

[For Recorder's Use]

PERMANENT EASEMENT AGREEMENT AND RAIL LICENSE

This Permanent Easement Agreement and Rail License (this "Agreement") entered into as of the ____ day of _____, 2011, between ILLINOIS RIVER ENERGY, LLC, a Delaware limited liability company ("IRE") and THE CITY OF ROCHELLE, an Illinois municipal corporation (the "City"):

WITNESSETH

THAT WHEREAS, IRE is the fee simple owner of that certain real property located in Rochelle, Illinois, as legally described on **Exhibit A** attached hereto and made a part hereof ("IRE Property"), which IRE Property is improved with an ethanol manufacturing plant; and

WHEREAS, the City, acting through one or more contracted rail operators (the "City's Operator") operates a short line railroad over City railroad tracks connecting to the main lines of the Union Pacific Railroad Company and The Burlington, Northern and Santa Fe Railway Company, and provides switching and related rail services for certain industries within Rochelle, Illinois, including the IRE Property; and

WHEREAS, in order to facilitate the receipt of rail cars from the City railroad tracks, IRE owns four (4) railroad tracks ("IRE Tracks") located on the IRE Property which connect thereto; and

WHEREAS, the City wishes to extend the City railroad tracks from its present terminus at or about the west boundary of the IRE Property, across the IRE Property to the east boundary of the IRE Property, for the purpose of serving the business uses of current and/or future property owners and/or tenants of real property located to the east of the IRE Property; and

WHEREAS, in order to facilitate the extension of the City railroad track, the City has requested that IRE grant and convey:

(a) to the City a license to use one (1) of the IRE Tracks located closest to the southern boundary of the IRE Property (“Licensed Track”), which is approximately located as depicted on **Exhibit C** attached hereto and made a part hereof, and

(b) to the City and its successors and assigns, for the benefit of the City, the City’s Operators and their respective contractors, employees and agents, an easement for purposes of ingress and egress and the performance of the Permitted Activities (as hereinafter defined) in, on, upon, along, over, through and across:

(i) that certain portion of the IRE Property which is adjacent to the Licensed Track, which is legally described in **Exhibit B-1** attached hereto and made a part hereof and depicted in the approximate area (“Easement Area A”) identified on that certain map attached hereto and made a part hereof as **Exhibit C**, and

(ii) that certain portion of the IRE Property which is adjacent to the Licensed Track, which is legally described in **Exhibit B-2** attached hereto and made a part hereof and depicted in the approximate area (“Easement Area B”) identified on that certain map attached hereto and made a part hereof as **Exhibit C**. Hereinafter, Easement Area A and Easement Area B may be referred to, collectively, as the “Easement Premises”; and

WHEREAS, in exchange for certain agreements made by the City, including without limitation, an agreement to extinguish certain obligations owed by IRE to the City related to payment and/or reimbursement for a southerly extension of the City's railroad from its present location, such obligations being contained in Section 12 of that certain Rider to the Annexation Agreement between DP Industrial, LLC, and the City dated July 29, 2003, and recorded in the office of the Ogle County Recorder on July 31, 2003, as document # 0313721, IRE has agreed to grant and convey:

(a) to the City a license to use the Licensed Track, and

(b) to the City and its successors and assigns, for the benefit of the City, the City's Operators and their respective contractors, employees and agents, an easement for purposes of ingress and egress and the performance of the Permitted Activities in, on, upon, along, over, through and across the Easement Premises; and

WHEREAS, the parties have made certain other agreements related to the terms of the foregoing license and easement and wish to memorialize all such agreements as more particularly set forth herein;

NOW THEREFORE, in consideration of the mutual agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. License for Licensed Track; Grant of Easements.

(a) License for Licensed Track. IRE hereby grants to the City, for the benefit of the City, the City's Operators and their respective contractors, employees and agents, an irrevocable license ("License") for the exclusive use the Licensed Track during the Term (as hereinafter defined); provided, however, the foregoing use shall be in strict accordance with and

subject to the terms of this Agreement. Notwithstanding anything to the contrary contained herein, if, during the Term, IRE desires to install and construct one (1) or more additional railroad tracks on the IRE Property south of the Easement Premises (“Future IRE Southern Tracks”), IRE shall provide prior written notice thereof to the City. Upon receipt of such written notice, the City agrees to permit IRE, at its sole cost and expense, to tie into the Licensed Track and any other rail tracks installed by the City on the IRE Property, and to construct and install such related rail equipment and rail tracks on or about the Licensed Track or any other rail tracks installed by the City on the IRE Property for switching purposes to provide exclusive rights of access, ingress and egress to and from the IRE Tracks and the Future IRE Southern Tracks, for the benefit of IRE, IRE’s affiliates and each of their respective contractors, employees or agents. The location of such tie-in(s), related rail equipment and rails tracks shall be as mutually agreed, in good faith and with due diligence, by IRE and the City, as determined in each of their commercially reasonable discretion. The City shall pay to IRE without deduction, setoff, prior notice or demand, as a license fee for the License One and 00/100 Dollar (\$1.00) in lawful money of the United States of America. As of the date hereof, IRE acknowledges receiving such license fee. The City agrees to accept the Licensed Track in its “AS IS” condition on the date hereof and acknowledges that no representations as to the repair or condition of the Licensed Track have been made by IRE. The City, at its sole cost and expense, shall use, maintain, repair and replace the Licensed Track in its current (or better) condition existing as of the execution date hereof using the same grade and quality of materials and specifications as the Licensed Track (except as otherwise agreed in writing in advance by IRE), ordinary wear and tear and damage caused by casualty excepted.

The City shall promptly deliver written notice to IRE of (i) any damage to the Licensed Track and (ii) in advance of the performance thereof, any repairs to or replacement of the Licensed Track which shall be required pursuant to the terms hereof. The City shall be solely liable for any damage or injury which may result from the use, maintenance, repair or replacement by the City, the City's Operators and/or its employees, contractors, agents or invitees of the Licensed Track, including, without limitation, any damage caused to the IRE Tracks, any portion of the Property or any other property of IRE or its tenants, licensees, contractors, employees, agents, successor or assigns, and injury to persons. In its use, maintenance, repair and replacement, if any, of the Licensed Track, the City shall comply with all lawful orders of all applicable federal, state and local authorities and shall provide to IRE copies of all notices, orders and other communications related to any violation or potential violation of any laws, codes, regulations and ordinances as it pertains thereto.

