

02-041

**MASTER POWER PURCHASE AND SALE AGREEMENT  
COVER SHEET**

This *Master Power Purchase and Sale Agreement* (Version 2.1; modified 4/25/00) ("*Master Agreement*") is made as of the following date: October 30, 2002 ("Effective Date"). The *Master Agreement*, together with the exhibits, schedules and any written supplements hereto, the Party A Tariff, if any, the Party B Tariff, if any, any designated collateral, credit support or margin agreement or similar arrangement between the Parties and the Transaction set out in the Confirmation Letter issued in accordance with Section 2.3 hereto) shall be referred to as the "Agreement." The Parties to this *Master Agreement* are the following:

**Name:** Oasis Power Partners, LLC ("Party A")

**Name:** San Diego Gas & Electric Company ("Party B")

**All Notices:**

**All Notices:**

Street: 63-665 19th Avenue, P.O. Box 581043

Street: 8306 Century Park Court

City: North Palm Springs Zip: 92258

City: San Diego, CA Zip: 92123

Attn: Controller  
Phone: (760)329-2437 ext. 130  
Facsimile: (760) 251-6573  
Duns n/a

Attn: Contract Administration  
Phone: (858) 650-6176  
Facsimile: (858) 650-6190  
Duns: 006911457

Federal Tax ID Number: [REDACTED]

Federal Tax ID Number: [REDACTED]

**Invoices:**

**Invoices:**

Oasis Power Partners, LLC  
P.O. Box 581043  
North Palm Springs, CA  
92258  
Attn: Controller  
Phone: (760)329-2437 ext. 130  
Facsimile: (760) 251-6573

San Diego Gas & Electric Company  
8306 Century Park Ct.  
San Diego, California 92123-1593  
Attn: Energy Accounting Manager  
Phone: (858) 650-6177  
Facsimile: (858) 650-6190

**Scheduling:**

**Scheduling:**

\_\_\_\_\_  
\_\_\_\_\_  
Attn: \_\_\_\_\_  
Phone: \_\_\_\_\_  
Facsimile: \_\_\_\_\_

San Diego Gas & Electric Company  
8306 Century Park Ct.  
San Diego, California 92123-1593  
Attn: Transaction Scheduling Manager  
Phone: (858) 650-6160  
Facsimile: (858) 650-6191

**Payments:**

**Payments:**

Oasis Power Partners, LLC  
P.O. Box 581043  
North Palm Springs, CA 92258  
Attn: Controller  
Phone: (760)329-2437 ext. 130  
Facsimile: (760) 251-6573

San Diego Gas & Electric Company  
PO Box 25110  
Santa Ana, CA 92799-5110  
Attn: Mail Payments  
Phone: (619) 696-4521  
Facsimile: (619) 696-4899

**Wire Transfer:**

**Wire Transfer:**

BNK: to be provided \_\_\_\_\_  
for: \_\_\_\_\_  
ABA: Routing # \_\_\_\_\_  
ACCT: # \_\_\_\_\_  
Confirmation: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

BNK: Union Bank of California  
for: San Diego Gas & Electric Company  
ABA: Routing [REDACTED]  
ACCT: [REDACTED]  
Confirmation: SDG&E, Major Markets  
FAX: (213) 244-8316

**Credit and Collections:**

Oasis Power Partners, LLC

P.O. Box 581043

North Palm Springs, CA 92258

Attn: Controller

Phone: (760)329-2437 ext. 130

Facsimile: (760) 251-6573

**Credit and Collections:**

San Diego Gas & Electric Company, Major Markets

555 W. Fifth Street

ML 10E3

Los Angeles, CA 90013-1011

Attn.: Major Markets, Credit and Collections Manager

Fax No.: (213) 244-8316

Phone: 1-866-313-6622 (toll-free)

**With additional Notices of an Event of Default or Potential Event of Default to:**

Oasis Power Partners, LLC

63-665 19th Avenue

P.O. Box 581043

North Palm Springs, CA 92258 Attn: President

Facsimile: (760) 329-1503

**With additional Notices of an Event of Default or Potential Event of Default to:**

Sempra Energy

101 Ash Street

San Diego, CA 92101

Attn: Assistant General Counsel, Commercial Law

Facsimile: (619) 696-4377

The Parties hereby agree that the General Terms and Conditions are incorporated herein, and to the following provisions as provided for in the General Terms and Conditions:

Party A Tariff      N/A—to be supplied as necessary      Dated \_\_\_\_\_      Docket Number \_\_\_\_\_

Party B Tariff      Tariff FERC      Dated 9/10/99 and accepted 10/25/99      Docket Number 88 FERC P61,212

**Article Two**

Transaction Terms and Conditions      Optional provision in Section 2.4. If not checked, inapplicable.

**Article Four**

Remedies for Failure to Deliver or Receive      Accelerated Payment of Damages. If not checked, inapplicable.

**Article Five**

X Cross Default for Party A:

Events of Default; Remedies

X Party A: Oasis Power Partners, LLC      Cross Default Amount: \$25 million

Other Entity: N/A      Cross Default Amount: N/A

X Cross Default for Party B:

X Party B: San Diego Gas & Electric Company      Cross Default Amount \$25 million

Other Entity: N/A      Cross Default Amount \$ N/A

5.6 Closeout Setoff

X Option A (Applicable if no other selection is made.)

Option B – N/A

Option C (No Setoff)

**Article 6**

Party A and Party B agree to Transaction Netting as described in Article 6.8.

**Article 8**

8.1 Party A Credit Protection:

Credit and Collateral Requirements

(a) Financial Information:

- Option A
- Option B Specify: \_\_\_\_\_
- Option C Specify: \_\_\_\_\_

(b) Credit Assurances:

- Not Applicable
- Applicable

(c) Collateral Threshold:

- Not Applicable
- Applicable

If applicable, complete the following:

Party B Collateral Threshold: N/A

Party B Independent Amount: \$0

Party B Rounding Amount: \$100,000

(d) Downgrade Event:

- Not Applicable
- Applicable

If applicable, complete the following:

- It shall be a Downgrade Event for Party B if San Diego Gas & Electric Company's Credit Rating falls below BBB- from S&P or Baa3 from Moody's or if San Diego Gas & Electric Company is not rated by either S&P or Moody's.
- Other:  
Specify: \_\_\_\_\_

(e) Guarantor for Party B: None

Guarantee Amount: \$0

8.2 Party B Credit Protection:

(a) Financial Information:

- Option A
- Option B Specify:
- Option C Specify:

(b) Credit Assurances:

- Not Applicable
- Applicable

(c) Collateral Threshold:

- Not Applicable
- Applicable

If applicable, complete the following:

Party A Collateral Threshold: N/A

Party A Independent Amount: N/A

Party A Rounding Amount: \$100,000

(d) Downgrade Event:

X Not Applicable  
Applicable

If applicable, complete the following:

- It shall be a Downgrade Event for Party A if Party A's Credit Rating falls below BBB- from S&P or Baa3 from Moody's or if Party A is not rated by either S&P or Moody's.
- Other:  
Specify: \_\_\_\_\_

(e) Guarantor for Party A: Enxco, Inc.

Guarantee Amount: \$ 900,000

Guarantee must be in full force and effect to guaranty the obligations of all Transactions. If notice to terminate such Guarantee is provided prior to the final and irrevocable satisfaction of all obligations, such notice shall be sufficient to trigger Party B's right to request Performance Assurance under Section 8.2(b) and shall only be effective upon provision of such Performance Assurance.

**Article 10**

Confidentiality

X Confidentiality Applicable

If not checked, inapplicable.

