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| 1500 SW First Ave., Ste. 11<br>Portland, OR 97201  | 70 280 Park Avenu<br>New York, NY   | 16   | VOL.1107/12370  |
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| All property described on a<br>pertaining in any manner to<br>attached Exhibit A.  | ) the rear course -   |  | 43. Address of Assignan:  |
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| Signature to of Socured Part Jura in Cases Over the Socure of Financing State mint approved by Socretary of<br>STANDAND FORM — UNEFORM COMMERCIAL CODE — 5<br>01-07-08   |   |  | Signa (m) 50 Security Friday or Assigned(s)<br>Signa (m) 50 Security Friday or Assigned(s)<br>Stevans-Ness Low Publishing Company<br>Parland, OR 97204 - (503) 223-3137 |
|  |   |  |   |
|  |   |  |   |

#### SCHEDULE I

12399

### NAMES AND ADDRESSES OF BANKS

Bankers Trust Company, Bankers Trust Plaza New York, New York: 10005 Attn: Donald R. Carse, Jr. Energy Finance Group Telecopy: (212) 850-1079

United States National Bank of Oregon, 321 Southwest Sixth Avenue P.0. Box 4412 Portland, Oregon 97208 Attn: Sally J. Williams, A.V.P. Commercial Services Telecopy: (503) 275-5795

The Bank of Tokyo, Ltd. 411 S.W. 6th Avenue Portland, Oregon 97204 Attn: Mr. Mike Kringlen Vice President and Manager Domestic Loan Department Telecopy: (503) 227-5372

First Interstate Bank of Oregon, N.A. Oregon Corporate Division 1300 S.W. Fifth Avenue, T19 Portland, Oregon 97201 Attn: Ms. Debra M. Dereiko Vice President Telecopy: (503) 225-4698

Union Bank of Finland Ltd. Cayman Islands Branch 437 Madison Avenue New York, New York 10022 Attn: Ms. Ritva Laukkanen Vice President Credit and Marketing Telecopy: (212) 421-4420

YXI/045710/284/6L191311.OREG 07/07/89

### EXHIBIT "A"

12400

## DESCRIPTION OF PEOPERTY

The following described real property situate in Klamath County, Oregon: Township 23 South, Range 9 East of the Willamette Meridian

SWINNI, NWISWE Government Lots 1, 2, 3 and 4, SWHWWH, SEHSWH, SEH 2: Section 3: Section N1, N1SW1, SELSW1, INVISE1 Section 4: N1, N1SW1 Section 5: SEININ, SWI, NEISEI, SISEI Section 9: Et, BtWt, SWI;SWI Section 1.0: SINWI, WISWI Section 1.1.: WINWI, SWISHI, EISEI Section 14: Nł, SWł, WłSEł Section 15: Nł, Ełseł Section 20: NINI, SWISWI Section 21: WINEL, NWI, NISHI, SEI Section 22: EIEI, NWINWI Section 23: SEISWI and that portion of WiNWI lying North Section 24: Section 25: and West of U. S. Hwy. 97 NEtHEt, SINE, WISE, that portion of the SEISWI lying Easterly of the irrigation ditch, that portion of the Section 26: SEESEE 1 lying Northwesterly of U.S. Highway 97 Section 28: Wł NEt, SELSWE, SAULSEL, ELSEL Section 29: EINET Section 32: NINWI, SWINWI, SWISWI, MILSEI Section 33:  $E_{2}^{1}$ ,  $E_{2}^{1}W_{2}^{1}$ ,  $SW_{2}^{1}W_{2}^{1}$  lying Southeasterly of the Irrigation Section 34: Section 35: Ditch, W1SW1 NEt, EtNWt, Swinwit, Swit, Wiset Section 36:

Township 23 South, Range 10 East of the Willamette Meridian

Section 1: Government Lots 1, 2, 3 and 4, SiNE; SWINW, Si Section 2: SEISE Section 11: NETNE; Section 12: Ni, NETSE; Section 13: NETNE; Section 24: Eiel, SWISE; Section 25: NWINE; NETNI; Section 36: NINE; SWINE;

