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## TIMBER DEED

KNOW ALL MEN BY THESE PRESENTS, that U.S. Timberlands Klamath Falls, L.L.C., as Grantor, for valuable consideration, does hereby grant, bargain, sell and convey to CROWN PACIFIC LIMITED PARTNERSHIP as Grantee, the timber specified in that certain Timber Sale Agreement between the parties hereto, dated February 10, 1997, and attached hereto as Exhibit "B", that Grantee elects to cut and remove during the period hereinafter provided for the removal thereof, standing, lying and being on that certain real property in Klamath County, Oregon, more particularly described on Exhibit "A" attached hereto and by this reference incorporated herein, except those trees required to be left on the property under the Oregon Forest Practices Act.

TOGETHER WITH the unrestricted access to Grantee over and upon said property, the right to use all existing roads thereon, the right to construct and reconstruct roads on said property for the purposes of its operations at such locations on said property pursuant to Exhibit "B", and all easements and rights of way of available to Grantor for access to and upon said property.

Grantee's right to enter upon said property and remove the timber therefrom shall terminate at midnight, February 10, 2000, at which time title to all timber then standing, lying or being on said property shall automatically revert to and revest in Grantor or Grantor's successors in interest, free and clear of any claim or interest of Grantee therein, or right of Grantee to enter upon said property for the removal thereof, subject, however, to an additional time for the removal of said timber as may reasonably be required if Grantee is delayed in the removal thereof by law, regulations, litigation or the threat thereof, lack of access, acts of God, delay in the issuance of any required permit, or other causes reasonably beyond its control.

The consideration for this conveyance is the sum of \$3,826,000.

TIMBER DEED

John Stephens  
Vice President

AFTER RECORDING RETURN TO:

Crown Pacific Limited Partnership  
805 SW Industrial Way, Suite 4  
Bend, OR 97702

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Grantor covenants and warrants to and with Grantee, its successors and assigns, that Grantor owns said timber free and clear of all liens, claims and encumbrances, that Grantor has the present right to sell and convey the same to the Grantee, together with the right to the use of all easements and rights of way of and available to Grantor to and upon said property, and that Grantor will warrant and defend his title to said timber against the lawful claims and demands of all persons whomsoever.

IN WITNESS WHEREOF, Grantor has executed this conveyance this 11<sup>th</sup> day of February, 1997.

John J. Stephens

STATE OF OREGON       )  
                                  ) ss  
COUNTY OF KLAMATH )

The foregoing instrument was acknowledged before me this 11<sup>th</sup> day of February, 1997 by John J. Stephens, as Vice-President of U.S. TIMBERLANDS KLAMATH FALLS, L.L.C.



Catherine Haga  
NOTARY PUBLIC FOR OREGON  
My commission expires: May 6, 2000



**EXHIBIT A, to Timber Deed**

**Unit 12**      257 +/- Acres

Portions\* of NE 1/4, NE 1/4, Section 36, Township 28 South, Range 7 East  
 NW 1/4, NE 1/4 Section 36, Township 28 South, Range 7 East (ALL)  
 Portions\* of SE 1/4, NE 1/4, Section 36, Township 28 South, Range 7 East  
 Portions\* of SW 1/4, NE 1/4, Section 36, Township 28 South, Range 7 East  
 Portions\* of NE 1/4, SE 1/4, Section 36, Township 28 South, Range 7 East  
 Portions\* of NW 1/4, SE 1/4, Section 36, Township 28 South, Range 7 East  
 Portions\* of SW 1/4, SE 1/4, Section 36, Township 28 South, Range 7 East  
 Portions\* of SE 1/4, SE 1/4, Section 36, Township 28 South, Range 7 East

Portions\* of Lot 1, Section 1, Township 29 South, Range 7 East  
 Portions\* of Lot 2, Section 1, Township 29 South, Range 7 East  
 Portions\* of Lot 3, Section 1, Township 29 South, Range 7 East  
 Portions\* of SE 1/4, NE 1/4, Section 1, Township 29 South, Range 7 East  
 Portions\* of SW 1/4, NE 1/4, Section 1, Township 29 South, Range 7 East

**Unit 13**      268 +/- Acres

NE 1/4, NE 1/4, Section 35, Township 28 South, Range 7 East (ALL)  
 Portions\* of NW 1/4, NE 1/4, Section 35, Township 28 South, Range 7 East  
 Portions\* of SW 1/4, NE 1/4, Section 35, Township 28 South, Range 7 East  
 Portions\* of SE 1/4, NE 1/4, Section 35, Township 28 South, Range 7 East  
 Portions\* of NE 1/4, SE 1/4, Section 35, Township 28 South, Range 7 East  
 Portions\* of NW 1/4, SE 1/4, Section 35, Township 28 South, Range 7 East  
 Portions\* of SW 1/4, SE 1/4, Section 35, Township 28 South, Range 7 East  
 Portions\* of SE 1/4, SW 1/4, Section 35, Township 28 South, Range 7 East  
 Portions\* of SW 1/4, SW 1/4, Section 35, Township 28 South, Range 7 East

