

MTC-17630

RANCH LEASE, Made as of the date set opposite the signatures of the parties hereto, between THE FEDERAL LAND BANK OF SPOKANE, a corporation, with its office and principal place of business at Spokane, Washington, (Lessor), and CHARLES W. BIAGGI and PEGGY J. BIAGGI, husband and wife; and THOMAS M. VENABLE and PATRICIA A. VENABLE, husband and wife (Lessee);

## W I T N E S S E T H:

A. RECITALS: Lessor and Lessee recite as follows:

1. Lessor is the owner of the real property hereafter described.
2. Lessor and Lessee have entered into an agreement providing for Lessee to lease the real property hereafter described.
3. The parties desire to reduce to writing the agreement which is set forth in Part B of this Lease.

B. AGREEMENT: For, and in consideration of, the covenants, agreements, and stipulations herein contained, Lessor and Lessee agree as follows:

1. Lease of Ranch: Lessor leases to Lessee, and Lessee rents from Lessor, the real property, situate in Klamath County, State of Oregon, described in Exhibit "A" for agricultural and related purposes. In addition, Lessor agrees to allow Lessee to use the BLM Grazing Rights described in Exhibit "B" subject to the rules and regulations of the United States of America acting by and through its Department of Interior, Bureau of Land Management. (Both the real property and BLM Grazing Rights are referred to as the Ranch.)

TS 3-17-88  
April 15, 1988  
DB JMV pro 3-17/88

2. Term: The term of this Lease commences on ~~XXXXXXXXXXXXXXXXXXXX~~ and ends on ~~XXXXXXXXXXXXXXXXXXXX~~ at Midnight.  
March 31, 1989 TS 3-17-88 DB JMV pro 3-17/88

Rent: Lessee shall pay Lessor, without demand, the following

a. Base Rent: The Base Rent is the sum of \$47,500.00 payable as follows: \$ 23,750.00 on June 1, 1988, and \$ 23,750.00 on September 1, 1988.

b. BLM Charges: In addition to the Base Rent, Lessee shall pay either to, or on behalf of, Lessor, all grazing charges made or levied upon the BLM Grazing Rights by BLM.

4. Lessor's Obligations: Lessor shall have the following obligations and duties:

a. Quiet Possession: Lessee shall enjoy quiet possession of the Ranch against any and all persons as long as this Lease remains in effect.

b. Cooperate In Governmental Agricultural Programs: Where any Governmental Entity administering any governmental agricultural program available for the Ranch in which Lessee desires to participate requires the cooperation of Lessor with Lessee, Lessor shall do all

Return

acts necessary to cooperate with Lessee's participation in such governmental agricultural program.

5. Lessee's Obligations: Lessee shall have, in addition to other obligations of Lessee, the following obligations and duties:

a. Pay Rent: To pay the rent in the manner and form specified herein when due.

b. Use of Ranch: To use the Ranch for agricultural purposes only; to occupy, till, and in all respects, cultivate the Ranch during the Lease term in a farmer-like manner according to the usual course of farming practice in the county; to comply with all applicable laws, ordinances, regulations, and rulings of any Governmental Entity; not to permit the Ranch to be used for illegal purposes; not to commit any waste or damage to the Ranch; and to operate, manage, conserve, and maintain the Ranch; all at Lessee's sole cost and expense.

c. Permanent Pastures, Etc.: To not do any of the following without the written consent of Lessor: plow permanent pasture or meadowland; cut live trees for sale or personal uses (except for the benefit of Lessor); remove sand, gravel, minerals, geothermal energy, or any subsurface material of any kind; erect, or permit erection, on the Ranch of any non-removable structures or buildings; to add improvements to any structure or building; raze or remove any permanent structure or building or other permanent improvement; or enter into any commercial leasing or recreational agreement or arrangement.

d. Comply With Law: To conduct Lessee's business in an orderly fashion, with strict conformity to all applicable laws, ordinances, rules or regulations which are now or which may be hereafter enacted by any Governmental Entity, and said Lessee will not permit anything to be done upon the Ranch which will in any way conflict with the said applicable laws, ordinances, rules or regulations. This covenant shall include, without limiting the generality of the foregoing, compliance with all requirements of the BLM concerning use of the BLM Grazing Rights.

e. Maintenance: To keep and maintain the buildings used by Lessee and irrigation systems (including, without limiting the generality of the foregoing, pumps, electric motors and electric power, pipelines, culverts, drains, and ditches), and fences, in the same condition as they now are, or may be later improved, at Lessee's sole cost and expense, reasonable wear and tear and the acts of Lessor alone excepted. This covenant shall include all labor, all parts, and all cost of replacement except to the extent such replacement costs should be covered by insurance maintained by Lessor.

