

BASIN ELECTRIC POWER COOPERATIVE

\$50,000,000 First Mortgage Obligations,
2008 Series B Notes, due June 11, 2029

2008 SERIES B NOTE PURCHASE AGREEMENT

DATED MARCH 12, 2008

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**BASIC ELECTRIC POWER COOPERATIVE
1717 EAST INTERSTATE AVENUE
BISMARCK, NORTH DAKOTA 58503**

**\$50,000,000 First Mortgage Obligations,
2008 Series B Notes, due June 11, 2029**

March 12, 2008

TO EACH OF THE PURCHASERS LISTED IN
SCHEDULE A HERETO:

Ladies and Gentlemen:

BASIN ELECTRIC POWER COOPERATIVE, an electric cooperative corporation existing under the laws of the State of North Dakota (the "*Company*"), agrees with each of the purchasers whose names appear at the end hereof (each, a "*Purchaser*" and, collectively, the "*Purchasers*") as follows:

SECTION I. AUTHORIZATION OF 2008 SERIES B NOTES.

The Company will authorize the issue and sale of:

- (i) \$50,000,000 aggregate principal amount of its First Mortgage Obligations, 2008 Series B Notes, due June 11, 2029 (the "*2008 Series B Notes*" and such terms include any such notes issued in substitution therefor).

The 2008 Series B Notes will be issued under and secured by the Indenture dated as of January 1, 1998 from the Company to U.S. Bank National Association (fka First Bank National Association) as Trustee (the "*Original Indenture*"), as amended and supplemented by seventeen supplemental indentures and as further amended and supplemented by the Eighteenth Supplement dated February 15, 2008 (such Eighteenth Supplement being referred to as the "*Supplement*") which will be substantially in the form attached hereto as Exhibit A, with such changes therein, if any, as shall be approved by the Purchasers and the Company. The Original Indenture, as supplemented by each of the aforementioned seventeen supplemental indentures, including the Supplement, is hereinafter referred to as the "*Indenture*." Certain capitalized and other terms used in this Agreement are defined in Schedule B; and references to a "Schedule" or an "Exhibit" are, unless otherwise specified, to a Schedule or an Exhibit attached to this Agreement. Terms used herein but not defined herein shall have the meanings set forth in the Indenture.

SECTION 2. SALE AND PURCHASE OF 2008 SERIES B NOTES.

Subject to the terms and conditions of this Agreement, the Company will issue and sell to each Purchaser and each Purchaser will purchase from the Company, at the Closing provided for in Section 3, 2008 Series B Notes in the principal amount and of the series specified opposite such Purchaser's name in Schedule A at the purchase price of 100% of the principal amount thereof. The Purchasers' obligations hereunder are several and not joint obligations and no Purchaser shall have any liability to any Person for the performance or non-performance of any obligation by any other Purchaser hereunder.

SECTION 3. CLOSING.

The sale and purchase of the 2008 Series B Notes to be purchased by each Purchaser shall occur at the offices of Chapman and Cutler LLP, 111 West Monroe, Chicago, IL, at 10:00 a.m., Chicago time, at a closing (the "*Closing*") on March 12, 2008 or on such other Business Day thereafter on or prior to March 14, 2008 as may be agreed upon by the Company and the Purchasers. At the Closing the Company will deliver to each Purchaser the 2008 Series B Notes to be purchased by such Purchaser in the form of a single 2008 Series B Note (or such greater number of 2008 Series B Notes in denominations of at least \$100,000 as such Purchaser may request) dated the date of the Closing and registered in such Purchaser's name (or in the name of its nominee), against delivery by such Purchaser to the Company or its order of immediately available funds in the amount of the purchase price therefor by wire transfer of immediately available funds for the account of the Company to account number 910-2-617926 at JPMorgan Chase Bank, N.A., ABA Number 021000021. If at the Closing the Company shall fail to tender such 2008 Series B Notes to any Purchaser as provided above in this Section 3, or any of the conditions specified in Section 4 shall not have been fulfilled to such Purchaser's satisfaction, such Purchaser shall, at its election, be relieved of all further obligations under this Agreement, without thereby waiving any rights such Purchaser may have by reason of such failure or such nonfulfillment.

SECTION 4. CONDITIONS TO CLOSING.

Each Purchaser's obligation to purchase and pay for the 2008 Series B Notes to be sold to such Purchaser at the Closing is subject to the fulfillment to such Purchaser's satisfaction, prior to or at the Closing, of the following conditions:

Section 4.1. Representations and Warranties. The representations and warranties of the Company in this Agreement shall be correct when made and at the time of the Closing.

Section 4.2. Performance; No Default. The Company shall have performed and complied with all agreements and conditions contained in this Agreement required to be performed or complied with by it prior to or at the Closing and after giving effect to the issue and sale of the 2008 Series B Notes (and the application of the proceeds thereof as contemplated by Section 5.14) no Default or Event of Default shall have occurred and be continuing.

Section 4.3. Compliance Certificates. The Company shall have performed and complied with all agreements and conditions contained in the Indenture which are required to be performed or complied with by the Company for the issuance of the 2008 Series B Notes. In addition the Company shall have delivered the following certificates:

(a) *Officer's Certificates.* The Company shall have delivered to such Purchaser (i) an Officer's Certificate certifying that the conditions specified in Section 4 of this Agreement have been fulfilled, and (ii) copies of all certificates and opinions required to be delivered to the Trustee under the Indenture in connection with the issuance of the 2008 Series B Notes under the Indenture, in each case, dated the date of the Closing.

(b) *Secretary's Certificate.* The Company shall have delivered to such Purchaser a certificate of its Secretary or Assistant Secretary, dated the date of Closing, certifying as to the resolutions attached thereto and other corporate proceedings relating to the authorization, execution and delivery of the Financing Agreements.

Section 4.4. Opinions of Counsel. Such Purchaser shall have received opinions in form and substance satisfactory to such Purchaser, dated the date of the Closing (a) from (i) Orrick, Herrington & Sutcliffe LLP, counsel for the Company and (ii) Claire M. Olson, Senior Vice President and General Counsel to the Company, covering the matters set forth in Exhibits 4.4(a)(i) and 4.4(a)(ii) and covering such other matters incident to the transactions contemplated hereby as such Purchaser or its counsel may reasonably request (and the Company hereby instructs its counsel to deliver such opinion to the Purchasers) and (b) from Chapman and Cutler LLP, the Purchasers' special counsel in connection with such transactions, substantially in the form set forth in Exhibit 4.4(b) and covering such other matters incident to such transactions as such Purchaser may reasonably request.

Section 4.5. Purchase Permitted by Applicable Law, Etc. On the date of the Closing such Purchaser's purchase of 2008 Series B Notes shall (a) be permitted by the laws and regulations of each jurisdiction to which such Purchaser is subject, without recourse to provisions (such as section 1405(a)(8) of the New York Insurance Law) permitting limited investments by insurance companies without restriction as to the character of the particular investment, (b) not violate any applicable law or regulation (including, without limitation, Regulation T, U or X of the Board of Governors of the Federal Reserve System) and (c) not subject such Purchaser to any tax, penalty or liability under or pursuant to any applicable law or regulation, which law or regulation was not in effect on the date hereof. If requested by such Purchaser, such Purchaser shall have received an Officer's Certificate certifying as to such matters of fact as such Purchaser may reasonably specify to enable such Purchaser to determine whether such purchase is so permitted.

Section 4.6. Sale of Other Notes. Contemporaneously with the Closing (i) the Company shall sell to each other Purchaser and each other Purchaser shall purchase the 2008 Series B Notes to be purchased by it at the Closing as specified in Schedule A and (ii) the Company shall sell the First Mortgage Obligations, 2008 Series A Notes due June 10, 2030 and May 1, 2032 to each of the purchasers set forth in Schedule A to the 2008 Series A Note Purchase Agreement

dated as of the date hereof and the First Mortgage Obligations, 2008 Series C, due June 10, 2031 to each of the purchasers set forth in Schedule A to the 2008 Series C Note Purchase Agreement dated as of the date hereof.

Section 4.7. Payment of Special Counsel Fees. Without limiting the provisions of Section 11.1, the Company shall have paid on or before the Closing the fees, charges and disbursements of the Purchasers' special counsel referred to in Section 4.4(b) to the extent reflected in a statement of such counsel rendered to the Company at least one Business Day prior to the Closing.

Section 4.8. Private Placement Number. A Private Placement Number issued by Standard & Poor's CUSIP Service Bureau (in cooperation with the SVO) shall have been obtained for each series of 2008 Series B Notes.

Section 4.9. Changes in Corporate Structure. The Company shall not have changed its jurisdiction of incorporation or organization, as applicable, or been a party to any merger or consolidation or succeeded to all or any substantial part of the liabilities of any other entity, at any time following the date of the most recent financial statements referred to in Schedule 5.5.

Section 4.10. Funding Instructions. At least three Business Days prior to the date of the Closing, each Purchaser shall have received written instructions signed by a Responsible Officer on letterhead of the Company confirming the information specified in Section 3 including (i) the name and address of the transferee bank, (ii) such transferee bank's ABA number and (iii) the account name and number into which the purchase price for the 2008 Series B Notes is to be deposited.

Section 4.11. UCC Financing Statements and the Supplement. All UCC Financing Statements, the Supplement, the Indenture or other instruments with respect thereto as may be necessary, shall have been duly filed or recorded by any debtor party in such manner and in such places as is satisfactory to the Purchasers and the Company and as described in Schedule 4.11 (the "Collateral Filings") (and no other instruments shall be required to be filed) to establish and perfect the security interests and liens of the Trustee, in the Mortgaged Property created by or pursuant to the Indenture and which can be perfected by filing the Supplement or a UCC Financing Statement under the UCC.

Section 4.12. Notice of LIBOR. At least 1 Business Day prior to the beginning of the first Interest Period (as defined in the Supplement), the Company shall notify the holders of the 2008 Series B Notes of LIBOR (as defined in the Supplement) for such initial Interest Period.

Section 4.13. Proceedings and Documents. All corporate and other proceedings in connection with the transactions contemplated by this Agreement and all documents and instruments incident to such transactions shall be satisfactory to such Purchaser and its special counsel, and such Purchaser and its special counsel shall have received all such counterpart originals or certified or other copies of such documents as such Purchaser or such special counsel may reasonably request.

SECTION 5. REPRESENTATIONS AND WARRANTIES OF THE COMPANY.

The Company represents and warrants to each Purchaser that:

Section 5.1. Organization; Power and Authority. The Company is an electric cooperative corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation, and is duly qualified as a foreign corporation and is in good standing in each jurisdiction in which such qualification is required by law, other than those jurisdictions as to which the failure to be so qualified or in good standing would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. The Company has the corporate power and authority to own or hold under lease the properties it purports to own or hold under lease, to transact the business it transacts and proposes to transact, to execute and deliver the Financing Agreements and to perform the provisions hereof and thereof.

Section 5.2. Authorization, Etc. The Financing Agreements have been duly authorized by all necessary corporate action on the part of the Company, and the Financing Agreements constitute, and upon execution and delivery thereof each 2008 Series B Note will constitute, a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except as such enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

Section 5.3. Disclosure. This Agreement and the documents, certificates or other writings delivered to the Purchasers by or on behalf of the Company in connection with the transactions contemplated hereby on or prior to February 29, 2008 and identified in Schedule 5.3, and the financial statements listed in Schedule 5.5 (together, the "*Offering Materials*"), taken as a whole, do not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading in light of the circumstances under which they were made. Except as disclosed in the Offering Materials, since December 31, 2006, there has been no change in the financial condition, operations, business or properties of the Company or any of its Subsidiaries except changes that individually or in the aggregate would not reasonably be expected to have a Material Adverse Effect.

Section 5.4. Organization and Ownership of Shares of Subsidiaries. (a) Schedule 5.4 is (except as noted therein) a complete and correct list of the Company's Subsidiaries, showing, as to each Subsidiary, the correct name thereof, the jurisdiction of its organization, and the percentage of shares of each class of its capital stock or similar equity interests outstanding owned by the Company and each other Subsidiary.

(b) All of the outstanding shares of capital stock or similar equity interests of each Subsidiary shown in Schedule 5.4 as being owned by the Company and its Subsidiaries have been validly issued, are fully paid and nonassessable and are owned by the Company or another Subsidiary free and clear of any Lien (except as otherwise disclosed in Schedule 5.4).

(c) Each Subsidiary identified in Schedule 5.4 is a corporation or other legal entity duly organized, validly existing and in good standing under the laws of its jurisdiction of organization, and is duly qualified as a foreign corporation or other legal entity and is in good standing in each jurisdiction in which such qualification is required by law, other than those jurisdictions as to which the failure to be so qualified or in good standing would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Each such Subsidiary has the corporate or other power and authority to own or hold under lease the properties it purports to own or hold under lease and to transact the business it transacts and proposes to transact.

Section 5.5. Financial Statements; Material Liabilities. The Company has delivered to each Purchaser copies of the consolidated financial statements of the Company and its Subsidiaries listed on Schedule 5.5. All of said financial statements (including in each case the related schedules and notes) fairly present in all material respects the consolidated financial position of the Company and its Subsidiaries as of the respective dates specified in such Schedule and the consolidated results of their operations and cash flows for the respective periods so specified and have been prepared in accordance with Accounting Requirements consistently applied throughout the periods involved except as set forth in the notes thereto (subject, in the case of any interim financial statements, to normal year-end adjustments). The Company and its Subsidiaries do not have any Material liabilities that are not disclosed on such financial statements or otherwise disclosed in the Offering Materials.

Section 5.6. Compliance with Laws, Other Instruments, Etc. The execution, delivery and performance by the Company of the Financing Agreements will not (i) contravene, result in any breach of, or constitute a default under, or result in the creation of any Lien, other than the Lien created under the Indenture, in respect of any property of the Company or any Subsidiary under, any indenture, mortgage, deed of trust, loan, purchase or credit agreement, lease, corporate charter or by-laws, or any other Material agreement or instrument to which the Company or any Subsidiary is bound or by which the Company or any Subsidiary or any of their respective properties may be bound or affected, (ii) conflict with or result in a breach of any of the terms, conditions or provisions of any order, judgment, decree, or ruling of any court, arbitrator or Governmental Authority applicable to the Company or any Subsidiary or (iii) violate any provision of any statute or other rule or regulation of any Governmental Authority applicable to the Company or any Subsidiary.

Section 5.7. Governmental Authorizations, Etc. No consent, approval or authorization of, or registration, filing or declaration with, any Governmental Authority is required in connection with the execution, delivery or performance by the Company of the Financing Agreements.

Section 5.8. Litigation; Observance of Statutes and Orders. (a) There are no actions, suits, investigations or proceedings pending or, to the knowledge of the Company, threatened against or affecting the Company or any Subsidiary or any property of the Company or any Subsidiary in any court or before any arbitrator of any kind or before or by any Governmental Authority that, individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect. The potential liabilities described in slides 70 through 78 in the power point presentation described in Schedule 5.3 if determined adversely, could have a material adverse

effect on the properties of the Company described in the slides but would not impact the ability of the Company to perform its obligations under the Financing Agreements and would not effect the validity or enforceability of the Financing Agreements.

(b) Neither the Company nor any Subsidiary is in default under any order, judgment, decree or ruling of any court, arbitrator or Governmental Authority or is in violation of any applicable law, ordinance, rule or regulation (including without limitation Environmental Laws or the USA Patriot Act) of any Governmental Authority, which default or violation, individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect.

Section 5.9. Taxes. The Company and its Subsidiaries have filed all income tax returns that are required to have been filed in any jurisdiction, and have paid all taxes shown to be due and payable on such returns and all other taxes and assessments payable by them, to the extent such taxes and assessments have become due and payable and before they have become delinquent, except for any taxes and assessments (i) the amount of which is not individually or in the aggregate Material or (ii) the amount, applicability or validity of which is currently being contested in good faith by appropriate proceedings and with respect to which the Company or a Subsidiary, as the case may be, has established adequate reserves in accordance with Accounting Requirements. The Federal income tax liabilities of the Company and its Subsidiaries have been finally determined (whether by reason of completed audits or the statute of limitations having run) for all fiscal years up to and including the fiscal year ended December 31, 2002.

Section 5.10. Title to Property; Leases. The Company and its Subsidiaries have good and sufficient title to their respective Material properties, including all such properties reflected in the most recent audited balance sheet referred to in Section 5.5 or purported to have been acquired by the Company or any Subsidiary after said date (except as sold or otherwise disposed of in the ordinary course of business), in each case free and clear of Liens (other than the Lien created under the Indenture) prohibited by this Agreement or the Indenture, except for those defects in title and Liens that, individually or in the aggregate, would not have a Material Adverse Effect. All Material leases are valid and subsisting and are in full force and effect in all material respects.