For purposes hereof, the "Term" shall commence on the date hereof and shall expire on the earlier to occur of the following: (i) the date upon which the City abandons use of the Licensed Track, or (ii) the date upon which the parties mutually agree in writing to terminate the License. For purposes of this Agreement, the term "abandonment" shall mean ceasing to use the Licensed Track with the intention of not resuming such use, and mere nonuse over any period of time shall not, in and of itself, be deemed to constitute abandonment. No abandonment shall be deemed to have occurred unless and until IRE gives written notice to City that IRE considers the City to have abandoned the Licensed Track. If City responds to said notice by agreeing that it has abandoned the Licensed Track, then the abandonment shall be deemed to have occurred as of the date of the City's response. If the City responds to the notice by denying that it has abandoned the Licensed Track, then no abandonment shall be deemed to have occurred unless

and until a court of competent jurisdiction shall have entered a final and non-appealable judgment declaring that the City has abandoned the Licensed Track. If the City fails to respond to said notice within thirty (30) days after receipt, there shall be a rebuttable presumption of abandonment.

(b) Grant of Easement. IRE hereby grants and conveys to the City and its successors and assigns, for the benefit of the City, the City's Operators and their respective contractors, employees and agents, a perpetual easement for purposes of ingress and egress and the performance of the Permitted Activities in, on, upon, along, over, through and across the Easement Premises. Said easement shall be exclusive, except to the extent expressly set forth in this Agreement. For purposes hereof, the "Permitted Activities" shall mean: (i) the right, at the City's sole cost and expense, to maintain, repair and replace the Licensed Track in accordance with the terms of this Agreement, (ii) the right to construct and/or install all necessary equipment for the customary operation of a railroad, (iii) the right to operate the railroad for switching purposes, and (iv) the right to provide such ancillary services as are customarily offered by the City or the City's Operator to the City's rail customers. In no event shall IRE have any obligation to contribute to the costs of construction and/or installation of railroad tracks and equipment on the Easement Premises. If at any time the City commences construction of any railroad tracks on the Easement Premises as may be permitted under the terms of this Agreement, the City agrees to complete such construction within twelve (12) consecutive months after commencement of such construction.

The City hereby agrees, promptly after the date hereof, to install (and thereafter, maintain, repair and replace) not less than two (2) customary automated locking gates crossing the City's railroad tracks on the east side and west side of the Easement Premises along the existing perimeter fence located on the IRE Property in a location as mutually agreed by the parties hereto,

and the City hereby agrees to be responsible for locking and unlocking such gates as may be required by all applicable governmental and/or quasi-governmental authorities.

Use of the Easement Premises and the Permitted Activities by the City, the City's Operators or any of their respective contractors, employees and agents shall be conducted and performed (w) in accordance with all applicable laws, codes, ordinances and other applicable governmental or legal requirements and/or permits (collectively, "Legal Requirements"), and (x) in compliance with all applicable industry standards, rules and regulations regarding the loading, unloading, possession, transfer and/or storage of Hazardous Materials (as defined hereinafter), including but not limited to the installation and use of pollution abatement and control structures and other equipment that is prudent or required under such practices and/or Governmental Requirement(s). For purposes of this Agreement, "Hazardous Materials" shall mean any dangerous, flammable, explosive or hazardous commodity, as determined by the U.S. Department of Transportation under the Hazardous Materials Transportation Act (49 U.S.C. §§ 1801, et seq.) and the Hazardous Materials Regulations (49 C.F.R. Parts 170-179) issued thereunder, as amended from time to time.

Any construction, maintenance, repairs and/or replacements performed under the terms of this Agreement in any portion of the Easement Premises or any other portion of the IRE Property shall be (i) subject to IRE's prior written approval, which approval shall not be unreasonably withheld or delayed, and (ii) performed and conducted in a good, safe workman-like manner, with due diligence, using new materials and supplies in a grade, quality and specification as approved in writing in advance by IRE, which approval shall not be unreasonably withheld or delayed.

The City agrees, to the extent reasonably practicable during its use of the Easement Premises and the performance of the Permitted Activities, to: (y) minimize the disruption, if any,

to the business operations of IRE conducted on or about the IRE Property; and (z) not cause any portion of the IRE Property to be in violation of any applicable Legal Requirements. If, in the use of the Easement Premises and the performance of the Permitted Activities, the City desires to modify any conditions existing on or about the Easement Premises or on the IRE Property (including, but not limited to, removal or relocation of drainage ditches), the City shall provide prior written notice to IRE thereof and agrees to perform, at the City's sole cost and expense, such modifications (and any restoration work pertaining thereto) in accordance with IRE's prior written approval.

2. Purpose. The license to use the Licensed Track and grant of easement as set forth in Section 1 above are made for the purpose of facilitating the City's expansion of the City railroad from its present terminus at or about the west boundary of the IRE Property to the east boundary of the IRE Property, and the operation of the City railroad over the Easement Premises in order to serve the business uses of current and/or future property owners and/or tenants of real property located to the east of the IRE Property.

3. Exclusivity; Restriction on Use. The City's right to use the Easement Premises for the purposes and uses set forth herein shall be subject to the following restrictions:

(a) the Easement Premises may not be used for long term storage or other uses that unreasonably interfere with the ability of IRE or its contractors, employees and/or agents to access or use the IRE Property;

(b) the City shall not knowingly permit any railroad cars with ethanol and/or Dried Distillers Grains with Solubles (DDGS) from a source other than IRE or IRE's affiliates to remain on the railroad tracks located on the Easement Premises for more than four (4) consecutive hours;

(c) the City shall not store (or knowingly permit to be stored) Hazardous Materials on any portion of the Easement Premises overnight;

(d) the City shall not use the Easement Premises in any manner that adversely impacts IRE's use of any railroad tracks (including the IRE Tracks) located on or about the IRE Property.

4. Overhead and Underground Crossings of Easement; Non-Exclusive Nature of Easement. Notwithstanding anything to the contrary contained herein, IRE shall have the right to construct, at IRE's sole cost and expense, overhead and/or underground structures over or under the Easement Premises to transport materials across the IRE Property; provided, however, that any such overhead or underground structure shall comply with all Legal Requirements, including, without limitation, height, width and depth requirements of the Rochelle Municipal Code, all regulations of any governmental agency having jurisdiction over such matters, and the terms of the Industrial Track Agreement between the City and IRE; and provided further that such construction shall not materially and adversely interfere with the City's use of the Licensed Track on the Easement Premises. IRE, at its sole cost and expense, shall be responsible for maintenance, repair or replacement of any such overhead or underground structures across or under the Easement Premises. In addition, notwithstanding anything to the contrary contained herein, IRE expressly reserves the right (i) to use, or to permit others to use, any areas within the Easement Premises, and (ii) to enter upon the Easement Premises and/or to grant third parties the right to use the subsurface area within the Easement Premises or the air rights above the Easement Premises for above or below ground utility lines, transmission lines, and any similar uses; provided such entry and/or uses under subsections (i) and/or (ii) shall not materially and adversely interfere with the City's use of the Licensed Track on the Easement Premises; and provided further that IRE shall

give reasonable advance notice to the City and the City's Operator of any such intended use under subsection (i).