f. Maintain Irrigation System: To, at Lessee's expense, construct and maintain all necessary gravity irrigation ditches and/or provide and maintain all necessary equipment for any other type of irrigation system used.

g. Utilities: Lessee shall pay all utility charges for the operation of any irrigation or drainage pumps upon the Ranch.

h. Cost of Materials: Lessee shall pay all of the cost of materials necessary for the normal maintenance of existing fences and buildings used by Lessee, including, without limiting the generality of the foregoing, the cost of transportation of such materials to the Ranch.

i. Control Weeds, Pests And Rodents: To, at Lessee's expense, use all reasonable means to control weeds and thistles, including the spraying of grain and alfalfa fields, and to control injurious insect pests and rodent infestations, as Lessee deems necessary or as Lessor shall direct.

j. Furnish Implements and Labor, Etc.: To, at Lessee's own cost and expense, furnish all farming implements, tools, work, stock, seed, tractors, trucks, labor, and everything necessary to perform Lessee's covenants pertaining to the use of the Ranch.

k. Avoid Liens: To, at all times, protect Lessor and save Lessor harmless from and against any and all liens and/or claims of liens upon or against the Ranch, improvements or equipment, or any part thereof, arising or created by, under or through Lessee, or any persons employed by Lessee, or any persons under contract with Lessee.

l. Indemnify Lessor: To save and hold Lessor harmless from, and to indemnify Lessor against, any of the following that may result by, from, or in any manner grow out of, any condition or present or future lack of repair of all, or any part of, the Ranch (or improvements thereon), the past, present, or future condition or use of all, or any part of, the Ranch (or improvements thereon), or any act, omission, neglect, or conduct of any person upon said Ranch: liability to any person on the Ranch, for or on account of any death or injury to such person or liability for any damage to property in or about the Ranch. This covenant shall extend to (without limiting the generality of the foregoing) claims, demands, judgments, court costs, and attorney fees (both at trial or on appeal). As part performance of this covenant, Lessee shall maintain the comprehensive liability insurance required of Lessee by this Lease.

m. Maintain Insurance: To, at Lessee's own expense, maintain in full force and effect a policy or policies of comprehensive liability insurance, including property damage, written by one or more responsible insurance companies licensed to do business in the State of Oregon, that will insure Lessee against liability for injury to persons and property and for death of any person or persons occurring in or about the premises. The liability under such insurance shall not be less than \$300,000.00 for any one accident or \$25,000.00 for property damage. Lessee shall provide Lessor with copies or certificates of all policies.

n. No Assignment: Not to assign or hypothecate this Lease, nor any interest herein, nor let or underlet the said Ranch, or any part thereof, without the consent in writing of Lessor first had and

obtained, and that neither this Lease, nor any interest herein of Lessee, shall be assignable or transferable in proceedings by or against Lessee in execution, or in any manner by operation of law; and that any assignment, transfer or sublease, voluntary or involuntary, which shall be made in contravention of the provisions hereof, shall constitute a breach of this Lease, and shall give Lessor the right or rights for breach of any covenant herein provided. Lessor's consent to one assignment, sublease, hypothecation, or occupancy or use by another party shall not be a consent to any further or later assignment, sublease, hypothecation or occupancy or use by a further party.

o. Permit Lessor Entry: To allow Lessor, or anyone designated by Lessor, to enter the premises at any reasonable time to inspect the property, to work and make improvements as Lessor shall deem expedient, provided such entry and work by Lessor does not injure crops already growing on the Ranch.

p. Return of Ranch: To, upon the expiration or sooner termination of this Lease, quietly yield possession of the Ranch unto Lessor or Lessor's agents or assigns in as good order and condition as reasonable use and wear thereof permit, damage by the elements excepted.

q. Not To Hold Over: Not to retain possession of the Ranch after the termination of this Lease and, if such possession is retained, to retain the same not as a new rental, but only at the will of Lessor.

r. Waiver of Notice: Lessee expressly waives any notice required by ORS 105.105 through 105.165, including, without limiting the generality of the foregoing, specifically waives the notice provided for in ORS 105.120.

6. Acceptance of Ranch: Lessee hereby acknowledges Lessee is familiar with the quality of the soil and all soil conditions of the Ranch and is also familiar with the irrigation accessories and improvements upon the Ranch; Lessee accepts the Ranch without any warranty or guaranty on the part of Lessor as to said Ranch, and Lessee accepts the Ranch as it now is. Prior to the execution of this Lease, Lessee apprised Lessee of sufficient relative data, either through experts or other sources of Lessee's own selection, in order Lessee might intelligently exercise Lessee's own judgment in deciding upon whether to enter into this Lease. Lessee's decisions are not based on or influenced by any declarations or representations of Lessor, or its agents, employees, or attorneys.