Portions\* of Lot 2, Section 2, Township 29 South, Range 7 East  
 Portions\* of Lot 3, Section 2, Township 29 South, Range 7 East  
 Portions\* of Lot 4, Section 2, Township 29 South, Range 7 East  
 Portions\* of SE 1/4, NW 1/4, Section 2, Township 29 South, Range 7 East

**Unit 14**      203 +/- Acres

Portions\* of Lot 4, Section 18, Township 28 South, Range 8 East  
 SE 1/4, SE 1/4, Section 13, Township 28 South, Range 7 East (ALL)  
 Portions\* of SW 1/4, SE 1/4, Section 13, Township 28 South, Range 7 East  
 Portions\* of NE 1/4, NE 1/4, Section 24, Township 28 South, Range 7 East  
 Portions\* of NW 1/4, NE 1/4, Section 24, Township 28 South, Range 7 East

Portions\* of NE 1/4, NW 1/4, Section 24, Township 28 South, Range 7 East  
 Portions\* of SW 1/4, NE 1/4, Section 24, Township 28 South, Range 7 East  
 Portions\* of SE 1/4, NE 1/4, Section 24, Township 28 South, Range 7 East

Unit 20 274+/- Acres

Portions\* of NE 1/4, NE 1/4, Section 32, Township 27 South, Range 8 East  
 NW 1/4, NE 1/4, Section 32, Township 27 South, Range 8 East (ALL)  
 SW 1/4, NE 1/4, Section 32, Township 27 South, Range 8 East (ALL)  
 Portions\* of SE 1/4, NE 1/4, Section 32, Township 27 South, Range 8 East  
 Portions\* of NE 1/4, SW 1/4, Section 32, Township 27 South, Range 8 East  
 Portions\* of NW 1/4, SW 1/4, Section 32, Township 27 South, Range 8 East  
 Portions\* of SW 1/4, SW 1/4, Section 32, Township 27 South, Range 8 East  
 Portions\* of SE 1/4, SW 1/4, Section 32, Township 27 South, Range 8 East  
 Portions\* of NE 1/4, SE 1/4, Section 32, Township 27 South, Range 8 East  
 Portions\* of NW 1/4, SE 1/4, Section 32, Township 27 South, Range 8 East  
 Portions\* of SW 1/4, SE 1/4, Section 32, Township 27 South, Range 8 East

Unit 23 399 +/- Acres

Portions\* of SW 1/4, NE 1/4, Section 22, Township 28 South, Range 8 East  
 Portions\* of SE 1/4, NE 1/4, Section 22, Township 28 South, Range 8 East  
 Portions\* of SW 1/4, NW 1/4, Section 22, Township 28 South, Range 8 East  
 Portions\* of SE 1/4, NW 1/4, Section 22, Township 28 South, Range 8 East  
 Portions\* of NE 1/4, SE 1/4, Section 22, Township 28 South, Range 8 East  
 NW 1/4, SE 1/4, Section 22, Township 28 South, Range 8 East (ALL)  
 SW 1/4, SE 1/4, Section 22, Township 28 South, Range 8 East (ALL)  
 Portions\* of SE 1/4, SE 1/4, Section 22, Township 28 South, Range 8 East  
 Portions\* of NE 1/4, SW 1/4, Section 22, Township 28 South, Range 8 East  
 Portions\* of NW 1/4, SW 1/4, Section 22, Township 28 South, Range 8 East  
 Portions\* of SW 1/4, SW 1/4, Section 22, Township 28 South, Range 8 East  
 SE 1/4, SW 1/4, Section 22, Township 28 South, Range 8 East (ALL)

Portions\* of SE 1/4, NE 1/4, Section 21, Township 28 South, Range 8 East  
 Portions\* of NE 1/4, SE 1/4, Section 21, Township 28 South, Range 8 East  
 Portions\* of SE 1/4, SE 1/4, Section 21, Township 28 South, Range 8 East  
 Portions\* of SW 1/4, SE 1/4, Section 21, Township 28 South, Range 8 East

Portions\* of NE 1/4, NE 1/4, Section 28, Township 28 South, Range 8 East  
 Portions\* of NW 1/4, NE 1/4, Section 28, Township 28 South, Range 8 East  
 Portions\* of SW 1/4, NE 1/4, Section 28, Township 28 South, Range 8 East  
 Portions\* of SE 1/4, NE 1/4, Section 28, Township 28 South, Range 8 East  
 Portions\* of NW 1/4, SE 1/4, Section 28, Township 28 South, Range 8 East



