

ATE 87366

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BARGAIN AND SALE DEED

CAVENHAM FOREST INDUSTRIES INC., a Delaware corporation, GRANTOR, conveys to CAVENHAM ENERGY RESOURCES INC., a Delaware corporation, GRANTEE, all hydrocarbon minerals of any nature whatsoever including but not limited to gas, oil and related hydrocarbon and associated substances, and all geothermal steam, heat, hot water, brines and related energy producing liquid or gaseous materials in or under said lands, not otherwise previously reserved in instruments of record (collectively called "The Minerals"), in or upon the following described real property:

All that real estate in Klamath County, Oregon, described in EXHIBIT A attached hereto and by this reference made a part hereof (the "Real Estate").

SUBJECT TO, as to said Real Estate, those conditions and reservations contained in the deed from UNITED STATES OF AMERICA, Department of the Interior, by and through the Bureau of Indian Affairs, to CROWN ZELLERBACH CORPORATION, which includes a management plan that is to be submitted by Grantor every 10 years. Said deed is recorded in Vol. 321, Page 160, Klamath County Deed Records.

Together with the right to enter upon the Real Estate for the purpose of investigating, exploring, prospecting, drilling for and producing and marketing The Minerals, and to make use of so much of the surface of the Real Estate as may be reasonably necessary by usual and customary methods of drilling, mining or excavation for the recovery, severance and development of The Minerals. GRANTOR also grants to GRANTEE the right to lay pipelines and build tanks, power stations and other structures on the Real Estate in such locations as are reasonably approved in writing in advance by GRANTOR as necessary for the recovery, severance and development of The Minerals, together with the right to produce, save, take care of, treat, transport, own and market The Minerals extracted from the Real Estate.

This instrument is being recorded as an accommodation only, and has not been examined as to validity, sufficiency or effect it may have upon the herein described property. This courtesy recording has been requested of ASPEN TITLE & ESCROW, INC.

KLAMATH COUNTY DEED .. 1

Ref: ATE

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IN ADDITION, GRANTOR does hereby grant to GRANTEE the right to use so much of the common construction materials on the Real Estate, such as naturally-occurring sand, gravel and rock, for road and site construction materials as is necessary to facilitate GRANTEE's recovery, development and severance of The Minerals.

EXCEPTING AND RESERVING unto GRANTOR, its successors and assigns, all timber now or hereafter growing, dead and down, on the Real Estate, which shall remain the property of GRANTOR. GRANTEE hereby covenants and agrees to inform GRANTOR of the location of all contemplated roadways, pipelines and operations in sufficient time to enable GRANTOR to enter the premises and retrieve the timber growing on the Real Estate that will be affected by the contemplated work.

FURTHER EXCEPTING and RESERVING unto GRANTOR, its successors and assigns, all right, title and interest, not otherwise previously reserved in instruments of record, in and to minerals and all other valuable ores (other than The Minerals) on, in or under the surface of the Real Estate such as naturally-occurring sand, gravel, rock and other valuable minerals such as gold, silver, coal, iron and similar mineral substances, including the right to mine, quarry, use, sell and develop those minerals and materials.

GRANTEE, its successors and assigns, by recording hereof, agrees to pay when due any expenses or fees for labor and materials related to its recovery, development and severance of The Minerals on the Real Estate, and agrees to indemnify and hold GRANTOR harmless from such expenses and fees, and from any and all liabilities, expenses, damages, claims and obligations, including reasonable attorneys fees, which arise out of the acts or omissions of GRANTEE or its successors, assigns, agents or employees in the recovery, development and severance of The Minerals. GRANTEE hereby covenants and agrees to pay for all damage to the surface of, or improvements on the Real Estate and to GRANTOR's timber, pulpwood, saw

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logs, trees, forest growth (standing, cut or fallen, young plantations and pre-merchantable timber or loss of future ability to grow timber) or other properties of any kind, including, but not by way of limitation, damage caused by drilling operations or by forest fires originating on the Real Estate or on other adjacent or contiguous land under the control of, or being operated by, GRANTEE.