7. Condemnation: If any portion of the Ranch should be taken by any Governmental Entity or other entity having the power of eminent domain, or if any portion of the Ranch should be sold to such Governmental Entity or body having power of eminent domain in lieu of eminent domain proceedings, Lessor shall retain all proceeds from any such taking or sale. In event any such taking or sale should exceed more than 50% of the farmable acreage of Ranch or Ranch shall become uneconomical to farm by reason of such sale or taking, either party may rescind this Lease.

8. Arbitration: In the event of any dispute concerning any term, covenant, or provision of this Lease, either party may submit such controversy to binding arbitration in accordance with the rules and regulations of the American Arbitration Association, and the parties shall be bound by the arbitration results. The findings of an arbitrator as provided in this paragraph shall be final and binding on the parties. The arbitrators shall decide, in addition, whether any party is entitled to recover costs, including, but not limited to, accounting and appraisal fees and the fees of other experts. Venue for arbitration under this paragraph shall be proper only in Klamath Falls, Oregon. The parties intend to make the submission to arbitration provided for in this paragraph an express condition precedent to any court action except for the breach of Lessee's covenants to pay or perform the obligations set forth in this Lease under the category of "Rent" or for any action to recover possession of the property. The provisions of Oregon Revised Statutes pertaining to arbitration are specifically incorporated into this Lease; provided, however, said provisions shall not be deemed to impair or limit the provisions of this paragraph but shall be deemed to apply only to the extent necessary to implement and further the arbitration proceedings provided for in this paragraph.

9. Default of Lessee and Remedies of Lessor: Time is agreed to be the essence of this Lease. The following provisions shall govern what constitutes Lessee's default and the Lessor's remedies therefor:

a. Events Of Default: Lessee shall be in default under this Lease upon the happening of any of the following events or conditions:

(1) Failure To Pay Rent: Lessee's failure to pay or perform (within 30 days of the date specified for such performance) the covenants pertaining to rent.

(2) Insolvency, Etc.: Insolvency of Lessee, business failure of Lessee, appointment of a receiver for Lessee by a State court, assignment by Lessee for benefit of Lessee's creditors, transfer of Lessee's interest herein by operation of law, levy or execution upon Lessee's interest herein by a creditor of Lessee, or the commencement of any proceeding under any state bankruptcy or insolvency law by or against Lessee, or any one or more of the foregoing.

(3) Failure of Lessee to Perform After Notice: Failure of Lessee to perform any of Lessee's covenants (other than non-performance specified in the immediately preceding subparagraphs) after 30 days written notice by Lessor to Lessee of such non-performance and failure.

b. Remedies For Default: In the event of Lessee's default as aforesaid, Lessor shall have the following cumulative rights, which Lessor may, at Lessor's election, exercise sequentially or contemporaneously:

(1) Recover For Breach: Pursue any remedy provided by law to recover for the breach and continue the Lease in force.

(2) Re-Enter Ranch: Re-enter the Ranch and take full possession of the Ranch.

(3) Declare Lease Forfeited: Declare the Lease forfeited and re-enter the Ranch and take possession of the Ranch and remove Lessee, Lessee's property, and all persons claiming by or through Lessee, therefrom, and recover all damages provided by law.

(4) Obtain Receiver: Obtain, ex parte from a court of competent jurisdiction, the appointment of a receiver to take possession of the Ranch.

For the purposes of this paragraph, damages shall include the worth at the time of the award of the amount by which the unpaid rent for the balance of the term after the time of the award exceeds the amount of such rental loss for the same period that Lessee can prove could be reasonably avoided. Nothing herein contained shall be deemed to prevent or prohibit Lessor from reletting the Ranch in an effort to mitigate damages, from the implementation of all remedies now of hereafter provided by law, nor preventing Lessor from electing any part of the remedies available to Lessor.

10. Nonwaiver: Lessor's waiver of a breach of a covenant or condition of this Lease is not a waiver of the covenant or condition itself, or any subsequent breach of it, or of any other covenant or condition herein. Lessor's subsequent acceptance of rent herein is not a waiver of any preceding breach by Lessee of a covenant or condition of this Lease, other than of Lessee's failure to pay when due the rent accepted.

