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A-28411

1 CONTRACT OF SALE OF REAL AND PERSONAL PROPERTY Made this 27 day of
 2 January, 1978, between JOHN P. d'ARTENAY and VIRGINIA F. d'ARTENAY,
 3 his wife, as to an undivided one-half, and FRANCIS A. d'ARTENAY, as to an
 4 undivided one-half, individually and doing business as d'ARTENAY BROS., a
 5 partnership, (hereinafter called "Vendor"), and R. B. MONTGOMERY DRILLING,
 6 INC., a California Corporation, (hereinafter called "Purchaser");

7
 8 W I T N E S S E T H:
 9

10 Vendor agrees to sell to Purchaser and Purchaser hereby agrees to
 11 buy from Vendor, at the price and on the terms, covenants, conditions and
 12 provisions hereinafter contained, all of the following described real and
 13 personal property (hereinafter called "Property") situate in Klamath County,
 14 Oregon:

15 REAL PROPERTY

16 PARCEL 1

17 A piece or parcel of land being portions of Sections 31 and 32, Township
 18 34 South, Range 7½ East of the Willamette Meridian and Sections 5 and 6
 19 of Township 35 South, Range 7½ East of the Willamette Meridian, situate
 20 in Klamath County, Oregon, and more particularly described as follows:

21 Beginning at the Southwesterly corner of Section 31, Township 34 South,
 22 Range 7½ East of the Willamette Meridian and running thence Northerly
 23 along the range line marking the Westerly boundary of the said Section
 24 31, 3340.5 feet; thence Easterly parallel with and 3340.5 feet distant
 25 at right angles Northerly from the Township line between Township 34
 26 South, Range 7½ East of the Willamette Meridian and Township 35 South,
 27 Range 7½ East of the Willamette Meridian, 10,560 feet, more or less, to
 28 a point in the section line marking the Easterly boundary of the said
 29 Section 32, Township 34 South, Range 7½ East of the Willamette Meridian;
 30 thence Southerly along the said section line 3340.5 feet, more or less,
 31 to the Southeasterly corner of the said Section 32; thence Southerly
 32 along the section line marking the Easterly boundary of the said Section
 33 5, Township 35 South, Range 7½ East of the Willamette Meridian, 788.3
 34 feet; thence Westerly, parallel with and 788.3 feet distant at right
 35 angles Southerly from the said Township line between Township 34 South,
 36 Range 7½ East of the Willamette Meridian and Township 35 South, Range
 37 7½ East of the Willamette Meridian, 10,560 feet, more or less, to a
 38 point in the range line marking the Westerly boundary of the said
 39 Section 6, Township 35 South, Range 7½ East of the Willamette Meridian;
 40 thence Northerly along the said range line 788.3 feet, more or less, to
 41 said point of beginning.

42 PARCEL 2

43 A piece or parcel of land being portions of Sections 29, 30, 31 and
 44 32, Township 34 South, Range 7½ East of the Willamette Meridian,
 45 situate in Klamath County, Oregon, and more particularly described
 46 as follows:

47 Beginning at a point in the range line marking the Westerly boundary
 48 of the said Section 30, Township 34 South, Range 7½ East of the
 49 Willamette Meridian, which is 394.1 feet Southerly from the South-
 50 easterly corner of Section 24, Township 34 South, Range 6 East of
 51 the Willamette Meridian, as the same was established by Norman D.
 52 Price, U. S. Cadastral Engineer, between October 31, 1930 and June 22,
 53 1931, and running thence Easterly to the Northwesterly corner of the
 54 said Section 29, Township 34 South, Range 7½ East of the Willamette
 55 Meridian; thence Easterly along the Northerly boundary of the said
 56 Section 29, Township 34 South, Range 7½ East of the Willamette
 57 Meridian 4905.3 feet, more or less, to a point in a line parallel
 58 with and 70 feet distant at right angles Southeasterly from the
 59 center line of Dixon and McQuiston Lower Levee as the same is now
 60 located and constructed; thence South 44° 40' West, along said