5. Maintenance. The City, at its own expense, shall be responsible for maintenance, repair and/or replacement of the Licensed Track and all railroad tracks and equipment installed upon the Easement Premises by the City, if any. Further, the City hereby agrees, at its sole cost and expense, to keep the Easement Premises in good, safe, clean order and condition, ordinary wear and tear and damage caused by casualty excepted.

6. Insurance; Indemnity.

(a) Insurance. The City hereby agrees that the City shall, at all times during the duration of this Agreement, maintain and pay for, or cause its contractors to maintain and pay for, commercial general liability insurance affording protection to IRE and the City, and naming IRE, as an additional insured on the policy or policies for a combined bodily injury and property damage limit of liability not less than \$3,000,000.00 for each occurrence. The City further agrees, upon request, to deliver, or cause its contractors to deliver, to IRE a certificate or certificates from a creditworthy insurance company or companies licensed to do business in the State of Illinois which are reasonably satisfactory to IRE, evidencing the existence of such insurance and naming IRE, GTL Resources PLC, GTL Resources Overseas Investments Ltd, GTL Resources USA Inc and Illinois River Energy Holdings LLC as additional insureds, including a contractual liability endorsement and coverage for explosion, collapse and underground hazard. The City shall also maintain or cause its contractors to maintain (a) Worker's compensation insurance or self-insurance as required by any Legal Requirements and/or applicable governmental authorities; and (b) Employer's liability insurance in the amount of One Million and No/100 Dollars (\$1,000,000.00) each accident for bodily injury, Five Million and No/100 Dollars (\$5,000,000.00) policy limit for

bodily injury by disease, and Five Million and No/100 Dollars (\$5,000,000.00) each employee for bodily injury by disease. If the City enters into any contracts pertaining or related to the Property in the performance of its rights under this Agreement and such contracts include any engineering services, in addition to the other insurance requirements set forth herein, the City agrees to procure and maintain , or to require the engineering firm to procure and maintain, errors and omissions insurance during the period of construction, at no cost to IRE, naming GTL Resources PLC, GTL Resources Overseas Investments Ltd, GTL Resources USA Inc and Illinois River Energy Holdings LLC as additional insureds, in the amount of \$1,000,000.00.

In addition to the foregoing and specifically to cover construction or demolition operations within fifty feet (50') of the IRE Tracks or affecting any railroad bridge, trestle, tunnel, track(s), roadbed, overpass or underpass located on the IRE Property, the City shall: (a) notify IRE; and (b) require its contractor(s) performing such operations to procure and maintain during the period of construction or demolition operations, at no cost to IRE, Railroad Protective Liability (RPL) Insurance, naming IRE, GTL Resources PLC, GTL Resources Overseas Investments Ltd, GTL Resources USA Inc and Illinois River Energy Holdings LLC as additional insureds, written on the current ISO/RIMA Form (ISO Form No. CG 00 35 01 96) with limits of \$5,000,000.00 per occurrence for bodily injury and property damage, with at least \$10,000,000.00 aggregate limit per annual policy period, with Pollution Exclusion Amendment (ISO CG 28 31 11 85) if an older ISO Form CG 00 35 is used. The original of such RPL policy shall be sent to and approved by IRE prior to commencement of such construction or demolition.

The City or its contractor shall keep and retain the foregoing insurance policies in full force and effect throughout the duration of this Agreement. On or prior to the date hereof, the City shall deliver to IRE a certificate (or certificates) of insurance evidencing the existence in force of such

policy or policies of insurance. The aforesaid certificate of insurance shall provide that such insurance shall not expire or terminate without IRE being first provided thirty (30) days prior written notice. The City's failure to obtain, keep and maintain such insurance shall be deemed a default under this Agreement which, if not cured within the cure period described in Section 8 below, shall entitle IRE, on written notice given to the City, to exercise all rights and remedies available hereunder, at law or in equity.

(b) Indemnification. To the extent of its power to do so, the City shall indemnify, defend and save IRE and its agents, contractors, servants, employees, officers and directors harmless from any and all damages, liabilities, actions, claims, liens, fines, penalties, costs and expenses (including reasonable attorneys' fees, discovery and court costs) in connection with the loss of life, personal injury and/or damage to property which IRE and its agents, contractors, servants, employees, officers and directors may suffer, incur or become obligated to pay arising from or out of any claim or assertion of liability arising or alleged to have arisen out of the City's, the City's Operator's or any of their respective contractors', employees' and agents' negligent use or exercise of the License or easements granted herein or any breach or misrepresentation of any of the warranties, representations and covenants made by the City herein or any other act or omission of the City, the City's Operator or any of their respective contractors, employees and agents in connection with the use of the License, the Easement Premises, the Permitted Activities or the IRE Property. In addition, the City shall indemnify, defend and hold IRE and its contractors, agents and employees harmless from and against all loss, claim, liability (including sums paid in settlement of any claim) or expense (including, without limitation, attorneys' fees, consultants' fees, investigation costs and any remediation, removal or other clean-up or compliance costs and expenses) relating to personal, property or economic injury (including

any costs incurred by IRE in connection with the correction of any violation of environmental Legal Requirements if IRE is required by law to perform such correction) arising from the presence of Hazardous Materials located within the Easement Premises or any other portion of the IRE Property if introduced by the City, the City's Operator, or any of their respective contractors, employees or agents in violation of environmental Legal Requirements. Notwithstanding the termination of the License and/or this Agreement by expiration or otherwise, the indemnification obligations of the City pursuant to this Section 6(b) shall survive such termination or expiration for a period of five (5) years from the date of such termination or expiration.

7. Assignment. The City's rights under this Agreement shall not be assignable, in whole or in part, without the prior written consent of IRE, which consent shall not be unreasonably withheld.