Section 5.11. Licenses, Permits, Etc. The Company and its Subsidiaries own or possess all licenses, permits, franchises, authorizations, patents, copyrights, proprietary software, service marks, trademarks and trade names, or rights thereto, that are Material, without known conflict with the rights of others, except for those conflicts that, individually or in the aggregate, would not have a Material Adverse Effect.

Section 5.12. Compliance with ERISA. (a) The Company and each ERISA Affiliate have operated and administered each Plan (other than any Multiemployer Plan) in compliance with all applicable laws except for such instances of noncompliance as have not resulted in and could not reasonably be expected to result in a Material Adverse Effect. Neither the Company nor any ERISA Affiliate has incurred any liability pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to "employee benefit plans" (as defined in section 3(3) of ERISA), which liability has resulted or could reasonably be expected to result in a Material Adverse Effect; and no event, transaction or condition has occurred or exists that could

reasonably be expected to result in the incurrence of any such liability by the Company or any ERISA Affiliate, or in the imposition of any Lien on any of the rights, properties or assets of the Company or any ERISA Affiliate, in either case pursuant to Title I or IV of ERISA or to such penalty or excise tax provisions or to section 401(a)(29) or 412 of the Code or section 4068 of ERISA, other than such liabilities or Liens as would not be individually or in the aggregate Material.

(b) The present value of the aggregate benefit liabilities under each of the Plans (other than Multiemployer Plans), determined as of the end of such Plan's most recently ended plan year on the basis of the actuarial assumptions specified for funding purposes in such Plan's most recent actuarial valuation report, did not exceed the aggregate current value of the assets of such Plan allocable to such benefit liabilities. The term "*benefit liabilities*" has the meaning specified in section 4001 of ERISA and the terms "*current value*" and "*present value*" have the meanings specified in section 3 of ERISA.

(c) The Company and its ERISA Affiliates have not incurred withdrawal liabilities (and are not subject to contingent withdrawal liabilities) under section 4201 or 4204 of ERISA in respect of Multiemployer Plans that individually or in the aggregate are Material.

(d) The expected postretirement benefit obligation (determined as of the last day of the Company's most recently ended fiscal year in accordance with Financial Accounting Standards Board Statement No. 106, without regard to liabilities attributable to continuation coverage mandated by section 4980B of the Code) of the Company and its Subsidiaries is not Material.

(e) The execution and delivery of this Agreement and the issuance and sale of the 2008 Series B Notes hereunder will not involve any transaction that is subject to the prohibitions of section 406 of ERISA or in connection with which a tax could be imposed pursuant to section 4975(c)(1)(A)-(D) of the Code. The representation by the Company to each Purchaser in the first sentence of this Section 5.12(e) is made in reliance upon and subject to the accuracy of such Purchaser's representation in Section 6.2 as to the sources of the funds used to pay the purchase price of the 2008 Series B Notes to be purchased by such Purchaser.

Section 5.13. Private Offering by the Company. Neither the Company nor anyone acting on its behalf has offered the 2008 Series B Notes or any similar securities for sale to, or solicited any offer to buy any of the same from, or otherwise approached or negotiated in respect thereof with, any person other than the Purchasers, each of which has been offered the 2008 Series B Notes at a private sale for investment. Neither the Company nor anyone acting on its behalf has taken, or will take, any action that would subject the issuance or sale of the 2008 Series B Notes to the registration requirements of Section 5 of the Securities Act or to the registration requirements of any securities or blue sky laws of any applicable jurisdiction.

Section 5.14. Use of Proceeds; Margin Regulations. The Company will apply the proceeds of the sale of the 2008 Series B Notes for general corporate purposes. No part of the proceeds from the sale of the 2008 Series B Notes hereunder will be used, directly or indirectly, for the purpose of buying or carrying any margin stock within the meaning of Regulation U of the Board of Governors of the Federal Reserve System (12 CFR 221), or for the purpose of

buying or carrying or trading in any securities under such circumstances as to involve the Company in a violation of Regulation X of said Board (12 CFR 224) or to involve any broker or dealer in a violation of Regulation T of said Board (12 CFR 220). Margin stock does not constitute more than 1% of the value of the consolidated assets of the Company and its Subsidiaries and the Company does not have any present intention that margin stock will constitute more than 1% of the value of such assets. As used in this Section, the terms "*margin stock*" and "*purpose of buying or carrying*" shall have the meanings assigned to them in said Regulation U.

Section 5.15. Existing Indebtedness. There has been no Material change in the amounts, interest rates, sinking funds, installment payments or maturities of the Indebtedness of the Company or its Subsidiaries from the Indebtedness set forth in the Company's unaudited consolidated balance sheets for the year ended December 31, 2007, other than as set forth on Schedule 5.15. Such unaudited balance sheets as amended and supplemented by Schedule 5.15 sets forth a complete and correct list of all outstanding Indebtedness of the Company and its Subsidiaries as of March 12, 2008 (including a description of the principal amount outstanding and collateral therefor, if any). Neither the Company nor any Subsidiary is in default and no waiver of default is currently in effect, in the payment of any principal or interest on any Indebtedness of the Company or such Subsidiary and no event or condition exists with respect to any Indebtedness of the Company or any Subsidiary the outstanding principal amount of which exceeds \$10,000,000 that would permit (or that with notice or the lapse of time, or both, would permit) one or more Persons to cause such Indebtedness to become due and payable before its stated maturity or before its regularly scheduled dates of payment.

(b) Neither the Company nor any Subsidiary is a party to, or otherwise subject to any provision contained in, any instrument evidencing Indebtedness of the Company or such Subsidiary, any agreement relating thereto or any other agreement (including, but not limited to, its charter or other organizational document) which limits the amount of, or otherwise imposes restrictions on the incurring of, Indebtedness of the Company, except (x) as specifically indicated in Schedule 5.15 and (y) other instruments evidencing Indebtedness in an aggregate amount not exceeding \$10,000,000.

Section 5.16. Foreign Assets Control Regulations, Etc. (a) Neither the sale of the 2008 Series B Notes by the Company hereunder nor its use of the proceeds thereof will violate the Trading with the Enemy Act, as amended, or any of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) or any enabling legislation or executive order relating thereto.

(b) Neither the Company nor any Subsidiary (i) is a Person described or designated in the Specially Designated Nationals and Blocked Persons List of the Office of Foreign Assets Control or in Section 1 of the Anti-Terrorism Order or (ii) to the knowledge of the Company engages in any dealings or transactions with any such Person. The Company and its Subsidiaries are in compliance, in all material respects, with the USA Patriot Act.

(c) No part of the proceeds from the sale of the 2008 Series B Notes hereunder will be used, directly or indirectly, for any payments to any governmental official or employee, political

party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the United States Foreign Corrupt Practices Act of 1977, as amended, assuming in all cases that such Act applies to the Company.

Section 5.17. Status under Certain Statutes. Neither the Company nor any Subsidiary is subject to regulation under the Investment Company Act of 1940, as amended, the Public Utility Holding Company Act of 2005, as amended, the ICC Termination Act of 1995, as amended, or the Federal Power Act, as amended.

Section 5.18. Lien of Indenture. The Indenture (excluding the Supplement) constitutes, and when the Supplement is executed and delivered by the Company and the Trustee and filed and recorded, the Indenture will constitute, a direct and valid lien upon all of the properties and assets of the Company specifically or generally described or referred to in the Indenture as being subject to the lien thereof, subject only to the exceptions referred to in the Indenture, and will create a similar lien upon all properties and assets acquired by the Company after the date hereof which are required to be subjected to the lien of the Indenture, when acquired by the Company, subject only to the exceptions referred to in the Indenture and free from all other prior liens, charges and encumbrances subject, as to real property, to the recordation of a supplement to the Indenture describing such after-acquired property; the descriptions of all such properties and assets contained in the granting clauses of the Indenture are correct and adequate for the purposes of the Indenture; and the Indenture (excluding the Supplement) has been duly recorded as a mortgage and deed of trust of real estate, and any required filings (other than with respect to filing the Supplement) with respect to personal property and fixtures subject to the lien of the Indenture have been duly made in each place in which such recording or filing is required to protect, preserve and perfect the lien of the Indenture; and all taxes and recording and filing fees required to be paid with respect to the execution, recording or filing of the Indenture, the filing of financing statements related thereto and similar documents and the issuance of the 2008 Series B Notes (other than with respect to filing the Supplement) have been paid; the Supplement will be duly recorded or filed on or prior to the date of Closing in the real and personal property records in each place in which the Indenture (excluding the Supplement) has been recorded or filed and in all other places required to protect, preserve and perfect the lien of the Indenture, and all taxes and recording and filing fees required to be paid with respect to the execution, recording or filing of the Supplement will be paid.

As of the date hereof, the Company has no "Excludable Property" as defined in the Indenture.

Section 5.19. Filings. No action, including any filings, registration or notice, is necessary or advisable in North Dakota, South Dakota, Wyoming, Colorado, Montana, Iowa and Nebraska or any other jurisdictions to ensure the legality, validity, enforceability, priority, perfections of admissibility into evidence of the Financing Agreements except for the Collateral Filings set forth in Schedule 4.12, which have been filed on or prior to the date of Closing. No action, including any filing, registration or notice, is necessary or advisable in North Dakota, South Dakota, Wyoming, Colorado, Montana, Iowa or Nebraska or any other jurisdiction to establish or protect for the benefit of the Trustee and the holders of 2008 Series B Notes, the security interest and Liens purported to be created under the Indenture and the other Financing

Agreements, except in each case for the Collateral Filings (and the filing of continuation statements with respect to any Collateral Filing at the time and in the manner provided under Applicable Law).

SECTION 6. REPRESENTATIONS OF THE PURCHASERS.

Section 6.1. Purchase for Investment. Each Purchaser severally represents that it is purchasing the 2008 Series B Notes for its own account or for one or more separate accounts maintained by such Purchaser or for the account of one or more pension or trust funds and not with a view to the distribution thereof, *provided* that the disposition of such Purchaser's or their property shall at all times be within such Purchaser's or their control. Each Purchaser understands that the 2008 Series B Notes have not been registered under the Securities Act and may be resold only if registered pursuant to the provisions of the Securities Act or if an exemption from registration is available, except under circumstances where neither such registration nor such an exemption is required by law, and that the Company is not required to register the 2008 Series B Notes.

Section 6.2. Source of Funds. Each Purchaser severally represents that at least one of the following statements is an accurate representation as to each source of funds (a "*Source*") to be used by such Purchaser to pay the purchase price of the 2008 Series B Notes to be purchased by such Purchaser hereunder:

(a) the Source is an "insurance company general account" (as the term is defined in the United States Department of Labor's Prohibited Transaction Exemption ("*PTE*") 95-60) in respect of which the reserves and liabilities (as defined by the annual statement for life insurance companies approved by the National Association of Insurance Commissioners (the "*NAIC Annual Statement*")) for the general account contract(s) held by or on behalf of any employee benefit plan together with the amount of the reserves and liabilities for the general account contract(s) held by or on behalf of any other employee benefit plans maintained by the same employer (or affiliate thereof as defined in PTE 95-60) or by the same employee organization in the general account do not exceed 10% of the total reserves and liabilities of the general account (exclusive of separate account liabilities) plus surplus as set forth in the NAIC Annual Statement filed with such Purchaser's state of domicile; or

(b) the Source is a separate account that is maintained solely in connection with such Purchaser's fixed contractual obligations under which the amounts payable, or credited, to any employee benefit plan (or its related trust) that has any interest in such separate account (or to any participant or beneficiary of such plan (including any annuitant)) are not affected in any manner by the investment performance of the separate account; or

(c) the Source is either (i) an "insurance company pooled separate account," (within the meaning of PTE 90-1) or (ii) a "bank collective investment fund" (within the meaning of the PTE 91-38) and, except as disclosed by such Purchaser to the Company in writing pursuant to this clause (c), no employee benefit plan or group of plans maintained

by the same employer or employee organization beneficially owns more than 10% of all assets allocated to such pooled separate account or collective investment fund; or

(d) the Source constitutes assets of an “investment fund” (within the meaning of Part V(b) of PTE 84-14 (the “*QPAM Exemption*”)) managed by a “qualified professional asset manager” or “QPAM” (within the meaning of Part V(a) of the QPAM Exemption); no employee benefit plan’s assets that are included in such investment fund, when combined with the assets of all other employee benefit plans established or maintained by the same employer or by an “affiliate” (within the meaning of Section V(c)(1) of the QPAM Exemption) of such employer or by the same employee organization and managed by such QPAM, exceed 20% of the total client assets managed by such QPAM; the conditions of Part I(c) and (g) of the QPAM Exemption are satisfied; neither the QPAM nor a person controlling or controlled by the QPAM (applying the definition of “control” in Section V(e) of the QPAM Exemption) owns a 5% or more interest in the Company; and (i) the identity of such QPAM and (ii) the names of all employee benefit plans whose assets are included in such investment fund have been disclosed to the Company in writing pursuant to this clause (d); or

(e) the Source constitutes assets of a “plan(s)” (within the meaning of Section IV(h) of PTE 96-23 (the “*INHAM Exemption*”)) managed by an “in-house asset manager” or “INHAM” (within the meaning of Part IV(a) of the INHAM Exemption); the conditions of Part I(a), (g) and (h) of the INHAM Exemption are satisfied; neither the INHAM nor a person controlling or controlled by the INHAM (applying the definition of “control” in Section IV(d) of the INHAM Exemption) owns a 5% or more interest in the Company and (i) the identity of such INHAM and (ii) the name(s) of the employee benefit plan(s) whose assets constitute the Source have been disclosed to the Company in writing pursuant to this clause (e); or

(f) the Source is a governmental plan; or

(g) the Source is one or more employee benefit plans, or a separate account or trust fund comprised of one or more employee benefit plans, each of which has been identified to the Company in writing pursuant to this clause (g); or

(h) the Source does not include “plan assets” of any employee benefit plan, other than a plan exempt from the coverage of Title I of ERISA.

As used in this Section 6.2, the terms “*employee benefit plan*,” “*governmental plan*,” and “*separate account*” shall have the respective meanings assigned to such terms in section 3 of ERISA.

SECTION 7. INFORMATION AS TO COMPANY.