parallel line 349.8 feet; thence South $12^{\circ} 30'$ East, leaving said parallel line 2622.3 feet, more or less, to a point in the section line marking the Easterly boundary of the said Section 29; thence Southerly along the said section line and the section line marking the Easterly boundary of said Section 32, Township 34 South, Range $7\frac{1}{2}$ East of the Willamette Meridian, 4588 feet, more or less, to a point 3340.5 feet Northerly from the Southeast corner of the said Section 32; thence Westerly parallel with and 3340.5 feet distant at right angles Northerly from the township line between Township 34 South, Range $7\frac{1}{2}$ East of the Willamette Meridian and Township 35 South, Range $7\frac{1}{2}$ East of the Willamette Meridian, 10,560 feet, more or less, to a point in the range line marking the Westerly boundaries of the said sections 30 and 31, Township 34 South, Range $7\frac{1}{2}$ East of the Willamette Meridian; thence Northerly along said range line 7131 feet, more or less, to the said point of beginning.

EXCEPTING THEREFROM any portion of the above described parcel lying Northerly of the South line of that property described as Parcel 2 in Deed from Puckett & Scherer, a co-partnership to d'Artenay Brothers, a co-partnership, recorded August 2, 1961 in Deed Volume 331 at page 367, Klamath County Deed Records.

PARCEL 3

All that portion of the $N\frac{1}{2}$ of Section 29, and the $N\frac{1}{2}$ of Section 30, Township 34 South, Range $7\frac{1}{2}$ East of the Willamette Meridian, lying Southerly of the Northerly line of that property described as Parcel 2 in Warranty Deed from Clifford J. Shuck and Helen Shuck, Claude Shuck and June Shuck, Daniel F. Geaney and Lillian Geaney to d'Artenay Brothers, a co-partnership, recorded October 13, 1950 in Deed Volume 242 at page 532, Klamath County Deed Records and Northerly of the Northerly line of that property described as Parcel 2 in Deed from Puckett & Scherer, a co-partnership to d'Artenay Brothers, a co-partnership, recorded August 2, 1961 in Deed Volume 331 at page 367, Klamath County Deed Records, being more particularly described as follows:

Beginning at the section corner common to Sections 19, 20, 29 and 30, Township 34 South, Range $7\frac{1}{2}$ East of the Willamette Meridian; thence Easterly along the Northerly boundary of the said Section 29, 4905.3 feet, more or less, to a point in a line parallel with and 70 feet distant at right angles Southeasterly from the center line of Dixon and McQuiston Lower Levee as the same is now located and constructed; thence South $44^{\circ} 40'$ West, along said parallel line 349.8 feet; thence South $12^{\circ} 30'$ East, to the intersection of the Northerly line of Parcel 2 in deed recorded August 2, 1961 in Deed Volume 331 at page 367; thence North $88^{\circ} 57'$ West along said Northerly line to its intersection with a straight line drawn between a point on the Westerly line of Section 30 said Township and Range, being 394.1 feet Southerly of the corner common to Sections 24 and 25, Township 34 South, Range 6 East of the Willamette Meridian and Sections 19 and 30, Township 34 South, Range $7\frac{1}{2}$ East of the Willamette Meridian, and a point at the corner common to Sections 19, 20, 29 and 30, Township 34 South, Range $7\frac{1}{2}$ East of the Willamette Meridian; being the most Northerly line of property in Section 30 as described by deed recorded October 13, 1950 in Deed Volume 242 at page 532; thence Northeasterly along said straight line to the point of beginning.

PARCEL 4

The $E\frac{1}{2}$ of the $SE\frac{1}{4}$, the $SE\frac{1}{4}NE\frac{1}{4}$, and the $E\frac{1}{2}$ of the $SW\frac{1}{4}$ of $SE\frac{1}{4}$ of Section 24 Township 34 South, Range 6 East of the Willamette Meridian.