GRANTEE agrees and obligates itself and its successors and assigns to conduct any operations on the Real Estate consistent with reasonable and prudent management practices, and prevailing industry standards, and in such a way as to cause a minimum amount of damage to the Real Estate and improvements thereon. If it becomes necessary for GRANTEE to make roads or passage ways across the Real Estate, GRANTEE, subject to prior approval of GRANTOR, agrees to construct a single road with lateral side roads extending to GRANTEE's various fields of operation, rather than numerous scattered roads with no common design or integrated system. GRANTOR and its invitees shall be permitted to use the roads GRANTEE constructs on the Real Estate without fee, provided GRANTOR shall pay an equitable share of maintenance expenses. In addition, GRANTEE shall provide drainage for surface waters on any roads it constructs, and shall provide adequate protection against erosion of GRANTOR's adjacent land and damage to GRANTOR's roads.

UPON the completion of the extraction of any of The Minerals, GRANTEE shall repair the damaged Real Estate to the fullest extent practicable, within a reasonable period of time, which repairs shall include the filling and leveling of all depressions, pits, ruts or excavations in areas no longer being mined by GRANTEE. In each case, the Real Estate will be restored to as near its original condition as may be practicable.

GRANTEE shall at all times protect the soils and waters upon or under the Real Estate (the "Soils and Waters") against any contamination or pollution caused by GRANTEE, it's

contractors, lessees, agents and assigns. GRANTEE shall be solely responsible for the containment of drilling muds, fluids, acids or any other chemicals or fluids used on or injected into the Real Estate in connection with GRANTEE's mining operations, as well as any waste or by-product materials which escape or are released into, on or upon the Soils and Waters. GRANTEE shall indemnify and hold GRANTOR harmless from any claims, liability, damages or expenses under common law or state or federal regulations resulting from or caused by GRANTEE's, its contractor's, lessee's, agent's and assign's hazardous waste contamination or pollution into on or upon the Soils and Waters.

GRANTEE, its successors and assigns, shall have the duty to confer and advise on a regular basis, but not less than thirty (30) days in advance of the commencement of any contemplated operations, with GRANTOR, its successors and assigns, respecting the exercise of the rights granted herein, especially as to the exploration, mining, development and exploitation of The Minerals, it being the intent that the location of drill sites, mines, collection systems and related ancillary facilities and activities shall be so constructed, installed and operated as to cause the least possible damage, disturbance, or injury to GRANTOR's retained surface rights and activities on the Real Estate.

GRANTEE shall, prior to the conduct of any seismic or geophysical activities on the property of GRANTOR, secure written permission from GRANTOR for the conduct of said activities and shall compensate GRANTOR for all losses occasioned by GRANTOR and pay to GRANTOR a reasonable fee for the right to conduct said seismic and geophysical activities.

The benefits and burdens to GRANTOR and GRANTEE under this Bargain and Sale Deed shall be covenants running with the land and shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

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This instrument will not allow use of the property described in this instrument in violation of applicable land use laws and regulations. Before signing or accepting this instrument, the person acquiring fee title to the property should check with the appropriate City or County Planning Department to verify approved uses.

The true and actual consideration for this transfer consists of or includes other property or value given or promised which is the whole of the consideration.

Dated this 19th day of November, 1987.

GRANTOR:

CAVENHAM FOREST INDUSTRIES INC., a
Delaware corporation

By: R A Carson
R. A. Carson
Its: Executive Vice President

GRANTEE:

CAVENHAM ENERGY RESOURCES INC., a
Delaware corporation

By: W B Freck
W. B. Freck
Its: Vice President

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STATE OF OREGON)

County of Multnomah) ss.

On this 19th day of November, 1987, before me personally appeared R. A. Carson to me known to be the Executive Vice President of CAVENHAM FOREST INDUSTRIES INC., the corporation that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute the said instrument.

Witness my hand and official seal hereto affixed the day and year first above written.

Beverly J. Lundin
Notary Public in and for the
State of Oregon
My commission expires 6-24-89

STATE OF OREGON)

County of Multnomah) ss.

On this 19th day of November, 1987, before me personally appeared W. B. Freck, to me known to be the Vice President of CAVENHAM ENERGY RESOURCES INC., a Delaware corporation, the corporation that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute the said instrument.

Witness my hand and official seal hereto affixed the day and year first above written.

Donnie L. Martin
Notary Public in and for the
State of Oregon
My commission expires 5-2-90

Until a change is requested, all tax statements are to be sent to:
Cavenham Energy Resources Inc.
1500 S. W. First Avenue
Portland, Oregon 97201

EXHIBIT A

Klamath County, Oregon

TRACT: 28S08E

Section 23:
W $\frac{1}{2}$ NW $\frac{1}{4}$.

All being in Township 28 South, Range 08 East, W.M.

TRACT: 29S07E

Section 09:
All.

Section 10:
All.

Section 11:
All.

