

K-39607

NONMERGER WARRANTY DEED IN LIEU OF FORECLOSUREFLB Loan No. 189508-8
Montgomery Drilling Co.

Until a change is requested,
all tax statements shall be
sent to the following address:

Farm Credit Services -
Klamath Falls
900 Klamath Avenue
P.O. Box 148
Klamath Falls, Oregon 97601

THIS DEED, made this 21st day of April, 1988, between MONTGOMERY DRILLING CO., also shown of record as R. B. Montgomery Drilling Co., Inc., a California corporation; R. B. Montgomery, also known as Robert Bruce Montgomery and Ruth Ann Montgomery, husband and wife, the Grantors, and THE FEDERAL LAND BANK OF SPOKANE, a corporation, whose mailing address is West 601 First Avenue, TAF-C5, Spokane, Washington 99220, the Grantee,

WITNESSETH, that for and in consideration of the covenants hereinafter contained and other good and valuable consideration, the Grantors do by these presents grant, convey and warrant forever unto the Grantee, and to its successors and assigns, all the property described on Exhibit "A" attached hereto and incorporated herein.

ALL SITUATE IN County of Klamath, State of Oregon, subject to rights of way and easements for roads, utilities and irrigation ditches, encumbrances and all other matters as same exist or appear of record, including the mortgage to Grantee dated October 13, 1981 and recorded October 15, 1981.

TOGETHER WITH all water and water rights of every kind and description and however evidenced, used upon or appurtenant to said property, which in any manner entitle Grantors to water, including but not limited to 2588.4 acres assessed under Meadows Drainage District.

TOGETHER WITH any and all tenements, hereditaments, easements, rights, privileges and appurtenances thereunto belonging or used in connection therewith, and the reversions, remainders, rents, issues and profits thereof.

TO HAVE AND TO HOLD, all and singular, the said property, together with the appurtenances, unto the said Grantee, and to its successors and assigns forever. Grantors covenant with Grantee that the former is now seized in fee simple of the property granted; that the latter shall enjoy the same without any lawful disturbance; and that Grantors and all persons acquiring any interest in the same through or for them will, on demand, execute and deliver to Grantee at Grantee's expense, any further assurance of the same that may be reasonably required.

This deed is absolute in effect and conveys fee simple title of the property above described to the Grantee and does not operate as a mortgage, trust conveyance, or security agreement of any kind.

Grantee's acceptance of this conveyance is conditioned upon there being no liens against the property, except for those set forth above.

1988 MAY 10 PM 3 31

This deed does not effect a merger of the fee ownership and the lien of the mortgage described herein. The fee and lien shall hereafter remain separate and distinct. It is not the intent of the parties to affect the subrogation rights of any third parties.

The true and actual consideration for this conveyance is that by acceptance of this deed, Grantee covenants and agrees that it shall not enforce any judgment against Grantors for the indebtedness evidenced by the promissory note secured by that certain mortgage executed by Montgomery Drilling Co., also shown of record as R. B. Montgomery Drilling Co., Inc., a California corporation; R. B. Montgomery, also known as Robert Bruce Montgomery and Ruth Ann Montgomery, husband and wife, Mortgagors, to The Federal Land Bank of Spokane, a corporation, Mortgagee, dated October 13, 1981, and recorded on October 15, 1981, in Volume M81, Page 18134, in the official records of Klamath County, Oregon. This deed shall not operate to preclude Grantee from proceeding in any action to enforce the mortgage, but shall preclude Grantee from obtaining a deficiency judgment against Grantors.


Grantors do hereby waive, surrender, convey, and relinquish any equity of redemption and statutory rights of redemption concerning the property and mortgage described above.

Grantors hereby surrender and deliver possession of the property to Grantee.

Grantors declare that this conveyance is freely and fairly made, and Grantors are not acting under any misapprehension as to the legal effect of this deed, nor under any duress, undue influence, or misrepresentation of Grantee, its agent, or attorney, or any other person.

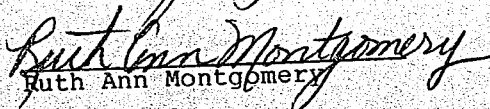
IN WITNESS WHEREOF, the Grantors have hereunto set their hands the day and year first above written.

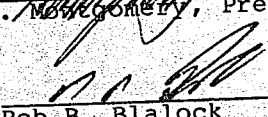
THIS INSTRUMENT WILL NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES.


R. B. Montgomery

Montgomery Drilling Co.,
a California corporation

By: 
R. B. Montgomery, President

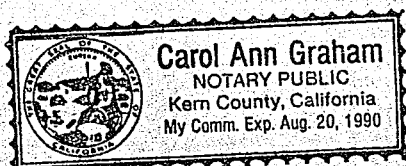

Ruth Ann Montgomery

Attest: 
Bob B. Blalock
Secretary-Treasurer

STATE OF California)
 County of Kern) : SS.

On this 21 day of April, ¹⁹⁸⁸~~1987~~, before me, the undersigned, a Notary Public for the State of California, personally appeared R. B. MONTGOMERY, known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same as his free and voluntary act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.



