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20359

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K-42958

PURCHASE OPTION AGREEMENT

(GILCHRIST)

This PURCHASE OPTION AGREEMENT (this "Agreement") is made as of this 4th day of October, 1991 by and between CROWN PACIFIC (OREGON) LIMITED PARTNERSHIP, an Oregon limited partnership ("Crown"), and ERNST BROTHERS CORPORATION, an Oregon corporation ("Ernst").

Recitals:

A. Crown owns the real property located in Klamath County, Oregon, described on the attached Exhibit A (the "Option Property").

B. Crown desires to grant an option to Ernst to purchase the Option Property on the terms and conditions contained in this Agreement, and Ernst desires to accept such grant on these terms and conditions.

Agreements:

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Grant of Option. Crown hereby grants to Ernst the option, exercisable on the terms and conditions contained in this Agreement upon notice to Crown given at any time during the period beginning on January 1, 1992 and ending on the third anniversary of such date, to purchase the Option Property from Crown for consideration in the amount of \$10.00.

2. Conditions to Closing. The obligation of Crown to convey the Option Property to Ernst pursuant to this Agreement shall be subject to the prior or concurrent fulfillment of the following conditions to the reasonable satisfaction of Crown:

a. the acquisition of all approvals required to effect a lot line adjustment with respect to the Option Property in accordance with all applicable laws, regulations, and ordinances, at the cost and expense of Ernst;

b. the acquisition of all approvals relating to use of the Option Property required under applicable laws, regulations, and ordinances with respect to the Option Property, at the cost and expense of Ernst; and

c. the execution and delivery to Crown of a deed in form and substance satisfactory to Crown granting to Crown all rights to harvest timber on the Option Property.

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3. Closing. The closing of the purchase and sale of the Option Property shall occur within 10 days after satisfaction of all of the conditions described in Sections 2(a) and 2(b). At closing, Ernst shall deliver to Crown the consideration described in Section 1, and Crown shall deliver to Ernst a special warranty deed conveying title to the Option Property to Ernst, subject only to encumbrances, conditions, and restrictions of record.

4. Indemnity. Ernst shall indemnify and hold harmless Crown, its successors, and assigns from any and all claims, losses, liabilities, or expenses arising from the ownership or operation of the Option Property after the Closing Date.

5. General Provisions.

5.1 Notices. All notices or communications of any kind which may be required or permitted to be given under the terms of this Agreement shall be in writing and may be served by hand delivery; by delivery to Federal Express (or comparable overnight delivery service maintaining records of receipt), delivery charges prepaid; or by mailing a copy thereof by certified or registered mail, postage prepaid with return receipt requested, in each case, addressed to the parties at their respective addresses set forth below:

If to Crown: c/o Crown Pacific, Ltd.
121 S.W. Morrison
Portland, Oregon 97204
Attn: Roger L. Krage

If to Ernst: Ernst Brothers Corporation
P.O. Box 637
Gilchrist, Oregon 97737

All notices and communications which are served by hand delivery shall be effective upon delivery. All notices and communications which are served by Federal Express shall be effective upon the next following business day. All notices and communications which are served by mail shall be effective at the expiration of the third day after the date of mailing. The addresses to which notices or communications shall be delivered or mailed may be changed from time to time by giving written notice to the other party as provided in this Section 5.1.

5.2 Counterparts; Facsimiles. This Agreement may be executed in counterparts, each of which shall be deemed an original, and the counterparts shall together constitute one and the same agreement. This Agreement may also be executed by the transmission by facsimile of an executed counterpart signature page or pages, and any executed counterpart signature page or pages transmitted in this manner shall be considered valid and enforceable for all purposes.

5.3 Captions. The headings and captions contained in this Agreement are inserted solely for convenience of reference and are not a part of or intended to govern, limit, or aid in the construction of any term or provision.

5.4 Amendment. This Agreement may be modified or amended only upon the execution of a written instrument by both of the parties.

5.5 Severability. If any term or provision of this Agreement or the application thereof to any person or circumstance shall to any extent be invalid or unenforceable, the remainder of this Agreement and the application of such term or provision to persons or circumstances other than those to which it is held invalid or unenforceable shall not be affected thereby, and each term or provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

5.6 Integration. This Agreement, together with the exhibit hereto, contains the entire agreement and understanding of the parties with respect to the subject matter of this Agreement and supersedes all prior and contemporaneous agreements between them with respect to such subject matter.

5.7 Further Instruments. Each of the parties hereto shall execute, acknowledge, and deliver any documents or instruments necessary to carry out the purposes of this Agreement.

5.8 Waiver. No waiver of any provision of this Agreement shall be deemed or shall constitute a waiver of any other provision nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless in writing executed by the party to be bound. No delay or omission in the exercise of any power, remedy, or right under this Agreement by a party shall impair or affect the right of such party thereafter to exercise the same.

5.9 Attorneys' Fees. In the event a suit or action is instituted to enforce or interpret any provision of this Agreement, the prevailing party shall be entitled to recover such amount as the court may adjudge reasonable as attorneys' fees at trial or on any appeal or review, in addition to all other amounts provided by law.

5.10 Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Oregon.

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IN WITNESS WHEREOF, the parties have executed this Purchase Option Agreement as of the date first set forth above.

Crown:

CROWN PACIFIC (OREGON) LIMITED
PARTNERSHIP, an Oregon limited
partnership

By: CROWN PACIFIC, LTD., its
General Partner

By: Roger L. Krage

Roger L. Krage, Secretary

Ernst:

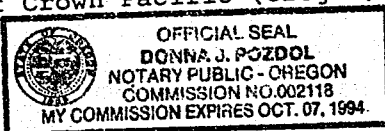
ERNST BROTHERS CORPORATION, an
Oregon corporation

By: Wayne G. Ernst, President

Its: PRESIDENT

STATE OF OREGON)
) ss.
County of Multnomah)

The foregoing instrument was acknowledged before me on this 2nd day of October, 1991 by Roger L. Krage, who is the Secretary of Crown Pacific, Ltd., an Oregon corporation, on behalf of the corporation in its capacity as the General Partner of Crown Pacific (Oregon) Limited Partnership.



Donna J. Pozdol
Notary Public for Oregon
My Commission Expires: 10/07/94

STATE OF OREGON)
) ss.
County of Multnomah)

NOTARY The foregoing instrument was acknowledged before me on this 1st day of October, 1991, by Wayne G. Ernst, who is the President of Ernst Brothers Corporation, an Oregon corporation, on behalf of the corporation.

Ch. B. Caff
Notary Public for Oregon
My Commission Expires: 10/25/91

Exhibit A
(Gilchrist Option)

That certain real property situated in Klamath County,
Oregon, more particularly described as follows:

A strip of land not to exceed 20.00 feet in width lying
directly south of and adjacent to the southerly
boundary, and directly east of and adjacent to the
southerly 1,274.00 feet of the eastern boundary of
Parcel 1 of Partition Plat 52-91, as recorded in the
records of Klamath County. The total length of said
strip shall not exceed 2,283.00 feet.

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STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Klamath County Title Co. the 4th day
of Oct. A.D., 19 91 at 2:47 o'clock P.M., and duly recorded in Vol. M91,
of Deeds on Page 20359.

FEE \$28.00

Evelyn Biehn, County Clerk

By Pauline Muelendy