Section 12:
W $\frac{1}{2}$, SE $\frac{1}{4}$, W $\frac{1}{2}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$ NE $\frac{1}{4}$, W $\frac{1}{2}$ NE $\frac{1}{4}$ NE $\frac{1}{4}$.

Section 13:
All.

Section 14:
All.

Section 15:
All.

Section 16:
All.

Section 21:
All.

Section 22:
All.

Section 23:
All.

Section 24:
All.

Section 25:
All.

Section 26:
All.

Section 27:
All.

Section 28:
All.

Section 33:
All.

Section 34:
All.

Section 35:
All.

Section 36:
All.

All being in Township 29 South, Range 07 East, W.M.

TRACT: 29S08E

Section 07:

E $\frac{1}{2}$, E $\frac{1}{2}$ W $\frac{1}{2}$, GL 2, 3, 4. E $\frac{1}{2}$ of GL 1, E $\frac{1}{2}$ W $\frac{1}{2}$ of GL 1, E $\frac{1}{2}$ W $\frac{1}{2}$ W $\frac{1}{2}$ of GL 1, LESS that portion deeded to DELFORD LANG described as beginning at a point on the North boundary of said GL 1, 174.98 feet East of the Northwest corner; thence continuing East along said North line a distance of 382.6 feet; thence South parallel to the West boundary of said Lot 1 a distance of 382.6 feet; thence West parallel to said North boundary a distance of 382.6 feet; thence Northerly a distance of 382.6 feet, to the POINT OF BEGINNING. Said exception contains 3.36 acres, more or less.

Section 08:
All.

Section 09:
All.

Section 10:
All.

Section 11:
All.

Section 12:
All.

Section 13:
All.

Section 14:
All.

Section 15:
All.

Section 16:
All.

Section 17:
All.

Section 18:
All.

Section 19:
All.

Section 20:
All.

Section 21:
All.

Section 22:
All.

Section 23:
All.

Section 24:
All.

Section 25:
All.

Section 26:
All.

Section 27:
All.

Section 28:
All.

Section 29:
All.

Section 30:
All.

Section 31:
All.

Section 32:
All.

Section 33:
All.

Section 34:
All.

Section 35:
All.

Section 36:
All.

All being in Township 29 South, Range 08 East, W.M.

TRACT: 29S09E

Section 07:
All.

Section 08:
All.

Section 09:
W $\frac{1}{2}$ NE $\frac{1}{4}$, W $\frac{1}{2}$.

Section 16:
N $\frac{1}{2}$ NW $\frac{1}{4}$, SW $\frac{1}{4}$ NW $\frac{1}{4}$, W $\frac{1}{2}$ SW $\frac{1}{4}$.

Section 17:
All.

Section 18:
All.

Section 19:
All.

Section 20:
All.

Section 21:
W $\frac{1}{2}$ W $\frac{1}{2}$.

Section 29:
All.

Section 30:
All.

Section 31:
All.

Section 32:
N $\frac{1}{2}$, N $\frac{1}{2}$ SW $\frac{1}{4}$, NW $\frac{1}{4}$ SE $\frac{1}{4}$ and GL 1.

All being in Township 29 South, Range 09 East, W.M.

TRACT: 30S07E

Section 01:
All.

Section 02:
All.

Section 03:
All.

Section 04:
All.

Section 09:
All.

Section 10:
All.

Section 11:
All.

Section 12:
All.

Section 13:
All.

Section 14:
All.

Section 15:
All.

Section 16:
N $\frac{1}{2}$ NE $\frac{1}{4}$.

Section 22:
E $\frac{1}{2}$.

Section 23:
All.

Section 24:
All.

Section 25:
All.

Section 26:
All.

Section 27:
E $\frac{1}{2}$.

Section 34:
All.

Section 35:
All.

Section 36:
All.

All being in Township 30 South, Range 07 East, W.M.

TRACT: 30S08E

Section 01:
All.

Section 02:
All.

Section 03:
All.

Section 04:
All.

Section 05:
All.

Section 06:
All.

Section 07:
All.

Section 08:

All.

Section 09:

All.

Section 10:

N $\frac{1}{4}$, N $\frac{1}{4}$ SW $\frac{1}{4}$, SW $\frac{1}{4}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$.

Section 11:

All.

Section 12:

All.

Section 13:

N $\frac{1}{4}$, N $\frac{1}{4}$ SW $\frac{1}{4}$, NW $\frac{1}{4}$ SE $\frac{1}{4}$.