8. Event of Default. If the City defaults under any provision of this Agreement, which default continues for a period of thirty (30) days after receipt of written notice from IRE specifying the particulars of such default, then IRE may thereafter pursue any right or remedy available to IRE including, without limitation, pursuing any legal action against the City for specific performance, declaratory or injunctive relief, monetary damages or any other remedy provided hereunder, at law or in equity. Notwithstanding the foregoing, the City shall not be deemed to be in default hereunder if the cure cannot be reasonably completed in such 30-day period, provided that the City commences such cure within said 30-day period and thereafter diligently prosecutes such cure to completion within a period not to exceed sixty (60) days thereafter. In the event of any litigation arising under this Agreement, the prevailing party shall be entitled to an award of its reasonable attorney's fees, court costs and expenses of litigation (including consultants' fees), in addition to any other relief granted.

9. Liens. The City shall not permit any lien for services, utilities, labor or materials to be filed against any portion of the IRE Property arising from the use or exercise of the License, any Permitted Activities or the easements granted hereunder, and the City hereby agrees to indemnify, defend and save harmless IRE from all loss, damage, liability, expense or claims whatsoever (including attorneys' fees and other costs of defending against the foregoing or incurred as a result of the foregoing), by reason of any lien or claim for lien for such work, services, utilities or materials performed or supplied which shall be filed against the IRE Property within any statutory periods allowed for filing a lien with respect to work, services, utilities or materials supplied or performed in connection with the License, any Permitted Activities or the easements granted pursuant to this Agreement. In the event any such lien is filed, the City shall pay and discharge the same of record as promptly as possible but in no event later than thirty (30) days after the filing thereof; provided, however, that the City shall have the right to contest the lien and, if requested, deposit with IRE a cash or surety bond in a form and with a company satisfactory to IRE in an amount equal to one hundred twenty-five percent (125%) the amount of the contested lien.

10. Termination. This Agreement may be amended, modified, or terminated at any time by a declaration in writing, executed and acknowledged by all the parties to the Agreement or their successors or assigns; except as it pertains to the License as set forth in Section 1(a) above, this Agreement shall not be otherwise amended, modified or terminated during the term hereof.

11. No Public Benefit. This Agreement is not intended, nor shall it be construed as creating any rights in or for the benefit of the general public nor shall they affect any real property outside of the IRE Property.

12. Authority. The parties hereto each represent and warrant to the other party that it has the power and authority to enter into this Agreement and to perform its obligations hereunder.

13. City's Obligations. As a part of the consideration for this Agreement, the City, on or prior to the date hereof, has extinguished those certain obligations owed by IRE to the City related to payment and/or reimbursement for a southerly extension of the City's railroad from its present location, such obligations being contained in Section 12 of that certain Rider to the Annexation Agreement between DP Industrial, LLC, and the City dated July 29, 2003, and recorded in the office of the Ogle County Recorder on July 31, 2003, 2003 as document #0313721 (collectively, "Extinguished Obligations"), as evidenced by that certain Amendment to Annexation Agreement attached hereto and made a part hereof as **Exhibit D**. In addition, the City does hereby release, remise and forever discharge, IRE and its agents, contractors, servants, employees, officers and directors from any and all actions, causes, suits, debts, accounts, covenants, controversies, agreements, promises, obligations, damages, claims and demands, whatsoever, at law or in equity, whether presently known or unknown, whether matured, unmatured, potential or contingent, and whether in tort, in contract, or otherwise, which the City, now has or may have, or hereafter can, shall, or may have, for, upon, or by reason of any action, cause, matter or thing which arise out of, relate to, or in any way pertain to the Extinguished Obligations. As a further part of the consideration for this Agreement, the City agrees to use its best efforts to obtain all necessary approvals and funding for, and to construct, an extension of the City railroad tracks from the east boundary line of Easement Area B easterly across Steward Road to that certain 4.4 acres of real property ("Extension Property") which City intends to acquire from the adjoining property owner (collectively, "Extension Work"), in order to provide storage tracks for the business uses of current and/or future property owners (including, without limitation, IRE and its affiliates) and/or tenants of real property located to the east of the IRE Property; provided, however, that (i) in no event shall IRE have any obligation to contribute to the costs of construction and/or installation of said

Extension Work, and (ii) upon completion of the Extension Work, the City shall grant to IRE for the benefit of IRE and its affiliates, contractors, employees and agents, a non-exclusive easement for purposes of ingress and egress and the performance of the Extension Activities (as hereinafter defined) in, on, upon, along, over, through and across the Extension Property. The City agrees to use its best efforts to complete the Extension Work on or prior to the date occurring twenty-four (24) months after the date hereof. For purposes hereof, the Extension Activities shall mean the right to (i) use the tracks constructed and/or maintained by (or on behalf of) the City on the IRE Property; provided, however, that such use must be performed by the City or the City's Operator, or their respective contractors, employees or agents, and (ii) use the storage tracks located (or to be located) on the Extension Property for purposes of storing railroad cars and other such related equipment on the storage tracks located (or to be located) on the Extension Property as such cars and equipment pertain to its business conducted on the IRE Property; provided, however, that: (i) no storage shall be allowed until a second track has been built on the east side of Steward Road; (ii) no more than fifteen (15) cars may be so stored at any time; and (iii) the City's obligation to allow such storage shall expire one (1) year from the completion of the second track. Notwithstanding the foregoing, IRE shall not be allowed to use its own equipment or own switching personnel to cross Steward Road on the City Rail, to operate within the Extension Property, or to engage in any activity on the City Rail or the Licensed Track, such activity being permitted only by the City or the City's Operator, or their respective contractors, employees or agents.

14. Notices. All notices, requests, demands or other communications ("Notices") hereunder shall be in writing and given by national overnight courier (e.g., Fed Ex, UPS, Airborne) and shall be effective as of the date of delivery to the intended recipient as shown on the courier's records; delivery shall be deemed to have been made if the courier was not able to deliver due to

change of address for which no notice was given. Notices (and copies as shown) shall be addressed as shown below or to such other address as may be specified from time to time in writing by either party:

To the City: Rochelle City Manager
420 North 6th Street
Rochelle, Illinois 61068
Fax: (815) 561-8648

To IRE: Illinois River Energy LLC
1900 Steward Road
Rochelle, Illinois 61068
Attention: Neal Jakel
Fax: (815) 561-0720

with copies to: Seyfarth Shaw LLP
131 South Dearborn Street
Suite 2400
Chicago, Illinois 60603
Attn: Suzanne Saxman, Esq.
Fax: (312) 460-7646

Fax numbers shown above are for convenience of the parties only and do not in any manner modify the terms of this Section 14.

15. Entire Agreement; Governing Law. This Agreement constitutes the entire agreement between the parties with respect to the subject matter addressed herein, and supersedes and discharges any prior oral or written, or contemporaneous oral, agreements. This Agreement shall be construed in accordance with the laws of the State of Illinois.

