

AFTER RECORDING, RETURN TO:

Carl R. Peterson
Bogle & Gates
The Bank of California Center
Seattle, Washington 98164

K-41155

FIRST AMENDMENT OF DEED OF TRUST,
ASSIGNMENT OF RENTS AND SECURITY AGREEMENT
AND
FINANCING STATEMENT (FIXTURE FILING)

(Oregon)

Amending DEED OF TRUST, ASSIGNMENT
OF RENTS AND SECURITY AGREEMENT AND
FINANCING STATEMENT (FIXTURE
FILING) recorded in Klamath County
on October 31, 1986, as instrument
number 67695, Volume M86, at page
19797.

THIS FIRST AMENDMENT OF DEED OF TRUST, ASSIGNMENT OF
RENTS AND SECURITY AGREEMENT AND FINANCING STATEMENT (FIXTURE
FILING) (this "Amendment") is made as of this 6th day of March,
1989, by MID OIL COMPANY with reference to that certain Deed of
Trust, Assignment of Rents and Security Agreement and Financing
Statement (Fixture Filing) (the "Deed of Trust") made September
30, 1986, between MID OIL COMPANY, an Oregon corporation, whose
address is 6600 S.W. 92nd Avenue, Suite 30, Portland, Oregon
97223, as "Grantor"; TICOR TITLE INSURANCE COMPANY, whose address
is 421 S.W. Stark Street, Portland, Oregon 97204, as "Trustee";
and CITIBANK, N.A., Attention: R. Bruce Hall, Vice President, 599
Lexington Avenue, 24th Floor, Zone 21, New York, New York 10043,
as "Beneficiary."

RECITALS

A. The Deed of Trust was recorded on November 3,
1986, as instrument number 86 44 012 in the official records of
Baker County, Oregon and on October 31, 1986, as indicated in the
following: assigned number 83200 and stamped with number 076411
in the official records of Benton County, Oregon; as instrument
number 86 43241 in the official records of Clackamas County,
Oregon; as instrument number 86-5-1422 in the official records of
Coos County, Oregon; as instrument number 52306, Volume 126, at
page 54-118 in the official records of Curry County, Oregon; as
instrument number 86-22183, Book 0135, at page 2565 in the
official records of Deschutes County, Oregon; as instrument
number 86-14939, Book 964, at page 654 in the official records of
Douglas County, Oregon; as instrument number 861656 in the

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official records of Harney County, Oregon; as instrument number 86-21999 in the official records of Jackson County, Oregon; as instrument number 862887 in the official records of Jefferson County, Oregon; as instrument number 67695, Volume M84, at page 19797 in the official records of Klamath County, Oregon; as instrument number 8643829 in the official records of Lane County, Oregon; in Book 175, at page 2498, official records of Lincoln County, Oregon; at Volume 425, at page 713 in the official records of Linn County, Oregon; on Reel 499, at page 163 in the official records of Marion County, Oregon; as instrument number 089467, Book 1951, at page 1270 in the official records of Multnomah County, Oregon; as instrument number 308515, Book 198, at page 1616 in the official records of Polk County, Oregon; as instrument number 124408, Book R144, at page 1538 in the official records of Umatilla County, Oregon; as instrument number F208P0001 in the official records of Yamhill County, Oregon; and as instrument number 86050707 in the official records of Washington County, Oregon.

B. The Deed of Trust was made to secure, inter alia, payment of the sum of Six Million Two Hundred Thousand Dollars (\$6,200,000) with interest, pursuant to the terms of a promissory note (the "Term Note") executed by the Grantor in connection with advances under a Credit Agreement dated September 30, 1986, among Franko Industries, Inc., Keserob Corporation, Mid Oil Company and Franko Oil Company (collectively, the "Borrowers"), as borrowers, and Beneficiary, as lender, and to secure payment of any other sums which are or which may become owing by virtue of the provisions of the Term Note, the Deed of Trust or any other loan agreement or assignment or grants of rights or interests with respect thereto.

C. The Borrowers now desire, and Beneficiary is considering, pursuant to that certain Memorandum Agreement by and among Beneficiary, Borrowers and Pacific Crest Equities Corp., dated as of March 6, 1989, extending additional credit, including certain additional advances, to the Borrowers up to the aggregate amount of \$1,000,000, such additional credit to be evidenced by a promissory note of even date herewith (the "\$1,000,000 Note").