Township 23 South, Range 11 East of the Willamette Meridian Section 5: All Section 6: AL1 A11 Section 7: Section 8: All Section 17: All Section 18: All Section 19: All Section 20: All Section 26: All Section 27: All Section 28: All Section 29: All Saction 30: All Section 31: Governments Lots 1 thru 9, 16 thru 20, Et Section 32: All Section 33: All Section 34: All Section 35: All Section 36: All Township 24 South, Range 8 East of the Willamette Meridian Section 2: Government Lots 2, 3 and 4, SW1NE1, S1NW1, SW1, W1SE1 Section 3: Government Lots 1, 2, 7 and 8, E1SE Section 8: Section 9: All Section 10: A11 WINEL, WI, SIST Section 11: NET, NINWI, SWIIWI, NWISWI Section 1.4: Section 16: A11 SETNAT', NISHT', SWISWI Section 20: Section 21: A11 N1, NE1SW1, NW: SE1 Section 28: ✓ Township 24 South, Range 9 East of the Willamette Meridian Section 1: Government Lots 2 and 3, SE4NW4, NE4SW4, SW4NE4 Section 2: Government lots 3 and 4, SW1NW1 Section 3: Government Lots 1 and 2, SiNEt, SiNWt, NiSWt, SWiSWi, NWiSEt Section 4: SELINEL, ELSIL Section 9: N1, N1S1 Section 10: Winwit, NWISWI

12402

.Towiship 24 South, Range 11 Mast of the Willamette Meridian

| Section  | 2:  | - Al I. |
|----------|-----|---------|
| Section. | 3:  | A11     |
| Section  | 4:  | A11.    |
| Section  | 5:  | A11     |
| Section  | 8:  | A11     |
| Section  | 9:  | A11     |
| Section  | 10: | A11     |
| Section  | 11: | A1 1    |
| Section  | 15: | A11     |
| Section  | 16: | A11     |
| Section  | 17: | N1      |
|          |     |         |

Township 25 South, Range 7 East of the Willamette Meridian

Section 25: Wisel, SEisel

Township 25 South, Range 8 East of the Willamette Meridian

Section 2: NEt

Township 25 South, Range 11 Eist: of the Willamette Meridian

Section 25: SE<sup>1</sup>/<sub>5</sub>SE<sup>1</sup>/<sub>5</sub> Section 36: All

Township 27 South, Range 8 East of the Willamette Meridian

Section 21: N<sup>1</sup>/<sub>2</sub>SW<sup>1</sup>/<sub>4</sub> lying Easterly of the Burlington Northern Railway Right-of-way

SAVING AND EXCEPTING portions lying within rights of way for Railroads and Highways.

# DESCRIPTION OF COLLATERAL

EXHIBIT B

[Note list of property not to be a part of Collateral]

As used in this Exhibit B, the term "Real Property" means that certain real property, <u>including</u> all improvements thereon, more particularly described in Exhibit A attached to this Security Agreement. All capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Credit Agreement or the Deeds of Trust.

The Collatexal is described as follows:

(a) All of Debtor's right title and interest in and to the following, to the extent that any part thereof constitutes or is held to be personal property:

(i) any and all buildings, structures, fixtures and improvements now or hereafter erected on or appurtenant to the Real Property, including all machinery, attachments, appliances, and other equipment (including leased equipment to the extent of Debtor's leasehold interest and the lease pursuant to which such equipment has been leased) now or hereafter incorporated into or attached to the Real Property or said buildings, structures, fixtures and improvements, and all support and ancillary facilities, all roads and miscellaneous storage and parking areas, including all replacements and substitutions of and additions and accessions to the foregoing (collectively the "Improvements");

(ii) all crops and all trees, timber, whether severed or unsevered and including standing and down timber, stumps and cut timber remaining on the Real Property and logs, woodchips and other forest products, whether now located on or hereafter planted or growing in or on the Real Property or elsewhere or now or hereafter removed from the Real Property or elsewhere for sale or other disposition (collectively "Timber") to the extent that such Timber does not constitute real property under applicable law;

(iii) all royalty and other contractual rights (excluding leaseholds) of Debtor pertaining

