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LEASE

Vol. 76 Page 1194

THIS INDENTURE by and between PAUL A. BREITENSTEIN, a single man, hereinafter referred to as "Lessor" and ELBERT W. and WYOMING STILES, husband and wife, Klamath Falls, Klamath County, State of Oregon, hereinafter designated as "Lessee."

W I T N E S S E T H:

That the Lessor for the consideration and upon the terms and conditions herein mentioned, has leased, demised and let, and does hereby lease, demise and let unto the Lessee the right to enter upon and with the exclusive right to excavate, take and remove gravel and rock from:

The NE 1/4 NE 1/4 of Section 10, Township 39 South, Range 8 East, Willamette Meridian; the SE 1/4 SE 1/4, Section 3, Township 39 South, Range 8 East, Willamette Meridian; the SE 1/4 NE 1/4, Section 10, Township 39 South, Range 8, EMM, with a more particular description being set forth as Exhibit 1 attached hereto and made a part hereof.

TO HAVE AND TO HOLD the same unto the Lessee for and during the period beginning the 26th day of January, 1976, and ending the 30th day of June, 2007, being a thirty-two (32) year lease overall.

That the parties in a previously executed lease regarding the subject matter of the lease contained herein which provided that Lessee would be given a credit for railroad payments made by Lessee to Lessor which are as follows:

July 1, 1970 through 1971	750.00
July 1971 to 1972	1,000.00
July 1972 to 1973	1,000.00
July 1973 to 1974	1,000.00
July 1974 to 1975	1,000.00
July 1975 to 1976	1,000.00
Total	\$5,750.00

This is for a total of \$5,750.00 which Lessor agrees that he has

LEASE - 1.

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NO

received in performance of the previous lease between the same parties. It is agreed that in the within lease that the \$5,750.00 minimum payment above described shall be a credit to Lessees account to apply to royalties for rock removed from Lessors properties under the provisions of the lease herein.

IT IS FURTHER AGREED that Lessee shall pay to Lessor the sum of \$1,000 per year, for each calendar year, commencing the date of this agreement as a minium payment of rent due Lessor by Lessee whether or not rock is removed, however, when rock is removed the payment shall as expressed above be allowed as a credit against royalties due Lessor for rock removed.

It is understood and agreed between the parties that Lessee is hereby granted the exclusive rights to remove materials from the above-described properties.

That is is hereby agreed between the parties hereto that Lessee, Elbert W. and Wyoming Stiles, may substitute as Lessee hereunder STILES ENTERPRISES, a partnership in the future if they so choose, but shall not be allowed to assign this lease as Lessee to any other persons without the written consent of Lessor. It is understood that this condition shall not in any respect act to prevent Lessee from contracting with other parties for the performance of crushing, digging, processing or conducting a quarry business with other parties, but if he so chooses to do so, then Lessee hereunder shall be personally responsible to Lessor for the payment of all royalties due and agreed upon by virtue of this agreement, together with all of the other covenants and agreements contained herein.

That Lessee hereby covenants and agrees with Lessor that Lessee shall indemnify and hold harmless Lessor from any damages or liabilities by reason of the operation of said business upon the real properties described above in the operation of said rock removal or quarry operation, and that Lessee shall carry public liability and property damage insurance to protect the Lessor hercinunder.

LEASE - 2.

IT IS UNDERSTOOD and AGREED between the parties hereto that the Lessee shall not sell, assign, or transfer this lease without first securing the consent of Lessor in writing to any proposed assignment or transfer, except as otherwise provided herein; however, Lessee shall have the right to sub-lease said premises as heretofore mentioned in this agreement.

That Lessor agrees to pay any and all real property taxes or assessments on said land.

That it is understood and agreed between the parties that any and all rights-of-ways, easements, roads for ingress or egress that are presently upon said properties at the time of the execution of this lease shall be honored completely by Lessee and this lease shall be subservient thereto.

IT IS UNDERSTOOD and AGREED that the royalties to be paid from Lessee to Lessor shall be for saleable rock and materials and there is to be nothing paid for overburden or reject materials unless they are actually sold. That Lessee shall have the right to remove said overburden from the above-described properties and dispose of the same at his discretion without payment.

Said Lessee, at the end of each year, during the life of this lease, pay the full minimum royalty for each year, whether it shall have removed the requisite quantity of rock or gravel, which at the unit price above stated will equal such minimum royalty or not.

Lessee agrees to establish and maintain an adequate accounting system approved by Lessor for reporting amounts of material as may be removed from the area under lease and further agrees that Lessor may at reasonable times and upon reasonable notice examine the records of Lessee so as to verify the amounts of such material as have been reported.

That Lessee shall conduct his operations in such a manner and by such methods as will constantly maintain the site in a reasonably safe condition without undue danger to the person and property of others.

That Lessee at all times shall observe and comply with all Federal and State laws and local laws, ordinances, and regulations

to any manner affecting the conduct of the work, and all such orders or decrees as exist at present and those which may be enacted later, of bodies or tribunals having any jurisdiction or authority over the work, and shall indemnify and save harmless Lessor against any claim or liabilities arising from or based on the violation of any such laws, ordinances, regulations, orders, or decrees, whether such violations be by the contractor, his sub-contractors or his employees.

That time is of the essence of this agreement and the failure or refusal of the Lessee to carry out and comply with any one or more of the provisions, terms or covenants on its part to be performed, shall constitute a default hereunder and shall create a forfeiture, by the Lessee, of this contract and a cancellation and surrender by the Lessee of all rights hereunder, at the option of the Lessor. This cancellation and forfeiture, however, would be exercised only upon the Lessor giving Lessee written notice of its failure or default, and allowing the Lessee thirty (30) days to rectify such failure or refusal or default.

That Lessee agrees that if there should be an increase in Lessors personal property tax as the result of Lessee or those that he may sub-lease to operating upon said properties in performance of this agreement that he will pay such additional tax that may be levied.

The Lessee shall and does, hereby agree to submit to the Lessor on or before the 20th day of each calendar month during the term of this lease, a complete and duly verified written report and statement of all of the gravel and rock or any of the same taken by said Lessee under this lease during the calendar month next proceeding, and unless he agrees to pay to Lessor and Lessor agrees to accept in payment of said materials removed, as royalty, on or before said date for each and every yard of such material, or any of them, removed by the Lessee during such proceeding months the following amounts.

During the first five (5) years of this lease to commence when with the removal of marketable rock products from the properties a sum of 15¢ per cubic yard. For the following five (5) year period Lessee will pay to Lessor, and Lessor agrees to accept the sum

LEASE - 4.