**Schedule M**

- Party A is a Governmental Entity or Public Power System
- Party B is a Governmental Entity or Public Power System
- Add Section 3.6. If not checked, inapplicable
- Add Section 8.6. If not checked, inapplicable

**Other Changes**

Specify, if any: Yes, the following changes shall be applicable:

**Part 1. GENERAL TERMS AND CONDITIONS.**

(a) **Definitions.** Terms not defined in the Cover Sheet or the Master Agreement shall have the meaning given to them in the Confirmation Letter. The following definitions are amended as set forth below:

- (1) Section 1.20 shall be amended to add after the word "generally" the phrase: "(regardless of whether such enforcement is considered in a proceeding at law or in equity)"
- (2) Section 1.25 shall be modified by adding the following as the last sentence: "Guarantor shall issue a Guarantee substantially in the format attached hereto as Exhibit A."
- (3) Section 1.27 shall be modified by adding the words "and substantially in the same form as the Letter of Credit template attached hereto as Exhibit B" at the end of the first sentence.
- (4) Section 1.45 shall be modified by including the words "reasonably acceptable to the requesting party" after the words "Letter(s) of Credit" and the word "reasonably" after the word "security."
- (5) Section 1.50 is amended to delete the reference to "Section 2.4" and to add "Section 2.5."
- (6) Section 1.51 is amended by replacing the current definition with the following:

“Replacement Price’ means the price at which Buyer, acting in a commercially reasonable manner, purchases for delivery at the Delivery Point (or, if replacement power is not available at the Delivery Point, any other delivery point where Buyer is able to purchase replacement product) a replacement for any Product specified in a Transaction but not delivered by Seller, plus (i) costs reasonably incurred by Buyer in purchasing such substitute Product and (ii) additional transmission charges, if any, reasonably incurred by Buyer to the Delivery Point, or absent a purchase, the market price at the Delivery Point for such Product not delivered as determined by Buyer in a commercially reasonable manner. The Replacement Price also shall include all charges and penalties calculated in dollars per megawatt hour with respect to the deviation from the scheduled supply resulting from Seller’s failure to deliver; provided, however, in no event shall such price include any ratcheted demand or similar charges, nor shall Buyer be required to utilize or change its utilization of its owned or controlled assets or market positions to minimize Seller’s liability. For the purposes of this definition, Buyer shall be considered to have purchased replacement Product to the extent Buyer shall have entered into one or more arrangements in a commercially reasonable manner whereby Buyer repurchases its obligation to sell and deliver the Product to another party at the Delivery Point. If for any reason a Replacement Price is unavailable at the Delivery Point during a Transaction when Seller fails to deliver Product (“Missing Hours”), then the Replacement Price for Missing Hours shall be the last available Replacement Price prior to the Missing Hours together with any charges and penalties allocated to Buyer for the Missing Hours.”

(5) Section 1.53 is amended by replacing the current definition with the following:

“Sales Price’ means the price at which Seller, acting in a commercially reasonable manner, resells any Product not received by Buyer, deducting from such proceeds any (i) costs reasonably incurred by Seller in reselling such Product and (ii) additional transmission charges, if any, reasonably incurred by Seller in delivering such Product to the third party purchasers, or absent a sale, the market price at the Delivery Point for such Product not received as determined by Seller in a commercially reasonable manner; provided however, if Seller is unable after using commercially reasonable efforts to resell all or a portion of the Product not taken by the Buyer, the Sales Price with respect to such unsold Product shall be deemed to be zero (0). The Sales Price also shall include all charges and penalties calculated in dollars per megawatt hour with respect to the deviation from the scheduled supply resulting from Buyer’s failure to take Product; provided, however, in no event shall such price include any ratcheted demand or similar charges, nor shall Seller be required to utilize or change its utilization of its owned or controlled assets, including contractual assets, or market positions to minimize Buyer’s liability. For purposes of this definition, Seller shall be considered to have resold such Product to the extent Seller shall have entered into one or more arrangements in a commercially reasonable manner whereby Seller repurchases its obligation to purchase and receive the Product from another party at the Delivery Point.”

(6) Section 1.62 is added as follows:

“CAISO” is the California Independent System Operator, or its successor in interest.

(7) Section 1.63 is added as follows:

“CAISO Schedule Adjustment” means a schedule change implemented by the CAISO that is neither caused by nor within the control of either Party and that results in the CAISO applying Replacement Pricing to all or part of the Contract Quantity.

(8) Section 1.64 is added as follows:

“ISO Protocol” means the rules protocols, procedures and standards attached to the ISO Tariff as Appendix L, promulgated by the ISO (as amended from time to time).

(9) Section 1.65 is added as follows:

“ISO Tariff” means the CAISO Operating Agreement and Tariff, as it may be modified from time to time.

(b) **Transmission and Scheduling.** Section 3.2, “Transmission and Scheduling” shall be amended by renaming it “Transmission, Scheduling and Imbalance Charges” and inserting the following sentences at the end thereof:

“In addition to the remedies provided under Article 4, Buyer shall assume all liability for and reimburse Seller within thirty (30) days of presentation of an invoice for any Penalties incurred as a result of Buyer’s failure to (i) notify Seller of a failure to Schedule or a change in a Schedule or (ii) abide by a transmitting utility’s tariff and scheduling policies. Seller shall assume all liability for and reimburse Buyer within thirty (30) days of presentation of an invoice for any Penalties incurred as a result of Seller’s failure to (i) notify Buyer of a failure to Schedule or a change in a Schedule or (ii) abide by the ISO Tariff and Protocols. The Parties shall promptly notify each other as soon as possible of any imbalance that is occurring or has occurred and shall cooperate to eliminate imbalances and minimize Penalties to the extent possible. “Penalties” shall be defined as any fees, liabilities, assessments or similar charges assessed by the ISO as a result of a Party’s failure to comply with its obligations hereunder.”

(c) **New Section 3.4 to be added for non-unit specific sales and renewables if the delivery location is SP-15:** "In the event the current definition of the Delivery Point set forth in the Transaction is modified by CAISO or a successor control area operator/regional transmission operator, deliveries of Product by Seller shall continue but will be divided among the replacement nodes based on the proportion of former zonal retail load, regardless of supplier, that is located in each replacement zone or node, or as mutually agreed to by the Parties."

(d) **Events of Default.**

1) Section 5.1(h)(ii) is hereby amended to delete the following phrase from the third and fourth line thereof: "and such failure shall not be remedied within three (3) Business Days after written notice".

2) Section 5.1(h)(iv) is hereby amended by replacing the words "its terms" with "the Guaranty's and this Agreement's terms".

(e) **Declaration of an Early Termination Date and Calculation of Settlement Amount.** Section 5.2 is amended to delete the following phrase from the last two lines: "under applicable law on the Early Termination Date, as soon thereafter as is reasonably practicable".

(f) **Declaration of an Early Termination Date and Calculation of Settlement Amount.** The following shall be added to the end of Section 5.2: "under applicable law on the Early Termination Date, then each such Transaction (individually, an "Excluded Transaction" and collectively, the "Excluded Transactions") shall be terminated as soon thereafter as reasonably practicable, and upon termination shall be deemed to be a Terminated Transaction and the Termination Payment payable in connection with all such Transactions shall be calculated in accordance with Section 5.3 below. The Gains and Losses for each Terminated Transaction shall be determined by calculating the amount that would be incurred or realized to replace or to provide the economic equivalent of the remaining payments or deliveries in respect of that Terminated Transaction. The Non-Defaulting Party (or its agent) may determine its Gains and Losses by reference to information either available to it internally or supplied by one or more third parties including, without limitation, quotations (either firm or indicative) of relevant rates, prices, yields, yield curves, volatilities, spreads or other relevant market data in the relevant markets. Third parties supplying such information may include, without limitation, dealers in the relevant markets, end-users of the relevant product, information vendors and other sources of market information. Notwithstanding the other provisions of this Agreement, if the Non-Defaulting Party has the right to liquidate or terminate all obligations arising under the Transactions under the provisions of this Article 5 because the Defaulting Party either (a) is the subject of a bankruptcy, insolvency, or similar proceeding, or (b) applies for, seeks, consents to, or acquiesces in the appointment of a receiver, custodian, trustee, liquidator, or similar official for all or a substantial portion of its assets, then this agreement and all associated transactions shall automatically terminate, without notice, as if the Early Termination Date was the day immediately preceding the events listed in Section 5.1."