PARCEL 5

That portion of land lying between the range line of Ranges 6 and 7½ East and the center line of the 4 Mile Canal, being more fully described as follows:

Starting from the section corner common to Sections 19, 30, 24 and 25, Township 34 South, Ranges 6 and 7½ East of the Willamette Meridian; thence Northerly North 0° 32' East a distance of 3874.8 feet; thence Easterly North 90° East a distance of 98.0 feet, more or less, to the center line of the 4 Mile Canal; thence Southerly along the said center-line of the 4 Mile Canal, as the same is now located and constructed, South 0° 03' West a distance of 4084.8 feet; thence Westerly North 88° 57' West a distance of 134.5 feet, more or less, to a point on the section line between Sections 25 and 30; thence Northerly North 0° 32' East, a distance of 207.6 feet, more or less, to the point of beginning.

PARCEL 6

That portion of the property lying North of the South boundary of the 7 Mile Ranch as the same is now located and deeded to a line 8 feet North of the North edge of the East-West Canal along the South side of the 7 Mile Ranch, more fully described as follows:

Starting from the section corner common to Sections 19, 30, 24 and 25, Township 34 South, Ranges 6 and 7½ East of the Willamette Meridian; thence South 0° 32' West a distance of 394.1 feet to point of beginning; thence Easterly South 89° 50' East a distance of 10,160.7 feet; thence Northerly North 0° 00' East to a point in line with a line 8.0 feet North and parallel with the North edge of the East-West Canal on the 7 Mile Ranch, as the same is now located and constructed; thence Westerly, along the said parallel line North 88° 57' West a distance of 10,162.4 feet, more or less, to a point on the section line between Sections 25 and 30; thence Southerly South 0° 32' West a distance of 186.5 feet to the point of beginning.

EXCEPTING THEREFROM any portion of the above described parcel conveyed to Tulana Farms by Deed recorded February 20, 1947 in Deed Volume 202 at page 411, Klamath County Deed Records.

TOGETHER WITH an easement for a 60 foot roadway for ingress and egress with the right to maintain same along the Westerly line of Sections 6, 7, 18 and 19, Township 34 South, Range 7½ East of the Willamette Meridian, as shown by easement recorded in Deed Volume 215 at page 11, Klamath County Deed Records and further conveyed by grantee to the vestees herein by documents recorded in Deed Volume 346 at page 73 and Deed Volume 346 at page 74, Klamath County Deed Records.

EXCEPTING from all of the above described parcels, any rights of way for ditches and canals, of the Meadows Drainage District and the United States.

RESERVING TO Vendor all subsurface rights in the above described real property. For the purposes of this provision, the term "subsurface rights" are hereby agreed to include, but not be limited to, the following: Sand, gravel, clay, minerals, metallic ore, chemical elements and compounds (whether in solid, liquid, or gaseous form), all forms of energy (whether hot water, steam, thermal, atomic, or fossil fuel), all gas and oil.

PERSONAL PROPERTY

- One Eucyrus-Erie dragline, Model 22B with two wheel trailer and walking pads
- One 1947 One Ton Ford flatbed with A frame winch

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GIACOMINI, JONES & ZANSKY, ATTORNEYS AT LAW A PROFESSIONAL CORPORATION, KLAMATH FALLS, OREGON

- 1 One D-6 Caterpillar crawler tractor, Serial #2H3342 with
- 2 wide tracks and mounted post driver
- 3
- 4 One D-6 Caterpillar crawler tractor, Serial #2H3632 with hydraulic
- 5 dozer
- 6
- 7 One Gardner 10 x 55 mobile home
- 8
- 9 One diesel powered irrigation pump mounted on metal frame
- 10 with International Harvester diesel engine Model UD24,
- 11 Serial #UDE805 and fuel tank at site
- 12
- 13 One Jenco pump Model Camb 347 with 15 hp GE motor in place
- 14
- 15 One Jenco pump Model Camb 3470 with 15 hp GE motor in place
- 16
- 17 One Jenco pump Model Camb 3472 with 15 hp GE motor in place
- 18
- 19 One submerged domestic pump in well
- 20
- 21 One Powder River branding chute
- 22
- 23 One pulltype road drag
- 24
- 25 One post dipper
- 26
- 27 One large fuel tank on metal skids by corrals
- 28
- 29 One White dump truck
- 30

Railroad ties, fencing material, culverts, poles and pipe used for fencing and other improvements or repairs presently on property which will not be removed by Vendor, but Vendor will not guarantee quantity nor against theft.