11. Attorney Fees: In the event either party institutes any suit or action against the other to recover any rent, or for breach of any agreement or condition herein contained, or if any summary action be brought by Lessor for forfeiture of this Lease or to recover possession of said premises, the prevailing party shall recover from the other reasonable attorney fees to be fixed by the court for both trial and on appeal.

12. Notices: Any notice by any party to the other required by this Lease shall be deemed to have been fully given when written and deposited in a sealed envelope with the United States Postal Service as certified mail with postage prepaid and addressed to the party to receive the same at the following addresses:

Lessor

c/o Farm Credit Services  
P.O. Box 148  
Klamath Falls, OR 97601

Lessee

Box 22, Star Route  
Diary, OR 97625

13. No Partnership And Lessee Independent Contractor: Notwithstanding anything else provided herein, nothing contained herein shall be construed as creating a general partnership between Lessor and Lessee. Lessee shall, at all times, be an independent contractor and the manner and means of Lessee's performance of Lessee's covenants shall be Lessee's

responsibility. Lessee shall be entirely and solely responsible for Lessee's own acts, and the acts of Lessee's agents, employees, and subcontractors, engaged in Lessee's undertaking specified in this Lease.

14. Obligations Joint and Several: All obligations created by this Lease shall be joint and several.

15. Entire Agreement: This Lease embodies the entire agreement of the parties. It may not be modified or terminated except as provided herein, or by other written agreement.

16. Waiver of Conflict of Interest: Each party to this Lease understands that the firm of Giacomini, Jones & Trotman, Attorneys at Law, 635 Main Street, Klamath Falls, Oregon 97601 (Attorneys), has assisted the parties in drafting this Lease. Each party understands that, to the extent that a conflict of interest should otherwise arise in the performance of such services, each has acknowledged such conflict and each, with the opportunity to consult independent counsel, has consented to the preparation of this Lease by Attorneys. Lessee acknowledges Lessor is the client of Attorneys.

17. Construction: In construing this lease, the following provisions shall govern:

a. Independent Construction: Part B of this Lease reduces to writing the full understanding of Lessor and Lessee concerning it. This Lease is intended to be independent of any other document and/or instrument executed by Lessor and Lessee concerning the Ranch unless Lessor and Lessee expressly agree otherwise in writing. Without limiting the generality of the foregoing, Lessor and Lessee agree this Lease shall not alter, in any way, any provision contained in any documents relating to Lessor's acquisition from Lessee of title to the Ranch including any agreement that: Lessee's conveyance of the Ranch to Lessor is absolute in effect and does not operate as a mortgage, trust conveyance, or security of any kind; and Lessee has waived, surrendered, conveyed, and relinquished to Lessor any and all of Lessee's right of redemption concerning the Ranch.

b. Severability: All agreements and covenants contained herein are severable, and in the event any of them shall be held to be invalid by any competent court, this Lease shall be interpreted as if such invalid agreements or covenants were not contained in it.

c. Headings: The headings contained in this Lease are for convenience only and are not to be construed as part of this Lease.

d. Pronouns: Pronouns used in this Lease shall be construed in accordance with the appropriate gender or neuter, and as either singular or plural, as the context requires.

e. Mutuality of Preparation: This Lease shall be construed as prepared by both Lessor and Lessee.

f. Controlling Law: All rights and liabilities hereunder shall be determined in accordance with the laws of the State of Oregon.



8. Definitions: The following terms shall have the following meanings:

- (1) "Lease" shall mean this instrument.
- (2) "Base Rent" shall mean the \$47,500.00 specified in Part B, Paragraph 3, of the Lease.
- (3) "Governmental Entity" shall mean United States of America, the State of Oregon, County of Klamath, Oregon, and any political subdivision, municipal corporation, quasi-governmental entity, or agency thereof.
- (4) "BLM" means the United States of America, acting by and through its Department of Interior, Bureau of Land Management.

19. Binding Effect: Subject to the provisions hereinabove contained against the transfer, assignment and sublease, this Lease shall bind and inure to the benefit of the heirs, executors, administrators, successors and assigns of the respective parties hereto.

SIGNED on the date set opposite the signatures of the party signing the same.

DATE

SIGNATURE

3/4/88

Charles W. Biaggi  
CHARLES W. BIAGGI, Lessee

3/4/88

Peggy J. Biaggi  
PEGGY J. BIAGGI, Lessee

3/4/88

Thomas M. Venable  
THOMAS M. VENABLE, Lessee

3/4/88

Patricia A. Venable  
PATRICIA A. VENABLE, Lessee

THE FEDERAL LAND BANK OF SPOKANE,  
Lessor

By: Tom Schultheis  
Tom Schultheis, Senior Credit  
Officer

The effectiveness of this lease is subject to the entry of Order of Confirmation Hearing in Bankruptcy Case #684-08457.