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to all water, stean, thermal energy and other geothernal resources and all oil, gas, hydrocarbons, gravel, phosphate, limerock, coal and other mineral resources and subterranean substances, and all existing or hereafter acquired surface and subsurface water and water rights and shares of stock evidencing the same, and all products thereof in, on, under or pertaining to the Real Property (the "Minerals") and all surface access and mining or drilling rights in, on, under or pertaining to the Real Property, to the extent that the foregoing do not constitute Real Property under applicable law, and all royalty and other rights of Debtor pertaining thereto (excluding leaseholds), and all agreements providing for the payment to Debtor of royalties (including overriding royalties) or other payments derived from any part of the Real Property and all production payments, farm-out agreements, unit agreements and other similar agreements and rights pertaining thereto (collectively the "Mineral Rights");

12404

(iv) all air rights, development rights, zoning rights or other similar rights or interests which benefit or are appurtenant to the Real Property or the Improvements or any or all thereof and any proceeds arising therefrom (collectively the "Development Rights"); and

(v) all interests, estates or other claims, both in law and in equity, which Debtor now has or may hereafter acquire in the Real Property, the Improvements, the Timber, the Minerals and the Development Rights and all right, title and interest now owned or hereafter acquired by Trustor in and to any greater estate therein.

(b) Any and all permits, entitlements, licenses, orders, approvals, exemptions, authorizations, certifications, franchises, building permits, subdivision approvals, timber harvesting plan reviews and approvals, site plan reviews, environmental approvals (including an environmental impact statement or report if required under applicable law for Debtor's acquisition or disposition of the Real Property or harvesting of the Timber or for any other operations of Debtor), sever and waste discharge permits, water appropriative rights and permits, zoning and land use entitlements and other authorizations, whether now existing or hereafter issued to or obtained by or on

YXI/045710/284/6)191314(2) B-2

behalf of Debtor that relate to or concern in any way the acquisition, ownership, development, occupancy, use, operation, maintenance, management, restoration or disposition of all or any part of the Real Property, the Improvements, the Timber, the Minerals, or the Mineral Rights or Development Rights and are given or issued by any Governmental Agency or quasi-governmental authority, as the same may be modified, amended or supplemented from time to time (collectively the "Authorizations");

12405

(c) all inventory of logs, lumber, woodchips and other forest products now existing or hereafter acquired at, or in connection with the operation of, the Prineville Savmill;

All agreements, contracts, arrangements or (ð) other Contractual Obligations, whether now existing or hereafter entered into, whereby Debtor or its predecessors in interest have granted, grant or will grant to third Persons the right to cut, harvest or otherwise remove Timber from the Real Property or elsewhere (to the extent Debtor has an interest in such rights) (collectively the "Cutting Rights Agreements") and all timber sales agreements, log sales agreements, purchase orders, purchase and sale agreements and other Contractual Obligations, whether now existing or hereafter entered into, whereby Debtor, as seller, is or may become obligated to cut, harvest or otherwise remove Timber harvested from the Real Property or elsewhere or to otherwise obtain Timber and to sell, exchange or deliver such Timber to third Persons (collectively the "Timber Sales Agreements") and all agreements, contracts or other Contractual Obligations whether now existing or hereafter entered into, whereby third Persons have granted or will grant to Debtor the right to cut, harvest or otherwise remove Timber from real property the Real Property not owned by Debtor at the pertinent time and all other rights of Debtor to cut, harvest or otherwise remove Timber from real property not owned by Debtor at the time in question (collectively, the "Harvesting (ontracts"). Those Cutting Rights Agreements, limber Sales Agreements and Harvesting Contracts to which the Real Property is subject and to which Scott Paper was a party immediately prior to the delivery hereof or which Debtor otherwise acquires from Scott Paper pursuant to the Scott Paper Purchase Agreement, each of which is identified on Exhibit B-1 attached hereto and made a part hereof, are collectively referred to as the "Acquired Timber Cutting and Timber Sales Agreenants". The Cutting Rights Agreements, timber Sales Agreements, Harvesting Contracts and Acquired Timber Cutting and Timber Sales Agreements are

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### collectively referred to as the "Timber Agreements";

 (e) Any and all present and future amendments, modifications, supplements, extensions and renewals to any of the contracts, agreements, arrangements and Contractual Obligations described in clauses (b) through (d) inclusive, and all guaranties of the obligations of any third Persons thereto (collectively the "Related Rights");