16. Severability; No Waiver. If any provision of this Agreement, or portion thereof, or the application thereof to any person or circumstance shall be invalid or unenforceable, the remainder of this Agreement shall not be affected, and each other provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law. The failure of a party to enforce any term of this Agreement or a party's waiver of the nonperformance of a term by the other

party shall not be construed as a general waiver or amendment of that term, but the term shall remain in effect and enforceable in the future.

17. Time is of the Essence. Time is of the essence with respect to performance of each obligation of this Agreement.

18. Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, and all of which together shall be deemed one and the same document.

[Signature Page to Follow.]

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement to each other as of the date set forth above.

THE CITY OF ROCHELLE, an Illinois municipal corporation

By: _____
City Manager

Attest: _____
City Clerk

ILLINOIS RIVER ENERGY, LLC, a Delaware limited liability company

By: _____
Its: _____

Prepared By and Return To:
ALAN H. COOPER
Attorney at Law
233 East Route 38, Suite 202
P. O. Box 194
Rochelle, IL 61068
(815)562-2677

STATE OF ILLINOIS)
) ss.
COUNTY OF OGLE)

I, the undersigned notary public, do hereby certify that David S. Plyman and Bruce McKinney, the City Manager and City Clerk, respectively, of the City of Rochelle, an Illinois municipal corporation, personally known to me to be the same persons whose names are subscribed to the foregoing instrument, appeared before me this day in person, and acknowledged that they signed and delivered the said instrument in said capacity, pursuant to authority of the governing body of the City.

Given under my hand and official seal, this _____ day of _____,
20__.

(SEAL)

NOTARY PUBLIC

STATE OF _____)
) ss.
COUNTY OF _____)

I, the undersigned notary public, do hereby certify that _____ the _____ of ILLINOIS RIVER ENERGY, LLC, a Delaware limited liability company, personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person, and acknowledged that he signed and delivered the said instrument in said capacity, pursuant to authority of the governing body and governing instruments of said limited liability company.

Given under my hand and official seal, this _____ day of _____,
20__.

(SEAL)

NOTARY PUBLIC

EXHIBIT A

Legal Description of IRE Property

EXHIBIT A

LEGAL DESCRIPTION OF IRE PROPERTY

PARCEL 1:

That part of the Southwest Quarter of Section Thirty-two (32), in Township Forty (40) North, Range Two (2) East of the third Principal Meridian, County of Ogle, Illinois, described as follows: Commencing at the Southeast corner of said Southwest Quarter of Section 32; thence South 88 degrees 31 minutes 33 seconds West along the South line of said Southwest Quarter, 40.00 feet to a line 40.00 feet West of and parallel with the East line of said Southwest Quarter, and the point of beginning; thence continuing South 88 degrees 31 minutes 33 seconds West along the South line of said Southwest Quarter, 2,612.09 feet to the Southwest corner of said Southwest Quarter of Section 32; thence North 01 degrees 25 minutes 59 seconds West along the West line of said Southwest Quarter, 1,199.79 feet to the point on curve; thence Northeasterly, 111.42 feet along a non-tangential curve concave Southeasterly, having a radius of 580.00 feet, chord bearing North 67 degrees 55 minutes 56 seconds East, 111.24 feet; thence North 88 degrees 31 minutes 01 seconds East, 2,512.35 feet to said line 40 feet West of and parallel with the East line of said Southwest Quarter of Section 32; thence South 01 degrees 13 minutes 52 seconds East along said line, 1,239.32 feet to said point of beginning; situated in the County of Ogle and State of Illinois.

PARCEL 2:

That part of the Southeast Quarter of Section Thirty-one (31), Township Forty (40) North, Range Two (2) East of the Third Principal Meridian, County of Ogle, Illinois, described as follows: Beginning at the Southeast corner of said Southeast Quarter of Section 31; thence South 88 degrees 19 minutes 19 seconds West along the South line of said Southeast Quarter, 164.71 feet to a line 100.00 feet East of and parallel with the Easterly right of way line of Burlington Northern Railroad; thence North 16 degrees 46 minutes 42 seconds West along said line, 523.21 feet; thence North 10 degrees 58 minutes 44 seconds West, 79.90 feet to a point on curve; thence Northeasterly, 743.37 feet along a non-tangential curve, concave Southeasterly, having a radius of 580.00 feet, chord distance of 693.53 feet and bearing North 25 degrees 42 minutes 42 seconds East to the East line of said Southeast Quarter of Section 31; thence South 01 degrees 25 minutes 59 seconds East along said East line, 1,199.79 feet to said point of beginning; situated in the County of Ogle and State of Illinois.

PIN: 25-32-300-008 and 25-31-400-010

EXHIBIT B-1

Legal Description of Easement Area A

THAT PART OF THE SOUTHWEST QUARTER OF SECTION THIRTY-TWO (32), IN TOWNSHIP FORTY (40) NORTH, RANGE TWO (2) EAST OF THE THIRD PRINCIPAL MERIDIAN, OGLE COUNTY, ILLINOIS, DESCRIBED AS FOLLOWS: COMMENCING AT THE SOUTHWEST CORNER OF SAID SOUTHWEST QUARTER OF SECTION 32; THENCE NORTH 88 DEGREES 31 MINUTES 33 SECONDS EAST ALONG THE SOUTH LINE OF SAID SOUTHWEST QUARTER, 28.87 FEET FOR A POINT OF BEGINNING; THENCE NORTH 20 DEGREES 53 MINUTES 03 SECONDS EAST, 37.99 FEET; THENCE NORTH 30 DEGREES 49 MINUTES 40 SECONDS EAST, 295.73 FEET TO A POINT OF CURVATURE; THENCE NORTHEASTERLY ALONG A CURVE TO THE RIGHT, HAVING A RADIUS OF 635.50 FEET TANGENT TO THE LAST DESCRIBED COURSE, AN ARC LENGTH OF 639.32 FEET, A CHORD BEARING OF NORTH 59 DEGREES 38 MINUTES 52 SECONDS EAST AND A CHORD LENGTH OF 612.70 FEET; THENCE NORTH 88 DEGREES 28 MINUTES 03 SECONDS EAST TANGENT TO THE LAST DESCRIBED CURVE AT THE LAST DESCRIBED POINT 1128.50 FEET; THENCE SOUTH 01 DEGREES 31 MINUTES 57 SECONDS EAST, PERPENDICULAR TO THE LAST DESCRIBED COURSE, 15.00 FEET; THENCE SOUTH 88 DEGREES 28 MINUTES 03 SECONDS WEST PARALLEL WITH THE PENULTIMATE DESCRIBED COURSE, 1128.50 FEET TO A POINT OF CURVATURE; THENCE SOUTHWESTERLY ALONG A CURVE TO THE LEFT, HAVING A RADIUS OF 620.50 FEET TANGENT TO THE LAST DESCRIBED COURSE, AN ARC LENGTH OF 624.23, A CHORD BEARING OF SOUTH 59 DEGREES 38 MINUTES 52 SECONDS WEST AND A CHORD LENGTH OF 598.23 FEET; THENCE SOUTH 30 DEGREES 49 MINUTES 40 SECONDS WEST TANGENT TO THE LAST DESCRIBED CURVE AT THE LAST DESCRIBED POINT, 294.42 FEET; THENCE SOUTH 20 DEGREES 53 MINUTES 03 SECONDS WEST, 30.51 FEET TO THE SOUTH LINE OF SAID SOUTHWEST QUARTER; THENCE SOUTH 88 DEGREES 31 MINUTES 33 SECONDS WEST ALONG SAID SOUTH LINE, 16.22' TO THE POINT OF BEGINNING ALL IN OGLE COUNTY, ILLINOIS AND CONTAINING 0.72 ACRES MORE OR LESS.