Section 7.1. Financial and Business Information. The Company shall deliver to each holder of 2008 Series B Notes that is an Institutional Investor:

(a) *Quarterly Statements* — within 60 days after the end of each quarterly fiscal period in each fiscal year of the Company (other than the last quarterly fiscal period of each such fiscal year), duplicate copies of,

(i) a consolidated balance sheet of the Company and its Subsidiaries as at the end of such quarter, and

(ii) consolidated statements of income, changes in cash flows of the Company and its Subsidiaries, for such quarter and (in the case of the second and third quarters) for the portion of the fiscal year ending with such quarter,

setting forth in each case in comparative form the figures for the corresponding periods in the previous fiscal year, all in reasonable detail, prepared in accordance with Accounting Requirements applicable to quarterly financial statements generally, and certified by a Senior Financial Officer as fairly presenting, in all material respects, the financial position of the companies being reported on and their results of operations and cash flows, subject to changes resulting from year-end adjustments;

(b) *Annual Statements* — within 120 days after the end of each fiscal year of the Company, duplicate copies of,

(1) a consolidated balance sheet of the Company and its Subsidiaries, as at the end of such year, and

(2) consolidated statements of income, changes in cash flows of the Company and its Subsidiaries, for such year,

setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail, prepared in accordance with Accounting Requirements, and accompanied by an opinion thereon of independent public accountants of recognized national standing, which opinion shall state that such financial statements present fairly, in all material respects, the financial position of the companies being reported upon and their results of operations and cash flows and have been prepared in conformity with Accounting Requirements, and that the examination of such accountants in connection with such financial statements has been made in accordance with generally accepted auditing standards, and that such audit provides a reasonable basis for such opinion in the circumstances;

(c) *SEC and Other Reports* — promptly upon their becoming available, one copy of (i) each financial statement, report, notice or proxy statement sent by the Company or any Subsidiary to its principal lending banks as a whole (excluding

information sent to such banks in the ordinary course of administration of a bank facility, such as information relating to pricing and borrowing availability) or to its public securities holders generally, and (ii) each regular or periodic report, each registration statement that shall have become effective (without exhibits except as expressly requested by such holder), and each final prospectus and all amendments thereto filed by the Company or any Subsidiary with the SEC;

(d) *Notice of Default or Event of Default* — promptly, and in any event within five days after a Responsible Officer becoming aware of the existence of any Default or Event of Default, a written notice specifying the nature and period of existence thereof and what action the Company is taking or proposes to take with respect thereto;

(e) *ERISA Matters* — promptly, and in any event within five days after a Responsible Officer becoming aware of any of the following, a written notice setting forth the nature thereof and the action, if any, that the Company or an ERISA Affiliate proposes to take with respect thereto:

(i) with respect to any Plan (other than any Multiemployer Plan) that is subject to Title IV of ERISA, any reportable event, as defined in section 4043(c) of ERISA and the regulations thereunder, for which notice thereof has not been waived pursuant to such regulations as in effect on the date hereof; or

(ii) the taking by the PBGC of steps to institute, or the threatening by the PBGC of the institution of, proceedings under section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any such Plan, or the receipt by the Company or any ERISA Affiliate of a notice from a Multiemployer Plan that such action has been taken by the PBGC with respect to such Multiemployer Plan; or

(iii) any event, transaction or condition that could result in the incurrence of any liability by the Company or any ERISA Affiliate pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans, or in the imposition of any Lien on any of the rights, properties or assets of the Company or any ERISA Affiliate pursuant to Title I or IV of ERISA or such penalty or excise tax provisions, if such liability or Lien, taken together with any other such liabilities or Liens then existing, would reasonably be expected to have a Material Adverse Effect;

(f) *Supplemental Indentures* — promptly, and in any event within five days after the execution and delivery thereof, a copy of any indenture supplemental to the Indenture that the Company from time to time may hereafter execute and deliver which amends the Indenture in any material respect;

(g) *LIBOR Notice* — on the same day that the Company determines or received a determination of LIBOR (within the time period specified in the definition of

“LIBOR” as set forth in the Supplement), the Company shall forward notice of LIBOR to such holders of 2008 Series B Notes at the email addresses and facsimile number described by the holders in Schedule A or as otherwise provided by the holders to the Company from time to time. In the event that the holders of more than 50% in aggregate outstanding principal amount of the 2008 Series B Notes do not concur with such determination by the Company, within 10 Business Days after receipt by such holders of the notice delivered by the Company in the immediately preceding sentence, such holders shall provide notice to the Company, together with the evidence used for the determination of LIBOR, a calculation of Adjusted LIBOR Rate for such Interest Period (“LIBOR”, “Adjusted LIBOR Rate” and “Interest Period” are defined in the Supplement) applicable to their 2008 Series B Notes, the number of days in such Interest Period, the date on which interest for such Interest Period will be paid and the amount of interest to be paid to each holder, and any such determination shall be presumptively correct, absent manifest error; and

(h) *Requested Information* — with reasonable promptness, such other data and information relating to the business, operations, affairs, financial condition, assets or properties of the Company or any of its Subsidiaries (including, but without limitation, actual copies of the Company’s Form 10-Q and Form 10-K) or relating to the ability of the Company to perform its obligations under any Financing Agreement as from time to time may be reasonably requested by such holder of 2008 Series B Notes.

Section 7.2. Officer’s Certificate. Each set of financial statements delivered to a holder of 2008 Series B Notes pursuant to Section 7.1(a) or Section 7.1(b) shall be accompanied by a certificate of a Senior Financial Officer setting forth:

(a) *Covenant Compliance* — (i) a statement as to whether the Company was in compliance with requirements of Section 13.6 and 13.15 of the Indenture during the quarterly or annual period covered by the statements then being furnished and (ii) the information (including detailed calculations) required in order to establish whether the Company was in compliance with the requirements of 13.14 of the Indenture and (iii) to the extent the Company issued additional Obligations (as defined in the Indenture) under the Indenture during the period covered by the statements being furnished, any calculations that the Company provided to the Trustee (as defined in the Indenture) to show compliance with the Indenture in connection with the issuance of the additional Obligations (including with respect to each such Section, where applicable, the calculations of the maximum or minimum amount, ratio or percentage, as the case may be, permissible under the terms of such Sections, and the calculation of the amount, ratio or percentage then in existence); and

(b) *Event of Default* — a statement that such Senior Financial Officer has reviewed the relevant terms hereof and of the Indenture and has made, or caused to be made, under his or her supervision, a review of the transactions and conditions of the Company and its Subsidiaries from the beginning of the quarterly or annual period covered by the statements then being furnished to the date of the certificate and that such review shall not have disclosed the existence during such period of any condition or event

that constitutes a Default or an Event of Default or, if any such condition or event existed or exists, specifying the nature and period of existence thereof and what action the Company shall have taken or proposes to take with respect thereto.

Section 7.3. Visitation. The Company shall permit the representatives of each holder of 2008 Series B Notes that is an Institutional Investor:

(a) *No Default* — if no Default or Event of Default then exists, at the expense of such holder and upon reasonable prior notice to the Company, to visit the principal executive office of the Company, to discuss the affairs, finances and accounts of the Company and its Subsidiaries with the Company's officers, and, with the consent of the Company (which consent will not be unreasonably withheld) to visit the other offices and properties of the Company and each Subsidiary, all at such reasonable times and as often as may be reasonably requested in writing; and

(b) *Default* — if a Default or Event of Default then exists, at the expense of the Company to visit and inspect any of the offices or properties of the Company or any Subsidiary, to examine all their respective books of account, records, reports and other papers, to make copies and extracts therefrom, and to discuss their respective affairs, finances and accounts with their respective officers and independent public accountants (and by this provision the Company authorizes said accountants to discuss the affairs, finances and accounts of the Company and its Subsidiaries), all at such times and as often as may be requested.

SECTION 8. AFFIRMATIVE COVENANTS.

The Company covenants that so long as any of the 2008 Series B Notes are outstanding:

Section 8.1. Compliance with Law. Without limiting Section 9.2, the Company will and will cause each of its Subsidiaries to comply with all laws, ordinances or governmental rules or regulations to which each of them is subject, including, without limitation, ERISA, the USA Patriot Act and Environmental Laws, and will obtain and maintain in effect all licenses, certificates, permits, franchises and other governmental authorizations necessary to the ownership of their respective properties or to the conduct of their respective businesses, in each case to the extent necessary to ensure that non-compliance with such laws, ordinances or governmental rules or regulations or failures to obtain or maintain in effect such licenses, certificates, permits, franchises and other governmental authorizations would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect.

Section 8.2. Insurance. The Company will cause each of its Subsidiaries to maintain, with financially sound and reputable insurers, insurance with respect to their respective properties and businesses against such casualties and contingencies, of such types, on such terms and in such amounts (including deductibles, co-insurance and self-insurance, if adequate reserves are maintained with respect thereto) as is customary in the case of entities of established reputations engaged in the same or a similar business and similarly situated.

Section 8.3. Maintenance of Properties. The Company will cause each of its Subsidiaries to maintain and keep, or cause to be maintained and kept, their respective properties in good repair, working order and condition (other than ordinary wear and tear), so that the business carried on in connection therewith may be properly conducted at all times, *provided* that this Section shall not prevent any Subsidiary from discontinuing the operation and the maintenance of any of its properties if such discontinuance is desirable in the conduct of its business and the Company and such Subsidiary has concluded that such discontinuance would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 8.4. Payment of Taxes. The Company will cause each of its Subsidiaries to file all income tax or similar tax returns required to be filed in any jurisdiction and to pay and discharge all taxes shown to be due and payable on such returns and all other taxes, assessments, governmental charges, or levies payable by any of them, to the extent the same have become due and payable and before they have become delinquent, *provided* that any Subsidiary does not need to pay any such tax, assessment, charge or levy if (i) the amount, applicability or validity thereof is contested by the Company or such Subsidiary on a timely basis in good faith and in appropriate proceedings, and the Subsidiary has established adequate reserves therefor in accordance with GAAP on the books of such Subsidiary or (ii) the nonpayment of all such taxes, assessments, charges and levies in the aggregate would not reasonably be expected to have a Material Adverse Effect.

Section 8.5. Corporate Existence, Etc. The Company will at all times preserve and keep in full force and effect the corporate existence of each of its Subsidiaries (unless merged into the Company or a Wholly-Owned Subsidiary) and all rights and franchises of its Subsidiaries unless, in the good faith judgment of the Company or such Subsidiary, the termination of or failure to preserve and keep in full force and effect such corporate existence, right or franchise would not, individually or in the aggregate, have a Material Adverse Effect.

Section 8.6. Books and Records. The Company will cause each of its Subsidiaries to, maintain proper books of record and account in conformity with GAAP and all applicable requirements of any Governmental Authority having legal or regulatory jurisdiction over such Subsidiary.

Section 8.7. Covenant Regarding Section 8.7 of the Indenture. The Company will use its commercially reasonable best efforts to amend Section 8.7 of the Indenture on or before June 10, 2008 so that any amounts payable under the Obligations (as defined in the Indenture) other than principal and interest and including additional amounts in connection with the acceleration or other repayment of the Obligations under the Indenture shall be paid immediately after the payment of principal and interest, but before the payment of reserve funds or other payments under such Section.

SECTION 9. NEGATIVE COVENANTS.

The Company covenants that so long as any of the 2008 Series B Notes are outstanding:

Section 9.1. Transactions with Affiliates. The Company will not and will not permit any Subsidiary to enter into directly or indirectly any Material transaction or Material group of related transactions (including without limitation the purchase, lease, sale or exchange of properties of any kind or the rendering of any service) with any Affiliate (other than the Company or another Subsidiary), except pursuant to the reasonable requirements of the Company's or such Subsidiary's business and upon fair and reasonable terms no less favorable to the Company or such Subsidiary than would be obtainable in a comparable arm's-length transaction with a Person not an Affiliate.

Section 9.2. Line of Business. The Company will not engage in any business if, as a result, the general nature of the business in which the Company and its Subsidiaries, taken as a whole, would then be engaged would be substantially changed from the general nature of the business in which the Company and its Subsidiaries, taken as whole, is engaged on the date of this Agreement as described in the Offering Materials.

Section 9.3. Terrorism Sanctions Regulations. The Company will not and will not permit any Subsidiary to (a) become a Person described or designated in the Specially Designated Nationals and Blocked Persons List of the Office of Foreign Assets Control or in Section 1 of the Anti-Terrorism Order or (b) engage in any dealings or transactions with any such Person.

SECTION 10. PAYMENTS ON 2008 SERIES B NOTES.

Section 10.1. Home Office Payment. So long as any Purchaser or its nominee shall be the holder of any 2008 Series B Note, and notwithstanding anything contained in the Indenture or in such 2008 Series B Note to the contrary, the Company will pay all sums becoming due on such 2008 Series B Note for principal, make-whole amount or premium, if any, and interest by the method and at the address specified for such purpose below such Purchaser's name in Schedule A, or by such other method or at such other address as such Purchaser shall have from time to time specified to the Company in writing for such purpose, without the presentation or surrender of such 2008 Series B Note or the making of any notation thereon, except that upon written request of the Company made concurrently with or reasonably promptly after payment or prepayment in full of any 2008 Series B Note, such Purchaser shall surrender such 2008 Series B Note for cancellation, reasonably promptly after any such request, to the Company at its principal executive office or at the place of payment most recently designated by the Company pursuant to Section 3.7 of the Indenture. Prior to any sale or other disposition of any 2008 Series B Note held by a Purchaser or its nominee, such Purchaser will, at its election, either endorse thereon the amount of principal paid thereon and the last date to which interest has been paid thereon or surrender such 2008 Series B Note to the Company in exchange for a new 2008 Series B Note or 2008 Series B Notes pursuant to Section 3.7 of the Indenture. The Company will afford the benefits of this Section 10.1 to any Institutional Investor that is the direct or indirect transferee of any 2008 Series B Note purchased by a Purchaser under this Agreement and that

has made the same agreement relating to such 2008 Series B Note as the Purchasers have made in this Section 10.1.

SECTION 11. EXPENSES, ETC.

Section 11.1. Transaction Expenses. Whether or not the transactions contemplated hereby are consummated, the Company will pay all costs and expenses (including reasonable attorneys' fees of a special counsel and, if reasonably required by the Required Holders, local or other counsel) incurred by the Purchasers and each other holder of a 2008 Series B Note in connection with such transactions and in connection with any amendments, waivers or consents under or in respect of any Financing Agreement (whether or not such amendment, waiver or consent becomes effective), including, without limitation: (a) the costs and expenses incurred in enforcing or defending (or determining whether or how to enforce or defend) any rights under any Financing Agreement or in responding to any subpoena or other legal process or informal investigative demand issued in connection with any Financing Agreement, or by reason of being a holder of any 2008 Series B Note, (b) the costs and expenses, including financial advisors' fees, incurred in connection with the insolvency or bankruptcy of the Company or any Subsidiary or in connection with any work-out or restructuring of the transactions contemplated by any Financing Agreement and (c) the costs and expenses incurred in connection with the initial filing of any Financing Agreement and all related documents and financial information with the SVO, *provided* that such costs and expenses under this clause (c) shall not exceed \$3,000 per series of 2008 Series B Notes. The Company will pay, and will save each Purchaser and each other holder of a 2008 Series B Note harmless from, all claims in respect of any fees, costs or expenses if any, of brokers and finders (other than those, if any, retained by a Purchaser or other holder in connection with its purchase of the 2008 Series B Notes).

Section 11.2. Survival. The obligations of the Company under this Section 11 will survive the payment or transfer of any 2008 Series B Note, the enforcement, amendment or waiver of any provision of any Financing Agreement, and the termination of any Financing Agreement.

SECTION 12. SURVIVAL OF REPRESENTATIONS AND WARRANTIES; ENTIRE AGREEMENT.

All representations and warranties contained herein shall survive the execution and delivery of the Financing Agreements, the purchase or transfer by any Purchaser of any 2008 Series B Note or portion thereof or interest therein and the payment of any 2008 Series B Note, and may be relied upon by any subsequent holder of a 2008 Series B Note, regardless of any investigation made at any time by or on behalf of such Purchaser or any other holder of a 2008 Series B Note. All statements contained in any certificate or other instrument delivered by or on behalf of the Company pursuant to this Agreement shall be deemed representations and warranties of the Company under this Agreement. Subject to the preceding sentence, the Financing Agreements embody the entire agreement and understanding between each Purchaser and the Company and supersede all prior agreements and understandings relating to the subject matter hereof.

SECTION 13. NOTICES.

All notices and communications provided for hereunder shall be in writing and sent (a) by telecopy if the sender on the same day sends a confirming copy of such notice by a recognized overnight delivery service (charges prepaid), or (b) by registered or certified mail with return receipt requested (postage prepaid), or (c) by a recognized overnight delivery service (with charges prepaid). Any such notice must be sent:

(i) if to any Purchaser or its nominee, to such Purchaser or nominee at the address specified for such communications in Schedule A, or at such other address as such Purchaser or nominee shall have specified to the Company in writing,

(ii) if to any other holder of any 2008 Series B Note, to such holder at such address as such other holder shall have specified to the Company in writing, or

(iii) if to the Company, to the Company at its address set forth at the beginning hereof to the attention of Senior Vice President and Chief Financial Officer, or at such other address as the Company shall have specified to the holder of each 2008 Series B Note in writing, or

(iv) if to the Trustee, to the Trustee at its address set forth in Section 1.3 of the Indenture or at such other address as the Trustee shall have specified to the Company and each other party hereto in writing.

Notices under this Section 13 will be deemed given only when actually received.

SECTION 14. INDEMNIFICATION.

The Company hereby agrees to indemnify and hold the Purchasers harmless from, against and in respect of any and all loss, liability and expense (including reasonable attorneys' fees) arising from any misrepresentation or nonfulfillment of any undertaking on the part of the Company under this Agreement. The indemnification obligations of the Company under this Section 14 shall survive the execution and delivery of this Agreement, the delivery of the 2008 Series B Notes to the Purchasers and the consummation of the transactions contemplated herein.

SECTION 15. REPRODUCTION OF DOCUMENTS.

This Agreement and all documents relating thereto, including, without limitation, (a) consents, waivers and modifications that may hereafter be executed, (b) documents received by any Purchaser at the Closing (except the 2008 Series B Notes themselves), and (c) financial statements, certificates and other information previously or hereafter furnished to any Purchaser, may be reproduced by such Purchaser by any photographic, photostatic, electronic, digital, or other similar process and such Purchaser may destroy any original document so reproduced. The Company agrees and stipulates that, to the extent permitted by applicable law, any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was

made by such Purchaser in the regular course of business) and any enlargement, facsimile or further reproduction of such reproduction shall likewise be admissible in evidence. This Section 15 shall not prohibit the Company or any other holder of 2008 Series B Notes from contesting any such reproduction to the same extent that it could contest the original, or from introducing evidence to demonstrate the inaccuracy of any such reproduction.