Section 14:

NE $\frac{1}{4}$, S $\frac{1}{4}$ NW $\frac{1}{4}$.

Section 15:

S $\frac{1}{4}$ NE $\frac{1}{4}$, W $\frac{1}{4}$ NW $\frac{1}{4}$, NW $\frac{1}{4}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$ SV $\frac{1}{4}$.

Section 16:

N $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$, N $\frac{1}{4}$ SE $\frac{1}{4}$.

Section 17:

All.

Section 18:

All.

Section 19:

All.

Section 20:

N $\frac{1}{4}$, SW $\frac{1}{4}$, N $\frac{1}{4}$ SE $\frac{1}{4}$.

Section 21:

N $\frac{1}{4}$ NW $\frac{1}{4}$, W $\frac{1}{4}$ SW $\frac{1}{4}$ NW $\frac{1}{4}$, W $\frac{1}{4}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$.

Section 29:

W $\frac{1}{4}$.

Section 30:

All.

Section 31:

NE $\frac{1}{4}$, NE $\frac{1}{4}$ NW $\frac{1}{4}$ and GL 1.

Section 32:

E $\frac{1}{2}$ NE $\frac{1}{4}$ NW $\frac{1}{4}$, W $\frac{1}{2}$ NW $\frac{1}{4}$, SE $\frac{1}{4}$ NW $\frac{1}{4}$.

All being in Township 30 South, Range 08 East, W.M.

TRACT: 30S09E

Section 06:

NE $\frac{1}{4}$, NE $\frac{1}{4}$ NW $\frac{1}{4}$, N $\frac{1}{2}$ NE $\frac{1}{4}$ SE $\frac{1}{4}$, E $\frac{1}{2}$ NW $\frac{1}{4}$ SE $\frac{1}{4}$ and GL 1, 2, 3, 4.

Section 07:

E $\frac{1}{2}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$ and GL 1, 2, 3, 4.

Section 08:

NE $\frac{1}{4}$ SW $\frac{1}{4}$, S $\frac{1}{2}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$, S $\frac{1}{2}$ SW $\frac{1}{4}$.

Section 17:

W $\frac{1}{2}$ NW $\frac{1}{4}$ NE $\frac{1}{4}$, N $\frac{1}{2}$ NW $\frac{1}{4}$, SW $\frac{1}{4}$ NW $\frac{1}{4}$, W $\frac{1}{2}$ SE $\frac{1}{4}$ NW $\frac{1}{4}$, NW $\frac{1}{4}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$ SW $\frac{1}{4}$.

Section 18:

NE $\frac{1}{4}$, E $\frac{1}{2}$ W $\frac{1}{4}$, N $\frac{1}{2}$ SE $\frac{1}{4}$ and GL 1, 2, 3.

All being in Township 30 South, Range 09 East, W.M.

TRACT: 31S07E

Section 01:

GL 3 and 4, S $\frac{1}{2}$ NW $\frac{1}{4}$, SW $\frac{1}{4}$.

Section 02:

All.

Section 03:

All.

Section 04:

GL 1 and 2, S $\frac{1}{2}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$.

Section 07:

GL 2, 3 and 4.

Section 08:

S $\frac{1}{2}$, S $\frac{1}{2}$ N $\frac{1}{2}$, NE $\frac{1}{4}$ NE $\frac{1}{4}$.

Section 09:

All.

Section 10:

All.

Section 11:
All.

Section 12:
W $\frac{1}{4}$, EXCEPTING therefrom a strip of land of varying width in the NE $\frac{1}{4}$ NW $\frac{1}{4}$ of said Section 12, as described in instrument from CROWN ZELLERBACH CORPORATION to INVESTORS ACQUISITION CORPORATION dated November 12, 1971 recorded June 26, 1972 in Volume M73 Page 8024.

Section 13:
NW $\frac{1}{4}$, W $\frac{1}{4}$ NE $\frac{1}{4}$ SW $\frac{1}{4}$, NW $\frac{1}{4}$ SW $\frac{1}{4}$, NE $\frac{1}{4}$.

Section 14:
All.

Section 15:
All.

Section 16:
E $\frac{1}{4}$ NE $\frac{1}{4}$, N $\frac{1}{4}$ N $\frac{1}{4}$ NE $\frac{1}{4}$ NW $\frac{1}{4}$, N $\frac{1}{4}$ NW $\frac{1}{4}$ NW $\frac{1}{4}$, S $\frac{1}{4}$ NE $\frac{1}{4}$ SW $\frac{1}{4}$, W $\frac{1}{4}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$.