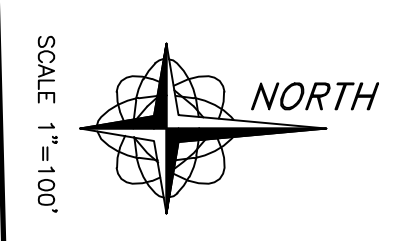
EXHIBIT B-2
Legal Description of Easement Area B

THAT PART OF THE SOUTHWEST QUARTER OF SECTION THIRTY-TWO (32), IN TOWNSHIP FORTY (40) NORTH, RANGE TWO (2) EAST OF THE THIRD PRINCIPAL MERIDIAN, OGLE COUNTY, ILLINOIS, DESCRIBED AS FOLLOWS: COMMENCING AT THE SOUTHWEST CORNER OF SAID SOUTHWEST QUARTER OF SECTION 32; THENCE NORTH 88 DEGREES 31 MINUTES 33 SECONDS EAST ALONG THE SOUTH LINE OF SAID SOUTHWEST QUARTER, 45.09 FEET FOR A POINT OF BEGINNING; THENCE NORTH 20 DEGREES 53 MINUTES 03 SECONDS EAST, 30.51 FEET; THENCE NORTH 30 DEGREES 49 MINUTES 40 SECONDS EAST, 294.42 FEET TO A POINT OF CURVATURE; THENCE NORTHEASTERLY ALONG A CURVE TO THE RIGHT, HAVING A RADIUS OF 620.50 FEET TANGENT TO THE LAST DESCRIBED COURSE, AN ARC LENGTH OF 624.23 FEET, A CHORD BEARING OF NORTH 59 DEGREES 38 MINUTES 52 SECONDS EAST AND A CHORD LENGTH OF 598.23 FEET; THENCE NORTH 88 DEGREES 28 MINUTES 03 SECONDS EAST TANGENT TO THE LAST DESCRIBED CURVE AT THE LAST DESCRIBED POINT, 1128.50 FEET; THENCE NORTH 01 DEGREES 31 MINUTES 57 SECONDS WEST, PERPENDICULAR TO THE LAST DESCRIBED COURSE 15.00 FEET; THENCE NORTH 88 DEGREES 28 MINUTES 03 SECONDS EAST PARALLEL WITH THE PENULTIMATE DESCRIBED COURSE, 748.20 FEET, THENCE SOUTH 01 DEGREES 13 MINUTES 52 SECONDS EAST ALONG A LINE BEING 40.00 FEET WESTERLY OF AND PARALLEL WITH THE EASTERLY LINE OF SAID SOUTHWEST QUARTER, 40.00 FEET; THENCE SOUTH 88 DEGREES 28 MINUTES 03 SECONDS WEST PARALLEL WITH THE PENULTIMATE DESCRIBED COURSE, 1876.49 FEET TO A POINT OF CURVATURE; THENCE SOUTHWESTERLY ALONG A CURVE TO THE LEFT, HAVING A RADIUS OF 595.50 FEET TANGENT TO THE LAST DESCRIBED COURSE, AN ARC LENGTH OF 599.08, A CHORD BEARING OF SOUTH 59 DEGREES 38 MINUTES 52 SECONDS WEST AND A CHORD LENGTH OF 574.13 FEET; THENCE SOUTH 30 DEGREES 49 MINUTES 40 SECONDS WEST TANGENT TO THE LAST DESCRIBED CURVE AT THE LAST DESCRIBED POINT, 292.25 FEET; THENCE SOUTH 20 DEGREES 53 MINUTES 03 SECONDS WEST, 18.05 FEET TO THE SOUTH LINE OF SAID SOUTHWEST QUARTER; THENCE SOUTH 88 DEGREES 31 MINUTES 33 SECONDS WEST ALONG SAID SOUTH LINE, 27.03' TO THE POINT OF BEGINNING ALL IN OGLE COUNTY, ILLINOIS AND CONTAINING 1.87 ACRES MORE OR LESS.