D. Grantor hereby represents that it is the owner of the Property, and the Beneficiary represents that it is the beneficial owner and holder of the Deed of Trust and the obligations secured thereby. The parties mutually confirm their intent that the \$1,000,000 Note, and any sums advanced thereunder, be secured by the Deed of Trust, which security is intended as a contemporaneous grant of security although the parties recognize that due to the requirement of recording in multiple counties, some delay may intervene between the advance under the \$1,000,000 Note and the recording of this Amendment.

E. The parties wish to amend the first full paragraph on page one of the Deed of Trust to confirm the parties' intent that the additional \$1,000,000 described above shall be secured by the Deed of Trust.

NOW, THEREFORE, in consideration of the foregoing and of the agreements herein contained, it is agreed as follows:

1. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Deed of Trust.

2. The first full paragraph on page one of the Deed of Trust is hereby amended and restated as follows:

"Grantor hereby bargains, sells and conveys to Trustee, in trust, with power of sale, that certain real property (the "Realty") situated in the Counties of Harney, Lane, Benton, Coos, Lincoln, Curry, Jackson, Umatilla, Klamath, Yamhill, Marion, Douglas, Deschutes, Linn, Jefferson, Multnomah, Washington, Polk, Clackamas and Baker, State of Oregon, more fully described in the Property Schedule marked "Exhibit A", attached hereto and by this reference incorporated herein, together with all rights, interest and estate described hereinbelow, subject to the encumbrances and exceptions, if any, listed as "Permitted Exceptions" in said Property Schedule, to secure payment of the sum of Six Million Two Hundred Thousand Dollars (\$6,200,000) with interest, pursuant to the terms of a promissory note now or hereafter evidencing same or any portion thereof, particularly a note (the "Term Note") executed by the Grantor in connection with advances under a Credit Agreement dated September 30, 1986, among Franko Industries, Inc., Keserob Corporation, Mid Oil Company and Franko Oil Company, as borrowers, and Beneficiary, as lender, and to secure payment of any other sums which are or which may become owing by virtue of the provisions of the Term Note, this Deed of Trust or of any loan agreement or other assignments or grants of rights or interests (collectively, the "Loan Documents") with respect hereto. ADDITIONALLY, THAT CERTAIN PROMISSORY NOTE, MADE BY GRANTOR AND ISSUED TO THE ORDER OF CITIBANK N.A. IN THE AMOUNT OF \$1,000,000, DATED MARCH 16, 1989, (THE "\$1,000,000 NOTE") AND PAYMENT OF ANY OTHER SUMS WHICH ARE OR WHICH MAY BECOME OWING BY VIRTUE OF THE PROVISIONS OF ANY LOAN AGREEMENT OR OTHER ASSIGNMENTS OR GRANTS OF RIGHTS OR INTERESTS EXECUTED IN CONNECTION HERewith, IS SECURED HEREBY, TOGETHER WITH ALL INTEREST AND COSTS AS SET FORTH THEREIN, AND SHALL BE DEEMED A "LOAN DOCUMENT". The foregoing payment obligations (including obligations under the \$1,000,000 Note) are referred to collectively as the "Indebtedness". To secure payments of the Indebtedness and performance of all covenants and agreements specified in the Loan Documents, Grantor further warrants, covenants and agrees as follows:"

3. This Deed of Trust secures obligations which by their terms provide for a fluctuating indexed interest rate, and may be subject to indexing, adjustment, renewal or renegotiation within the meaning of ORS Section 86.095.

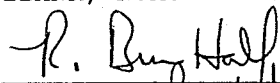
Executed by Grantor, and accepted and agreed by Trustee and Beneficiary, as of March 16, 1989.

MID OIL COMPANY

By 
Its: CEO

ACCEPTED AND AGREED BY:

CITIBANK, N.A.

By 
Its: Vice President

~~TICOR TITLE INSURANCE COMPANY~~

By _____
Its: _____

STATE OF OREGON)
COUNTY OF Multnomah) ss:

On this 16th day of March, 1989, before me, a Notary Public in and for the State of Oregon, duly commissioned and sworn, personally appeared William C. Corbin, to me known to be the CEO of Mid Oil Company, the corporation named in and which 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 was authorized to execute the said instrument.

WITNESS my hand and official seal hereto affixed the day and year in this certificate above written.

Sharon L. Krebs
Notary Public in and for the State
of Oregon
residing at Clackamas
My appointment expires 7/27/90

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Klamath County Title Co. the 28th day
of March A.D., 19 89 at 11:37 o'clock A.M., and duly recorded in Vol. M89
of Mortgages on Page 5165.

FEE \$28.00

Evelyn Biehn - County Clerk
By Pauline Nielsen

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