1. Purchase Price and Terms of Payment: The purchase price of the property above described is the sum of \$1,250,000.00. The purchase price is the aggregate of \$1,215,000.00 for the real property and \$35,000.00 for the personal property. The purchase price is payable as follows:

a. Down Payment: \$362,500.00 down payment, receipt of which is hereby acknowledged.

b. Deferred Balance: Deferred balance of \$887,500.00 payable as follows:

(1) First Four Installments: Four annual installments of \$222,280.00 each, inclusive of interest. The first such installment shall be due and payable on the 1st day of February, 1979, and a like installment shall be due and payable on the 1st day of each February thereafter, to and including the 1st day of February, 1982.

(2) Final Installment: A final installment on February 1, 1983, of the then unpaid deferred principal balance, plus accrued interest.

c. Rate of Interest: The rate of interest on the deferred balance of the purchase price is fixed at the rate of eight (8%) percent per annum simple interest on the declining balances of the deferred balance commencing

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on February 1, 1978

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3 2. Payments to Escrow Holder: All installments due Vendor from
4 Purchaser under this Contract shall be paid without demand to the Escrow
5 Holder hereinafter named. All such installments received shall be applied
6 first to interest accrued to the date of receipt and then applied to reduce
7 principal.
8

9 3. Nature of Estate Sold and Lien Created by this Contract: The
10 real property above described hereby sold to Purchaser, includes, all and
11 singular, the tenements, hereditaments, rights, easements, privileges and
12 appurtenances thereunto belonging or in anywise appertaining, improvements
13 thereon, including, but not limited to, stationary pumps, pumping stations,
14 pumping motors, pumping engines, reservoir, nonportable pipes and flumes or
15 other nonportable equipment now used for the production of water thereon or
16 for the irrigation or drainage thereof, and the reversions, remainders,
17 rents, issues and profits thereof, together with all the rights of the use
18 of water for irrigating said premises and for domestic use thereon to which
19 Vendor is now entitled, or which are now used on said premises, however
20 the same may be evidenced, and together with all shares of stock or shares
21 of water in any ditch or irrigation company which, in any manner, entitles,
22 the Vendor to water for irrigating or domestic purposes upon said real
23 property. The Vendor's lien created by this Contract shall and does hereby
24 include the real property above described, together with all and singular,
25 the tenements, hereditaments, rights, easements, privileges and appurtenances
26 thereunto belonging or in anywise appertaining, and all improvements now
27 or hereafter thereon, including, but not limited to, stationary pumps, pump-
28 ing stations, pumping motors, pumping engines, reservoirs, nonportable
29 pipes and flumes or other nonportable equipment now or hereafter used for
30 the production of water thereon for the irrigation or drainage thereof, and
31 the reversions, remainders, rents, issues and profits thereof, and together
32 with all the rights to use of water for irrigating said premises and for
33 domestic use thereon to which said real property is now or may hereafter
34 become entitled, or which now are or may hereafter be used on said premises,
35 however the same may be evidenced, and together with all shares of stock or
36 shares of water in any ditch or irrigation company which, in any manner,
37 entitles the legal or equitable owner thereof to water for irrigating or
38 domestic purposes upon said real property. In addition, Purchaser hereby
39 agrees that the lien created by this Contract is superior to any and all
40 rights to Purchaser under and by virtue of any homestead, stay or exemption
41 laws now in force or which may hereafter become law. In addition, the
42 real property above described is subject to the terms and conditions of
43 special assessment by Klamath County, Oregon, as farm use and the right
44 of said Klamath County to additional taxes in event said use should be
45 changed, which obligations Purchaser assumes and agrees to pay and perform.
46
47