(g) **Notice of Payment of Termination Payment.** The following shall be added to the end of Section 5.4:

"Notwithstanding any provision to the contrary contained in this Agreement, the Non-Defaulting Party shall not be required to pay to the Defaulting Party any amount under Article 5 until the Non-Defaulting Party receives confirmation satisfactory to it in its reasonable discretion (which may include an opinion of its counsel) that all other obligations of any kind whatsoever of the Defaulting Party to make any payments to the Non-Defaulting Party or any of its Affiliates under this Agreement or otherwise which are due and payable as of the Early Termination Date (including for these purposes amounts payable pursuant to Excluded Transactions) have been fully and finally performed."

(h) **Suspension of Performance.** Section 5.7 is amended by deleting the phrase "ten (10) NERC Business Days" and replacing it with "five (5) NERC Business Days."

(i) **Downgrade Event.** Section 8.1(d) is amended to add the following phrase "or fails to maintain such Performance Assurance or guaranty or other credit assurance for so long as the Downgrade Event is continuing" immediately after the phrase "or other credit assurance acceptable to Party B within two (2) Business Days of receipt of notice".

(j) **Downgrade Event.** Section 8.2(d) is amended to add the following phrase "or fails to maintain such Performance Assurance or guaranty or other credit assurance for so long as the Downgrade Event is continuing" immediately after the phrase "or other credit assurance acceptable to Party A within two (2) Business Days of receipt of notice".

(k) **Representations and Warranties.** Section 10.2(vi) is amended to delete the phrase "or any of its Affiliates"; Sections 10.2(ii), (iii) and (x) are each amended to add at the beginning the phrase "subject with respect to Party A to the fulfillment of the General Conditions enumerated in the Confirmation Letter,".

(l) **Assignment.** Article 10.5 shall be amended by placing a period after the word "arrangements" and deleting the remainder of the paragraph.

(m) **Governing Law/Venue.** The first sentence of Article 10.6 shall be replaced with the following: "This Agreement shall be governed by and construed according to the laws of the State of California (notwithstanding otherwise applicable conflicts of law principles). The Parties hereby consent to conduct all dispute resolution, judicial actions or proceedings arising directly, indirectly or otherwise in conjunction with, out of, related to or arising from this Agreement in the City of San Diego, California."

(m-1) Section 10.11 **Confidentiality.** Amend Section 10.11 by deleting the current text within the parenthesis in the first sentence and substitute in its stead:

"(other than a Party's employees, lenders, counsel, accountants or advisors who have a need to know such information and have agreed to keep such terms confidential and in the case of the Party A potential investors, purchasers, partners, and Financing Parties of Party A upon signing of confidentiality agreements)"

Further amend Section 10.11 by inserting before the last sentence the following: "Each Party agrees to consider a request of the other Party to disclose Confidential Information to a third-party and agrees that consent to such disclosure shall not unreasonably be withheld based on the circumstances and the provision made for the protection of such Confidential Information to be disclosed to such third-party."

(n) **Dispute Resolution.** Add a new section to Article 10 as follows:

**10.12 Dispute Resolution.**

(a) If a dispute shall arise between the Parties relating to the interpretation of this Agreement or to performance of any Transaction under it, the Party desiring resolution of the dispute shall notify the other Party in writing. The notice shall set forth the matter in dispute in reasonable detail and a proposed solution.

(b) The Parties shall attempt to resolve any dispute within 30 calendar days after delivery of the written notice referred to above. Any disputes not so resolved shall be referred by each Party to an officer (or the officer's designee) for resolution. If the Parties fail to reach an agreement within 30 days after such referral, each Party shall have the right to pursue any and all remedies provided in this Agreement and as afforded by law.

(c) The existence of any dispute or controversy under this Agreement or the pendency of the dispute settlement or resolution procedures set forth herein shall not in and of themselves relieve or excuse either Party from its ongoing duties and obligations under this Agreement.

(o) **Change in Rates.** Add a new section to Article 10 as follows:

**"10.13 Changes in Rates.** Each Party expressly retains all of its rights under Section 206 of the Federal Power Act. The standard of review for any Section 206 filing shall be the "just and reasonable" standard of review for any such filing. Each Party expressly retains its rights to protest or otherwise challenge any such filing."

(q) **CPUC Approval.** Add a new section to Article 10 as follows:

**10.15. CPUC Approval.** The Parties hereby acknowledge and agree that SDG&E shall submit this Agreement to the CPUC for approval with a reasonable time after execution of this Agreement. This Agreement and the Parties' obligations under this Agreement are subject to SDG&E first receiving CPUC Approval. "CPUC Approval" shall mean: (1) the issuance by the CPUC of a decision that does not materially alter the commercial aspects of this Agreement; (2) a finding by the CPUC that the payments under this Agreement are reasonable; and (3) SDG&E is authorized to recover the full amount of any payment made to Seller under this Agreement from SDG&E's customers in rates through any existing or future cost recovery mechanism that may be developed or instituted by the CPUC.

Should the CPUC issue a decision approving this Agreement with conditions or modifications that materially alters the commercial aspects of this Agreement, the Parties shall have ten (10) Business Days from the mailing date of such decision to provide the other Party written notice of the issuing Party's acceptance or rejection of the CPUC conditions or modifications; provided however, if a Party fails to provide written notification of its acceptance or rejection to the other Party within such ten (10) day period, that Party's silence shall be deemed to constitute acceptance of the condition or modification and agreement by such Party, upon the CPUC Approval Date (as defined below).

"CPUC Approval Date" means the first Business Day after the date on which the CPUC issues an approval of this Agreement, whether or not relevant and applicable time periods for rehearing or judicial review expire..

Each of the Parties shall use its commercially reasonable efforts to obtain CPUC Approval. Neither Party shall oppose or protest the Agreement in any way, at the CPUC. If called upon to do so, the Parties shall take reasonable actions to facilitate initial approval by (i) the CPUC or (2) other regulatory agencies

**Part 2. SCHEDULE P**

The following definition is hereby added to Schedule P:

"CAISO Energy" means with respect to a transaction, a Product under which the Seller shall sell and the Purchaser shall purchase a quantity of energy equal to the hourly quantity without Ancillary Services (as defined in the Tariff) that is or will be scheduled as a schedule coordinator to schedule coordinator transaction pursuant to the applicable tariff and protocol provisions of the CAISO (as amended from time to time, the "Tariff") for which the only excuse for failure to deliver or receive is an "Uncontrollable Force" (as defined in the Tariff). A CAISO "Schedule Adjustment" (defined as a schedule change implemented by the CAISO that is neither caused by, or within the control of, either Party) shall not constitute an Uncontrollable Force (as defined in the Tariff). In the absence of such an Uncontrollable Force, the Party to which performance is owed shall be entitled to receive from the Party which failed to deliver/receive an amount determined pursuant to Article Four."

The following definition shall replace the previous "Firm (LD)" definition:

"Firm (LD)" means, with respect to a Transaction, that either Party shall be relieved of its obligations to sell and deliver or purchase and receive without liability only to the extent that, and for the period during which, such performance is prevented by Force Majeure. A CAISO Schedule Adjustment shall not constitute a Force Majeure. In the absence of Force Majeure, the Party to which performance is owed shall be entitled to receive from the Party which failed to deliver/receive an amount determined pursuant to Article Four".

IN WITNESS WHEREOF, the Parties have caused this Master Agreement to be duly executed as of the date first above written.

Party A - OASIS POWER PARTNERS, LLC

Party B - SAN DIEGO GAS & ELECTRIC COMPANY

By: Enxco, Inc., its Manager

By: Rael Loney

Name: JOSEPH B. FATHMIDOLF

Name: RAEL LOONEY

Title: VICE PRESIDENT

Title: VP ELECTRIC & GAS PROCUREMENT

APPROVED as to legal form A.S.





02-041

entco

April 8, 2003

San Diego Gas & Electric Company  
101 Ash Street  
San Diego, CA 92101

Re: Waiver to Extend Date for Satisfaction of Certain Conditions under the Confirmation Letter

Ladies and Gentlemen:

Reference is made to that certain Master Power Purchase and Sale Agreement and related Confirmation Letter, dated as of October 30, 2002 (the "Confirmation Letter"), by and between Oasis Power Partners, LLC ("Seller") and San Diego Gas & Electric Company ("Purchaser"). Seller and Purchaser may be referred to herein collectively as the "Parties".