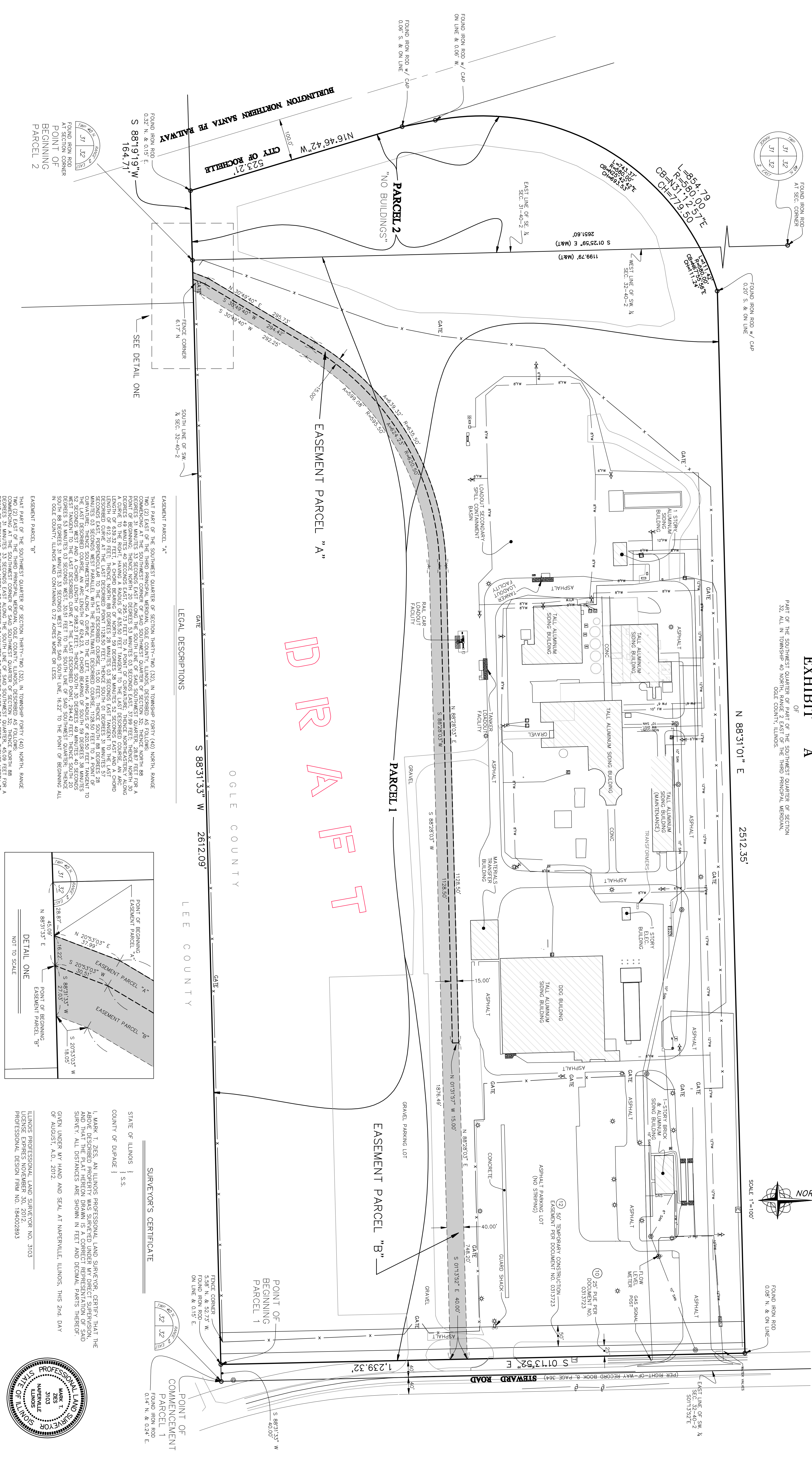
EXHIBIT C
Map Depicting Easements

EXHIBIT "A"
OF
PART OF THE SOUTHWEST QUARTER OF PART OF THE SOUTHWEST QUARTER OF SECTION 32, ALL IN TOWNSHIP 40 NORTH, RANGE 2 EAST OF THE THIRD PRINCIPAL MERIDIAN, OGLE COUNTY, ILLINOIS.

N 88°31'01" E 2512.35'



SCALE 1"=100'



LEGAL DESCRIPTIONS

OGLE COUNTY

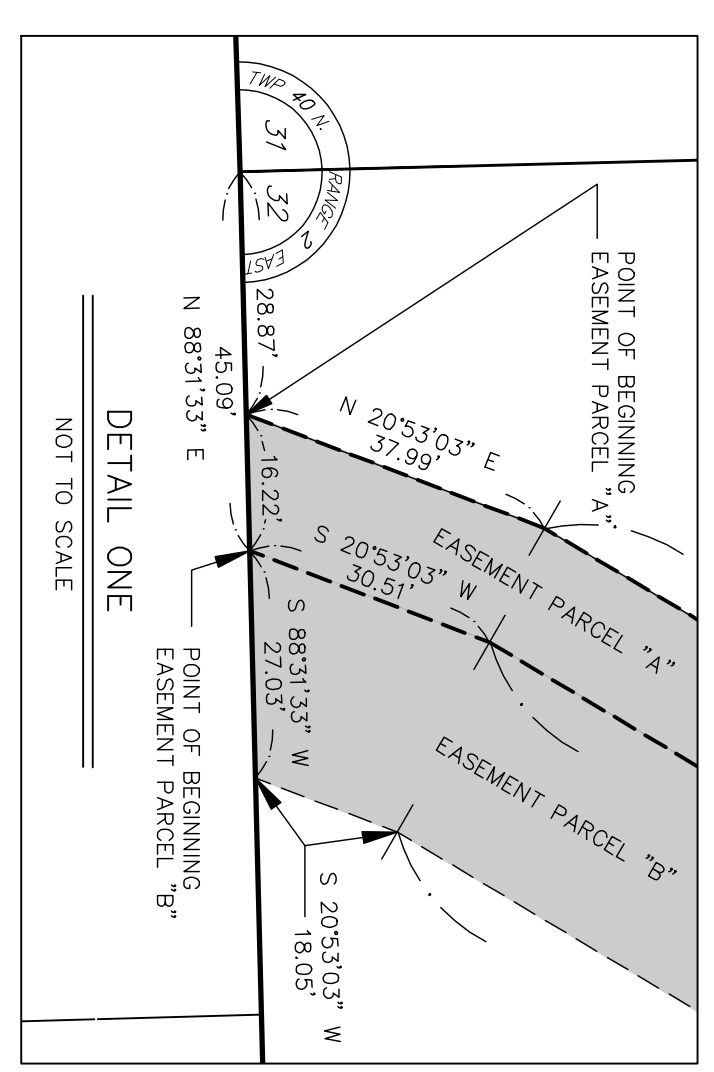
LEE COUNTY

EASEMENT PARCEL "A"

