West Half of the Northwest Quarter (W $\frac{1}{2}$ of NE $\frac{1}{4}$), and all that part of the Southwest Quarter which lies North of Horn Lake Creek, all in Section 21, Township 1, Range 8 West, in DeSoto County, Mississippi, containing 280 acres, more or less.



LEGEND:

-  FEE SIMPLE PARCEL
-  EASEMENT PARCEL A
-  EASEMENT PARCEL B

EXHIBIT B