Section 17:
N $\frac{1}{4}$ N $\frac{1}{4}$ NE $\frac{1}{4}$, S $\frac{1}{4}$ SW $\frac{1}{4}$ NE $\frac{1}{4}$, S $\frac{1}{4}$ N $\frac{1}{4}$ SW $\frac{1}{4}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$, W $\frac{1}{4}$.

Section 18:
GL 1, 2, 3 and 4.

Section 19:
GL 1, 2, 3 and 4.

Section 20:
All.

Section 21:
All.

Section 22:
All.

Section 23:
All.

Section 24:
W $\frac{1}{4}$ W $\frac{1}{4}$, SE $\frac{1}{4}$.

Section 25:
All.

Section 26:
All.

Section 27:
E½E½.

Section 34:
NE½NE½.

Section 35:
All.

Section 36:
All.

All being in Township 31 South, Range 07 East, W.M.

TRACT: 31S08E

Section 30:
W½E½NW½, GL 1, 2, and 4.

Section 31:
GL 5 and 6 and the W½ of GL 1 and 2, the W½E½ of GL 1 and 2, the E½NE½ of GL 1.

All being in Township 31 South, Range 08 East, W.M.

TRACT: 32S07E

Section 01:
GL 1, 2, 3 and 4, S½N½, SW½.

Section 02:
All.

Section 03:
S½SE½.

Section 10:
NE½, E½NW½, NE½SW½, N½SE½, SE½SE½.

Section 11:
All.

Section 12:
W½NW½, SW½.

Section 13:
All.

Section 14:
All.

Section 23:
All.

Section 24:
N $\frac{1}{2}$, N $\frac{1}{2}$ SE $\frac{1}{4}$.

Section 25:
W $\frac{1}{2}$ SW $\frac{1}{4}$.

Section 26:
All.

Section 35:
N $\frac{1}{2}$, SE $\frac{1}{4}$.

Section 36:
All.

All being in Township 32 South, Range 07 East, W.M.

TRACT: 32S08E

Section 03:
SW $\frac{1}{4}$ NE $\frac{1}{4}$, S $\frac{1}{2}$ NW $\frac{1}{4}$, SW $\frac{1}{4}$, W $\frac{1}{2}$ SE $\frac{1}{4}$ and GL 2, 3, 4.

Section 04:
S $\frac{1}{2}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$ NW $\frac{1}{4}$, S $\frac{1}{2}$ and GL 1 and 2.

Section 05:
E $\frac{1}{2}$ SE $\frac{1}{4}$.

Section 08:
N $\frac{1}{2}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$ NE $\frac{1}{4}$, NE $\frac{1}{4}$ SE $\frac{1}{4}$.

Section 09:
All.

Section 10:
W $\frac{1}{2}$ NE $\frac{1}{4}$, W $\frac{1}{2}$.

Section 16:
NE $\frac{1}{4}$, W $\frac{1}{2}$.

Section 18:
E $\frac{1}{2}$ W $\frac{1}{2}$ and GL 1, 2, 3, 4.

Section 21:
W $\frac{1}{2}$ NW $\frac{1}{4}$.

All being in Township 32 South, Range 08 East, W.M.

TRACT: 33S07E

Section 01:

GL 4, SW $\frac{1}{4}$ NW $\frac{1}{4}$, SW $\frac{1}{4}$.

Section 11:

E $\frac{1}{4}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$.

Section 12:

W $\frac{1}{4}$.

Section 13:

W $\frac{1}{4}$, W $\frac{1}{4}$ SE $\frac{1}{4}$.

Section 14:

E $\frac{1}{4}$.

Section 23:

E $\frac{1}{4}$, E $\frac{1}{4}$ SW $\frac{1}{4}$.

Section 24:

NW $\frac{1}{4}$ NE $\frac{1}{4}$, N $\frac{1}{4}$ NW $\frac{1}{4}$.

Section 26:

N $\frac{1}{4}$ NE $\frac{1}{4}$, NW $\frac{1}{4}$.

All being in Township 33 South, Range 07 East, W.M.

All references to Book and Page are as recorded in Deed Records, Klamath County, Oregon, unless otherwise indicated.

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Aspen Title Company the 30th day
of November A.D., 19 87 at 10:29 o'clock A M., and duly recorded in Vol. M87,
of Deeds on Page 21442.
FEE \$95.00 Evelyn Biehn, County Clerk
By [Signature]