48 4. Contract as Security Agreement for Personal Property: With
49 reference to the Personal Property above described, hereinafter called
50 "Collateral", this Contract shall constitute a security agreement for such
51 Collateral and the security interest of Vendor in Collateral is hereby
52 declared to be that provided for by the Uniform Commercial Code of the
53 State of Oregon upon the terms, covenants and conditions set forth in this
54 Contract and the following special provisions relating to said Collateral:
55

56 a. Vendor's Rights and Obligations with Respect to Collateral:
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Vendor shall have the following rights with respect to Collateral:

(1) Right to Income, Proceeds of Substitutions: Vendor shall be entitled to receive and add to the Collateral any income or increase from the Collateral, the proceeds of any insurance on the Collateral, and any other property given in exchange for property included in the collateral.

(2) Right to Apply Cash: Vendor may, at his option, apply any cash which may be included in the Collateral or received through liquidation, sale or retirement of, or as income from the Collateral, toward the satisfaction of the deferred balance or such portion thereof as Vendor shall choose, whether matured or not.

b. No Duty to Collect, Waiver of Presentment, etc.:

Vendor shall not be obliged to collect any amounts due or which may become due on any of the Collateral; and Purchaser hereby waives presentment, protest, demand or notice of nonpayment to Purchaser, or to any maker, endorser, surety guarantor or other person who is party to the Collateral.

To perfect such security interest of Vendor in the Collateral, Purchaser agrees to execute and cause to be filed (at the expense of Purchaser) Uniform Commercial Code Financing Statement Forms UCC-1 and UCC-2 with the Secretary of State of the State of Oregon and the County Clerk of Klamath County, Oregon, and to renew the same as required by law without notice or demand of Vendor. Vendor shall execute and deliver to the Escrow Holder hereinafter named two unfiled Uniform Commercial Code Form UCC-3, Termination of Financing Statements, for both the Secretary of State of the State of Oregon and the County Clerk of Klamath County, Oregon. Purchaser covenants not to remove any of the Collateral from the above described real property for so long as the deferred balances secured by this Contract remain unpaid.

5. Escrow of Contract and Related Documents: Vendor will, upon execution hereof, make and execute in favor of Purchaser, a good and sufficient bargain and sale deed conveying said real property to Purchaser. Vendor will, upon execution hereof, make and execute, in duplicate, Uniform Commercial Code Form UCC-3 as a "Termination Statement" affecting the Collateral, together with a Bill of Sale to the same. Vendor will, within a reasonable time after the execution hereof, place said deed, the UCC Form UCC-3, the Bill of Sale, and the original of this Contract in escrow with Visalia Branch of Bank of America, National Trust & Savings Association, (herein called "Escrow Holder") with instructions to said Escrow Holder to, when and if the Purchaser shall have paid the balances of the purchase money and interest as above specified and shall have complied with all other terms and conditions of this Contract, deliver the same to Purchaser subject to the printed conditions and provisions of the standard form of escrow instructions provided by said Escrow Holder.

6. Title Insurance: Vendor shall furnish, at his own expense, a Purchaser's Title Insurance Policy issued by Klamath County Title Company under its Order No. A-28414 insuring Purchaser's title in the above described real property in the amount of \$1,215,000.00, subject to the conditions and exceptions contained in the title policy issued by said title insurance company.

7. Possession, Maintenance, Taxes, etc. Relating to Real Property: Purchaser shall be entitled to possession of the above described real property on the date this Contract is recorded. Purchaser shall remain in possession so long as Purchaser is not in default hereunder. Purchaser shall and hereby agrees to keep said real property in a clean, sanitary, sightly and attractive condition; to commit no waste or otherwise damage or injure said real property; to maintain said real property in accordance with the law, ordinances and regulations of any constituted authority