SECTION 16. CONFIDENTIAL INFORMATION.

For the purposes of this Section 16, "Confidential Information" means information delivered to any Purchaser by or on behalf of the Company or any Subsidiary in connection with the transactions contemplated by or otherwise pursuant to this Agreement that is proprietary in nature and that was clearly marked or labeled or otherwise adequately identified when received by such Purchaser as being confidential information of the Company or such Subsidiary, provided that such term does not include information that (a) was publicly known or otherwise known to such Purchaser prior to the time of such disclosure, (b) subsequently becomes publicly known through no act or omission by such Purchaser or any person acting on such Purchaser's behalf, (c) otherwise becomes known to such Purchaser other than through disclosure by the Company or any Subsidiary or (d) constitutes financial statements delivered to such Purchaser under Section 7.1 of this Agreement or Section 2.10 of the Supplement that are otherwise publicly available. Each Purchaser will maintain the confidentiality of such Confidential Information in accordance with procedures adopted by such Purchaser in good faith to protect confidential information of third parties delivered to such Purchaser, provided that such Purchaser may deliver or disclose Confidential Information to (i) its directors, trustees, officers, employees, agents, attorneys and affiliates (to the extent such disclosure reasonably relates to the administration of the investment represented by its 2008 Series B Notes), (ii) its financial advisors and other professional advisors who agree to hold confidential the Confidential Information substantially in accordance with the terms of this Section 16, (iii) any other holder of any 2008 Series B Note, (iv) any Institutional Investor to which it sells or offers to sell such 2008 Series B Note or any part thereof or any participation therein (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by the provisions of this Section 16), (v) any Person from which it offers to purchase any security of the Company (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by the provisions of this Section 16), (vi) any federal or state or provincial regulatory authority having jurisdiction over such Purchaser, (vii) the NAIC or the SVO or, in each case, any similar organization, or any nationally recognized rating agency that requires access to information about such Purchaser's investment portfolio, or (viii) any other Person to which such delivery or disclosure may be necessary or appropriate (w) to effect compliance with any law, rule, regulation or order applicable to such Purchaser, (x) in response to any subpoena or other legal process, (y) in connection with any litigation to which such Purchaser is a party or (z) if an Event of Default has occurred and is continuing, to the extent such Purchaser may reasonably determine such delivery and disclosure to be necessary or appropriate in the enforcement or for the protection of the rights and remedies under such Purchaser's 2008 Series B Notes and this Agreement. Each holder of a 2008 Series B Note, by its acceptance of a 2008 Series B Note, will be deemed to have agreed to be bound by and to be entitled to the benefits of this Section 16 as though it were a party to this Agreement. On reasonable request by the Company in connection with the delivery to any holder of a 2008 Series B Note of information required to be

delivered to such holder under this Agreement or requested by such holder (other than a holder that is a party to this Agreement or its nominee), such holder will enter into an agreement with the Company embodying the provisions of this Section 16.

SECTION 17. MISCELLANEOUS.

Section 17.1. Successors and Assigns. All covenants and other agreements contained in this Agreement by or on behalf of any of the parties hereto bind and inure to the benefit of their respective successors and assigns (including, without limitation, any subsequent holder of a 2008 Series B Note) whether so expressed or not.

Section 17.2. Accounting Terms. All accounting terms used herein which are not expressly defined in this Agreement have the meanings respectively given to them in accordance with Accounting Requirements. Except as otherwise specifically provided herein, (i) all computations made pursuant to this Agreement shall be made in accordance with Accounting Requirements, and (ii) all financial statements shall be prepared in accordance with Accounting Requirements.

Section 17.3. Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall (to the full extent permitted by law) not invalidate or render unenforceable such provision in any other jurisdiction.

Section 17.4. Construction, Etc. Each covenant contained herein shall be construed (absent express provision to the contrary) as being independent of each other covenant contained herein, so that compliance with any one covenant shall not (absent such an express contrary provision) be deemed to excuse compliance with any other covenant. Where any provision herein refers to action to be taken by any Person, or which such Person is prohibited from taking, such provision shall be applicable whether such action is taken directly or indirectly by such Person.

For the avoidance of doubt, all Schedules and Exhibits attached to this Agreement shall be deemed to be a part hereof.

Section 17.5. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto.

Section 17.6. Governing Law. This Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of the State of North Dakota excluding choice-of-law principles of the law of such State that would permit the application of the laws of a jurisdiction other than such State.

* * * * *

If you are in agreement with the foregoing, please sign the form of agreement on a counterpart of this Agreement and return it to the Company, whereupon this Agreement shall become a binding agreement between you and the Company.

Very truly yours,

BASIN ELECTRIC POWER COOPERATIVE

By /s/ Ronald R. Harper

Name: Ronald R. Harper

Its: CEO & General Manager

This Agreement is hereby accepted and agreed to as of the date thereof.

NEW YORK LIFE INSURANCE COMPANY

By /s/ Stuart Ashton

Name: Stuart Ashton

Title: Corporate Vice President

This Agreement is hereby accepted and agreed to as of the date thereof.

NEW YORK LIFE INSURANCE AND ANNUITY
CORPORATION

By New York Life Investment Management
LLC, its Investment Manager

By /s/ Stuart Ashton
Name: Stuart Ashton
Title: Director

INFORMATION RELATING TO PURCHASERS

NAME AND ADDRESS OF PURCHASER	PRINCIPAL AMOUNT OF 2008 SERIES B NOTES TO BE PURCHASED
NEW YORK LIFE INSURANCE COMPANY c/o New York Life Investment Management LLC 51 Madison Avenue New York, New York 10010-1603 Attention: Fixed Income Investors Group, Private Finance, 2 nd Floor Fax Number: (212) 447-4122	\$38,500,000

Payments

All payments by wire or intrabank transfer of immediately available funds to:

JPMorgan Chase Bank
New York, New York 10019
ABA #021-000-021
Credit: New York Life Insurance Company
General Account Number 008-9-00687

With sufficient information (including issuer, PPN number, interest rate, maturity and whether payment is of principal, premium, or interest) to identify the source and application of such funds.

Notices

All notices with respect to payments, written confirmation of each such payment and any audit confirmation, to be addressed:

New York Life Insurance Company
c/o New York Investment Management LLC
51 Madison Avenue
New York, New York 10010-1603
Attention: Financial Management, Securities Operation, 2nd Floor
Fax Number: (212) 447-4160

with a copy sent electronically to: FIIGLibrary@nylim.com

All other notices and communications to be addressed:

New York Life Insurance Company
c/o New York Investment Management LLC
51 Madison Avenue
New York, New York 10010-1603
Attention: Fixed Income Investors Group, Private Finance, 2nd Floor
Fax Number: (212) 447-4122

with a copy sent electronically to: FIIGLibrary@nylim.com and with a copy of any notices regarding defaults or Events of Default under the operative documents to: Attention: Office of the General Counsel, Investment Section, Room 1016, Fax Number: (212) 576-8340.

Name of Nominee in which 2008 Series B Notes are to be issued: None

Taxpayer I.D. Number: 13-5582869

LIBOR Notices to: NYLIM_PVT_OPS@nylim.com

PRINCIPAL AMOUNT OF
2008 SERIES B NOTES
TO BE PURCHASED

NAME AND ADDRESS OF PURCHASER

**NEW YORK LIFE INSURANCE AND ANNUITY
CORPORATION**

\$11,500,000

c/o New York Life Investment Management LLC
51 Madison Avenue
New York, New York 10010-1603
Attention: Fixed Income Investors Group, Private Finance,
2nd Floor
Fax Number: (212) 447-4122

Payments

All payments by wire or intrabank transfer of immediately available funds to:

JPMorgan Chase Bank
New York, New York
ABA #021-000-021
Credit: New York Life Insurance and Annuity Corporation
General Account Number 323-8-47382

With sufficient information (including issuer, PPN number, interest rate, maturity and whether payment is of principal, premium, or interest) to identify the source and application of such funds.

Notices

All notices with respect to payments, written confirmation of each such payment and any audit confirmation, to be addressed:

New York Life Insurance and Annuity Corporation
c/o New York Investment Management LLC
51 Madison Avenue
New York, New York 10010-1603
Attention: Financial Management , Securities Operations, 2nd Floor
Fax Number: (212) 447-4160

with a copy sent electronically to: FIIGLibrary@nylim.com

All other notices and communications to be addressed:

New York Life Insurance Company
c/o New York Investment Management LLC
51 Madison Avenue
New York, New York 10010-1603
Attention: Fixed Income Investors Group, Private Finance, 2nd Floor
Fax Number: (212) 447-4122

with a copy sent electronically to: FIIGLibrary@nylim.com and with a copy of any notices regarding defaults or Events of Default under the operative documents to: Attention: Office of the General Counsel, Investment Section, Room 1016, Fax Number: (212) 576-8340.

Name of Nominee in which 2008 Series B Notes are to be issued: None

Taxpayer I.D. Number: 13-3044743

LIBOR Notices to: NYLIM_PVT_OPS@nylim.com

DEFINED TERMS

As used herein, the following terms have the respective meanings set forth below or set forth in the Section hereof following such term:

"Accounting Requirements" is defined in the Indenture.

"Affiliate" means, at any time, and with respect to any Person, any other Person that at such time directly or indirectly through one or more intermediaries Controls, or is Controlled by, or is under common Control with, such first Person. As used in this definition, *"Control"* means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise. Unless the context otherwise clearly requires, any reference to an *"Affiliate"* is a reference to an Affiliate of the Company.

"Anti-Terrorism Order" means Executive Order No. 13,224 of September 24, 2001, Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit or Support Terrorism, 66 U.S. Fed. Reg. 49, 079 (2001), as amended.

"Business Day" means for the purposes of any provision of this Agreement, any day other than a Saturday, a Sunday or a day on which commercial banks in New York, New York or Bismarck, North Dakota are required or authorized to be closed.

"Capital Lease" means, at any time, a lease with respect to which the lessee is required concurrently to recognize the acquisition of an asset and the incurrence of a liability in accordance with Accounting Requirements.

"Closing" is defined in Section 3.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, and the rules and regulations promulgated thereunder from time to time.

"Collateral Filings" is defined in Section 4.11.

"Company" means Basin Electric Power Cooperative, an electric cooperative corporation existing under the laws of the State of North Dakota.

"Default" means an event or condition the occurrence or existence of which would, with the lapse of time or the giving of notice or both, become an Event of Default.

"Environmental Laws" means any and all Federal, state, local, and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions relating to pollution and the protection of the environment or the release of any materials into the environment, including but not limited to those related to Hazardous Materials.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the rules and regulations promulgated thereunder from time to time in effect.

"ERISA Affiliate" means any trade or business (whether or not incorporated) that is treated as a single employer together with the Company under section 414 of the Code.

"Event of Default" is defined in the Indenture.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Financing Agreements" means this Agreement, the Indenture and the 2008 Series B Notes.

"GAAP" means generally accepted accounting principles as in effect from time to time in the United States of America.

"Governmental Authority" means

(a) the government of

(i) the United States of America or any State or other political subdivision thereof, or

(ii) any other jurisdiction in which the Company or any Subsidiary conducts all or any part of its business, or which asserts jurisdiction over any properties of the Company or any Subsidiary, or

(b) any entity exercising executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, any such government.

"Guaranty" means, with respect to any Person, any obligation (except the endorsement in the ordinary course of business of negotiable instruments for deposit or collection) of such Person guaranteeing or in effect guaranteeing any indebtedness, dividend or other obligation of any other Person in any manner, whether directly or indirectly, including (without limitation) obligations incurred through an agreement, contingent or otherwise, by such Person:

(a) to purchase such indebtedness or obligation or any property constituting security therefor;

(b) to advance or supply funds (i) for the purchase or payment of such indebtedness or obligation, or (ii) to maintain any working capital or other balance sheet condition or any income statement condition of any other Person or otherwise to advance or make available funds for the purchase or payment of such indebtedness or obligation;

(c) to lease properties or to purchase properties or services primarily for the purpose of assuring the owner of such indebtedness or obligation of the ability of any other Person to make payment of the indebtedness or obligation; or

(d) otherwise to assure the owner of such indebtedness or obligation against loss in respect thereof.

In any computation of the indebtedness or other liabilities of the obligor under any Guaranty, the indebtedness or other obligations that are the subject of such Guaranty shall be assumed to be direct obligations of such obligor.

“Hazardous Material” means any and all pollutants, toxic or hazardous wastes or other substances that might pose a hazard to health and safety, the removal of which may be required or the generation, manufacture, refining, production, processing, treatment, storage, handling, transportation, transfer, use, disposal, release, discharge, spillage, seepage or filtration of which is or shall be restricted, prohibited or penalized by any applicable law including, but not limited to, asbestos, urea formaldehyde foam insulation, polychlorinated biphenyls, petroleum, petroleum products, lead based paint, radon gas or similar restricted, prohibited or penalized substances.

“holder” means, with respect to any 2008 Series B Note, the Person in whose name such 2008 Series B Note is registered in the register maintained by the Company.

“Indebtedness” with respect to any Person means, at any time, without duplication,

(a) its liabilities for borrowed money and its redemption obligations in respect of mandatorily redeemable Preferred Stock;

(b) its liabilities for the deferred purchase price of property acquired by such Person (excluding accounts payable arising in the ordinary course of business but including all liabilities created or arising under any conditional sale or other title retention agreement with respect to any such property);

(c) (i) all liabilities appearing on its balance sheet in accordance with Accounting Requirements in respect of Capital Leases and (ii) all liabilities which would appear on its balance sheet in accordance with Accounting Requirements in respect of Synthetic Leases assuming such Synthetic Leases were accounted for as Capital Leases;

(d) all liabilities for borrowed money secured by any Lien with respect to any property owned by such Person (whether or not it has assumed or otherwise become liable for such liabilities);

(e) all its liabilities in respect of letters of credit or instruments serving a similar function issued or accepted for its account by banks and other financial institutions (whether or not representing obligations for borrowed money); and

(f) any Guaranty of such Person with respect to liabilities of a type described in any of clauses (a) through (e) hereof.

"Indenture" is defined in Section 1.

"Institutional Investor" means (a) any Purchaser of a 2008 Series B Note, (b) any holder of a 2008 Series B Note holding (together with one or more of its affiliates) more than 5% of the aggregate principal amount of the 2008 Series B Notes then outstanding, (c) any bank, trust company, savings and loan association or other financial institution, any pension plan, any investment company, any insurance company, any broker or dealer, or any other similar financial institution or entity, regardless of legal form, and (d) any Related Fund of any holder of any 2008 Series B Note.

"Lien" means, with respect to any Person, any mortgage, lien, pledge, charge, security interest or other encumbrance, or any interest or title of any vendor, lessor, lender or other secured party to or of such Person under any conditional sale or other title retention agreement or Capital Lease, upon or with respect to any property or asset of such Person (including in the case of stock, stockholder agreements, voting trust agreements and all similar arrangements).

"Material" means material in relation to the business, operations, affairs, financial condition, assets or properties of the Company and its Subsidiaries taken as a whole.

"Material Adverse Effect" means a material adverse effect on (a) the business, operations, affairs, financial condition, assets or properties of the Company and its Subsidiaries taken as a whole, (b) the ability of the Company to perform its obligations under this Agreement, the 2008 Series B Notes or the Indenture or (c) the validity or enforceability of this Agreement, the 2008 Series B Notes or the Indenture.

"Multiemployer Plan" means any Plan that is a "multiemployer plan" (as such term is defined in section 4001(a)(3) of ERISA).

"NAIC" means the National Association of Insurance Commissioners or any successor thereto.

"Offering Materials" is defined in Section 5.3.

"Officer's Certificate" means a certificate of a Senior Financial Officer or of any other officer of the Company whose responsibilities extend to the subject matter of such certificate.

"PBGC" means the Pension Benefit Guaranty Corporation referred to and defined in ERISA or any successor thereto.

"Person" means an individual, partnership, corporation, limited liability company, association, trust, unincorporated organization, business entity or Governmental Authority.

“Plan” means an “employee benefit plan” (as defined in section 3(3) of ERISA) subject to Title I of ERISA that is or, within the preceding five years, has been established or maintained, or to which contributions are or, within the preceding five years, have been made or required to be made, by the Company or any ERISA Affiliate or with respect to which the Company or any ERISA Affiliate may have any liability.

“Preferred Stock” means any class of capital stock of a Person that is preferred over any other class of capital stock (or similar equity interests) of such Person as to the payment of dividends or the payment of any amount upon liquidation or dissolution of such Person.

“property” or *“properties”* means, unless otherwise specifically limited, real or personal property of any kind, tangible or intangible, choate or inchoate.