Carol Ann Graham
 Notary Public for the State of California
 Residing at 1550 James Rd. Bakersfield, CA 93308
 My commission expires Aug. 20, 1990

STATE OF California)
 County of Kern) : SS.

On this 21 day of April, ¹⁹⁸⁸~~1987~~, before me, the undersigned, a Notary Public for the State of California, personally appeared RUTH ANN MONTGOMERY, known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that she executed the same as her free and voluntary act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

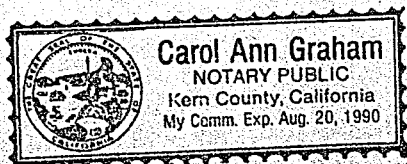


Carol Ann Graham
 Notary Public for the State of California
 Residing at 1550 James Rd. Bakersfield, CA 93308
 My commission expires Aug. 20, 1990

STATE OF California)
 County of Kern) : SS.

On this 21 day of April, ¹⁹⁸⁸~~1987~~, before me, the undersigned, a Notary Public for the State of California, personally appeared R. B. MONTGOMERY and BOB B. BLALOCK, known to me to be the President and Secretary-Treasurer, respectively, of the corporation that executed the within and 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 that said persons are authorized to execute the said instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.



Carol Ann Graham
 Notary Public for the State of California
 Residing at 1550 James Rd. Bakersfield, CA 93308
 My commission expires Aug. 20, 1990

DESCRIPTION OF PROPERTY

The following described real property situate in Klamath County, Oregon:

Tract 1

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

Beginning at the Southwesterly corner of Section 31, Township 34 South, Range 7½ East of the Willamette Meridian and running thence Northerly along the range line marking the Westerly boundary of the said Section 31, 3340.5 feet; thence Easterly parallel with and 3340.5 feet distant at right angles Northerly from the township line between Township 34 South, Range 7½ East of the Willamette Meridian and Township 35 South, Range 7½ East of the Willamette Meridian, 10,560 feet, more or less, to a point in the section line marking the Easterly boundary of the said Section 32, Township 34 South, Range 7½ East of the Willamette Meridian; thence southerly along the said section line 3340.5 feet, more or less, to the Southeasterly corner of the said Section 32; thence Southerly along the section line marking the Easterly boundary of the said Section 5, Township 35 South, Range 7½ East of the Willamette Meridian, 788.3 feet; thence Westerly, parallel with and 788.3 feet distant at right angles Southerly from the said Township line between Township 34 South, Range 7½ East of the Willamette Meridian and Township 35 South, Range 7½ East of the Willamette Meridian, 10,560 feet, more or less, to a point in the range line marking the Westerly boundary of the said Section 6, Township 35 South, Range 7½ East of the Willamette Meridian; thence Northerly along the said range line 788.3 feet, more or less, to said point of beginning.

Tract 2

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

Beginning at a point in the range line marking the Westerly boundary of the said Section 30, Township 34 South, Range 7½ East of the Willamette Meridian, which is 394.1 feet Southerly from the Southeasterly corner of Section 24, Township 34 South, Range 6 East of the Willamette Meridian, as the same was established by Norman D. Price, U. S. Cadastral Engineer, between October 31, 1930 and June 22, 1931, and running thence Easterly to the Northwesterly corner of the said Section 29, Township 34 South, Range 7½ East of the Willamette Meridian; thence Easterly along the Northerly boundary of the said Section 29, Township 34 South, Range 7½ East of the Willamette Meridian, 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°40' West, along said parallel line 349.8 feet; thence South 12°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 7½ East of the Willamette Meridian, 4588 feet, more or less, to a point 3340.5 feet Northerly from the Southeasterly 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 7½ East of the Willamette Meridian and Township 35 South, Range 7½ 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 7½ 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.

Tract 3

The E½SE¼, the SE¼NE¼ and the E½SW¼SE¼ of Section 24, Township 34 South, Range 6 East of the Willamette Meridian.

Tract 4

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.

Tract 5

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 the 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.

Tract 6

A parcel of land situated in Sections 19 and 30, Township 34 South, Range 7½ East of the Willamette Meridian, in the County of Klamath, State of Oregon, being more particularly described as follows:

Beginning at a point in the centerline of Four Mile Canal from which a 1" iron pipe with a 2" bronze cap (set by M. D. Price in 1931) marking the section corner common to Sections 19, 24, 25 and 30, Township 34 South, Range 6 and 7½ East, bears South 73°24'13" West - 134.35 feet, more or less; thence South 88°59'26" East 61.97 feet, more or less, to a ½" rebar; thence South 4°34'08" East - 80.14 feet to a ½" rebar; thence South 39°58'12" East - 137.90 feet to a ½" rebar; thence South 1°08'24" West - 61.14 feet to a ½" rebar, which point is 8.0 feet North of an East-West Canal; thence Westerly - 155.72 feet, more or less, along a line 8.0 feet North of said East-West Canal and a projection thereof to the centerline of Four Mile Canal; thence Northerly 247.78 feet, more or less, along the centerline of Four Mile Canal to the Point of beginning.

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of _____ the 10th day
of May _____ A.D., 19 88 at 3:31 o'clock P. M., and duly recorded in Vol. 488
of _____ Deed _____ on Page 255
By _____ County Clerk