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STATE OF OREGON, County of Klamath) ss:

3-4, 1988

Personally appeared before me the above-named CHARLES W. BIAGGI and PEGGY J. BIAGGI, husband and wife, and acknowledged the foregoing instrument to be their voluntary act and deed.



Margaret John  
NOTARY PUBLIC FOR OREGON  
My Commission Expires: 9-12-90

STATE OF OREGON, County of Klamath) ss:

3-4, 1988

Personally appeared before me the above-named THOMAS M. VENABLE and PATRICIA A. VENABLE, husband and wife, and acknowledged the foregoing instrument to be their voluntary act and deed.

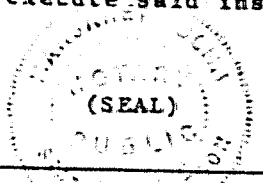


Margaret John  
NOTARY PUBLIC FOR OREGON  
My Commission Expires: 9-12-90

STATE OF OREGON, County of Klamath) ss:

3-4, 1988

Personally appeared before me, TOM SCHULTHEIS, known to me to be the Senior Credit Officer of the corporation that executed the foregoing instrument and acknowledged said instrument to be the free and voluntary act of said corporation, for the uses and purposes therein mentioned, and that it executed the same, and on oath stated that he was authorized to execute said instrument.



Margaret John  
NOTARY PUBLIC FOR OREGON  
My Commission Expires: 9-12-90

WHEN RECORDED MAIL TO:

Starm Credit Services  
900 Klamath Ave  
KFO 97601

STATE OF OREGON )  
County of \_\_\_\_\_ ) ss:

I certify that the within instrument was received for record on the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, at \_\_\_\_\_ o'clock \_\_\_\_\_ M., and recorded in Book \_\_\_\_\_ on Page \_\_\_\_\_ or as filing fee number \_\_\_\_\_.

MAIL TAX STATEMENTS TO:

Record of Deeds of said County.  
Witness my hand and seal of County affixed.

BY: \_\_\_\_\_ Title  
Deputy

Real property situated in the County of Klamath, and State of Oregon, described as follows, to-wit:

Township 37 South, Range 10 East of the Willamette Meridian:

PARCEL 1	Section 14:	W $\frac{1}{2}$ SW $\frac{1}{4}$
PARCEL 2	Section 15:	NW $\frac{1}{4}$ NW $\frac{1}{4}$ , S $\frac{1}{2}$ N $\frac{1}{2}$ , NE $\frac{1}{4}$ SE $\frac{1}{4}$
PARCEL 3	Section 23:	W $\frac{1}{2}$ NE $\frac{1}{4}$ , SE $\frac{1}{4}$ NE $\frac{1}{4}$ , E $\frac{1}{4}$ SE $\frac{1}{4}$
PARCEL 4	Section 24:	SW $\frac{1}{4}$ SW $\frac{1}{4}$
PARCEL 5	Section 25:	W $\frac{1}{2}$ , W $\frac{1}{2}$ SE $\frac{1}{4}$
PARCEL 6	Section 26:	E $\frac{1}{4}$ E $\frac{1}{4}$
PARCEL 7	Section 35:	NE $\frac{1}{4}$ NE $\frac{1}{4}$
PARCEL 8	Section 36:	All

Township 37 South, Range 11 $\frac{1}{2}$  East of the Willamette Meridian:

PARCEL 9	Section 32:	W $\frac{1}{2}$ SE $\frac{1}{4}$
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Township 38 South, Range 10 East of the Willamette Meridian:

PARCEL 10	Section 12:	NE $\frac{1}{4}$ , E $\frac{1}{4}$ of NW $\frac{1}{4}$ , NE $\frac{1}{4}$ of SE $\frac{1}{4}$
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Township 38 South, Range 11 $\frac{1}{2}$  East of the Willamette Meridian:

PARCEL 11	Section 6:	Government Lots 4, 5, 6 and 7, SE $\frac{1}{4}$ NW $\frac{1}{4}$ , E $\frac{1}{4}$ SW $\frac{1}{4}$ , SW $\frac{1}{4}$ SE $\frac{1}{4}$
PARCEL 12	Section 7:	Government Lots 1, 2, 3 and 4 W $\frac{1}{2}$ E $\frac{1}{4}$ , SE $\frac{1}{4}$ NE $\frac{1}{4}$ , E $\frac{1}{4}$ W $\frac{1}{2}$ , E $\frac{1}{4}$ SE $\frac{1}{4}$ , NE $\frac{1}{4}$ NE $\frac{1}{4}$
PARCEL 13	Section 8:	W $\frac{1}{2}$ SW $\frac{1}{4}$

