

RECORDATION NO. 26550-D FILED

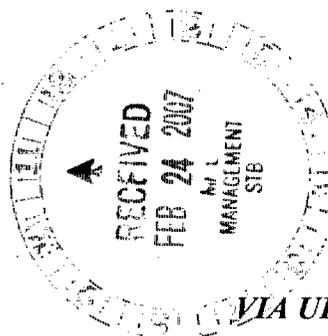
FEB 23 '07

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SURFACE TRANSPORTATION BOARD

FIRST UNION RAIL

One O'Hare Centre
6250 River Road, Suite 500
Rosemont, IL 60018-4214



February 21, 2007

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 January 25, 2007, a secondary document as defined in the Board's Rules for the Recordation of Documents. The enclosed document relates to the Lease Agreement which was duly filed with the Commission under Recordation Number 26550.

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 2K8 Canada
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A description of the railroad equipment covered by the enclosed document is for thirty six (36) 5161 cu. ft. covered hopper rail cars with FURX marks (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 regarding the above-referenced matter, please contact me at (847) 384-5397.
Thank you for your cooperation in this matter.

Very truly yours,


Marcia Dunne
Rail Documentation Specialist

Enclosures

(PBEC014)

ASSGN. NO.: PBEC014

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MEMORANDUM OF LEASE

SURFACE TRANSPORTATION BOARD

THIS MEMORANDUM OF LEASE (the "Memorandum") is made and entered into as of January 25, 2007 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. 4 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. BarrieTitle: Regional Vice President, SalesSignature: *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 10th day of January, 2007.

Gordon Hopkins
Commissioner of Oaths

My Commission Expires: July 21, 2009



EXHIBIT A
to
MEMORANDUM OF LEASE

- I. NUMBER OF CARS: Thirty six (36).
- II. DESCRIPTION OF CARS: 5161 cu. ft., 286,000 lb. gross rail loading, covered hopper rail cars equipped with vibrator brackets, trough hatches and gravity outlet gates.
- III. CAR NUMBERS:
- FURX 845483
 - FURX 845486
 - FURX 845487
 - FURX 845498
 - FURX 845499
 - FURX 845501
 - FURX 845503
 - FURX 845504
 - FURX 845505
 - FURX 845520
 - FURX 845526
 - FURX 845540
 - FURX 845542
 - FURX 845545
 - FURX 845547
 - FURX 845548
 - FURX 845552
 - FURX 845554
 - FURX 845557
 - FURX 845560
 - FURX 845561
 - FURX 845562
 - FURX 845565
 - FURX 845570
 - FURX 845575
 - FURX 845578
 - FURX 845581
 - FURX 845582
 - FURX 845583
 - FURX 845584
 - FURX 845585
 - FURX 845587
 - FURX 845594
 - FURX 845596
 - FURX 845598
 - FURX 845599