“PTE” is defined in Section 6.2(a).

“Purchaser” is defined in the first paragraph of this Agreement.

“Qualified Institutional Buyer” means any Person who is a “qualified institutional buyer” within the meaning of such term as set forth in Rule 144A(a)(1) under the Securities Act.

“Related Fund” means, with respect to any holder of any 2008 Series B Note, any fund or entity that (i) invests in Securities or bank loans, and (ii) is advised or managed by such holder, the same investment advisor as such holder or by an affiliate of such holder or such investment advisor.

“Required Holders” means, at any time, the holders of at least 51% in principal amount of the 2008 Series B Notes at the time outstanding (exclusive of 2008 Series B Notes then owned by the Company or any of its Affiliates).

“Responsible Officer” means any Senior Financial Officer and any other officer of the Company with responsibility for the administration of the relevant portion of this Agreement.

“SEC” shall mean the Securities and Exchange Commission of the United States, or any successor thereto.

“Securities” or *“Security”* shall have the meaning specified in Section 2(1) of the Securities Act.

“Securities Act” means the Securities Act of 1933, as amended from time to time, and the rules and regulations promulgated thereunder from time to time in effect.

“Senior Financial Officer” means the chief financial officer, principal accounting officer, treasurer or comptroller of the Company.

“Subsidiary” means, as to any Person, any other Person in which such first Person or one or more of its Subsidiaries or such first Person and one or more of its Subsidiaries owns

sufficient equity or voting interests to enable it or them (as a group) ordinarily, in the absence of contingencies, to elect a majority of the directors (or Persons performing similar functions) of such second Person, and any partnership or joint venture if more than a 50% interest in the profits or capital thereof is owned by such first Person or one or more of its Subsidiaries or such first Person and one or more of its Subsidiaries (unless such partnership or joint venture can and does ordinarily take major business actions without the prior approval of such Person or one or more of its Subsidiaries). Unless the context otherwise clearly requires, any reference to a "Subsidiary" is a reference to a Subsidiary of the Company.

"Supplement" is defined in Section 1.

"SVO" means the Securities Valuation Office of the NAIC or any successor to such Office.

"Synthetic Lease" means, at any time, any lease (including leases that may be terminated by the lessee at any time) of any property (a) that is accounted for as an operating lease under Accounting Requirements and (b) in respect of which the lessee retains or obtains ownership of the property so leased for United States federal income tax purposes, other than any such lease under which such Person is the lessor.

"Trust Estate" is defined in the Indenture.

"2008 Series B Notes" is defined in Section 1.

"2008 Series A Note Purchase Agreement" means the Note Purchase Agreement dated on or about March 12, 2008 between the Company and the purchasers set forth in Schedule A thereto.

"2008 Series C Note Purchase Agreement" means the Note Purchase Agreement dated on or about March 12, 2008 between the Company and the purchasers set forth in Schedule A thereto.

"UCC" means, the Uniform Commercial Code as enacted and in effect from time to time in the state whose laws are treated as applying to the Trust Estate.

"USA Patriot Act" means United States Public Law 107-56, Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT ACT) Act of 2001, as amended from time to time, and the rules and regulations promulgated thereunder from time to time in effect.

COLLATERAL FILINGS

COLORADO

Colorado Secretary of State
Logan County Clerk & Recorder
Morgan County Clerk & Recorder
Weld County Clerk & Recorder

IOWA

Iowa Secretary of State
Clay County Recorder

MONTANA

Montana Secretary of State
Roosevelt County Clerk

NEBRASKA

Nebraska Secretary of State
Banner County Clerk
Cheyenne County Clerk
Dixon County Clerk
Kimball County Clerk
Scotts Bluff County Clerk

NORTH DAKOTA

North Dakota Secretary of State
Burke County Recorder
Burleigh County Recorder
Dickey County Recorder
Divide County Recorder
Dunn County Recorder
Emmons County Recorder
Kidder County Recorder
Logan County Recorder
McHenry County Recorder
McIntosh County Recorder
McKenzie County Recorder
McLean County Recorder

Mercer County Recorder
Morton County Recorder
Mountrail County Recorder
Oliver County Recorder
Sioux County Recorder
Stark County Recorder
Ward County Recorder
Williams County Recorder

SOUTH DAKOTA

South Dakota Secretary of State
Beadle County Register of Deeds
Brown County Register of Deeds
Brule County Register of Deeds
Buffalo County Register of Deeds
Campbell County Register of Deeds
Clark County Register of Deeds
Clay County Register of Deeds
Codington County Register of Deeds
Day County Register of Deeds
Edmunds County Register of Deeds
Faulk County Register of Deeds
Haakon County Register of Deeds
Hand County Register of Deeds
Hyde County Register of Deeds
Jerauld County Register of Deeds
Lawrence County Register of Deeds
McPherson County Register of Deeds
Pennington County Register of Deeds
Potter County Register of Deeds
Sanborn County Register of Deeds
Spink County Register of Deeds
Sully County Register of Deeds
Walworth County Register of Deeds

WYOMING

Wyoming Secretary of State
Campbell County Clerk
Converse County Clerk
Goshen County Clerk
Laramie County Clerk
Platte County Clerk
Weston County Clerk

OFFERING MATERIALS

Basin Electric Power Cooperative power point presentation dated as of February 29, 2008.

**SUBSIDIARIES OF THE COMPANY AND
OWNERSHIP OF SUBSIDIARY STOCK**

NAME OF SUBSIDIARY	JURISDICTION OF INCORPORATION	PERCENTAGE OF VOTING STOCK OWNED BY BASIN AND EACH SUBSIDIARY OF BASIN
Dakota Coal Company	North Dakota	100
Dakota Gasification Company	North Dakota	100
Basin Cooperative Services	North Dakota	100
Basin Telecommunications, Inc.	North Dakota	100
Souris Valley Pipeline Limited	Canada	100
Montana Limestone Company	Montana	100
PrairieWinds ND1, Inc.	North Dakota	100
PrairieWinds SD1, Inc.	South Dakota	100

FINANCIAL STATEMENTS

1. Consolidated Financial Statements as of and for Years Ended December 31, 2006 and 2005 with Independent Auditors' Report for Basin Electric Cooperative and Subsidiaries.

EXISTING INDEBTEDNESS

	DECEMBER 31, 2007 (In Thousands)	MARCH 12, 2008 (In Thousands)
RUS guaranteed mortgage notes payable to the FFB, due in quarterly installments through 2033	\$ 587,809	\$ 587,809
RUS mortgage notes payable, due in quarterly installments:		
Interest at 2.00% through June 2009	2,092	2,092
Less funds held by the U.S. Treasury	(65,440)	(65,440)
Mercer County, North Dakota Pollution Control Refunding Revenue Bonds, 2004 Series A and B Periodic Auction Reset Securities, due in 2028 and 2038	100,000	0
Mercer County, North Dakota Pollution Control Revenue Bonds, 2001 Series Periodic Auction Reset Securities, due January 2019	29,925	0
Platte County, Wyoming Pollution Control Refunding Revenue Bonds, 1994 Series, due in annual installments through January 2008	14,875	0
Less funds held by trustee	(8,657)	(0)
Basin Electric Power Cooperative, First Mortgage Bonds, 2002 Series A, B and C Periodic Auction Reset Securities, due 2032	150,000	150,000
Basin Electric Power Cooperative, First Mortgage Bonds, 2003 Series A, B and C Periodic Auction Reset Securities, due 2029, 2030 and 2031, respectively	150,000	0
Basin Electric Power Cooperative, First Mortgage Bonds, 2006 Series A due June 2041	200,000	200,000
First Mortgage Note, Antelope Valley Station Unit 1, due in semi-annual installments through July 2008	774	291
Basin Electric Power Cooperative, First Mortgage Obligations, First 2003 CoBank Note due in monthly installments through August 31, 2008	4,967	3,725
Basin Electric Power Cooperative, Wyoming Infrastructure Authority Note due September 15, 2025	34,500	34,500

	DECEMBER 31, 2007 (In Thousands)	MARCH 12, 2008 (In Thousands)
Basin Electric Power Cooperative, First Mortgage Obligations, CoBank 2005 Series A Note due December 2028	45,000	45,000
Basin Electric Power Cooperative, First Mortgage Obligations, CoBank 2005 Series B Note due May 2030	45,000	45,000
Basin Electric Power Cooperative, First Mortgage Note, Wells Fargo Note Number 1 due in annual installments through June 2027	25,000	25,000
Collateralized Series N equipment notes, due in monthly installments through February 2008	168	0
Collateralized Series P, Q, R and S equipment notes, due in monthly installments through December 2020	13,357	13,055
Collateralized Series T, U, V, W, X and Y equipment notes, due in monthly installments through February 2017	6,717	6,546
Collateralized Series AA, BB, CC, DD and EE equipment notes, due in monthly installments through December 2013	3,100	2,963
Other	9,632	10,267
Commercial Paper	0	190,000
Farm Credit System Revolver	0	129,925
Total	<u>1,348,819</u>	<u>1,380,733</u>

* The \$300 mm received upon closing will be used to pay down \$150 mm of Commercial Paper and retire the \$150 mm 2002 Series A, B, and C PARS issues on their respective redemption dates.

SCHEDULE 5.15(B)

1. Amended and Consolidated Loan Contract, dated January 1, 1998, between Basin Electric Power Cooperative and the United States of America, acting through the Administrator of the Rural Utilities Service.
2. Credit Agreement, dated as of December 1, 2007, between Basin Electric Power Cooperative, JPMorgan Chase Bank National Association, as Administrative Agent, Lead Arranger and Sole Bookrunner, and the other Lenders party thereto.
3. Loan Agreement, dated November 1, 2007, between Basin Electric Power Cooperative and CoBank ACB.
4. Revolving Credit Agreement Agreement, dated November 1, 2007, between Basin Electric Power Cooperative and CoBank ACB.

[FORM OF SUPPLEMENT]

EXHIBIT A
(to 2008 Series B Note Purchase Agreement)

PREPARED BY:
Mark D. Foss, Esq.
Basin Electric Power Cooperative
1717 East Interstate Avenue
Bismarck, ND 58503-0564

EIGHTEENTH SUPPLEMENTAL INDENTURE
(to that certain Indenture dated as of January 1, 1998)
Dated as of February 15, 2008

Relating to the Basin Electric Power Cooperative
First Mortgage Obligations, 2008 Series B Notes, due June 11, 2029

Authorized by this Eighteenth Supplemental Indenture

BASIN ELECTRIC POWER COOPERATIVE
(TAXPAYER IDENTIFICATION NO. 45-0277395)

to

U.S. BANK NATIONAL ASSOCIATION, TRUSTEE

FIRST MORTGAGE OBLIGATIONS

THIS INSTRUMENT GRANTS A SECURITY INTEREST IN THE PROPERTY OF A TRANSMITTING UTILITY. THIS INSTRUMENT CONTAINS AN AFTER-ACQUIRED PROPERTY CLAUSE. PROCEEDS AND PRODUCTS OF COLLATERAL ARE COVERED BY THIS INSTRUMENT. FUTURE OBLIGATIONS ARE SECURED BY THIS INSTRUMENT. NOTICE - THIS EIGHTEENTH SUPPLEMENTAL INDENTURE, TOGETHER WITH THAT CERTAIN INDENTURE DATED AS OF JANUARY 1, 1998, AS HERETOFORE SUPPLEMENTED (DESCRIBED MORE PARTICULARLY HEREIN) SECURE AN UNLIMITED AMOUNT OF OBLIGATIONS AND SUCH AMOUNT, TOGETHER WITH INTEREST, IS SENIOR TO INDEBTEDNESS TO OTHER CREDITORS UNDER SUBSEQUENTLY RECORDED AND FILED INDENTURES, MORTGAGES OR LIENS WITH RESPECT TO THE PROPERTY INTERESTS OF THE BORROWER. THIS INDENTURE IS A SECURITY AGREEMENT WHEREBY THE COMPANY GRANTS TO THE TRUSTEE A SECURITY INTEREST IN ALL OF THE TRUST ESTATE THAT IS PERSONAL PROPERTY OR FIXTURES UNDER THE UNIFORM COMMERCIAL CODE.

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THIS EIGHTEENTH SUPPLEMENTAL INDENTURE, dated as of February 15, 2008 (this "*Eighteen Supplemental Indenture*"), is between BASIN ELECTRIC POWER COOPERATIVE, an electric cooperative corporation existing under the laws of the State of North Dakota, as Grantor (hereinafter called the "*Company*"), whose post office address is 1717 East Interstate Avenue, Bismarck, North Dakota 58503-0564, and U.S. BANK NATIONAL ASSOCIATION, a national banking association, as trustee (in such capacity, the "*Trustee*"), whose post office address is Mail Stop EP-MN-WS3C, 60 Livingston Avenue, St. Paul, Minnesota 55107, and shall supplement that certain Indenture dated as of January 1, 1998 between the Company and the Trustee, as heretofore supplemented;

WHEREAS, the Company has heretofore executed and delivered to the Trustee an Indenture, dated as of January 1, 1998 (as previously supplemented and as supplemented hereby hereinafter called the "*Original Indenture*"), for the purpose of securing its Existing Obligations and providing for the authentication and delivery of Additional Obligations (capitalized terms used herein shall have the meanings ascribed to them in the Original Indenture and as provided in Section 1.1 hereof) by the Trustee from time to time under the Original Indenture, which Original Indenture is filed of record as shown on Exhibit A hereto;

WHEREAS, the Board of Directors of the Company has established new series of Additional Obligations to be designated as the Basin Electric Power Cooperative First Mortgage Obligations, 2008 Series B Notes, due June 11, 2029 (the "*2008 Series B Notes*") in the original principal amount of \$50,000,000; such 2008 Series B Notes being issued to the parties set forth in Schedule A of the 2008 Series B Note Purchase Agreement described below (and their successor or assigns of the 2008 Series B Notes, each individually, the "*Lender*" or collectively, the "*Lenders*") to secure the Company's obligations under the 2008 Series B Note Purchase Agreement dated as of March 12, 2008 between the Company and the Lenders in the aggregate principal amount of Fifty Million Dollars (\$50,000,000), and the Company has complied or will comply with all provisions required to issue Additional Obligations provided for in the Original Indenture;

WHEREAS, the Company desires to execute and deliver this Eighteenth Supplemental Indenture, in accordance with the provisions of the Original Indenture, for the purpose of providing for the creation and designation of the 2008 Series B Notes as Additional Obligations and specifying the form and provisions of the 2008 Series B Notes;

WHEREAS, Section 12.1 of the Original Indenture provides that, without the consent of the Holders of any of the Obligations at the time Outstanding, the Company, when authorized by a Board Resolution, and the Trustee, may enter into supplemental indentures for the purposes and subject to the conditions set forth in said Section 12.1;

WHEREAS, this Eighteenth Supplemental Indenture is permitted pursuant to the provisions of Section 12.1 C and 12.1 G of the Original Indenture; and

WHEREAS, all acts and proceedings required by law and by the Articles of Incorporation and Bylaws of the Company necessary to secure the payment of the principal of and interest on

the 2008 Series B Notes, to make the 2008 Series B Notes to be issued hereunder, when executed by the Company, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal obligations of the Company, and to constitute the Original Indenture a valid and binding lien for the security of the 2008 Series B Notes, in accordance with its terms, have been done and taken; and the execution and delivery of this Eighteenth Supplemental Indenture has been in all respects duly authorized;

NOW, THEREFORE, THIS EIGHTEENTH SUPPLEMENTAL INDENTURE WITNESSES, that, to secure the payment of the principal of (and premium, if any) and interest on the Outstanding Secured Obligations, including, when issued, the 2008 Series B Notes, to confirm the lien of the Original Indenture upon the Trust Estate, including property purchased, constructed or otherwise acquired by the Company since the date of execution of the Original Indenture, to secure performance of the covenants therein and herein contained, to declare the terms and conditions on which the 2008 Series B Notes are secured and in consideration of the premises thereof and hereof, the Company by these presents does grant, bargain, sell, alienate, remise, release, convey, assign, transfer, mortgage, hypothecate, pledge, set over and confirm to the Trustee, in trust, all property, rights, privileges and franchises (other than Excepted Property or Excludable Property) of the Company of the character described in the Granting Clauses of the Original Indenture, including all such property, rights, privileges and franchises acquired since the date of execution of the Original Indenture (the descriptions of the real property included in such Trust Estate are set forth on Exhibit B hereto) subject to all exceptions, reservations and matters of the character therein referred to, and subject in all cases to Sections 5.2 and 11.2B of the Original Indenture and to the rights of the Company under the Original Indenture, including the rights set forth in Article V thereof; but expressly excepting and excluding from the lien and operation of the Original Indenture all properties of the character specifically excepted as "Excepted Property" or "Excludable Property" in the Original Indenture to the extent contemplated thereby.