THAT PART OF THE SOUTHWEST QUARTER OF SECTION THIRTY-TWO (32), IN TOWNSHIP FORTY (40) NORTH, RANGE TWO (2) EAST OF THE THIRD PRINCIPAL MERIDIAN, OGLE COUNTY, ILLINOIS, DESCRIBED AS FOLLOWS: COMMENCING AT THE SOUTHWEST CORNER OF SAID SOUTHWEST QUARTER OF SECTION 32, THENCE NORTH 88° 09' 48" DEGREES 31 MINUTES 33 SECONDS EAST ALONG THE SOUTH LINE OF SAID SOUTHWEST QUARTER, 4509 FEET FOR A POINT OF BEGINNING, THENCE NORTH 20 DEGREES 53 MINUTES 03 SECONDS EAST, 30.51 FEET, THENCE NORTH 30 DEGREES 49 MINUTES 40 SECONDS EAST, 285.73 FEET TO A POINT OF CURVATURE, THENCE NORTHEASTERLY ALONG A CHORD BEARING OF NORTH 59 DEGREES 38 MINUTES 28 SECONDS EAST, 32 SECONDS EAST AND A CHORD LENGTH OF 639.32 FEET, THENCE NORTH 88 DEGREES 28 MINUTES 03 SECONDS EAST TANGENT TO THE LAST SECOND, EAST PERPENDICULAR TO SAID DESCRIBED COURSE, 15.00 FEET, THENCE SOUTH 88 DEGREES 28 MINUTES 03 SECONDS WEST PARALLEL WITH THE PENULTIMATE DESCRIBED COURSE, 1128.50 FEET TO A POINT OF CURVATURE, THENCE SOUTHWESTERLY ALONG A CHORD, TO THE LEAST HAVING A RADIUS OF 800.00 FEET TANGENT TO THE LAST DESCRIBED COURSE AT A POINT OF BEGINNING, THENCE SOUTH 30 DEGREES 48 MINUTES 40 SECONDS WEST AND A CHORD LENGTH OF 598.23 FEET, THENCE SOUTH 30 DEGREES 48 MINUTES 40 SECONDS WEST AND A CHORD LENGTH OF 598.23 FEET, THENCE SOUTH 30 DEGREES 48 MINUTES 40 SECONDS WEST, 1805 FEET TO THE SOUTH LINE OF SAID SOUTHWEST QUARTER, THENCE SOUTH 88 DEGREES 31 MINUTES 33 SECONDS WEST ALONG SAID SOUTH LINE, 16.22' TO THE POINT OF BEGINNING ALL IN OGLE COUNTY, ILLINOIS AND CONTAINING 0.72 ACRES MORE OR LESS.

EASEMENT PARCEL "B"

THAT PART OF THE SOUTHWEST QUARTER OF SECTION THIRTY-TWO (32), IN TOWNSHIP FORTY (40) NORTH, RANGE TWO (2) EAST OF THE THIRD PRINCIPAL MERIDIAN, OGLE COUNTY, ILLINOIS, DESCRIBED AS FOLLOWS: COMMENCING AT THE SOUTHWEST CORNER OF SAID SOUTHWEST QUARTER OF SECTION 32, THENCE NORTH 88° 09' 48" DEGREES 31 MINUTES 33 SECONDS EAST ALONG THE SOUTH LINE OF SAID SOUTHWEST QUARTER, 4509 FEET FOR A POINT OF BEGINNING, THENCE NORTH 20 DEGREES 53 MINUTES 03 SECONDS EAST, 30.51 FEET, THENCE NORTH 30 DEGREES 49 MINUTES 40 SECONDS EAST, 285.73 FEET TO A POINT OF CURVATURE, THENCE NORTHEASTERLY ALONG A CHORD BEARING OF NORTH 59 DEGREES 38 MINUTES 28 SECONDS EAST, 32 SECONDS EAST AND A CHORD LENGTH OF 639.32 FEET, THENCE NORTH 88 DEGREES 28 MINUTES 03 SECONDS EAST TANGENT TO THE LAST SECOND, EAST PERPENDICULAR TO THE LAST DESCRIBED COURSE, 15.00 FEET, THENCE NORTH 88 DEGREES 28 MINUTES 03 SECONDS WEST PARALLEL WITH THE PENULTIMATE DESCRIBED COURSE, 1128.50 FEET TO A POINT OF CURVATURE, THENCE SOUTHWESTERLY ALONG A CHORD, TO THE LEAST HAVING A RADIUS OF 800.00 FEET TANGENT TO THE LAST DESCRIBED COURSE AT A POINT OF BEGINNING, THENCE SOUTH 30 DEGREES 48 MINUTES 40 SECONDS WEST AND A CHORD LENGTH OF 598.23 FEET, THENCE SOUTH 30 DEGREES 48 MINUTES 40 SECONDS WEST, 1805 FEET TO THE SOUTH LINE OF SAID SOUTHWEST QUARTER, THENCE SOUTH 88 DEGREES 31 MINUTES 33 SECONDS WEST ALONG SAID SOUTH LINE, 2703' TO THE POINT OF BEGINNING ALL IN OGLE COUNTY, ILLINOIS AND CONTAINING 1.97 ACRES MORE OR LESS.

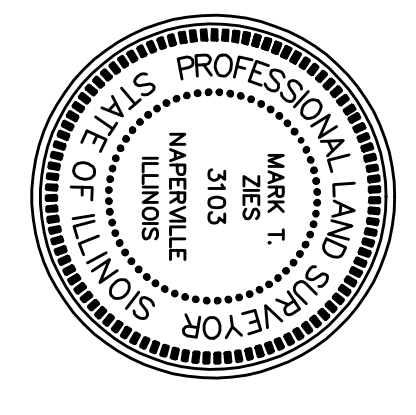


STATE OF ILLINOIS }
COUNTY OF DUPAGE } S.S.
SURVEYOR'S CERTIFICATE

I, MARK T. ZIES, AN ILLINOIS PROFESSIONAL LAND SURVEYOR, CERTIFY THAT THE ABOVE DESCRIBED PROPERTY WAS SURVEYED UNDER MY DIRECT SUPERVISION, AND THAT THE PLAT HEREON DRAWN IS A CORRECT REPRESENTATION OF SAID SURVEY. ALL DISTANCES ARE SHOWN IN FEET AND DECIMAL PARTS THEREOF.

GIVEN UNDER MY HAND AND SEAL AT NAPERVILLE, ILLINOIS, THIS 2ND DAY OF AUGUST, A.D., 2012.

ILLINOIS PROFESSIONAL LAND SURVEYOR NO. 3103
LICENSE EXPIRES NOVEMBER 30, 2012.
PROFESSIONAL DESIGN FIRM NO. 1545028993



<p>SCALE 1"=100'</p> <p>0 50' 100' 200'</p>		<p>PREPARED FOR IL RIVER ENERGY, LLC 1800 STEWARD ROAD ROCKELLE, IL 60868</p>	<p>DATE: 08/07/12 FILE: 0986/002/DWG CAD: ALV2 WITH RAIL EASEMENTS.DWG</p>
<p>DESIGN BY: WSB/CMV/MTZ CHECKED BY: MJB</p>	<p>NO. DATE DESCRIPTION REVISIONS</p>	<p>RAIL EASEMENTS ETHANOL PRODUCTION FACILITY ROCKELLE, ILLINOIS</p>	<p>WEAVER BOOS CONSULTANTS</p>
<p>ROCKELLE, ILLINOIS 2501 21st Ave 314-221-1144</p>	<p>ROCKELLE, ILLINOIS 2501 21st Ave 314-221-1144</p>	<p>SHEET 1 OF 1</p>	