1. Waiver. Notwithstanding anything to the contrary contained in the General Conditions to the Confirmation Letter, each of the Parties hereby waives the requirement with respect to any condition required to be satisfied and/or completed on or before April 15, 2003, provided, that all such conditions shall be satisfied and/or completed on or before July 15, 2003. Except as specifically set forth in the preceding sentence, the respective rights and obligations of the Parties under the Confirmation Letter shall remain unchanged.

2. Counterparts. This letter may be executed in counterparts, each of which shall be an original and all of which together shall constitute one and the same instrument.

\* \* \*

63-666 19th Avenue  
P.O. Box 581023  
Miami Palm Springs  
California 92258  
Ph: 760-329-1257  
Tx: 760-329-1503

San Diego Gas & Electric Company  
April 8, 2003  
Page 2

Please indicate your agreement to the foregoing by returning a copy of this letter to us fully countersigned as provided below, whereupon it shall become a binding waiver agreement between us.

Very truly yours,

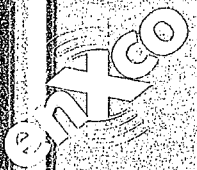
OASIS POWER PARTNERS, LLC

By: *[Signature]*  
Name: Jorn Larsen  
Title: President

**Acknowledged, Agreed to and Accepted:**

SAN DIEGO GAS & ELECTRIC COMPANY

By: *[Signature]*  
Name: Vincent D. Santolomucci  
Title: manager - Contract Administration



63765 19th Avenue  
P.O. Box 581043  
Palm Springs  
California 92268  
760.329.1437  
760.329.1503

enXco  
April 8, 2003

Mr. Vincent Bartolomucci  
Manager-Contract Administration Electric and Gas Procurement  
SDG&E  
8306 Century Park Court  
CP41D  
San Diego, CA 92123-1593

Subject: SDG&E 2002 RFO, Confirmation Letter, Oasis LLC (enXco)

Dear Vince:

Enclosed are two copies of letter agreement where the decision date for proceeding with the Project is extended to July 15, 2003.

Please sign and return one copy to my attention.

If you have any questions, please phone me at ext. 132.

Sincerely yours,



Stephen A. Yatsko  
Director of Project Development

02-041

CONFIDENTIAL DRAFT  
OCTOBER 30, 2002

**MASTER POWER PURCHASE AND SALE AGREEMENT  
CONFIRMATION LETTER**

This Confirmation Letter shall confirm the Transaction agreed to on October \_\_, 2002 between Oasis Power Partners, LLC ("Party A") and San Diego Gas and Electric Company ("Party B") regarding the sale/purchase of the Product under the terms and conditions as follows:

Seller: Party A

Buyer: Party B

Product: As Available, which means, with respect to this Transaction, the Output intended to be supplied from the Specified Units. Party A's failure to deliver Product under an "As Available" Transaction shall be excused: (i) if the Specified Unit(s) are unavailable as a result of a Forced Outage (as defined in the NERC Generating Unit Availability Data System (GADS) Forced Outage reporting guidelines); (ii) by an event or circumstance comprising a Force Majeure that affects the Specified Unit(s) so as to prevent Party A from performing its obligations, and which is not within the reasonable control of, or the result of the negligence of, the Party A, (iii) by Party B's failure to perform, (iv) if there is insufficient wind power for the Specified Units to generate energy as determined by the best wind speed and direction standards utilized by other wind producers or purchasers in the vicinity of the Project or if wind speeds exceed the Specified Units' technical specifications, or (v) by scheduled maintenance outages of the specified units. Party A shall not be liable to Party B for any damages, including any amounts determined pursuant to Article Four, arising out of an excused failure to deliver Product. The Parties agree that for purposes of this Confirmation Letter, the Master Agreement and the Cover Sheet, a failure to obtain on a timely basis all necessary regulatory approvals and zoning, construction, environmental and similar permits and authorizations necessary to construct and operate the Project and to interconnect the Project to the Delivery Point shall not constitute a Force Majeure.

Specified Units: Oasis Power Project having an estimated capacity rating of 60 MW (the "Project"), consisting of 40 1.5 MW turbines located near Mojave, California.



Contract Quantity: During the Delivery Period, except as specified in the Curtailments section below, Party A shall deliver, and Party B shall receive and pay for at the Contract Price, all of the Output (as defined below) of the Project.

For the purposes of this Transaction, "Output" means all electrical energy produced (which may, on an instantaneous basis, be greater or less than the total estimated 60 MW capacity of the Project, as metered at the interconnected substation) and delivered, or capable of being produced and delivered, by Party A to the Delivery Point. However, Party B's obligation to purchase shall be limited to 70 MWs as measured and metered hourly at the Delivery Point. In addition, in no event shall Party A have the right to procure electric energy from sources other than the Project for sale and delivery pursuant to this Transaction.

Pursuant to Amendment 42 of the CAISO tariff, Party A shall use best efforts to match schedules to actual generation on a monthly basis. Party B shall pay on a monthly basis the Contract Price for the lower of the monthly aggregate quantity scheduled or actually metered as calculated on an hour by hour basis, provided that Party B shall pay Party A for (x) all Curtailments in accordance with the Curtailment provisions herein and (y) all other energy capable of being produced and delivered as Output but not taken by Party B as provided by Section 4.2 of the Master Agreement as amended by the Cover Sheet.

Delivery Point: The point at the Vincent Substation on ISO SP 15 where deliveries of energy from the Sagebrush 230 kV transmission line are currently metered before transmission over ISO SP 15.

Contract Price: During the Delivery Period \$50.20/MWh.

Party A shall be responsible for all charges with respect to uninstructed energy, except as a consequence of Curtailments, as applied to this Transaction by the CAISO, all as further provided under the caption "Scheduling."

Delivery Period: Beginning on the completion date of the first turbine described and included in the Project (regardless of its rated capacity) and ending the fifteenth (15th) anniversary date of (x) the Date when the Project achieves Commercial Operation for all units in the Project or, if the Project does not achieve Commercial Operation for all units in the Project by the Completion Deadline, (y) the Completion Deadline. Each annual period commencing with (x) or (y), as applicable, constituting a "Contract Year."

Party A shall provide periodic construction status updates to Party B at such times as reasonably requested by Party B.

Maintenance: For Party B's planning purposes, commencing with Completion Deadline, Party A shall provide Party B a planned outage schedule for the Project for the coming year. Party A shall thereafter submit to Party B by December 1 of the current year an annual planned outage schedule for the Project for each succeeding year.

Forecast: For Party B's planning purposes, Party A shall by December 1 of the current year provide a forecast of Output of the Project showing average expected Output in kilowatt hours per hour per month. Party B acknowledges that such forecasts may or may not reliably predict wind conditions and Party B shall in no event seek to hold Party A liable or in breach of the Agreement based on the inaccuracy or unreliability of any forecast made in good faith. After the first anniversary of the Completion Deadline, the Parties shall consider the value of such forecasts.

Scheduling: By 6:00 AM Pacific Prevailing Time on the Business Day immediately preceding the date of delivery, Party A shall provide Party B with an hourly forecast of deliveries for each hour of the immediately succeeding day; provided, however, that such information provided on a day prior to any non-business day shall include forecasts for each day to and including the immediately succeeding business day. Party A shall update such forecast anytime information is available indicating a change in forecasted Output from the then current forecast. Party A shall prepare such forecasts and updates by utilizing the best wind speed and direction prediction model or service that is commercially available and utilized by other wind producers or purchasers in the vicinity of the Project, so long as such model or service is available at a commercially reasonable cost and is satisfactory to Party B. On or prior to each May 1 during the Delivery Period of this Transaction, Party A shall determine in good faith which such model or service to utilize after consultation with Party B. Party A shall not be required to update such forecasts more frequently than once per hour. To the extent possible, the Parties shall cooperate to implement and use automatic forecast updates and shall seek to integrate the forecast updates with any automated forecasting system that is implemented pursuant to Amendment 42 of the CAISO tariff, or any subsequent or equivalent provision of the applicable transmission system grid tariff, in order to eliminate imbalances and minimize Penalties to the extent possible. Party B acknowledges that such forecasts may or may not reliably predict wind conditions and Party B shall in no event seek to hold Party A liable or in breach of the Agreement based on the inaccuracy or unreliability of any forecast made in good faith. After the first anniversary of the Completion Deadline, the Parties shall consider the value of such forecasts.