PROVIDED, HOWEVER, that if, upon the occurrence of an Event of Default under the Original Indenture, as amended by the Seventeenth Supplemental Indenture, the Trustee, or any separate trustee or co-trustee appointed under Section 9.14 of the Original Indenture or any receiver appointed pursuant to statutory provision or order of court, shall have entered into possession of all or substantially all of the Trust Estate, all the Excepted Property described or referred to in Paragraphs A through H, inclusive, of "Excepted Property" in the Original Indenture then owned or thereafter acquired by the Company, shall immediately, and, in the case of any Excepted Property described or referred to in Paragraphs I, J, L and N of "Excepted Property" in the Original Indenture (other than the property described in Exhibit B to the Original Indenture), upon demand of the Trustee or such other trustee or receiver, become subject to the lien of the Original Indenture to the extent permitted by law, and the Trustee or such other trustee or receiver may, to the extent permitted by law, at the same time likewise take possession thereof, and whenever all Events of Default shall have been cured and the possession of all or substantially all of the Trust Estate shall have been restored to the Company, such Excepted Property shall again be excepted and excluded from the lien of the Original Indenture to the extent and otherwise as hereinabove set forth and as set forth in the Original Indenture.

The Company may, however, pursuant to the Third Granting Clause of the Original Indenture, subject to the lien of the Original Indenture any Excepted Property (other than the

property described on Exhibit B thereto) or Excludable Property, whereupon the same shall cease to be Excepted Property or Excludable Property.

TO HAVE AND TO HOLD all such property, rights, privileges and franchises hereby and hereafter (by a Eighteenth Supplemental Indenture or otherwise) granted, bargained, sold, alienated, remised, released, conveyed, assigned, transferred, mortgaged, hypothecated, pledged, set over or confirmed as aforesaid, or intended, agreed or covenanted so to be, together with all the tenements, hereditaments and appurtenances thereto appertaining (said properties, rights, privileges and franchises, including any cash and securities hereafter deposited or required to be deposited with the Trustee (other than any such cash which is specifically stated in the Original Indenture not to be deemed part of the Trust Estate) being part of the Trust Estate), unto the Trustee, and its successors and assigns in the trust herein created, forever.

SUBJECT, HOWEVER, to (i) Permitted Exceptions and (ii) to the extent permitted by Section 13.6 of the Original Indenture as to property hereafter acquired any duly recorded or perfected (a) prior mortgage or other lien that may exist thereon at the date of the acquisition thereof by the Company and (b) purchase money mortgages, other purchase money liens, chattel mortgages, conditional sales agreements or other title retention agreements created by the Company at the time of acquisition thereof.

BUT IN TRUST, NEVERTHELESS, with power of sale, for the equal and proportionate benefit and security of the Holders from time to time of all the Outstanding Secured Obligations without any priority of any such Obligation over any other such Obligation and for the enforcement of the payment of such Obligations in accordance with their terms.

UPON CONDITION that, until the happening of an Event of Default and subject to the provisions of Article V of the Original Indenture, and not in limitation of the rights elsewhere provided in the Original Indenture, including the rights set forth in Article V of the Original Indenture, the Company shall be permitted to (i) possess and use the Trust Estate, except cash, securities, Designated Qualifying Securities and other personal property deposited, or required to be deposited, with the Trustee, (ii) explore for, mine, extract, separate and dispose of coal, ore, gas, oil and other minerals, and harvest standing timber, and (iii) receive and use the rents, issues, profits, revenues and other income, products and proceeds of the Trust Estate. Should the indebtedness secured by the Original Indenture be paid according to the tenor and effect thereof when the same shall become due and payable and should the Company perform all covenants herein contained in a timely manner, then the Original Indenture shall be canceled and surrendered.

AND IT IS HEREBY COVENANTED AND DECLARED that the 2008 Series B Notes are to be authenticated and delivered and the Trust Estate is to be held and applied by the Trustee, subject to the covenants, conditions and trusts set forth herein and in the Original Indenture, and the Company does hereby covenant and agree to and with the Trustee, for the equal and proportionate benefit of all Holders of the Outstanding Obligations, as follows:

ARTICLE I DEFINITIONS

Section 1.1. Definitions. All words and phrases defined in Article I of the Original Indenture shall have the same meaning in this Eighteenth Supplemental Indenture, including any exhibit hereto, except as otherwise appears herein and in this Article or unless the context clearly requires otherwise. In addition, the following terms have the following meaning in this Eighteenth Supplemental Indenture unless the context clearly requires otherwise.

"Adjusted LIBOR Rate" shall mean, for any Interest Period, LIBOR *plus* 160 basis points.

"Business Day" means any day other than a Saturday, a Sunday or a day on which commercial banks in New York, New York or Bismarck, North Dakota are required or authorized to be closed.

"Closing Date" means March 12, 2008.

"Default Rate" means with respect to the 2008 Series B Notes, that rate of interest that is 2.00% per annum plus the Adjusted LIBOR Rate.

"Eighteenth Supplemental Indenture" means the Eighteenth Supplemental Indenture dated as of February 15, 2008.

"Interest Payment Date" means the 11th of every calendar month, commencing on April 11, 2008.

"Interest Period" shall mean each period commencing on the Closing Date and, thereafter, commencing on an Interest Payment Date and continuing up to, but not including, the next Interest Payment Date.

"Lender" or *"Lenders"* are defined in the Recitals.

"LIBOR" shall mean, for any Interest Period, the rate per annum (rounded upwards, if necessary, to the next higher one hundred-thousandth of a percentage point) for deposits in U.S. Dollars for a one month period which appears on the Bloomberg "BBAM Screen" published by the British Bankers Association or any successor page or source thereto, effective as of 11:00 a.m. (London, England time) two (2) Business Days prior to the beginning of such Interest Period.

"Swap Agreement" means (i) the swap agreement entered into between New York Life Company and UBS AG as evidenced by the confirmation dated as of February 21, 2008 and (ii) the swap agreement entered into between New York Life Insurance and Annuity Corporation and UBS AG as evidenced by the confirmation dated as of February 22, 2008, including, in each case, any modification or replacement thereof.

"2008 Series B Notes" are defined in the Recitals.

ARTICLE II

THE 2008 SERIES B NOTES AND CERTAIN PROVISIONS RELATING THERETO

Section 2.1. Authorization and Terms of the 2008 Series B Notes. There shall be established (i) a series of Additional Obligations known as and entitled the "Basin Electric Power Cooperative First Mortgage Obligations, 2008 Series Notes."

The aggregate principal amount of the 2008 Series B Notes which may be authenticated and delivered and Outstanding at any one time is limited to Fifty Million Dollars (\$50,000,000). The 2008 Series B Notes shall originally be registered in the name of Lenders, and shall be dated the date of authentication.

The 2008 Series B Notes shall bear interest as provided in the form of Note attached hereto as Exhibit C.

The principal of, premium, if any, and interest on the 2008 Series B Notes shall be payable to Lender in immediately available funds as described in such notes. Any payment of principal of or premium or interest on any 2008 Series B Note that is due on a date other than a Business Day shall be made on the next succeeding Business Day without including the additional days elapsed in the computation of the interest payable on such next succeeding Business Day; *provided* that if the maturity date of any 2008 Series B Note is a date other than a Business Day, the payment otherwise due on such maturity date shall be made on the next succeeding Business Day and shall include the additional days elapsed in the computation of interest payable on such next succeeding Business Day.

In the event the Company fails to make any payment with respect to the 2008 Series B Notes when due, then such payment shall be due and payable on demand, and shall accrue interest from the date due until the date paid at the Default Rate.

Section 2.2. Form of the 2008 Series B Notes. The 2008 Series B Notes shall each be a promissory note substantially in the form of Exhibit C hereto, and the Trustee's authentication certificate to be executed on the 2008 Series B Notes shall be substantially in the form of Exhibit D attached hereto, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted in the Original Indenture.

Section 2.3. Maturity. As provided therein, the entire unpaid principal balance of the 2008 Series B Notes shall be due and payable on the stated maturity date thereof.

Section 2.4. Optional Prepayments with Make-Whole Amount. The Company may, at its option, upon notice as provided below, prepay on an Interest Payment Date all, or from time to time any part of, the 2008 Series B Notes, in an amount not less than 10% of the aggregate principal amount of the 2008 Series B Notes then outstanding in the case of a partial prepayment, at 100% of the principal amount so prepaid, and the Make-Whole Amount determined for the prepayment date with respect to such principal amount. The Company will give each holder of

2008 Series B Notes written notice of each optional prepayment under this Section 2.4 not less than 30 days and not more than 60 days prior to the date fixed for such prepayment. Each such notice shall specify such date (which shall be a Business Day), the aggregate principal amount of the 2008 Series B Notes to be prepaid on such date, the principal amount of each 2008 Series B Note held by such holder to be prepaid (determined in accordance with Section 2.5), and the interest to be paid on the prepayment date with respect to such principal amount being prepaid, and shall be accompanied by a certificate of a Senior Financial Officer as to the estimated Make-Whole Amount due in connection with such prepayment (calculated as if the date of such notice were the date of the prepayment), setting forth the details of such computation. Two Business Days prior to such prepayment, the Company shall deliver to each holder of 2008 Series B Notes a certificate of a Senior Financial Officer specifying the calculation of such Make-Whole Amount as of the specified prepayment date.

Section 2.5. Allocation of Partial Prepayments. In the case of each partial prepayment of the 2008 Series B Notes, the principal amount of the 2008 Series B Notes to be prepaid shall be allocated among all of the 2008 Series B Notes at the time outstanding in proportion, as nearly as practicable, to the respective unpaid principal amounts thereof not theretofore called for prepayment.

Section 2.6. Maturity; Surrender, Etc. In the case of each prepayment of 2008 Series B Notes pursuant to this Article 2, the principal amount of each 2008 Series B Note to be prepaid shall mature and become due and payable on the date fixed for such prepayment (which shall be a Business Day), together with interest on such principal amount accrued to such date and the applicable Make-Whole Amount, if any. From and after such date, unless the Company shall fail to pay such principal amount when so due and payable, together with the interest and Make-Whole Amount, if any, as aforesaid, interest on such principal amount shall cease to accrue. Any 2008 Series B Note paid or prepaid in full shall be surrendered to the Company and cancelled and shall not be reissued, and no 2008 Series B Note shall be issued in lieu of any prepaid principal amount of any 2008 Series B Note.

Section 2.7. Purchase of 2008 Series B Notes. The Company will not and will not permit any Affiliate to purchase, redeem, prepay or otherwise acquire, directly or indirectly, any of the outstanding 2008 Series B Notes except (a) upon the payment or prepayment of the 2008 Series B Notes in accordance with the terms of the Original Indenture and the 2008 Series B Notes or (b) pursuant to an offer to purchase made by the Company or an Affiliate pro rata to the holders of all 2008 Series B Notes at the time outstanding upon the same terms and conditions. Any such offer shall provide each holder with sufficient information to enable it to make an informed decision with respect to such offer, and shall remain open for at least 30 Business Days. If the holders of more than 51% of the principal amount of the 2008 Series B Notes then outstanding accept such offer, the Company shall promptly notify the remaining holders of such fact and the expiration date for the acceptance by holders of 2008 Series B Notes of such offer shall be extended by the number of days necessary to give each such remaining holder at least 10 Business Days from its receipt of such notice to accept such offer. The Company will promptly cancel all 2008 Series B Notes acquired by it or any Affiliate pursuant to any payment, prepayment or purchase of 2008 Series B Notes pursuant to any provision of this Agreement and

no 2008 Series B Notes may be issued in substitution or exchange for any such 2008 Series B Notes.

Section 2.8. Make-Whole Amount.

(a) *Make-Whole Amount.* The term "*Make-Whole Amount*" means, with respect to any 2008 Series B Note, an amount equal to the excess, if any, of the Discounted Value of the Remaining Scheduled Payments with respect to the Called Principal of such 2008 Series B Note over the amount of such Called Principal, *provided* that the Make-Whole Amount may in no event be less than zero. For the purposes of determining the Make-Whole Amount with respect to any 2008 Series B Note, the following terms have the following meanings:

"*Called Principal*" means, with respect to any 2008 Series B Note, the principal of such Note that is to be prepaid pursuant to Section 2.4 or has become or is declared to be immediately due and payable pursuant to the Indenture, as the context requires.

"*Discounted Value*" means, with respect to the Called Principal of such 2008 Series B Note, the amount obtained by discounting all Remaining Scheduled Payments with respect to such Called Principal from their respective scheduled due dates to the Settlement Date with respect to such Called Principal, in accordance with accepted financial practice and at a discount factor (applied on a monthly basis) equal to the Reinvestment Yield with respect to such Called Principal.

"*Reinvestment Yield*" means, with respect to the Called Principal of such 2008 Series B Note, the sum of .50% plus the yield to maturity implied by (i) the yields reported as of 10:00 A.M. (New York City time) on the second Business Day preceding the Settlement Date with respect to such Called Principal, on the display designated as "Page PX1", (or such other display as may replace Page PX1) on Bloomberg Financial Markets for the most recently issued actively traded on the run U.S. Treasury securities having a maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date, or (ii) if such yields are not reported as of such time or the yields reported as of such time are not ascertainable (including by way of interpolation), the Treasury Constant Maturity Series Yields reported, for the latest day for which such yields have been so reported as of the second Business Day preceding the Settlement Date with respect to such Called Principal, in Federal Reserve Statistical Release H.15 (or any comparable successor publication) for actively traded U.S. Treasury securities having a constant maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date.

In the case of each determination under clause (i) or clause (ii), as the case may be, of the preceding paragraph, such implied yield will be determined, if necessary, by (a) converting U.S. Treasury bill quotations to bond equivalent yields in accordance with accepted financial practice and (b) interpolating linearly between (1) the applicable actively traded U.S. Treasury security with the maturity closest to and greater than such Remaining Average Life and (2) the applicable actively traded U.S. Treasury security with the maturity closest to and less than such Remaining Average Life.

"Remaining Average Life" means, with respect to any Called Principal, the number of years (calculated to the nearest one-twelfth year) obtained by dividing (i) such Called Principal into (ii) the sum of the products obtained by multiplying (a) the principal component of each Remaining Scheduled Payment with respect to such Called Principal by (b) the number of years (calculated to the nearest one-twelfth year) that will elapse between the Settlement Date with respect to such Called Principal and the scheduled due date of such Remaining Scheduled Payment.

"Remaining Scheduled Payments" means, with respect to the Called Principal of any 2008 Series B Note, all payments of such Called Principal and interest thereon calculated at 6.724% (as if such payments of interest were made on a semi-annual basis on June 11th and December 11th of each year) that would be due after the Settlement Date with respect to such Called Principal if no payment of such Called Principal were made prior to its scheduled due date.

"Settlement Date" means, with respect to the Called Principal of any 2008 Series B Note, the date on which such Called Principal is to be prepaid pursuant to Section 2.4 or has become or is declared to be immediately due and payable pursuant to the Indenture, as the context requires.

Section 2.9. Swap Breakage.

If any 2008 Series B Note is prepaid pursuant to Section 2.4 or has become or is declared to be due and payable pursuant to the Indenture (either such event being referred to as an *"Unanticipated Payment"*), then the Company shall reimburse to the holder of such 2008 Series B Note upon any such Unanticipated Payment of such 2008 Series B Note, any loss, cost and expense under the Swap Agreement actually incurred by such Holder and attributable to such Unanticipated Payment (the *"Swap Breakage Amount"*). Each holder of a 2008 Series B Note shall furnish to the Company a description in reasonable detail of its own Swap Breakage Amount upon such Unanticipated Payment of all or any portion of such 2008 Series B Note, and such description reported to the Company shall be binding on the Company absent demonstrable error.

To the extent the holder of a 2008 Series B Note receives an actual gain under the Swap Agreement as a result of the early termination of the Swap Agreement in connection with an Unanticipated Payment, the holder shall furnish to the Company a description in reasonable detail of such gain and such determination by such holder shall be binding on the Company absent demonstrable error. In such event, such holder agrees to (i) credit the amount of such gain against the amount otherwise payable by the Company in connection with the Unanticipated Payment or, (ii) in the event such gain is greater than the aggregate amount then owed by the Company hereunder in connection with such Unanticipated Payment, to pay over to the Company the amount of such gain reduced by the aggregate amount owed by the Company hereunder in connection with an Unanticipated Payment.

Section 2.10. Use of Proceeds. The Company shall use the proceeds of the loan evidenced by the 2008 Series B Notes for general corporate purposes.