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PARCEL 14	Section 17:	W $\frac{1}{2}$
PARCEL 15	Section 18:	Government Lots 1 and 2, NE $\frac{1}{2}$ , E $\frac{1}{2}$ NW $\frac{1}{2}$
PARCEL 16	Section 20:	SW $\frac{1}{2}$ NE $\frac{1}{2}$ , NW $\frac{1}{2}$ , N $\frac{1}{2}$ SW $\frac{1}{2}$ , W $\frac{1}{2}$ SE $\frac{1}{2}$ , SE $\frac{1}{2}$ SE $\frac{1}{2}$
PARCEL 17	Section 21:	S $\frac{1}{2}$ SW $\frac{1}{2}$ , SW $\frac{1}{2}$ SE $\frac{1}{2}$
PARCEL 18	Section 27:	S $\frac{1}{2}$ NE $\frac{1}{2}$ , W $\frac{1}{2}$ SW $\frac{1}{2}$ , SE $\frac{1}{2}$ SW $\frac{1}{2}$ , EXCEPTING THEREFROM that portion of the SW $\frac{1}{2}$ NE $\frac{1}{2}$ and SE $\frac{1}{2}$ SW $\frac{1}{2}$ conveyed to Oregon-California & Eastern Railway Co. by deed recorded November 4, 1927 in Book 79 at Page 56.
PARCEL 19	Section 28:	N $\frac{1}{2}$ , NE $\frac{1}{2}$ SW $\frac{1}{2}$ , SE $\frac{1}{2}$
PARCEL 20	Section 29:	NE $\frac{1}{2}$ , SE $\frac{1}{2}$ NW $\frac{1}{2}$ , E $\frac{1}{2}$ SW $\frac{1}{2}$
PARCEL 21	Section 32:	NE $\frac{1}{2}$ NW $\frac{1}{2}$

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BLM GRAZING RIGHTS

Bureau of Land Management permits/leases for  
fenced grazing bordering Debtor's property as  
shown on Attachment 1 attached hereto.

EXHIBIT "B"