Party A shall be the designated Scheduling Coordinator (as defined in the CAISO tariff) for the Project and shall be responsible for scheduling the forecast of Output to the Delivery Point during the Delivery Period. Party A

shall submit schedules and any updates to such schedules to the CAISO based on the most current forecast of Output consistent with all scheduling protocols of the CAISO. All generation scheduling and transmission services shall be performed in accordance with all applicable operating policies, criteria, guidelines and tariff of CAISO or its successor, and any other generally accepted operational requirements. Party A shall also fulfill contractual, metering and interconnection requirements set forth in the CAISO tariff and implementing CAISO standards and requirements, including but not limited to executing a CAISO Participating Generator Agreement, so as to be able to deliver energy to the CAISO controlled grid. In the event that CAISO modifies or amends its scheduling protocols in the future, Party A hereby agrees to cooperate with Party B to accommodate such changes to the extent it is reasonably feasible for Party A to do, and any costs and economic benefit or detriment from such changes shall be shared equally by the Parties.

Notwithstanding anything to the contrary herein, in the event Party A makes a change to its schedule on the actual date of delivery for any reason (other than an adjustment imposed by CAISO) which results in a change to its Output (whether in part or in whole), Party A shall use its best efforts to notify Party B at least one (1) hour prior to the deadline for Party B to submit hour-ahead schedules to CAISO in its capacity as a Scheduling Coordinator.

Party A shall be responsible for any uninstructed energy charges payable to, and will receive any credits and revenues from, the CAISO as the result of differences between actual generation and schedule.

Operating Procedures: Prior to the Commercial Operation Date and from time to time as reasonably determined necessary by the Parties, the Parties shall agree upon written operating procedures ("Operating Procedures") addressing how the Parties will perform their respective obligations under this Transaction, including, but not limited to: (1) the method of day-to-day communications; (2) key personnel lists for each Party; (3) procedures for Forced Outage and Scheduled Maintenance Outage reporting; (4) procedures for daily capacity level and energy output reporting; (5) procedures for record keeping; and (6) scheduling procedures; provided that the failure to agree on Operating Procedures will not relieve the Parties of their respective obligations under this Transaction.

Party A shall operate and maintain, and arrange Scheduled Maintenance Outages for, the Project in accordance with Prudent Industry Practices. Party A shall use commercially reasonable efforts to minimize Scheduled Maintenance Outages during the months of April through August.

"Commercial Operation" means, with respect to any Portion of the Project (as defined herein), that Party A shall have completely installed and commissioned the applicable electrical generating equipment and control systems including, but not limited to the process of starting up, testing and normalization of all operating systems of the installed units with the transmission system grid, and each installed unit is available to generate and deliver power to the electrical transmission grid in accordance with any applicable operating permits. Upon achieving Commercial Operation with respect to a Portion of the Project, Party A shall certify to Party B in writing that Commercial Operation is achieved with respect to such Portion of the Project and shall deliver to Party B a copy of the commissioning certificate for the turbines in such Portion of the Project executed by the turbine manufacturer (collectively, a "Commercial Operation Certificate") and Party B shall either accept such Commercial Operation Certificate (such acceptance not to be unreasonably withheld or delayed) or deliver to Party A written notice stating in detail the reasons for rejecting such Commercial Operation Certificate (a "Rejection Notice") within five (5) days after receipt thereof. In the event that Party B fails to deliver such notice within five (5) days after receipt of a Commercial Operation Certificate, the Commercial Operation Certificate shall be deemed accepted and approved by Party B. Commercial Operation will be deemed to have been achieved with respect to a Portion of the Project (a) in the event Party B accepts or is deemed to have accepted the applicable Commercial Operation Certificate, the date such Commercial Operation Certificate is delivered to Party B, or (b) in the event Party B timely delivers a rejection notice and the applicable Portion of the Project is ultimately determined not to have achieved Commercial Operation as represented in the applicable Commercial Operation Certificate, the date on which Party A and Party B agree in writing that Commercial Operation has been achieved with respect to such Portion of the Project, or (c) in the event Party B timely delivers a rejection notice and the applicable Portion of the Project is ultimately determined to have achieved Commercial Operation as represented in the applicable Commercial Operation Certificate, the date such Commercial Operation Certificate is delivered to Party B. "Commercial Operation Date" with respect to any Portion of the Project means the date on which Commercial Operation is achieved with respect to such Portion of the Project in accordance with the immediately preceding sentence. As expeditiously as possible, but in any event within thirty (30) days of execution of the Agreement, Party A shall propose to Party B a draft set of written acceptance procedures addressing how the Parties will determine whether Commercial Operation has been achieved and the Parties shall agree upon a final set of such written acceptance procedures not later than thirty (30) days after the draft acceptance procedures are proposed to Party B. Party B may inspect the Project's construction site or on-site Party A data and information pertaining to the Project during business hours upon reasonable notice.





"Portion of the Project" shall mean the number of units installed and having achieved Commercial Operation divided by the total number of units in the Project. For example, if the total number of units in the Project equals 100 units and Party B deems that 50 units have achieved Commercial Operation, then the Portion of the Project that is completed is 50 units or 50 percent (50%) of the total Project. With respect to the "Portion of the Project" terminated by Party B, this term shall mean the number of units which Party B deems have failed to achieve Commercial Operation divided by the total number of units in the Project.

In no event shall Party B have any obligation, including but not limited to payment obligations for any Portion of the Project which has not achieved Commercial Operation by the Completion Deadline unless Party B elects not to exercise its rights under the Termination provisions with respect to such Portion of the Project.

"Prudent Industry Practice" means any practices, methods and/or acts (i) required by the National Electric Safety Code or NERC, whether or not Party A is a member thereof, or (ii) otherwise engaged in or approved by a significant portion of the non-utility electric generation industry during the relevant time period or any of the practices, methods and acts that in the exercise of commercially reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Prudent Industry Practice is not intended to be the optimum practice, method or act to the exclusion of all others, but rather is intended to be any of the practices, methods and/or actions generally accepted in the region.

Curtailments:

At the request of Party B, Party A shall reduce the Project's Output during any hour provided that a) Output during such hour is greater than the energy scheduled to the CAISO during such hour, or b) the CAISO has directed the scheduling coordinator for the Project to reduce the Output of the Project to manage an overgeneration condition in the CAISO control area (due to a lack of decremental bids from other generation resources). In addition, Party A shall reduce the Project's Output if notified by the CAISO to curtail deliveries, or if deliveries are otherwise curtailed by the CAISO.

During a Curtailment at the request of Party B, Party B shall pay Party A the Contract Price for the Output that would have been generated without such Curtailment, based upon the product of (i) the number of hours of curtailment and (ii) the hourly forecast relating to each hour of Curtailment; provided, however, that the Output relating to any Curtailment less than one (1) hour shall be calculated based on the actual Output for the immediately preceding sixty (60) minutes preceding such curtailment. The calculations

of Party A regarding any such Curtailment shall be presumptively valid manifest a clear error in recording data or making calculations;

**Delivery & Metering:** All Output shall be delivered to Party B at the Delivery Point and such delivered Output shall be metered in real-time basis at the interconnected substation. A copy of such meter information shall be included in each monthly invoice. All meters and equipment used for the measurement of Output shall be provided, owned, maintained, inspected, tested, and read at no cost to Party B by Party A.

**Billing:** Party A shall submit a monthly invoice during the Delivery Period to Party B for the amount payable based on the Contract Price section of this Confirmation for each month (including the initial partial month, if applicable).

Party B shall pay Party A the Contract Price for all quantities pursuant to this Confirmation on a monthly basis as set forth in Article Six of the Master Agreement.