1 applying to said real property and to make no unlawful use thereof; to
 2 pay regularly and seasonable, and before the same shall become delinquent,
 3 all taxes, assessments and charges of whatever nature (including additional
 4 charges by reason of change of use) levied and assessed against said real
 5 property and to pay and discharge all encumbrances thereafter placed
 6 thereon by Purchaser; and to permit no lien or other encumbrances to be
 7 filed upon or placed against either said real property or personal
 8 property without the written consent of Vendor. It is further understood
 9 and agreed, for the purposes of this provision, that if Purchaser fails
 10 to pay or discharge any taxes, assessments, liens, encumbrances or charges,
 11 Vendor, at his option and without waiver of default or breach of Purchaser,
 12 and without being obliged to do so, may pay or discharge all or any part
 13 thereof, all of which said sums so paid by Vendor shall become repayable
 14 by Purchaser, together with interest at the rate of ten (10%) percent per
 15 annum, upon demand, payment of which is part of the performance of this
 16 Contract by Purchaser and a condition precedent to delivery of the warranty
 17 deed and other documents by the Escrow Holder.

18
 19 8. Possession, Maintenance, Taxes, etc. Relating to Collateral:
 20 Purchaser shall be entitled to possession of the Collateral on the date
 21 this Contract is recorded. Purchaser shall remain in possession as
 22 provided herein. Purchaser agrees to keep the above described Collateral
 23 insured under an all risks physical damage coverage in an amount not less
 24 than the maximum insurable value of said items and shall obtain, at Pur-
 25 chaser's own expense, such insurance providing for loss payable to Vendor
 26 and Purchaser, as their respective interests may appear.

27
 28 9. Eminent Domain: In the event any governmental agency or entity
 29 having the power of eminent domain acquires by eminent domain or by neg-
 30 otiated sale in lieu of eminent domain all, or any portion, of the real
 31 property described in this Contract, Vendor may require Purchaser to apply
 32 all proceeds received by Purchaser from such acquisition (remaining after
 33 payment by Purchaser of attorney's fees, appraiser fees and related
 34 necessary and reasonable costs in connection with securing said proceeds),
 35 which proceeds are hereinafter called "net proceeds", toward the payment
 36 of the sums secured by this Contract. Upon receipt of said net proceeds
 37 and Vendor shall, within sixty (60) days after such notification, notify
 38 Purchaser in writing if Vendor elects to have said net proceeds applied
 39 toward payment of the sums secured by this Contract. If Vendor elects to
 40 so notify Purchaser of such election Vendor shall conclusively be deemed
 41 to have elected not to require Purchaser apply said net proceeds toward
 42 the sums secured by this Contract. If Vendor elects to have said net
 43 proceeds applied toward payment of the sums secured by this Contract,
 44 the amount to be received by Vendor shall not exceed the total of the
 45 principal plus accrued interest to the date of receipt thereof by Vendor,
 46 and all such sums shall be paid to the Escrow Holder named herein. Re-
 47 gardless of whether Vendor elects to have said net proceeds applied to
 48 the sums secured by this Contract, Vendor will join in any conveyance
 49 required by the governmental agency or entity acquiring a portion of all
 50 of the real property described herein by eminent domain, but Vendor shall
 51 not be required to partially convey more property than that which is acquired
 52 by such governmental agency or entity. Vendor shall not be obligated to
 53 participate in any negotiations with such governmental agency or entity.

54
 55 10. Sale of Property by Purchaser: If Purchaser shall sell Purchaser's
 56 equity in the real property described herein and securing the unpaid
 57 balance of this Contract, Purchaser shall notify Vendor of such sale in
 58 writing, and Vendor shall have thirty (30) days from such notice to elect
 59 in writing, to require Purchaser to apply ninety (90%) percent of the net
 60 proceeds from such sale toward payment of the deferred balance (both
 61 principal and interest) secured by this Contract before Purchaser receives
 62 and realizes any payment for his equity. The term "net proceeds" shall
 63 include both proceeds received by Purchaser at the time of consummation of
 64 such sale and any installments received thereafter less reasonable commissions,
 65 title insurance, attorneys fees, and escrow fees incurred in any such sale.
 66 Failure of Vendor to elect to require application of such net proceeds as