(f) All revenues, issues, profits, royalties, proceeds, income and other benefits (excluding rents) derived from the Timber Agreements, the Minerals, the Mineral Rights, the Related Rights and from the personal property described in this Exhibit B (collectively the "Revenues");

(g) All of Debtor's present and future right, title and interest in that certain Log Purchase And Sale Agreement dated April 6, 1988 executed by Debtor, as seller, and by DAW Forest Products Company, L.P., as buyer, the Prineville Log Purchase Agreements and the Scott Paper Wood Fiber SupplyAgreement;

All of Debtor's present and future rights to (h) receive payments of money, services or property, including, without limitation, rights to receive capital contributions from Debtor's shareholders, amounts payable on account of the issuance of common or preferred stock of Debtor, Net Cash flow from the operation of the Prineville Sawmill, accounts receivable from operation of the Prineville Sawmill and the Timberland and any other property of Debtor, deposit accounts, chattel paper, notes, drafts, contract rights, instruments, general intangibles and principal, interest and payments due on account of Timber or Minerals sold or otherwise disposed of or lumber milled, sold or otherwise disposed of, services rendered, loans made or credit extended, together with Debtor's title or interest in all documents evidencing or securing the same;

(i) All proceeds in whatever form from sale, exchange or disposition of the aforesaid Collateral;

(j) Debtor's rights under all insurance policies covering the Timberland, the Prineville Sawmill or any other part of the Collateral, and all proceeds, loss payments and premium refunds payable regarding the same;

(k) All causes of action, claims, compensation, awards, damages, recoveries and proceeds for any

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condemnation or taking of the Timberland, the Prineville Sawmill or any other part of the Collateral under the power of eminent domain, or for any conveyance in lieu thereof, whether direct or consequential, or for any damage or injury to the Timberland, the Prineville Sawmill or any other part of the Collateral, or for any loss or diminution in value of the Timberland, the Prineville Sawmill or any other part of the Collateral;

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(1) All Debtor's rights in proceeds of the Loans evidenced by the Notes;

(m) The following accounts at the Main Office of United States National Bank of Oregon, a national banking association P.O. Box 4412, Portland, Oregon 97208 : the Operating Deposit Account, Account No.010-0661-222; the Harvest Deposit Account, Account No. 010-4549-191; the Reserve Account, Account No. 010-0673-151 and following accounts at the Head Office of First Interstate Bank of Oregon, N.A. a national banking association P.O. Box 2753, Portland, Oregon 97208: the Bridge Deposit Account, Account No. 003-0-601764; the Acquisition Deposit Account, Account No. 003-0-601683; the Tax Deposit Account, Account No. 003-0-601772;

(n) All plans prepared for the harvesting or cutting of Timber;

(0) All trademarks and brands used by Dabter in connection with the Timber;

(p) All computer software and programs used or useable by Debtor in connection with the aforesaid Collateral, including without limitation programs for Timber and other inventory control;

(q) All vehicles (both on- and off-road) and all rolling stock owned or leased by Debtor excluding those vehicles leased on acquired by Debtor from SSW;

(r) The U.S. Forest Service Agreement;

(s) Any and all causes of action, claims, demands, compensation, avaids, damages, recoveries and proceeds which Debtor currently has or may in the future have against Scott Paper arising out of the Scott Paper Purchase Agreement;

(t) All of Debtor's rights under the Scott Paper Purchase Agreement to receive proceeds under the Norman Barnes Contracts identified on Exhibit 3-2 attached hereto and made a part hereof, and all such proceeds;

YXI/045710/284/6L191314(5) B-5

# (u) The proceeds of all the foregoing.

Ken Gul

YXI/045710/284/6L191314(6) B-6

EXHIBIT B-1

ACCULARD TINDIR CUTTING AND TIMDER SALES AGREIMENTS

|              |                  | CINDANY |
|--------------|------------------|---------|
|              |                  |         |
| 201.1.2.2.2. | F 44 4 1 40 40 4 |         |