**Special Conditions:** All rights and interests in the renewable attributes, emission reductions or credits (offsets) relating to the Project shall be the property of Party A, with the exception that Party B shall be assigned all environmental attributes and rights to qualify the Project Output under the requirements of the California Renewable Portfolio Standard to the extent that such assignment does not reduce the amount or value of PTCs, production incentives, construction and financing subsidies and credits and other grants and financial support to the construction of operation of the Project which shall remain the property of Party A.

Party A represents and warrants that as of the Effective Date the Project will qualify as an "Eligible renewable energy resource", as defined in Section 399.12(a) of the California Public Utilities Code, as such Section is enacted as of the Effective Date.

**General Conditions:** The obligation of Party A to generate and deliver Output to Party B under this Transaction shall be subject to the operation of the provisions listed below.

(a) Each of the conditions enumerated below shall have been reached or satisfied by the date specified. If any condition is not met by the date specified, Party A may terminate the Agreement by giving notice of termination to Party B whereupon each Party shall be relieved of any further

obligation under this Confirmation Letter, the Master Agreement and the Cover Sheet. Alternatively, Party A may determine to waive the non-fulfillment of a condition by giving notice to Party B of such waiver in which case the Agreement shall remain in full force and effect between the Parties.

(i) Party A shall have finalized satisfactory arrangements respecting the property to be used for the Project and its interconnection to the Sagebrush Substation no later than December 15, 2002.

(ii) Party B shall have demonstrated to Party A, and to Party A's Financing Parties, sufficient assurance of Party B's financial capacity and stability as reasonably required by the financial community to permit the financing of the Project based on Party B's purchase obligations under this Transaction, including the providing of letters of credit, by no later than January 15, 2003.

(iii) Party A shall have determined to its reasonable satisfaction that it is consistent with the commercial viability of the Project for the Project to bear the cost of the Scheduling Coordinator function and the exposure to uninstructed imbalance charges and penalties arising under the CAISO tariff and shall have obtained confirmation from providers of equity and debt financing that such scheduling costs and imbalance charge exposure do not impair the financeability of the Project by not later than February 14, 2003.

(iv) Party A shall have obtained equity and debt financing, including commitments from Financing Parties and investors sufficient to finance the construction of the Project, and shall have entered into arrangements with investors to permit the effective utilization of PTCs by no later than February 14, 2003.

(v) Party A shall have entered into arrangements for the physical interconnection of the Project to the Sagebrush Substation and for the transmission of Project Output from the Sagebrush Substation to the Vincent Substation and the interconnection of Project Output to the grid at the Vincent Substation by no later than March 15, 2003.

(vi) All regulatory approvals required to construct and operate the Project and to deliver and sell the Output contemplated by the Agreement, including those of the FERC, California Public Utilities Commission and the California Energy Commission shall have been obtained by Party A and Party B, as the case may be, within sixty (60) days of the Effective Date, but in no event later than February 14, 2003.

(vii) All zoning, construction, environmental and similar permits and authorizations necessary to construct and operate the Project and to



interconnect the Project to the Delivery Point shall have been obtained by Party A no later than March 15, 2003.

(viii) No later than April 15, 2003, Party A shall have entered into contracts for the delivery of wind turbine generators by no later than August 15, 2003 or such other date as Party A shall reasonably determine is required to permit erection of such wind turbine generators on the Project by November 30, 2003.

(c) In the event that as of April 15, 2003 legislation has not been enacted extending through at least December 31, 2004 the availability of PTCs to wind generation facilities at or above their level on the Effective Date, Party A shall have the right to terminate the Agreement by giving notice of termination to Party B whereupon each Party shall be relieved of any further obligation under this Confirmation Letter, the Master Agreement and the Cover Sheet. Party A may invoke this provision to terminate the Agreement even if Party B is willing to waive or extend the December 31, 2002 Completion Deadline and accept completion of the Project after such date.

Termination:

(a) Party B may terminate this Transaction relating to any Portion of the Project which has not achieved a Commercial Operation Date by December 31, 2003 as such date may be extended by any applicable provision of the Agreement (the "Completion Deadline"). Upon Party B's exercise of the termination right herein, the term Project as referred to in this Confirmation Letter shall not include such Portion of the Project which has been terminated by Party B pursuant to this provision. Party A shall incur no liability to Party with respect to any failure to complete any portion of the Project prior to the Completion Deadline.

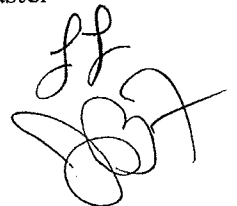
(b) In addition, in the event that during the Delivery Period no energy is generated and delivered to the Delivery Point for a period of six (6) months for reasons other than as a consequence of an event of Force Majeure, weather related conditions, the physical impairment of the Vincent Substation, the Sagebrush substation or the Sagebrush transmission line or the failure of a third party provider to honor arrangements made under General Condition (a)(v) herein, Party B shall in its sole discretion have the right to terminate this Transaction without any further obligations under the Master Agreement.

(c) Subject to events of Force Majeure, Party A guarantees to produce an average minimum of sixty percent (60%) of the 173,000 MWh of predicted nominal annual Output from the 60 MW Project each Contract Year after the first Contract Year, based on a twelve (12) month rolling average (the "Guaranteed Minimum"). To the extent that a Portion of the Project has

been terminated pursuant to Party B's exercise of Termination rights provided herein, the Guaranteed Minimum shall be ratably reduced to reflect such termination. For purposes of measuring Party A's performance of the Guaranteed Minimum, Party A shall be credited with all amounts of Output that could have been produced but were not as a consequence of a Curtailment. Such rolling average shall commence on the first anniversary of the Commercial Operation Date using the monthly production from the twelve months of the first Contract Year as the starting point. At the end of each month in the second Contract Year actual monthly production for such month shall replace the corresponding month of the first-year production. The calculation of the rolling average shall continue thereafter for the remainder of the Term. Commencing with the end of the second Contract Year, Party A and Party B shall determine whether Party A's aggregate Output during such period equaled or exceeded the Guaranteed Minimum. If such average production was less than the Guaranteed Minimum, Party A shall provide Party B with a detailed remedial plan proposing Commercially Reasonable measures to increase production to greater than the Guaranteed Minimum. Party A shall implement such remedial plan in good faith to increase production over the Guaranteed Minimum in the shortest practicable time.

If, despite the remedial plan, production remains below the Guaranteed Minimum for 24 consecutive months, Party B shall have the option to terminate this Transaction upon sixty (60) days' written notice to Party A pursuant to Section 10.7 of the Master Agreement unless Party A within sixty (60) days of receipt of such notice shall elect to reimburse Party B an amount equal to the difference between the Guaranteed Minimum and the actual, adjusted Output for the most recent twelve (12) month period multiplied by the rate of \$10 per MWh. Should Party A elect to make a reimbursement payment pursuant to the previous sentence, the one-year measuring period shall restart with the subsequent Contract Year as if it were the first Contract Year under this Transaction. Should the Party A not elect to make a reimbursement payment, then this Transaction shall be considered terminated sixty (60) days after the notice of termination becomes effective and neither Party A nor Party B shall thereafter have any future or further obligation under this Transaction, except for payments or other obligations arising or accruing prior to the effective date of termination. A failure by Party A to meet the Guaranteed Minimum for any period shall not constitute an Event of Default and Party A shall have no liability of any kind to Party B for any amount by which the Output delivered to Party B may fail to meet the Guaranteed Minimum. Party B's sole remedy for Party A's failure to meet the Guaranteed Minimum shall be to terminate this Transaction in accordance with this subsection (c).

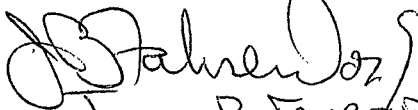
This confirmation letter is being provided pursuant to and in accordance with the Master

A handwritten signature in black ink, appearing to be 'JF' followed by a large, stylized flourish.

Power Purchase and Sale Agreement dated OCTOBER 30, 2002 (the "Master Agreement") between Party A and Party B, and constitutes part of and is subject to the terms and provisions of such Master Agreement. Terms used but not defined herein shall have the meanings ascribed to them in the Master Agreement.