1 herein provided, shall constitute a conclusive election not to require
 2 application of such net proceeds; provided however, that any subsequent
 3 Purchaser shall be required to comply with this provision and that an
 4 election not to require application of net proceeds from any sale shall
 5 not be construed as constituting a waiver of this provision as to any
 6 subsequent Purchaser. In addition, any such sale shall personally obligate
 7 the subsequent Purchaser to Vendor without relieving Purchaser of Purchaser's
 8 obligation to Vendor under this Contract.
 9

10 11. Vendor's Defense of Security: Vendor may appear in or defend
 11 any action or proceeding at law, in equity or in bankruptcy affecting
 12 in any way, the security hereof and, in such event, Vendor shall be allowed
 13 and paid, and Purchaser hereby agrees to pay, all costs, charges and
 14 expenses, including costs of evidence of title or validity and priority
 15 of the security and attorney fees in a reasonable sum, incurred in any
 16 such action or proceeding in which Vendor may appear, which shall bear
 17 interest at ten (10%) percent from the date of demand therefor. Failure
 18 of Purchaser to pay Vendor for such costs, charges and expenses within
 19 ninety (90) days from date of demand therefor shall constitute a breach
 20 of this contract.
 21

22 12. Default of Purchaser: The following shall constitute a default
 23 of Purchaser:
 24

25 a. Failure to Make Payments: Failure of Purchaser to make
 26 payments as herein provided and if said failure shall continue for
 27 more than thirty (30) days after the payment becomes due. The
 28 acceptance of payment of any sum secured by this Contract after
 29 its due date shall not constitute a waiver of Vendor's right either
 30 to require prompt payment when due of all other sums so secured
 31 or to seek any remedy provided for herein.
 32

33 b. Failure to Perform Covenants: Failure of Purchaser to
 34 perform any covenants or conditions of this Contract (other
 35 than failure to make payments as provided the preceding
 36 sentence) after thirty (30) days written notice of such
 37 failure and demand for performance.
 38

39 13. Remedies: If Purchaser shall be in default as above provided,
 40 Vendor shall have the following cumulative rights:
 41

42 a. Remedies Relating to Real Property: With reference to
 43 the real property;
 44

45 (1) Foreclosure: To foreclose this Contract by strict
 46 foreclosure in equity;
 47

48 (2) Acceleration: To declare the full unpaid balance of
 49 the purchase price immediately due and payable;
 50

51 (3) Specific Performance: To specifically enforce the
 52 terms of this Contract by suit in equity.
 53

54 b. Remedies Relating to Personal Property: With reference
 55 to the Collateral, Vendor may take one or more of the following
 56 steps:
 57

58 (1) Collect Collateral: Collect any of the Collateral;
 59

60 (2) Sell Collateral at Private Sale: At any time and
 61 without notice to the Purchaser, or either of them, sell any
 62 of the Collateral at private sale at such price as Vendor
 63 may consider advisable, the Purchaser hereby ratifying
 64 and approving any such sale.
 65
 66

(3) Sell Collateral at Public Sale: Sell any of the Collateral at public sale not less than thirty (30) days after notice in writing to the Purchaser of Purchaser's default and after publication of one notice setting forth the time and place of sale and a brief description of the property to be sold in any newspaper of general circulation in the county in which the Collateral is located.

14. Time is of the Essence: Time is expressly made the essence of this Contract.

15. Receivership: In the event any suit or action is commenced because of any default of Purchaser, the court having jurisdiction of the case may, upon motion by Vendor, appoint a receiver to collect the rents and profits arising out of the above described real property and to take possession, management and control of the same and the Collateral during pendency of such proceeding or until payment of the obligations hereby secured and apply said rents and profits to the payment of the amount due hereunder, first deducting all profit, charges and expenses attending the execution of said receivership.

16. Title Reports, etc.: In the event any suit or action is commenced because of any default by Purchaser, there shall become due, and Purchaser agrees to pay to Vendor, in addition to all statutory costs and disbursements, any amount Vendor may incur or pay for any title report, title search, insurance of title or other evidence of title subsequent to the date of this Contract on any of the real property above described and this Contract shall be security for the payment thereof.