(Blagit County)

|    | Agreenent            | DATIN                    | Bip. Date                   | Parcel Astected                    |  |  |
|----|----------------------|--------------------------|-----------------------------|------------------------------------|--|--|
| 1. | Aldon Credit Skyline | Northwent Hardwoodn      | But. to<br>07/31/89         | TI9N, R92, 829                     |  |  |
| 2. | Jordan Palls         | T.A.I. (U.S.A.)<br>Corp. | <b>E</b> st. 80<br>11/01/89 | TJSN, R112, 528<br>TJSN, R112, 529 |  |  |

# THER RAVERS TIMPER COMPANY

(Chapie County)

| Astronant: |                    | 1981Y                    |             | END, Date | Parcal Afgacead                                       |  |  |
|------------|--------------------|--------------------------|-------------|-----------|---|--|--|
| 3.         | Homostand Poles    | Oggan: Industries        |             | 08/31/89  | T36N, 24E, 027  |  |  |
| 4,         | G'Brien Ilordwoods | T.A.M. (U.B.A.)<br>Corp. |             | 12/31/00  | T35N, R108, 826<br>T35N, R108, 827<br>T35N, R108, 834 |  |  |
| 5.         | <b>Swedo</b>       | Popo 4 Salber            | -<br>-<br>- | 09/30/09  | <b>136N, R42, 834</b>                                 |  |  |

# TANK RIVERS TINBER COMPANY

(Whatcon County)

| - AREAGRANE   | Polity          | RTP. DICC | Parcal Affected |
|---------------|-----------------|-----------|-----------------|
| 6. Bondwators | T.A.T. (U.B.A.) | 08/01/89  | 137N, A6E, 833  |
|               | Corp.           |           |                 |

BEDAAN IL RURA CONTRACTS

12410

T

EXHIEIT B-2

|         |         | 81.1 |
|---------|---------|------|
| (Skagie | (cunty) |      |
|         |         |      |

BCOTT PADER COMPANY

|    | ARTHIRDS     | 1 <u>xp<sub>1</sub> para</u> | Parcal Assected                                  |  |  |
|----|--------------|------------------------------|--|--|--|
| 1. | Jordan Ridge | 1.3/\$1/89                   | 735N, R11E, 830<br>735N, R10E, 825               |  |  |
| 3. | Lyman Leave  | 12/31/89                     | T36N, <b>R5H, 8</b> 32                           |  |  |
|    |              |                              | T96N, <b>R5R, S</b> 27<br>T96N, <b>R5B, S</b> 28 |  |  |

### MERILE RIVERS TINDIS COMPANY

(Ekagit County)

|    | Agrennent  | INP. DALLO | Parcal Affected                                    |
|----|------------|------------|--|
| 3. | Whitofish  | 12/31/89   | 735%, 282, 628<br>735%, 288, 629<br>735%, 388, 633 |
| 6. | Waite Rock | 12/93/89   | 7351, <b>198, 8</b> 28                             |
|    |            |            | 71911, 268, 619<br>71911, 268, 613                 |

### THREE RIVERS THREE CONPANY

(Whetcom County)

|     | AREOCHIAE | REP. Paso | Persol Afforted |
|-----|-----------|-----------|-----------------|
| 1.1 | 1.1.1     |           |                 |
| 5.  | Dookey    | 12/11/09  | 23717, R63, 828 |
|     |           |           |                 |

### STATE OF OREGON: COUNTY OF KLAMATER: SS.

|   | Filed | for recor | d at request | of   | . 1  | -  | Klamath County   | Title | Co.         | the  | 6th             | day        |
|---|-------|-----------|--------------|------|------|----|------------------|-------|-------------|--|-----------------|------------|
|   | of    |           | July         | _ A  | .D., | 19 | 89 at: 1:20      |       | PM., and du |  | Vol. <u>M89</u> | ,          |
|   |       |           | 1.1          | of . |      |    | Mortgages        |       | _ on Page1  | <u>12398                                    </u> |                 |            |
|   |       |           |              |      |      |    | 28월 8월 2022 - 20 | Evely | n Biehn .   | County Cleri                                     |                 |            |
|   | FEE   | \$65      | .00          |      |      |    |                  | B     | y Daules    | a mule   | nolare          | . <u> </u> |
| : |       |           |              |      |      |    |                  |       |             |  |                 |            |