[Party A]

Oasis Power Partners, LLC



By: JOSEPH B. FAHRENDORF

Title: MEMBER

Phone No 760 329 1437

Fax 760 329 1503

[Party B]

San Diego Gas & Electric Company



By: Lad Lorenz

Title: Vice President, Electric & Gas  
Procurement

Phone No: (858) 650-6150

Fax: (858) 650-6191

APPROVED as to legal form 9.S.

## GUARANTY

In consideration of San Diego Gas and Electric Company ("Company") entering into a contract with or furnishing electric and/or gas service or other goods or services or credit to Oasis Power Partners, LLC (hereinafter referred to as "Applicant"), Enxco, Inc, (hereinafter referred to as "Guarantor") agrees with Company as follows:

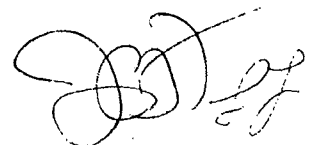
1. The term "Obligations" is used herein in its broadest and most comprehensive sense and shall mean, without limiting the generality of the foregoing, all obligations, liabilities and indebtedness of any kind whatsoever now or hereafter owing by Applicant to the Company in respect of or pursuant to the EEI Master Power Purchase & Sale Agreement, Cover Sheet and Confirmation Letter each dated October 30, 2002 between Applicant and Company and any amendments, modifications or extensions thereof ("the Agreement"). In addition, without limiting the generality of the foregoing, the term "Obligations" shall include all obligations, liabilities and indebtedness of any kind whatsoever arising in connection with or under any security agreement or other agreement between the Company and Applicant entered into with respect to the Agreement. The amount of Obligations existing from time to time shall be calculated after giving effect to all contractual netting arrangements between Applicant and the Company.

2. Guarantor unconditionally and irrevocably guarantees to Company the full, prompt and faithful payment and performance when due of each and all of the Obligations, provided that notwithstanding any other provision of this Guaranty or the Agreement, as same may be amended, the total liability of Guarantor under this Guaranty shall not exceed nine hundred thousand dollars (\$900,000) without the written agreement of Guarantor consenting to an increase in such amount.

3. This is a continuing guaranty relating to the Obligations. Guarantor acknowledges that there is a continuing consideration to Guarantor for this Guaranty and therefore Guarantor waives and relinquishes the right to revoke or terminate this Guaranty as provided in California Civil Code Section 2815 except for the right to terminate this Guaranty in accordance with this paragraph 3. No termination of this Guaranty by Guarantor shall affect any Obligations outstanding or contracted or committed for as of the effective date of the termination, the payment of which Obligations shall continue to be guaranteed by Guarantor pursuant to this Guaranty notwithstanding such termination, and this Guaranty shall remain in full force and effect with respect to such Obligations until finally and irrevocably paid in full. Guarantor may terminate this Guaranty with respect to future Obligations only by delivering personally, by certified mail, postage prepaid and return receipt requested, or by confirmed facsimile transmission (fax), written notice thereof to Company, provided that such notice shall specify the effective date thereof, which effective date shall be no sooner than forty-five (45) days after Company's actual receipt of such notice, at the address set forth below (or to such new address or fax number as Company may designate hereafter in a notice to Guarantor) and Company's receipt of Performance Assurance (as defined in the Agreement):

San Diego Gas and Electric Company  
555 W. Fifth Street  
Attn: Major Markets 10E3, Credit Manager  
Los Angeles, CA 90013  
Fax No.: (213) 244-8316

4. Any of the Obligations may be amended, modified, waived, or increased, further agreements may be entered into between Company and Applicant, Company may provide additional



goods or services or credit to Applicant or increase or decrease the dollar value of such goods, services or credit, and further obligations (including, without limitation, the provision or pledging of security to Company for any obligation), indebtedness and liabilities may be entered into or incurred from time to time by Applicant and without further authorization from or notice to Guarantor and no such action shall terminate, release, impair, reduce, discharge, diminish or in any way affect any of the obligations of Guarantor hereunder or any security furnished by Guarantor or give Guarantor any recourse or defense against Company provided that such actions shall not increase the total liability of Guarantor under this Guaranty as specified in paragraph 2 above. Company need not inquire into the power of Applicant or the authority of its officers, directors, partners or agents acting or purporting to act in its behalf.

5. With respect to all Obligations, this is a guaranty of payment and performance and not of collection, and Guarantor waives and agrees not to assert or take advantage of:

(a) any right to require Company to proceed against Applicant or any other person or to resort to, proceed against or exhaust any security held by it at any time or to pursue any other remedy in its power before proceeding against any Guarantor;

(b) demand, presentment, protest and notice of any kind including, without limiting the generality of the foregoing, notice of nonperformance, protest, dishonor and acceptance of this Guaranty, notice under Section 9504(3) of the California Commercial Code, and notice of the existence, creation or incurring of any new or additional indebtedness or obligation or of any action or non-action on the part of Applicant, Company, a guarantor under this or any other instrument, or creditor of Applicant or any other person whomsoever, in connection with any of the Obligations or any collateral for any of the Obligations or in connection with any of the Obligations; and

(c) any suretyship defenses and suretyship rights of every nature otherwise available under California law and the laws of any other state or jurisdiction, including, without limitation, all defenses and rights arising under Sections 2787 through 2855 of the California Civil Code (the "Suretyship Provisions") and any successor provisions to those Sections. Without limiting the generality of the foregoing, Guarantor acknowledges his, her or its understanding that the Suretyship Provisions provide various partial or complete defenses to the recovery by Company from Guarantor and/or grant Guarantor rights the enforcement of which could reduce or eliminate entirely Guarantor's liability hereunder to Company. Among the defenses and rights contained in the Suretyship Provisions are the following: (1) Section 2809 of the Civil Code, which provides, in part, that the obligation of a surety must not be either larger in amount or in other respects more burdensome than that of the principal; (2) Section 2810 of the Civil Code, which provides, in part, that a surety is not liable if for any reason other than the mere personal disability of the principal there is no liability upon the part of the principal at the time of execution of the contract, or the liability of the principal thereafter ceases; (3) Section 2819 of the Civil Code, which provides, in part, that a surety is exonerated if the creditor alters the original obligation of the principal without the consent of the surety; (4) Section 2845 of the Civil Code, which provides, in part, that a surety is exonerated to the extent that the creditor fails to proceed against the principal, or to pursue any other remedy in the creditor's power which the surety cannot pursue and which would lighten the surety's burden; (5) Section 2846 of the Civil Code, which provides that a surety may compel his principal to perform the obligation when due; (6) Section 2847 of the Civil Code, which provides, in part, that if a surety satisfies the principal obligation, or any part thereof, the principal is obligated to reimburse the surety for the amounts paid by the surety; (7) Section 2848 of the Civil Code, which provides, in part, that a surety, upon satisfaction of the obligation of the principal is entitled to enforce remedies which the creditor then has against the principal; (8) Section 2849 of the Civil Code, which provides, in part, that a surety is entitled to the benefit of security held by the creditor for the performance of the principal obligation held by the creditor; (9) Section 2850 of the Civil Code, which provides, in part, that whenever the property of a surety is hypothecated with property of the principal, the surety is entitled to have the





property of the principal first applied to the discharge of the obligation; and (10) Section 2822 of the Civil Code, which provides, in part, for a right to have the principal designate the portion of any obligation to be satisfied by the surety in the event that the principal provides partial satisfaction of such obligation.

6. All existing and future indebtedness of Applicant to Guarantor ("Intercompany Obligations") is subordinated to all Obligations hereby guaranteed. All of Guarantor's right, title and interest in and to the Intercompany Obligations and rights to receive any payments of the Intercompany Obligations are hereby granted and assigned to Company as continuing security for the Obligations hereby guaranteed, and, in the event of any default in the payment of any of the Obligations when due and until the Obligations guaranteed hereby have been paid in full (a) at the Company's request, Applicant shall forthwith pay to the Company all or any part of such Intercompany Obligations and any capital which Guarantor is entitled to withdraw until all of the Obligations guaranteed hereby have been paid in full, and (b) Guarantor shall pay to Company immediately any payments of such Intercompany Obligations received by Guarantor.