Section 2.11. Acceleration. Upon any 2008 Series B Notes becoming due and payable as the result of an Event of Default (as defined in the Indenture) under the Indenture, whether automatically or by declaration, such 2008 Series B Notes will forthwith mature and the entire unpaid principal amount of such 2008 Series B Notes, plus (x) all accrued and unpaid interest thereon (including, but not limited to, interest accrued thereon at the Default Rate) and (y) the Make-Whole Amount, if any, shall all be immediately due and payable, in each and every case without presentment, demand, protest or further notice, all of which are hereby waived.

ARTICLE III MISCELLANEOUS

Section 3.1 Supplemental Indenture. The Eighteenth Supplemental Indenture is executed and shall be construed as an indenture supplemental to the Original Indenture, and shall form a part thereof, and the Original Indenture, as hereby supplemented, modified, and amended, is hereby confirmed. Except to the extent inconsistent with the express terms of this Eighteenth Supplemental Indenture and the 2008 Series B Notes, all of the provisions, terms, covenants and conditions of the Original Indenture shall be applicable to the 2008 Series B Notes to the same extent as if specifically set forth herein.

Section 3.2 Recitals. All recitals in this Eighteenth Supplemental Indenture are made by the Company only and not by the Trustee; and all of the provisions contained in the Original Indenture, in respect of the rights, privileges, immunities, powers and duties of the Trustee shall be applicable in respect hereof as fully and with like effect as if set forth herein in full.

Section 3.3. Successors and Assigns. Whenever in this Eighteenth Supplemental Indenture any of the parties hereto is named or referred to, this shall, subject to the provisions of Articles IX and XI of the Original Indenture, be deemed to include the successors and assigns of such party, and all the covenants and agreements in this Eighteenth Supplemental Indenture contained by or on behalf of the Company, or by or on behalf of the Trustee shall, subject as aforesaid, bind and inure to the respective benefits of the respective successors and assigns of such parties, whether so expressed or not.

Section 3.4. No Rights, Remedies, Etc. Nothing in this Eighteenth Supplemental Indenture, expressed or implied, is intended, or shall be construed, to confer upon, or to give to, any person, firm or corporation, other than the parties hereto and the Holders of the Outstanding Secured Obligations, any right, remedy or claim under or by reason of this Eighteenth Supplemental Indenture or any covenant, condition, stipulation, promise or agreement hereof, and all the covenants, conditions, stipulations, promises and agreements in this Eighteenth Supplemental Indenture contained by or on behalf of the Company shall be for the sole and exclusive benefit of the parties hereto, and of the Holders of Outstanding Secured Obligations.

Section 3.5. Counterparts. This Eighteenth Supplemental Indenture may be executed in several counterparts, each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts, or as many of them as the Company and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

Section 3.6. Security Agreement; Mailing Address. To the extent permitted by applicable law, this Eighteenth Supplemental Indenture shall be deemed to be a security agreement and financing statement whereby the Company grants to the Trustee a security interest in all of the Trust Estate that is personal property or fixtures under the Uniform Commercial Code. The mailing address of the Company,

as debtor is: Basin Electric Power Cooperative
 1717 East Interstate Avenue
 Bismarck, ND 58503-0564

and the mailing address of the Trustee, as secured party is:

U.S. Bank National Association
Corporate Trust Services
Mail Stop EP-MN-WS3C
60 Livingston Avenue
St. Paul, MN 55107

Additionally, this Eighteenth Supplemental Indenture shall, if appropriate, be an amendment to the financing documents originally filed in connection with the Original Indenture. The Company is authorized to execute and file as appropriate instruments under the Uniform Commercial Code to either create a security interest or amend any security interest heretofore created.

[Signatures on Next Page.]

IN WITNESS WHEREOF, the parties hereto have caused this Eighteenth Supplemental Indenture to be duly executed as of the day and year first above written.

BASIN ELECTRIC POWER COOPERATIVE

By: _____

Name: Ronald R. Harper

Title: Chief Executive Officer &
General Manager

(SEAL)

Attest: _____

Name: Claire N. Olson

Title: Assistant Secretary

STATE OF NORTH DAKOTA)
) SS
COUNTY OF BURLEIGH)

THE FOREGOING instrument was acknowledged before me this 6th day of March, 2008, by Ronald R. Harper, Chief Executive Office and General Manager of Basin Electric Power Cooperative, a corporation, for and on behalf of said corporation.

WITNESS my hand and official seal.

Name: Mark D. Foss

Notary Public

My commission expires: March 1, 2009

(Notarial Seal)

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: _____

Name:

Title:

(SEAL)

STATE OF _____)
) SS
COUNTY OF _____)

THE FOREGOING instrument was acknowledged before me this ____ day of March, 2008,
by _____, _____ of U.S. Bank National Association, a national
banking association, for and on behalf of said association.

WITNESS my hand and official seal.

Name:

Notary Public

My commission expires:

(Notarial Seal)

[INDENTURE FILING INFORMATION]

EXHIBITS WERE ATTACHED BY COMPANY PRIOR TO FILING BECAUSE THEY VARY BY JURISDICTION

EXHIBIT A
(to Eighteenth Supplemental Indenture)

[PROPERTY ADDITIONS]

EXHIBITS WERE ATTACHED BY COMPANY PRIOR TO FILING BECAUSE THEY VARY BY JURISDICTION

EXHIBIT B
(to Eighteenth Supplemental Indenture)

[FORM OF 2008 SERIES B NOTE]

THIS FIRST MORTGAGE OBLIGATIONS, 2008 SERIES B NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "*SECURITIES ACT*"), AND MAY BE RESOLD ONLY IF REGISTERED PURSUANT TO THE PROVISIONS OF THE SECURITIES ACT OR IF AN EXEMPTION FROM REGISTRATION IS AVAILABLE, EXCEPT UNDER CIRCUMSTANCES WHERE NEITHER SUCH REGISTRATION NOR SUCH AN EXEMPTION IS REQUIRED BY LAW.

BASIN ELECTRIC POWER COOPERATIVE

FIRST MORTGAGE OBLIGATIONS, 2008 SERIES B NOTES DUE JUNE 11, 2029

No. RB-[_____] |
\$[_____] |

[Date] |
PPN[_____] |

FOR VALUE RECEIVED, the undersigned, BASIN ELECTRIC POWER COOPERATIVE (herein called the "*Company*"), an electric cooperative corporation organized and existing under the laws of the State of North Dakota hereby promises to pay to [_____] |, or registered assigns, the principal sum of [_____] | DOLLARS (or so much thereof as shall not have been prepaid) on June 11, 2029, with interest (computed on the basis of actual days elapsed and a 360-day year) (a) on the unpaid balance hereof at a rate per annum for each Interest Period equal to the Adjusted LIBOR Rate (as such terms, Interest Period and Adjusted LIBOR Rate, are defined in the Eighteenth Supplement referred to below) from the date hereof, payable monthly, on every 11th of each calendar month in each year, commencing April 11, 2008, until the principal hereof shall have become due and payable, and (b) to the extent permitted by law, on any overdue payment (including any overdue prepayment) of principal, any overdue payment of interest, any overdue payment of any Make-Whole Amount (as defined in the Eighteenth Supplement referred to below), payable monthly as aforesaid (or, at the option of the registered Holder hereof, on demand), at a rate per annum from time to time equal to the Default Rate.

Payments of principal of, interest on, any Make-Whole Amount with respect to this Note are to be made in lawful money of the United States of America at Wells Fargo Bank, N.A. in Bismarck, North Dakota or at such other place as the Company shall have designated by written notice to the Holder of this Note as provided in the 2008 Series B Note Purchase Agreement (defined below).

This Note is one of a series of Senior Notes (herein called the "*Notes*") issued pursuant to the Eighteenth Supplemental Indenture dated as of February 15, 2008 (as from time to time amended, the "*Eighteenth Supplement*"), between the Company and the Trustee named therein which amends and supplements the Indenture dated as of January 1, 1998 (as amended and supplemented from time to time, the "*Original Indenture*") and is entitled to the benefits thereof and the 2008 Series B Note Purchase Agreement dated as of March 12, 2008 between the Company and the purchasers listed in Schedule A thereto (the "*2008 Series B Note Purchase*

EXHIBIT C
(to Eighteenth Supplemental Indenture)

Agreement”). Each Holder of this Note will be deemed, by its acceptance hereof, to have (i) agreed to the confidentiality provisions set forth in Section 16 of the 2008 Series B Note Purchase Agreement and (ii) made the representation set forth in Section 6.2 of the 2008 Series B Note Purchase Agreement. Unless otherwise indicated, capitalized terms used in this Note shall have the respective meanings ascribed to such terms in the Eighteenth Supplement.

This Note is a registered Note and, as provided in the Original Indenture, upon surrender of this Note for registration of transfer, accompanied by a written instrument of transfer duly executed, by the registered Holder hereof or such Holder’s attorney duly authorized in writing, a new Note for a like principal amount will be issued to, and registered in the name of, the transferee. Prior to due presentment for registration of transfer, the Company may treat the person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Company will not be affected by any notice to the contrary.

This Note is subject to optional prepayment, in whole or from time to time in part, at the times and on the terms specified in Eighteenth Supplement, but not otherwise.

If an Event of Default under the Original Indenture occurs and is continuing, the principal of this Note may be declared or otherwise become due and payable in the manner, at the price (including any applicable Make-Whole Amount) and with the effect provided in the Original Indenture.

This Note shall be construed and enforced in accordance with, and the rights of the Company and the Holder of this Note shall be governed by, the law of the State of North Dakota excluding choice-of-law principles of the law of such State that would permit the application of the laws of a jurisdiction other than such State.

BASIN ELECTRIC POWER COOPERATIVE

By _____
Name:
Its:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Obligations of the series designated therein referred to in the within-mentioned Original Indenture.

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By: _____
Authorized Signatory

FORM OF _____ NOTE
TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Obligations of the series designated therein referred to in the within-mentioned Original Indenture.

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By: _____
Authorized Signatory

EXHIBIT D
(to Eighteenth Supplemental Indenture)

**FORM OF OPINION OF SPECIAL COUNSEL
TO THE COMPANY**

Matters To Be Covered In
Opinion of Special Counsel To the Company

[SEE ATTACHED]



March 12, 2008

New York Life Insurance Company
and the several Purchasers listed on Schedule A
to the Note Purchase Agreement (as defined below)

c/o New York Life Investment Management LLC
51 Madison Avenue
New York, New York 10010-1603

Re: Basin Electric Power Cooperative
\$50,000,000 First Mortgage Obligations, 2008 Series B Notes, due June 11, 2029

Ladies and Gentlemen:

We have acted as New York counsel to Basin Electric Power Cooperative, an electric cooperative corporation organized under the laws of the State of North Dakota ("Basin Electric"), in connection with the issuance to you of its \$50,000,000 First Mortgage Obligations, 2008 Series B Notes, due June 11, 2029 (the "2008 Series B Notes"), under the Indenture dated as of January 1, 1998, as supplemented (the "Indenture") between Basin Electric and U.S. Bank National Association, as trustee (the "Trustee"). This opinion is being delivered to you pursuant to Section 4.4(a)(i) of the Note Purchase Agreement dated March 12, 2008 (the "Note Purchase Agreement") between Basin Electric and you. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Note Purchase Agreement.

In connection with the rendering of this opinion, we have examined such documents, agreements, instruments, corporate records and certificates and have made such investigation of law, as we have deemed necessary or appropriate for the purpose of delivering this opinion. Based on such examination and having regard for legal considerations that we deem relevant and subject to the qualifications set forth below, we are of the opinion that:

(i) To the best of our knowledge and other than as set forth in the Offering Materials, there are no legal or governmental inquiries, investigations, actions, suits or proceedings pending to which Basin Electric or any of its subsidiaries is a party or of which any property of Basin Electric or any of its subsidiaries is the subject which, if determined adversely to Basin Electric or any of its subsidiaries, would individually or in the aggregate have a material adverse effect on (a) the current or future financial position, patronage capital, margins or results of operations of Basin Electric or any of its subsidiaries, or (b) the ability of Basin Electric to perform its obligations under any Financing Agreement or on the legality, validity or enforceability of Basin Electric's obligations under any Financing Agreement; and, to the best of our knowledge and other than as set forth in the Offering Materials, no such inquiries, investigations, actions, suits



New York Life Insurance Company
and several Purchasers listed in Schedule A
to the Note Purchase Agreement
March 12, 2008
Page 2

or proceedings are threatened or contemplated by governmental authorities or threatened by others.

(ii) The 2008 Series B Notes have been duly authorized and executed by Basin Electric and authenticated in accordance with the terms of the Indenture and when delivered and paid for by you in accordance with the terms of the Note Purchase Agreement will have been validly issued and delivered and will constitute valid and binding obligations of Basin Electric entitled, equally and ratably with all other obligations issued and to be issued under the Indenture, to the benefits of the lien and security provided by the Indenture, subject, as to enforcement, to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights and to general equity principles. All conditions precedent provided for in the Indenture relating to the authentication and delivery of such 2008 Series B Notes have been complied with and all documents and cash which have been delivered to the Trustee conform to the requirements of the Indenture.

(iii) Each of the Indenture (excluding the Seventeenth and Eighteenth Supplemental Indentures) and the Seventeenth and Eighteenth Supplemental Indentures and the Note Purchase Agreement has been duly authorized, executed and delivered by the parties thereto and constitutes a valid and binding instrument, enforceable in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights and to general equity principles.

(iv) The issue and sale of the 2008 Series B Notes and the compliance by Basin Electric with all of the provisions of the 2008 Series B Notes, the Indenture and the Note Purchase Agreement and the consummation of the transactions therein contemplated will not conflict with or result in any violation of any statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over Basin Electric or any of its subsidiaries or any of their properties.

(v) No consent, approval, authorization, order, license, filing, registration or qualification of or with any governmental agency or body having jurisdiction over Basin Electric is required for the issue and sale of the 2008 Series B Notes or in connection with the consummation by Basin Electric of the transactions contemplated by the Note Purchase Agreement or the Indenture, except such consents, approvals, authorizations, licenses, filings registrations or qualifications as may be required under state securities or Blue Sky laws in connection with the purchase and distribution of the 2008 Series B Notes by you.



O R R I C K

New York Life Insurance Company
and several Purchasers listed in Schedule A
to the Note Purchase Agreement
March 12, 2008
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(vi) No registration of the 2008 Series B Notes under the Securities Act of 1933, and no qualification of the Indenture under the Trust Indenture Act of 1939 with respect thereto, is required for the offer, sale and initial resale of the 2008 Series B Notes by you in the manner contemplated by the Note Purchase Agreement.

(vii) Basin Electric is not an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940, as amended.

(viii) Basin Electric is not a "holding company" or a "subsidiary company" of a "holding company" within the meaning of the Public Utility Holding Company Act of 2005, as amended.

(ix) None of the transactions contemplated by the Note Purchase Agreement (including, without limitation, the use of proceeds from the sale of the 2008 Series B Notes) will result in a violation of Regulation T, U or X of the Board of Governors of the United States Federal Reserve System, 12 CFR, Part 220, Part 221 and Part 224, respectively.

In rendering the foregoing opinions, we have assumed (a) the authenticity of original documents and the genuineness of all signatures; (b) the conformity to the originals of all documents submitted to us as copies; (c) the truth, accuracy, and completeness of the information, factual matters, representations and warranties contained in the records, documents, instruments and certificates we have reviewed; (d) except as specifically covered in this opinion, the due authorization, execution, and delivery on behalf of the respective parties thereto of documents referred to herein and the legal, valid and binding effect thereof on such parties; and (e) the absence of any evidence extrinsic to the provisions of the written agreements between the parties that the parties intended a meaning contrary to that expressed by those provisions.

In rendering the foregoing opinions, we have relied, with your approval, as to all matters of law of the State of North Dakota, upon the opinion of Claire M. Olson, Senior Vice President and General Counsel to Basin Electric, delivered pursuant to Section 4.4(a)(ii) of the Note Purchase Agreement. In addition, we express no opinion as to (i) the enforceability of any provision of the Indenture which purports to waive the right to benefit from the doctrine of marshalling of assets upon foreclosure, (ii) the validity or enforceability of any covenant to pay interest on defaulted interest, and (iii) the effectiveness of any provision in the Indenture purporting to create a "springing lien" whereby certain property initially excepted from the lien of the Indenture would become subject to the lien of the Indenture upon the occurrence of an



O R R I C K

New York Life Insurance Company
and several Purchasers listed in Schedule A
to the Note Purchase Agreement
March 12, 2008
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Event of Default (as defined in the Indenture) thereunder; and moreover, that the Indenture contains customary provisions for the enforcement of the security provided for therein, certain of which may be limited by the laws of the State of North Dakota (but such laws do not, in our opinion, make inadequate the remedies necessary for the realization of the benefits of such security).

