

FIRST UNION RAIL

One O'Hare Centre
6250 River Road, Suite 5000
Rosemont, IL 60018

Tel 847.318.7575
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RECORDATION NO. 24696 FILED

NOV 17 '03 11:11 AM

SURFACE TRANSPORTATION BOARD

VIA UPS NEXT DAY AIR

November 13, 2003

Mr. Vernon E. Williams
Surface Transportation Board
1925 K Street, N.W., Room 704
Washington, DC 20423-0001
Attn: Recordation of Railroad Equipment

Re: Memorandum of Lease Agreement

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are one (1) original and three (3) copies of a Memorandum of Lease Agreement, dated October 29, 2003, a primary document as defined in the Board's Rules for the Recordation of Documents. Please file this Memorandum of Lease as a primary document since a Master Lease has not been filed with the Surface Transportation Board. The names and addresses of the parties to the enclosed document are:

Lessor: First Union Rail Corporation
One O'Hare Center
6250 River Road, Suite 5000
Rosemont, IL 60018

Lessee: Pacific Bio energy Corporation
12080 Willow Cale Forest Road
Prince George, BC V2N 2K8

A description of the railroad equipment covered by the enclosed document is eighty (80) 5161 cubic foot covered hopper cars with trough hatch covers and gravity outlet gates, with car numbers FURX marks (see Exhibit A for numbers).

A short summary of the document to appear in the index follows: Memorandum of Lease

Also enclosed is a check in the amount of \$30.00 payable to the order of the Surface Transportation Board covering the required recordation fee. Kindly return one (1) stamped original of the enclosed document to the undersigned along with the additional copies.

If you have any questions regarding the above-referenced matter, please contact me at (847) 384-5355. Thank you for your cooperation in this matter.

Very truly yours,

Susan Grokulska
Manager of Documentation

Enclosures

(PBEC006)

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SURFACE TRANSPORTATION BOARD

ASSGN. NO.: PBEC006

MEMORANDUM OF LEASE

Oct. **THIS MEMORANDUM OF LEASE** (the "Memorandum") is made and entered into as of 29th, 2003, by and between the Montreal Branch of FIRST UNION RAIL CORPORATION ("Lessor"), a North Carolina corporation, and PACIFIC BIO ENERGY CORPORATION ("Lessee"), a Canadian corporation.

WITNESSETH:

The undersigned Lessor and Lessee have entered into that certain Lease Agreement (the "Lease"), dated as of February 20, 1998, whereby Lessor has agreed to lease to Lessee certain railcars pursuant to Rider No. 6 to the Lease (the "Rider"), as described in more particular on Exhibit A attached hereto and subject to the terms, conditions and provisions of the above-mentioned Lease and Rider which are incorporated herein by reference.

IN WITNESS WHEREOF, the parties hereto have each caused this Memorandum to be duly executed under seal by their respective officers duly authorized as of the date and year first above written.

LESSOR:

NAME: Susan A. Barrie

TITLE: Regional Vice President, Sales

SIGNATURE: *Susan A. Barrie*

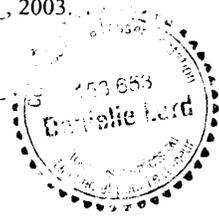
PROVINCE OF QUEBEC

DISTRICT OF MONTREAL

I, Danielle Lord, a Commissioner of Oaths of the Province and District aforesaid, certify that Susan A. Barrie personally appeared before me this day and acknowledged her due execution of the foregoing Memorandum of Lease.

WITNESS my hand and official stamp or seal, this 29th day of October, 2003.

Danielle Lord
Commissioner of Oaths



My Commission Expires:

May 28, 2004

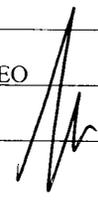
LESSEE:

PACIFIC BIO ENERGY CORPORATION

NAME: John Swaan

TITLE: President and CEO

SIGNATURE: _____



PROVINCE OF British Columbia

^{City}
DISTRICT OF Prince George

I, Cliff Shields, a Commissioner of Oaths of the Province and District aforesaid, certify that John Swaan personally appeared before me this day and acknowledged his due execution of the foregoing Memorandum of Lease.

WITNESS my hand and official stamp or seal, this 17th day of October, 2003.



Commissioner of Oaths

My Commission Expires:

n/a

CLIFF SHIELDS
Barrister & Solicitor
1598 6th Avenue
Prince George, B.C. V2L 5G7

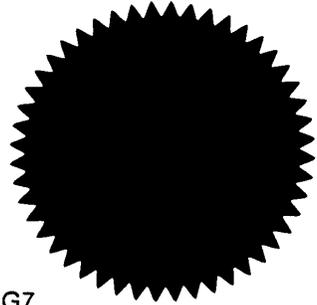


EXHIBIT A
to
MEMORANDUM OF LEASE

NUMBER OF CARS: Eighty (80).

DESCRIPTION OF CARS: 5161 cu. ft., 286,000 GRL, 111-ton trucks, covered hopper rail cars equipped with trough hatches and gravity outlet gates.

CAR NUMBERS:

FURX	845400	FURX	845514	FURX	845477
FURX	845405	FURX	845517	FURX	845481
FURX	845410	FURX	845520	FURX	845492
FURX	845412	FURX	845522	FURX	845509
FURX	845416	FURX	845523	FURX	845547
FURX	845421	FURX	845526	FURX	845557
FURX	845422	FURX	845529	Total	80
FURX	845423	FURX	845534		
FURX	845428	FURX	845535		
FURX	845431	FURX	845540		
FURX	845432	FURX	845542		
FURX	845437	FURX	845545		
FURX	845438	FURX	845548		
FURX	845439	FURX	845552		
FURX	845440	FURX	845554		
FURX	845449	FURX	845556		
FURX	845459	FURX	845560		
FURX	845461	FURX	845561		
FURX	845464	FURX	845562		
FURX	845469	FURX	845565		
FURX	845471	FURX	845566		
FURX	845475	FURX	845570		
FURX	845478	FURX	845575		
FURX	845479	FURX	845576		
FURX	845483	FURX	845578		
FURX	845486	FURX	845580		
FURX	845487	FURX	845581		
FURX	845495	FURX	845582		
FURX	845496	FURX	845583		
FURX	845498	FURX	845584		
FURX	845499	FURX	845585		
FURX	845501	FURX	845587		
FURX	845502	FURX	845594		
FURX	845503	FURX	845596		
FURX	845504	FURX	845598		
FURX	845505	FURX	845599		
FURX	845512	FURX	845436		