

statutes or rules and regulations; provided, however, that nothing herein shall diminish any other rights or remedies which the Lessor may have in connection with any such negligence, breach or non-compliance. With respect to any other such waste damage or loss, Lessee agrees to indemnify, save the Lessor harmless and, at the option of the Lessor, defend the Lessor from any and all losses, damages, claims, demands or actions caused by, arising out of, or connected with the operations of the Lessee hereunder as more specifically provided under paragraph 16 hereof. Lessee shall not be obligated to defend the Lessor's title to geothermal resources.

11. COMPLIANCE WITH LAWS

Lessee shall comply with all valid requirements of all municipal, state and federal authorities and observe all municipal, state and federal laws and regulations pertaining to the leased lands and Lessee's operations hereunder, now in force or which may hereafter be in force, including, but not limited to, all water and air pollution control laws, and those relating to the environment; provided, however, no revision or repeal of the regulations as defined in paragraph 34 subsequent to the effective date hereof shall change the rental, royalty rate, term, or otherwise substantially change the economic terms under this Lease; provided, further, however, that the State of Hawaii, acting in its governmental capacity, may by such regulations or amendments thereto made at any time regulate the drilling, location, spacing, testing, completion, production, operation, maintenance and abandonment of a well or wells or similar activity

as well as the construction, operation and maintenance of any power plant or other facilities in the exercise of its police powers to protect the public health, welfare and safety as provided in the regulations.

Lessee shall have the right to contest or review, by legal procedures or in such other manner as Lessee may deem suitable, at its own expense, any order, regulation, direction, rule, law, ordinance, or requirement, and if able, may have the same cancelled, removed, revoked, or modified. Such proceeding shall be conducted promptly and shall include, if Lessee so decides, appropriate appeals. Whenever the requirements become final after a contest, Lessee shall diligently comply with the same. Lessee also agrees that in its employment practices hereunder it shall not discriminate against any person because of race, color, religion, sex, ancestry or national origin.

12. INSPECTION OF PREMISES AND RECORDS

Lessor, or persons authorized by the Lessor, shall have the right, at all reasonable times, to go upon the leased lands for the purpose of inspecting the same, for the purpose of maintaining or repairing said premises, for the purpose of placing upon the leased lands any usual or ordinary signs, for fire or police purposes, to protect the premises from any cause whatever, or for purposes of examining and inspecting at all times the operations of Lessee with respect to wells, improvements, machinery, and fixtures used in connection therewith, all without any rebate of charges and without any liability on the part of the Lessor for any loss of occupation or quiet enjoyment of the premises thereby occasioned.

Lessor or its agents may at reasonable times inspect