

TERMINATION OF OPTION AND ABANDONMENT OF LEASE

WHEREAS, John Mills and Lillian Mills, as Landlords entered into an Agricultural Lease with William Gallagher III and Lori Gallagher, dba Gallagher Livestock, Co., as Tenants, on the 26 day of April, 1994; and

WHEREAS, John Mills and Lillian Mills entered into an Option Agreement and Agreement of Purchase and Sale of the real property described on Exhibit "A", attached hereto and by this reference incorporated herein, as Owners and William Gallagher III and Lori Gallagher, dba Gallagher Livestock, Co., entered into said agreement as Optionees, on the 26 day of April, 1994; and


WHEREAS, the parties have agreed to terminate said Agricultural Lease and to terminate and abandon said Option Agreement and Agreement of Purchase and Sale;

NOW, THEREFORE, in consideration of the mutual covenants hereinafter made, the parties agree as follows: William Gallagher III and Lori Gallagher, dba Gallagher Livestock, Co., hereby agree to terminate and abandon all rights, privileges and promises contained in that certain Option Agreement and Agreement of Purchase and Sale dated the 26 day of April, 1994, and reflected in that Memorandum of Option Agreement and Agreement of Purchase and Sale dated the 26 day of April, 1994; and further agree to terminate and abandon any and all right, title and interest to that Agricultural Lease entered into on the 26 day of April, 1994, and agree to hold John Mills and Lillian Mills harmless from any and all obligations, responsibilities contained in said agreements. In return for this Termination of Option and


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Abandonment of Lease, John Mills and Lillian Mills hereby release William Gallagher III and Lori Gallagher, dba Gallagher Livestock, Co., from any and all obligations, promises and agreements contained in said Agricultural Lease and Option Agreement and Agreement of Purchase and Sale hereinabove described. It is further understood and agreed between the parties that no further obligations exist for the payment of monies by one party to the other and the optionees and tenants relinquish any claim for monies heretofore paid by virtue of said agreements.

Possession of the above-described property shall be returned to the Landlords and Owners on or before November 15, 1995.


JOHN MILLS

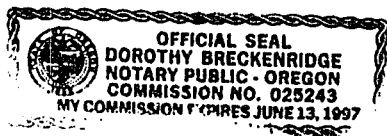

LILLIAN MILLS


WILLIAM GALLAGHER III DBA
GALLAGHER LIVESTOCK, CO.


LORI GALLAGHER DBA GALLAGHER
LIVESTOCK, CO.

STATE OF OREGON)
) ss.
 County of Klamath)

On November 20, 1995, before me, the undersigned Notary Public for the State of Oregon, personally appeared JOHN MILLS and LILLIAN MILLS who are known to me to be the individuals described in the within instrument and who acknowledged the execution of the within instrument to be their voluntary act and deed.



Dorothy Breckenridge
 NOTARY PUBLIC FOR OREGON
 My Commission Expires: 6-13-97

STATE OF OREGON)
) ss.
 County of Klamath)

On January 4, 1996, before me, the undersigned Notary Public for the State of Oregon, personally appeared WILLIAM GALLAGHER III and LORI GALLAGHER who are known to me to be the individuals described in the within instrument and who acknowledged the execution of the within instrument to be their voluntary act and deed.



Marjorie M. Wright
 NOTARY PUBLIC FOR OREGON
 My Commission Expires: 3/26/96

After recording, return to:

JOHN AND LILLIAN MILLS
 P. O. Box 212
 Beatty, OR 97621

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

JOHN AND LILLIAN MILLS
 P. O. Box 212
 Beatty, OR 97621

EXHIBIT "A"

PARCEL 1:

Government Lots 3 and 4, Section 14, Township 36 South, Range 12 East of the Willamette Meridian, Klamath County, Oregon.

PARCEL 2:

The following described property situated in Township 36 South, Range 12 East of the Willamette Meridian, Klamath County, Oregon.

Section 11: Government Lots 3, 4, 5, 6, 11, 12, 13, 14, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31 and 32.

Tax Account No.: 3612 00000 03900
3612 00000 04000
3612 00000 04100
3612 00000 04200
3612 00000 04300

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of John Mills the 8th day
of March A.D., 19 96 at 11:29 o'clock A. M., and duly recorded in Vol. M96
of Deeds on Page 6330

FEE \$45.00

By Bernetha G. Letsch County Clerk
Bernetha G. Letsch