4646

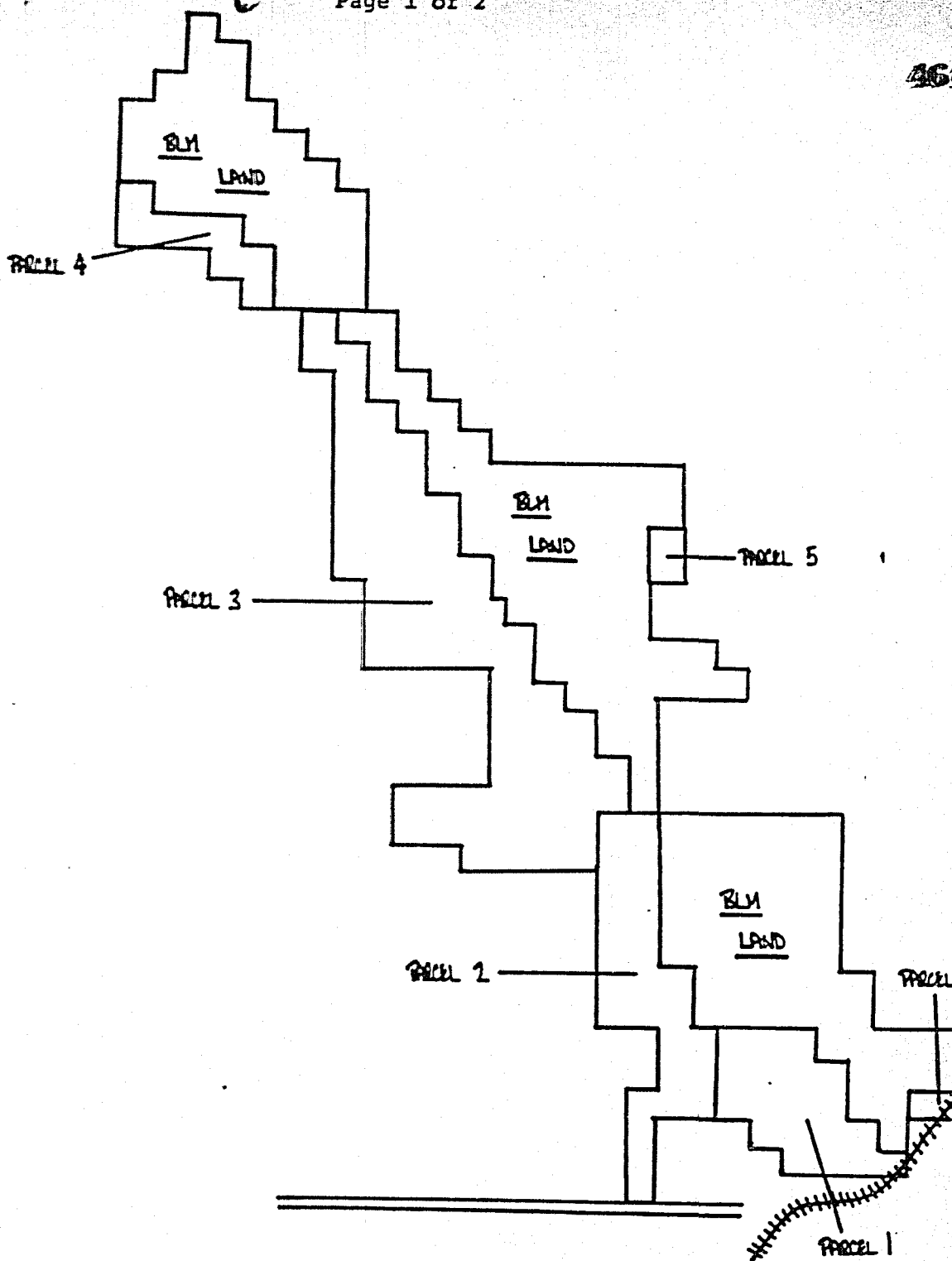


EXHIBIT "B"

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T. 37 S., R. 10 E., W.M.

- Sec. 3: S $\frac{1}{2}$ SE $\frac{1}{4}$ , NW $\frac{1}{4}$ SE $\frac{1}{4}$
- Sec. 10: E $\frac{1}{2}$ NW $\frac{1}{4}$ , E $\frac{1}{2}$ , S $\frac{1}{2}$ SW $\frac{1}{4}$ , SW $\frac{1}{4}$ NW $\frac{1}{4}$ , N $\frac{1}{2}$ SW $\frac{1}{4}$
- Sec. 11: SE $\frac{1}{4}$ SW $\frac{1}{4}$ , NE $\frac{1}{4}$ SW $\frac{1}{4}$ , SW $\frac{1}{4}$ NW $\frac{1}{4}$
- Sec. 14: SE $\frac{1}{4}$ , NW $\frac{1}{4}$ , E $\frac{1}{2}$ SW $\frac{1}{4}$ , SE $\frac{1}{4}$ NE $\frac{1}{4}$
- Sec. 15: N $\frac{1}{2}$ NE $\frac{1}{4}$ , NE $\frac{1}{4}$ NW $\frac{1}{4}$
- Sec. 23: NE $\frac{1}{4}$ NE $\frac{1}{4}$
- Sec. 24: W $\frac{1}{2}$ NE $\frac{1}{4}$ , SE $\frac{1}{4}$ SW $\frac{1}{4}$ , NW $\frac{1}{4}$ , N $\frac{1}{2}$ SW $\frac{1}{4}$ , SW $\frac{1}{4}$ SE $\frac{1}{4}$
- Sec. 25: SW $\frac{1}{4}$ NE $\frac{1}{4}$ , E $\frac{1}{2}$ E $\frac{1}{2}$ , NW $\frac{1}{4}$ NE $\frac{1}{4}$

All lands which lie west of the Swan Lake Rim and are usable by cattle:

T. 37 S., R. 11 $\frac{1}{2}$  E., W.M.

- Sec. 31: All
- Sec. 32: W $\frac{1}{2}$ , W $\frac{1}{2}$ NE $\frac{1}{4}$

T. 38 S., R. 11 $\frac{1}{2}$  E., W.M.

- Sec. 4: SW $\frac{1}{4}$ SW $\frac{1}{4}$
- Sec. 5: Lots 3 and 4, S $\frac{1}{2}$ NW $\frac{1}{4}$ , E $\frac{1}{2}$
- Sec. 6: Lots 1, 2, and 3, S $\frac{1}{2}$ NE $\frac{1}{4}$ , N $\frac{1}{2}$ SE $\frac{1}{4}$ , SE $\frac{1}{4}$ SE $\frac{1}{4}$
- Sec. 8: NW $\frac{1}{4}$ , E $\frac{1}{2}$ SW $\frac{1}{4}$
- Sec. 16: All
- Sec. 17: E $\frac{1}{2}$
- Sec. 20: N $\frac{1}{2}$ NE $\frac{1}{4}$ , SE $\frac{1}{4}$ NE $\frac{1}{4}$ , NE $\frac{1}{4}$ SE $\frac{1}{4}$
- Sec. 21: N $\frac{1}{2}$ , N $\frac{1}{2}$ S $\frac{1}{2}$ , SE $\frac{1}{4}$ SE $\frac{1}{4}$
- Sec. 22: SE $\frac{1}{4}$ SE $\frac{1}{4}$ , except for the following described parcel:  
Beginning at a point 600 feet West of the Northeast corner of said SE $\frac{1}{4}$ SE $\frac{1}{4}$ , and running thence East 600 feet; thence South 900 feet; thence West 135 feet; thence North-westerly 1,013 feet, more or less to the point of beginning.  
SW $\frac{1}{4}$ NW $\frac{1}{4}$ , W $\frac{1}{2}$ SW $\frac{1}{4}$ , SE $\frac{1}{4}$ SW $\frac{1}{4}$ , SW $\frac{1}{4}$ SE $\frac{1}{4}$
- Sec. 27: N $\frac{1}{2}$ NE $\frac{1}{4}$ , W $\frac{1}{2}$ NW $\frac{1}{4}$ , NE $\frac{1}{4}$ NW $\frac{1}{4}$

Total..... 6,168.44 Acres

DATE due MAY 1, 1987  
Total due \$ 135.00

FOR BLM USE ONLY  
Grazing Record Number (3) 1004  
Record Type (4) W  
Schedule Number (5) 1  
Billing Number (6) 6230404  
Date (7) 042287  
Type of Billing (8) 1  
Amount Collected (9) 1135000

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VENABLE T.M. AND  
BIAGGI C.V.  
STAP SCITE  
DAIRY

OR 97630

BUR OF LAND MANAGEMENT  
LAKEVIEW DISTRICT  
PO BOX 151  
LAKEVIEW OR 97630

MAKE REMITTANCE PAYABLE TO: Department of the Interior - BLM. Please return the white Billing Notice copy with your payment. Be sure the payee address shows through the window of the enclosed return envelope.

This billing notice shows the amount due in grazing fees for livestock grazing use extended to you. Your cancelled check is your receipt. Please retain blue customer copy of this notice which shows livestock grazing use authorized upon timely payment of fees. A service charge of \$10 will be made for each application requiring the issuance of a replacement or supplemental billing notice.

VENABLE T.M. AND BIAGGI C.V.

Billing Number 6280404

LINE NO.	NAME	ALLOTMENT NUMBER	LIVESTOCK		PERIOD		% PL USE	TYPE USE	AUM'S	COST PER AUM	GRAZING FEE
			NO.	KIND	BEGIN	END					
(14)		(15)	(16)	(17)	(18)		(19)	(20)	(21)	(22)	(23)
1	VENABLE & BIAGGI 0350		50 C		05/01/87	06/30/87	100	A	100	1.35	135.00
2	VENABLE & BIAGGI 0355		100 C		05/01/87	06/30/87	100	N	200		NON USE
							AMOUNT	ONE			135.00
BILLING SUMMARY (AUM'S)			SCHEDULED USE		DIFFERENCE		OTHER USE				
TOTAL SUSP ACTIVE			ACTIVE NONUSE		NOTCHED		NONREN		EXCHNG EPHMRL OTHER		
100	200	100	200								
TERMS & CONDITIONS: A CERTIFIED ACTUAL USE REPORT FORM WILL BE SUBMITTED TO THE BLM NO LATER THAN 15 DAYS AFTER COMPLETING AUTHORIZED GRAZING USE (43CFR 4130.6-2D).											
PASTURE SCHEDULE											
	Dairy Pasture		50 C		05/01/87	05/20/87					
	Rattlesnake Pasture		50 C		05/21/87	06/10/87					
	Stile Pasture		50 C		06/11/87	06/30/87					

Under authority of the Act of June 28, 1934, as amended (43 U.S.C. 315 et. seq.), the Act of August 28, 1937 (43 U.S.C. 1181d), the Act of October 21, 1976, as amended (43 U.S.C. 1701 et. seq.), and the Act of October 25, 1978 (43 U.S.C. 1901 et. seq.) you are hereby authorized grazing use on lands of the United States described above. Failure to pay grazing fees for a specified grazing authorization (permit or lease) may result in action toward suspension or cancellation. Grazing use of public lands without authorization is prohibited.

Form 1170-37 (August 1984)

CASE FOLDER

EXHIBIT "B"

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Mountain Title Company the 31st day of March A.D., 1988 at 12:18 o'clock P.M., and duly recorded in Vol. M88 of Deeds on Page 4634

Evelyn Biehn, County Clerk

FEE \$75.00