17. Prevailing Party Attorney's Fees: In the event any suit or action is instituted by either party against the other relating to any provision of this Contract, the prevailing party, at trial or on appeal, shall be entitled to such reasonable attorney fees as shall be fixed by the court having jurisdiction of the case, in addition to statutory costs and disbursements.

18. No Oral Modification Binding: This Contract contains the full understanding of the parties with respect to the subject hereof and no modification hereof shall be given effect unless the same be in writing subscribed by the parties hereto or their successors in interest.

19. No Waiver of any Provision: No waiver by Vendor of any breach of any covenant of this Contract shall be construed as a continuing waiver of any subsequent breach of such covenant, nor as a waiver of any breach of any other covenant, nor as a waiver of the covenant itself.

20. Binding Effect: This Contract shall bind and inure to the benefit of, as the circumstances may require, the parties hereto and their respective successors, heirs, executors, administrators and assigns.

21. Notice: Where notice in writing is required by either party to the other, such notice shall be deemed given when the same is deposited in the United States Postal Service as registered mail, addressed to the last address of the party to whom notice is to be given is shown on the records of the Escrow Holder.

22. Construction of Contract: In construing this Contract, the following shall control:

a. Prepared by Both Parties: This Contract shall be construed as though prepared by both parties and shall be governed by the laws of the State of Oregon.

b. Singular, Plural and Gender: All words used herein in the singular number shall extend to and include the plural. All words used in the plural number shall extend to and include

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the singular. All words used in any gender shall extend to and include all genders.

c. Paragraph Headings for Convenience Only: Paragraph headings are for convenience only and shall not be used in construing the covenants, terms and provisions of this Contract.

WITNESSETH the hands of the parties hereto as of the date first above set forth, the Corporate party by resolution of the board of directors.

VENDOR

PURCHASER

John P. d'Artenay
John P. d'Artenay

R. B. MONTGOMERY DRILLING, INC.

Virginia F. d'Artenay
Virginia F. d'Artenay

By R. B. Montgomery
President

Francis A. d'Artenay
Francis A. d'Artenay

By [Signature]
Secretary

STATE OF Oregon)
County of Klamath) ss.

On the 27 day of January, 1978, personally appeared the above named JOHN P. d'ARTENAY and VIRGINIA F. d'ARTENAY, husband and wife, and acknowledged the foregoing instrument to be their voluntary act and deed.

Before me:

[Signature]
Notary Public for Oregon

My commission expires: 8-5-79

STATE OF Oregon)
County of Klamath) ss.

On the 27 day of January, 1978, personally appeared the above named FRANCIS A. d'ARTENAY and acknowledged the foregoing instrument to be his voluntary act and deed.

Before me:

[Signature]
Notary Public for Oregon

My Commission expires: 8-5-79

1 STATE OF Oregon)
 2) ss.
 3 County of Klamath)
 4)

5 On the 25 day of Jan, 1978, personally appeared
 6 R. B. Montgomery and F. A. Rosenheck
 7 who, being duly sworn, each for himself and not one for the other, did say
 8 that the former is the president and that the latter is the secretary of
 9 R. B. MONTGOMERY DRILLING, INC., a corporation, and that the seal affixed
 10 to the foregoing instrument is the corporate seal of said corporation and
 11 that said instrument was signed and sealed in behalf of said corporation
 12 by authority of its board of directors; and each of them acknowledged
 13 said instrument to be its voluntary act and deed.
 14

Before me:

Notary Public for Oregon
 My Commission Expires: 8-5-79

MAIL TAX STATEMENTS TO:
 R. B. Montgomery Drilling
 P.O. Box 2508
 Bakersfield, CA 93303

RETURN TO KCTCO

STATE OF OREGON; COUNTY OF KLAMATH; ss.

Filed for record at request of Klamath County Title Co.
 this 27th day of January A. D. 1978 at 3:35 clock PM., and
 duly recorded in Vol. M78, of Deeds on Page 1709.

Wm D. MILNE, County Clerk
 By Bernetha J. Letsch

Fee \$33.00