

# FIRST UNION RAIL

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

Tel 847.318.7575  
Fax 847.318.7588

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 two (2) copies of a Memorandum of Lease Agreement dated August 1, 2006, a secondary document as defined in the Board's Rules for the Recordation of Documents. The enclosed document relates to the Memorandum of Lease which was duly filed with the Commission on this date as Recordation Number \_\_\_\_\_.

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 BioEnergy Corporation  
12080 Willow Cale Forest Road  
Prince George, BC V2N 4T7  
Canada

A description of the railroad equipment covered by the enclosed document is fourteen (14) 5150/5200 cubic foot, covered hopper cars marked FURX and NDYX (see Exhibit A for car 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 \$34.00 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 or concerns regarding the above-referenced matter, please feel free to contact me at (847) 384-5397. Thank you for your cooperation in this matter.

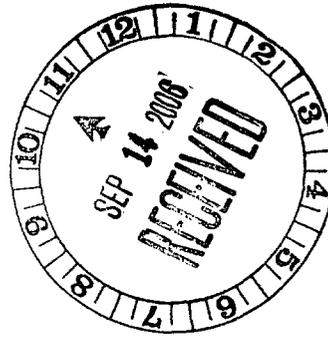
Very truly yours,



Marcia Dunne  
Rail Documentation Specialist

Enclosures

(PBEC012)



VIA UPS 2<sup>ND</sup> DAY AIR

RECORDATION NO. 26550-B FILED

SEP 14 '06

4-10 PM

September 12, 2006

**SURFACE TRANSPORTATION BOARD**

ASSGN. NO.: PBEC012

SEP 14 '06

4:10 PM

MEMORANDUM OF LEASE

SURFACE TRANSPORTATION BOARD

THIS MEMORANDUM OF LEASE (the "Memorandum") is made and entered into as of this the 1<sup>st</sup> day of AUGUST, 2006, by and between the Montreal Branch of FIRST UNION RAIL CORPORATION ("Lessor"), a North Carolina corporation, and PACIFIC BIOENERGY CORPORATION ("Lessee"), a British Columbia corporation.

WITNESSETH:

The undersigned Lessor and Lessee have entered into that certain Lease Agreement (the "Lease"), dated as of AUGUST 1, 2006, whereby Lessor has agreed to lease to Lessee certain railcars pursuant to Rider No. 2 to the Lease (the "Rider"), as described in more particular on Exhibit A attached hereto, effective as of July 1, 2006, 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, *Gordon Hopkins*, a Commissioner of Oaths of the Province and District aforesaid, certify that Susan A. Barrie personally appeared before me this day and acknowledged his/her due execution of the foregoing Memorandum of Lease.

WITNESS my hand and official stamp or seal, this 14 day of August, 2006.

*Gordon Hopkins*  
Commissioner of Oaths

My Commission Expires:

21/07/09

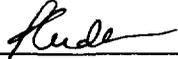


LESSEE:

PACIFIC BIOENERGY CORPORATION

Name: Paige Anderson

Title: Sales & Logistics Manager

Signature: 

PROVINCE OF British Columbia

DISTRICT OF Vancouver

I, Michael Posnikoff, a Commissioner of Oaths of the Province and District aforesaid, certify that Paige Anderson personally appeared before me this day and acknowledged his/her due execution of the foregoing Memorandum of Lease.

WITNESS my hand and official stamp or seal, this 17 day of July, 2006.

  
Commissioner of Oaths

My Commission Expires:

N/A

**MICHAEL J. POSNIKOFF**  
BARRISTER & SOLICITOR  
BULL, HOUSSER & TUPPER LLP  
#3000, 1055 WEST GEORGIA  
VANCOUVER, B.C. V6E 3R3  
(604) 641-4896

**EXHIBIT A**  
**to**  
**MEMORANDUM OF LEASE**

NUMBER OF CARS: Fourteen (14).

DESCRIPTION OF CARS: 5150/5200 cu. ft., 286,000 GRL, covered hopper rail cars.

CAR NUMBERS:

FURX 840053  
FURX 840197  
FURX 840688  
FURX 843556  
FURX 843616  
FURX 843652  
FURX 843688  
FURX 845305  
NDYX 515492  
NDYX 515508  
NDYX 515741  
NDYX 515781  
NDYX 515789  
NDYX 516458