The opinions expressed above are limited to the laws of the State of New York (other than state securities or blue sky laws) and the Federal laws of the United States of America and we express no opinion with respect to the laws of any other jurisdiction.

This opinion is solely for the benefit of Basin Electric and you in connection with the transactions contemplated by the Note Purchase Agreement and may not be relied upon or used by any other person or for any other purpose without our prior written consent, except that this opinion may be (i) relied upon by subsequent Holders (as defined in the Indenture) of the 2008 Series B Notes as if they were additional addressees hereof and (ii) delivered to, but not relied upon by, (a) potential successors and assigns, (b) in connection with any judicial or arbitration process and (c) any governmental or regulatory authority having jurisdiction over you, including, without limitation, the National Association of Insurance Commissioners, in each case, without our prior written consent. We disclaim any obligation to update this opinion for events occurring or coming to our attention after the date hereof.

Very truly yours,

ORRICK, HERRINGTON & SUTCLIFFE, LLP

**FORM OF OPINION OF GENERAL COUNSEL
TO THE COMPANY**

Matters To Be Covered In
Opinion of General Counsel To the Company

[SEE ATTACHED]

BASIN ELECTRIC POWER COOPERATIVE

1717 EAST INTERSTATE AVENUE
BISMARCK, NORTH DAKOTA 58503-0564
PHONE 701-223-0441
FAX: 701/224-5336



March 12, 2008

To the Purchasers Listed on Schedule A to the
Note Purchase Agreement (defined below)

Re: Basin Electric Power Cooperative
\$50,000,000 First Mortgage Obligations, 2008 Series B Notes due June 11, 2029;

Ladies and Gentlemen:

I am General Counsel of Basin Electric Power Cooperative, a North Dakota electric cooperative corporation (the **Cooperative**) and in that capacity, render this opinion to you in connection with the proposed offering and sale to you of the Cooperative's \$50,000,000 First Mortgage Obligations, 2008 Series B Notes due June 11, 2029 (the **2008 Series B Notes**) under the Indenture between the Cooperative and U.S. Bank National Association, as trustee, dated as of January 1, 1998, as supplemented (the **Indenture**) through the Eighteenth Supplemental Indenture dated as of February 15, 2008 (the **Eighteenth Supplemental Indenture**). This opinion is being delivered to you pursuant to Section 4.4(a)(ii) of the 2008 Series B Note Purchase Agreement dated as of March 12, 2008 (the **Note Purchase Agreement**) between you and the Cooperative. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Note Purchase Agreement.

I am familiar with the affairs and properties of the Cooperative and have reviewed such documents, instruments, records and files relating to the 2008 Series B Notes, the Indenture, the Eighteenth Supplemental Indenture, the Note Purchase Agreement and Offering Materials as I have deemed necessary in order to render the opinions set forth below. Based upon the foregoing, I am of the opinion that:

(i) The Cooperative has been duly incorporated and is validly existing as an electric cooperative corporation in good standing under the laws of the State of North Dakota, with power and authority (corporate and other) to own its properties and conduct its business as described in the Offering Materials;

(ii) Each subsidiary of the Cooperative has been duly incorporated and is validly existing as a corporation in good standing under the laws of its jurisdiction of incorporation; and all of the issued shares of capital stock of each such subsidiary have been duly and validly authorized and issued, are fully paid and non assessable, and are owned directly by the Cooperative, free and clear of all liens, encumbrances, equities or claims;

(iii) The Cooperative and each of its subsidiaries has been duly qualified as a foreign corporation for the transaction of business and is in good standing under the laws of each jurisdiction in which it owns or leases properties or conducts any business so as to require such qualification;

(iv) The Cooperative and each of its subsidiaries has good and marketable title to all real property and marketable title to all personal property owned by them, in each case free and clear of all liens, encumbrances and defects except such as are described in the Offering Materials or such as do not materially affect the value of such property and do not interfere with the use made and proposed to be made of such property by the Cooperative and its subsidiaries; and any real property and buildings held under lease by the Cooperative and its subsidiaries are held by them under valid, subsisting and enforceable leases with such exceptions as are not material and do not interfere with the use made and proposed to be made of such property and buildings by the Cooperative and its subsidiaries;

(v) To the best of my knowledge and other than as set forth in the Offering Materials, there are no legal or governmental inquiries, investigations, actions, suits or proceedings pending to which the Cooperative or any of its subsidiaries is a party or of which any property of the Cooperative or any of its subsidiaries is the subject which, if determined adversely to the Cooperative or any of its subsidiaries, would individually or in the aggregate have a material adverse effect on the current or future financial position, patronage capital, margins or results of operations of the Cooperative or any of its subsidiaries or the ability of the Cooperative to perform its obligations under any Financing Agreement or on the legality, validity or enforceability of the Cooperative's obligations under any Financing Agreement; and, to the best of my knowledge, no such inquiries, investigations, actions, suits or proceedings are threatened or contemplated by governmental authorities or threatened by others. Notwithstanding the foregoing, the potential liabilities in slides 70 through 78 in the power point presentation described in Schedule 5.3 to the Note Purchase Agreement if determined adversely, could have a material adverse effect on the financial position, patronage capital, margins, results of operation and properties of the Cooperative but would not impact the ability of the Cooperative to perform its obligations under the Financing Agreements or affect the validity or enforceability of the Financing Agreements;

(vi) The Note Purchase Agreement has been duly authorized, executed and delivered by the Cooperative and constitutes a legal, valid and binding agreement of the Cooperative, enforceable against the Cooperative in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights and to general equity principles;

(vii) The 2008 Series B Notes have been duly authorized, executed and authenticated in accordance with the terms of the Indenture and when delivered and paid for by you in accordance with the terms of the Note Purchase Agreement will have been validly issued and delivered and will constitute legal, valid and binding obligations of the Cooperative and enforceable in accordance with their terms entitled, equally and ratably with all other obligations issued and to be issued under the Indenture, to the benefits of the lien and security provided by the Indenture, subject, as to enforcement, to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights and to general equity principles. All conditions precedent provided for in the Indenture relating to the authentication and delivery of such 2008 Series B Notes have been complied with and all documents and cash and/or 2008 Series B Notes which have been or are delivered to the Trustee conform to the requirements of the Indenture;

(viii) Each of the Indenture (excluding the Eighteenth Supplemental Indenture) and the Eighteenth Supplemental Indenture has been duly authorized, executed and delivered by the parties thereto and constitutes a legal, valid and binding instrument, enforceable in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights and to general equity principles;

(ix) The issue and sale of the 2008 Series B Notes and the compliance by the Cooperative with all of the provisions of the 2008 Series B Notes, the Indenture and the Note Purchase Agreement and the consummation of the transactions therein contemplated will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Cooperative or any of its subsidiaries is a party or by which the Cooperative or any of its subsidiaries is bound or to which any of the property or assets of the Cooperative or any of its subsidiaries is subject, nor will such actions result in any violation of the provisions of the Articles of Incorporation or Bylaws of the Cooperative or any statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Cooperative or any of its subsidiaries or any of their properties;

(x) No consent, approval, authorization, order, license, filing, registration or qualification of or with any governmental agency or body having jurisdiction over the Cooperative or any of its subsidiaries or any of their property is required for the issue and sale of the 2008 Series B Notes or in connection with the consummation by the Cooperative of the transactions contemplated by the Note Purchase Agreement or the Indenture;

(xi) Each of the Wholesale Power Contracts between the Cooperative and each of its members is the valid and binding obligation of the Cooperative enforceable against the Cooperative in accordance with its terms, subject as to enforcement to bankruptcy, insolvency, fraudulent transfer and other similar laws affecting creditors' rights generally and to general equity principles;

(xii) Each of the Cooperative and its subsidiaries owns, possesses or has obtained all licenses, permits, certificates, consents, orders, approvals and other authorizations (collectively, "Authorizations") from, and has made all declarations and filings with, all federal, state, local and other governmental authorities (including foreign regulatory agencies), all self-regulatory organizations and all courts and other tribunals, domestic or foreign, necessary to own or lease, as the case may be, and to operate its properties and to carry on its business as conducted as of the date hereof, or where the failure to own, possess or obtain such Authorizations or make such declarations and filings could not reasonably be expected to have a material adverse effect on the Cooperative and its subsidiaries; and neither the Cooperative nor any such subsidiary has received any actual notice of any proceeding relating to revocation or modification of any such Authorization, except where the revocation or modification of such Authorization could not reasonably be expected to have a material adverse effect on the Cooperative and its subsidiaries; and each of the Cooperative and its subsidiaries is in compliance with all laws and regulations relating to the conduct of its business as conducted as of the date hereof, except where such noncompliance could not reasonably be expected to have a material adverse effect on the Cooperative and its subsidiaries;

(xiii) None of the Trust Estate (as defined in the Indenture) is subject to any Prior Lien (as defined in the Indenture) other than Prior Liens permitted by Section 13.6 of the Indenture; the descriptions of all such properties and assets contained in the granting clauses of the Indenture are correct and adequate for the purposes of the Indenture; and all taxes and recording and filing fees required to be paid with respect to the execution, recording or filing of the Indenture, the filing of financing statements related thereto and similar documents and the issuance of the 2008 Series B Notes have been paid; and

(xiv) (a) The execution and delivery of the Indenture and the supplements thereto creates a valid security interest in the Trust Estate (as defined in the Indenture), as security for the Obligations. The Indenture (including any necessary related financing statements) has been filed and recorded wherever and to the extent necessary to perfect the lien thereof upon the real property and personal property now owned by the Cooperative in the States of Colorado, Iowa, Montana, Nebraska, North Dakota, South Dakota and Wyoming and intended to be subject thereto; all fees or taxes in connection therewith have been paid and no other filing or recordation is presently necessary in order to perfect the lien of the Indenture on the Trust Estate (as defined in the Indenture); and (b) to the extent a security interest may be perfected by filing, the security interest in the Trust Estate is perfected and the Indenture now constitutes a legally valid and directly enforceable lien on personal property and first mortgage lien (except as may be limited by (i) the laws of the jurisdictions in which the physical properties covered thereby are located affecting the remedies for the enforcement of the security provided therein (which laws do not, in the opinion of the undersigned, make inadequate the remedies necessary for the realization of the benefits of such security) and (ii) applicable bankruptcy, reorganization or similar laws affecting creditors' rights generally) for the equal and proportionate security of the 2008 Series B Notes and of the mortgage bonds of other series heretofore issued and hereafter to be issued under the Indenture, upon the personal property and mortgaged properties specifically described therein as subject to the lien thereof (excluding all properties heretofore disposed of in accordance with the terms of the Indenture or expressly excepted therefrom and real property subsequently acquired by the Cooperative) and such personal property and mortgaged properties, other than said excluded and excepted properties, comprise and constitute substantially all of the utility property of the Cooperative in the States of Colorado, Iowa, Montana, Nebraska, North Dakota, South Dakota and Wyoming.

With the exception of paragraphs (iv), (xiii) and (xiv) hereof, the foregoing opinions are limited to the laws of the State of North Dakota (other than corporate good standing and foreign qualification and state securities or blue sky laws) and the laws of the United States of America and I express no opinion with respect to the laws of any other jurisdiction. With respect to the opinion set forth in paragraphs (iv), (xiii) and (xiv) hereof, the opinions are based upon and limited to the application of the laws of Colorado, Iowa, Montana, Nebraska, North Dakota, South Dakota and Wyoming and the applicable laws of the United States of America and in giving the opinions set forth in paragraphs (iv), (xiii) and (xiv) hereof, I have relied on the opinions of counsel licensed to practice law in the states of Colorado, Iowa, Montana, Nebraska, North Dakota, South Dakota and Wyoming, each of whom I believe to be reliable.

In providing the foregoing opinion, I express no opinion as to (i) the enforceability of any provision of the Indenture which purports to waive the right of benefit from the doctrine of marshalling of assets upon foreclosure, (ii) the validity or enforceability of any covenant to pay interest on defaulted interest, and (iii) the effectiveness of any provision in the Indenture purporting to create a "springing lien" whereby certain property initially excepted from the lien of the Indenture would become subject to the lien of the Indenture upon the occurrence of an Event of Default (as defined in the Indenture) thereunder; and moreover, that the Indenture contains customary provisions for the enforcement of the security provided for therein, certain of which may be limited by the laws of the State of North Dakota (but such laws do not, in my opinion, make inadequate the remedies necessary for the realization of the benefits of such security).

To the Purchasers Listed on Schedule A to the
Note Purchase Agreement (defined below)
March 12, 2008
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This opinion is solely for the benefit of Basin Electric and you in connection with the transactions contemplated by the Note Purchase Agreement and may not be relied upon or used by any other person or for any other purpose without our prior written consent, except that this opinion may be (i) relied upon by subsequent Holders (as defined in the Indenture) of the 2008 Series B Notes as if they were additional addressees hereof and (ii) delivered to, but not relied upon by, (a) potential successors and assigns, (b) in connection with any judicial or arbitration process and (c) any governmental or regulatory authority having jurisdiction over you, including, without limitation, the National Association of Insurance Commissioners, in each case, without our prior written consent.

Very truly yours,

Claire M. Olson
Senior Vice President & General Counsel

mdf/mw

**FORM OF OPINION OF SPECIAL COUNSEL
TO THE PURCHASERS**

EXHIBIT 4.4(b)
(to 2008 Series B Note Purchase Agreement)

CHAPMAN AND CUTLER LLP

Theodore S. Chapman
1877-1943
Henry E. Cutler
1879-1959

111 West Monroe Street, Chicago, Illinois 60603-4080
Telephone (312) 845-3000
Facsimile (312) 701-2361
chapman.com

San Francisco
595 Market Street
San Francisco, CA 94105
(415) 541-0500

Salt Lake City
201 South Main Street
Salt Lake City, UT 84111
(801) 533-0066

March 12, 2008

Re: \$50,000,000 First Mortgage Obligations,
2008 Series B Notes, due June 11, 2029 (the "2008 Series B Notes")
of
BASIN ELECTRIC POWER COOPERATIVE

To the Parties listed in
Schedule A hereto

Ladies and Gentlemen:

We have acted as your special counsel in connection with your purchase from BASIN ELECTRIC POWER COOPERATIVE, an electric cooperative corporation existing under the laws of the State of North Dakota (the "*Company*"), of the above-captioned 2008 Series B Notes, pursuant to a Note Purchase Agreement dated as of March 12, 2008 (the "*Agreement*"), between you and the Company. The 2008 Series B Notes are issued under the Indenture dated as of January 1, 1998 from the Company to U.S. Bank National Association (fka First Bank National Association) as Trustee (the "*Original Indenture*"), as amended and supplemented by seventeen supplemental indentures and as further amended and supplemented by the Eighteenth Supplement dated February 15, 2008 (such Eighteenth Supplement is referred to as the "*Supplement*" and the Original Indenture, as amended and supplemented from time to time, is referred to as the "*Indenture*"). Capitalized terms used herein which are not otherwise defined shall have the meanings set forth in the Agreement.

We have examined the opinions of (i) Orrick, Herrington & Sutcliffe LLP, special counsel to the Company and (ii) Claire M. Olson, Senior Vice President and General Counsel of the Company which are delivered pursuant to Section 4.4(a)(i) and 4.4(a)(ii) of the Agreement and we believe that these opinions are satisfactory in scope and form and that you are justified in relying thereon.

For purposes of this opinion, we have made such examination of law as we have deemed necessary and we have relied upon the representations and warranties of the Company and you. This opinion is limited solely to (a) the internal substantive laws of the State of Illinois as applied by courts located in Illinois without regard to conflicts of law principles and (b) the federal laws of the United States of America, and we express no opinion as to the laws of any other jurisdiction.

Law Offices of
CHAPMAN AND CUTLER LLP

Based upon the foregoing, we are of the opinion that the offering, sale and delivery of the 2008 Series B Notes under the circumstances contemplated by the Agreement, constitute an exempted transaction under the Securities Act of 1933, as amended, and under the Trust Indenture Act of 1939, as amended, and do not require registration of the 2008 Series B Notes or qualification of the Indenture, respectively, thereunder.

This opinion is being furnished to you solely for your benefit and may not be relied upon for any purpose by any other person, except that any subsequent holder of the 2008 Series B Notes in accordance with the applicable documents may rely upon this opinion as if it were specifically addressed and delivered to such holder on the date hereof.

Respectfully submitted,

NRMann:ALOlshansky