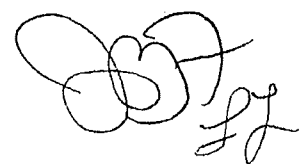
7. Guarantor agrees to pay all attorneys' fees (including without limitation, reasonably allocated fees of in-house counsel) and all other costs and expenses which may be incurred by Company in the enforcement of this Guaranty against Guarantor.

8. This Guaranty shall inure to the benefit of Company and its successors and assigns, including the assignees of any Obligations, and bind the heirs, executors, administrators, successors and assigns of Guarantor. This Guaranty is assignable by Company with respect to all or any portion of the Obligations, and when so assigned Guarantor shall be liable to the assignees under this Guaranty without in any manner affecting the liability of Guarantor hereunder with respect to any Obligations retained by Company.

9. This Guaranty shall be governed by and construed in accordance with the laws of the State of California. Guarantor hereby irrevocably and unconditionally agrees that any legal action or proceeding against Guarantor or any of Guarantor's property with respect to this Guaranty may be brought in the courts of the State of California in the County of San Diego or the courts of the United States in the County of San Diego, as Company may elect, and by executing and delivering this Guaranty Guarantor hereby submits to and accepts with regard to any such action or proceeding for himself, herself or itself and in respect of his, her or its property, generally, irrevocably and unconditionally, the jurisdiction of the above mentioned courts. Guarantor hereby irrevocably appoints the Secretary of State of the State of California as his, her or its agent for service of process in any suit or proceeding if the Guarantor is located outside the State of California at the time of service or cannot reasonably be located by Company. The foregoing, however, shall not limit the right of Company as it may elect to bring any legal action or proceeding or to obtain execution of judgment in any other appropriate jurisdiction including but not limited to any other jurisdiction in which Guarantor or his, her or its property is located.

10. Except as provided in any other written agreement now or at any time hereafter in force between Company and Guarantor, this Guaranty shall constitute the entire agreement of Guarantor with Company with respect to the subject matter hereof and no representation, understanding, promise or condition concerning the subject matter hereof shall be binding upon Company unless expressed herein.

11. All notices, demands, requests and other communications required or permitted hereunder shall be in writing and, except for notice of termination of this Guaranty pursuant to paragraph 3 which shall be effective as provided therein, shall be given personally, by certified or registered mail, postage prepaid, return receipt requested, or by reliable overnight courier to the address of the Company set forth in paragraph 3 herein (or to such new address as Company may designate hereafter in a notice to Guarantor) in the case of a communication to the Company and to the address appearing next to

A handwritten signature in black ink, consisting of a large, stylized initial 'B' followed by a cursive name, possibly 'L. J.', written below it.

Guarantor's signature on this Guaranty (or to such new address as Guarantor may designate hereafter in a notice to Company) in the case of a communication to Guarantor. Any notice served personally shall be deemed delivered upon receipt, and any notice served by certified or registered mail or by reliable overnight courier shall be deemed delivered on the date of receipt as shown on the addressee's registry or certification of receipt or on the date receipt is refused as shown on the records or manifest of the U.S. Postal Service or such courier.

12. Until all of the Obligations guaranteed hereby have been satisfied in full, Guarantor shall have no right of subrogation or reimbursement from the Applicant which Guarantor may have as a result of any payment by Guarantor under this Guaranty, and waives any right to enforce any remedy which Company now has or may hereafter have against the Applicant as a result of such payment by Guarantor under this Guaranty and waives any right under section 2849 of the California Civil Code and any other benefit of or right to participate in any security now or hereafter held by Company.

13. All amounts payable by Guarantor hereunder shall be paid without set-off or counterclaim and without any deduction or withholding whatsoever unless and to the extent that Guarantor shall be prohibited by law from doing so, in which case Guarantor shall pay to Company such additional amount as shall be necessary to ensure that Company receives the full amount it would have received if no such deduction or withholding had been made, provided that with respect to any deduction or withholding that acts as a credit against obligations otherwise payable by or chargeable against Company, Company shall refund to Guarantor the amount of such credit as same is realized by Company.

IN WITNESS WHEREOF, the undersigned Guarantor has executed this Guaranty on October 30, 2002.

GUARANTOR: ENXCO, INC.

  
Signature

Vice President  
Title

JOSEPH D. FAROUTZORF  
Printed Name of Person Signing for Guarantor

\_\_\_\_\_  
Guarantor's Address  
P.O. Box 581043  
North Palm Springs, CA 92258p  
(760) 329-1437, ext. 130  
Guarantor's Phone No.



A  Sempra Energy® utility

February 25, 2004

Stephen A. Yatsko  
Oasis Power Partners, LLC  
63-665 19<sup>th</sup> Avenue  
P.O.Box 581043  
North Palm Springs, CA 92258

Dear Mr. Yatsko:


This letter is a follow up on our meeting on February 24, 2004, where San Diego Gas & Electric Company ("SDGE") and Oasis Power Partners, LLC ("Oasis") agreed to an extension of time to complete negotiations for an amendment to the Master Power Purchase and Sale Agreement Confirmation Letter ("Amendment").

Oasis agrees that it will waive its rights to terminate the Master Purchase and Sale Agreement ("Agreement") under the General Conditions until April 1, 2004. SDGE agrees that it will waive its right to terminate the Agreement under Termination (a) until April 1, 2004.

If you agree to the foregoing, please sign below and return this letter to me by fax at (858) 650-6190.

Sincerely,


San Diego Gas & Electric Company

By: 

Vince Bartolomucci, Manager  
Contracts Administration

Dated: 2/24/04


Oasis Power Partners, LLC

By: 

Stephen A. Yatsko  
Project Development

Dated: 2/24/04



A  Sempra Energy® utility

January 28, 2004

Stephen A. Yatsko  
Oasis Power Partners, LLC  
63-665 19<sup>th</sup> Avenue  
P.O.Box 581043  
North Palm Springs, CA 92258

Dear Mr. Yatsko:

This letter is a follow up on our telephone conversation on January 28, 2004, where San Diego Gas & Electric Company ("SDGE") and Oasis Power Partners, LLC ("Oasis") agreed to an extension of time to complete negotiations for an amendment to the Master Power Purchase and Sale Agreement Confirmation Letter ("Amendment").

Oasis agrees that it will waive its rights to terminate the Master Purchase and Sale Agreement ("Agreement") under the General Conditions until March 1, 2004. SDGE agrees that it will waive its right to terminate the Agreement under Termination (a) until March 1, 2004.

If you agree to the foregoing, please sign below and return this letter to me by fax at (858) 650-6190.

Sincerely,

San Diego Gas & Electric Company

By: 

Vince Bartolomucci, Manager  
Contracts Administration

Dated: 1/28/04


Oasis Power Partners, LLC

By: 

Stephen A. Yatsko  
Project Development

Dated: 1/30/04



A  Sempra Energy<sup>®</sup> utility

December 22, 2003

Stephen A. Yatsko  
Oasis Power Partners, LLC  
63-665 19<sup>th</sup> Avenue  
North Palm Springs, CA 92258

Dear Mr. Yatsko:

This letter is a follow up on our meeting on December 16, 2003, where San Diego Gas & Electric Company ("SDGE") and Oasis Power Partners, LLC ("Oasis") agreed to an extension of time to complete negotiations for an amendment to the Master Power Purchase and Sale Agreement Confirmation Letter ("Amendment").

Oasis agrees that it will waive its rights to terminate the Master Purchase and Sale Agreement ("Agreement") under the General Conditions until February 1, 2004. SDGE agrees that it will waive its right to terminate the Agreement under Termination (a) until February 1, 2004.

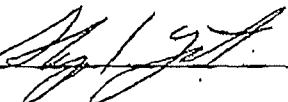
If you agree to the foregoing, please sign below and return this letter to me by fax at (858) 650-6190.

Sincerely,

San Diego Gas & Electric Company

Oasis Power Partners, LLC

By: 

By: 

Lad Lorenz, Vice President  
Electric & Gas Procurement

Stephen A. Yatsko  
Project Development

Dated: 12/22/03

Dated: 1/05/04