Portions\* of NE 1/4, NE 1/4, Section 27, Township 28 South, Range 8 East  
 Portions\* of NE 1/4, NW 1/4, Section 27, Township 28 South, Range 8 East  
 Portions\* of NW 1/4, NE 1/4, Section 27, Township 28 South, Range 8 East  
 Portions\* of NW 1/4, NW 1/4, Section 27, Township 28 South, Range 8 East  
 Portions\* of SW 1/4, NW 1/4, Section 27, Township 28 South, Range 8 East

**Unit 29** 289 +/- Acres

Portions\* of SW 1/4, NE 1/4, Section 34, Township 28 South, Range 8 East  
 Portions\* of SE 1/4, NW 1/4, Section 34, Township 28 South, Range 8 East  
 Portions\* of NE 1/4, SW 1/4, Section 34, Township 28 South, Range 8 East  
 Portions\* of NE 1/4, SE 1/4, Section 34, Township 28 South, Range 8 East  
 Portions\* of SE 1/4, SW 1/4, Section 34, Township 28 South, Range 8 East  
 Portions\* of NW 1/4, SE 1/4, Section 34, Township 28 South, Range 8 East  
 Portions\* of SW 1/4, SE 1/4, Section 34, Township 28 South, Range 8 East  
 Portions\* of SE 1/4, SE 1/4, Section 34, Township 28 South, Range 8 East

Portions\* of Lot 1, Section 3, Township 29 South, Range 8 East  
 Portions\* of Lot 2, Section 3, Township 29 South, Range 8 East  
 Portions\* of SW 1/4, NE 1/4, Section 3, Township 29 South, Range 8 East  
 Portions\* of SE 1/4, NE 1/4, Section 3, Township 29 South, Range 8 East  
 Lot 3, Section 3, Township 29 South, Range 8 East (ALL)  
 Portions\* of Lot 4, Section 3, Township 29 South, Range 8 East  
 Portions\* of SW 1/4, NW 1/4, Section 3, Township 29 South, Range 8 East  
 Portions\* of SE 1/4, NW 1/4, Section 3, Township 29 South, Range 8 East  
 Portions\* of NW 1/4, SW 1/4, Section 3, Township 29 South, Range 8 East

**Unit 30** 1,012 +/- Acres

Portions\* of NE 1/4, SE 1/4, Section 26, Township 28 South, Range 8 East  
 Portions\* of NW 1/4, SE 1/4, Section 26, Township 28 South, Range 8 East  
 SW 1/4, SE 1/4, Section 26, Township 28 South, Range 8 East (ALL)  
 SE 1/4, SE 1/4, Section 26, Township 28 South, Range 8 East (ALL)  
 Portions\* of NE 1/4, SW 1/4, Section 26, Township 28 South, Range 8 East  
 Portions\* of SE 1/4, SW 1/4, Section 26, Township 28 South, Range 8 East

Portions\* of NE 1/4, NE 1/4, Section 35, Township 28 South, Range 8 East  
 Portions\* of NW 1/4, NE 1/4, Section 35, Township 28 South, Range 8 East  
 SE 1/4, NE 1/4, Section 35, Township 28 South, Range 8 East (ALL)  
 Portions\* of SW 1/4, NE 1/4, Section 35, Township 28 South, Range 8 East  
 NE 1/4, SE 1/4, Section 35, Township 28 South, Range 8 East (ALL)  
 NW 1/4, SE 1/4, Section 35, Township 28 South, Range 8 East (ALL)  
 SW 1/4, SE 1/4, Section 35, Township 28 South, Range 8 East (ALL)

SE 1/4, SE 1/4, Section 35, Township 28 South, Range 8 East (ALL)  
 Portions\* of SE 1/4, NW 1/4, Section 35, Township 28 South, Range 8 East  
 Portions\* of NE 1/4, SW 1/4, Section 35, Township 28 South, Range 8 East  
 Portions\* of SE 1/4, SW 1/4, Section 35, Township 28 South, Range 8 East

Portions\* of SE 1/4, NE 1/4, Section 36, Township 28 South, Range 8 East  
 Portions\* of SW 1/4, NW 1/4, Section 36, Township 28 South, Range 8 East  
 Portions\* of SE 1/4, NW 1/4, Section 36, Township 28 South, Range 8 East  
 Portions\* of SW 1/4, NE 1/4, Section 36, Township 28 South, Range 8 East  
 Portions\* of NE 1/4, SE 1/4, Section 36, Township 28 South, Range 8 East  
 Portions\* of NW 1/4, SE 1/4, Section 36, Township 28 South, Range 8 East  
 Portions\* of SW 1/4, SE 1/4, Section 36, Township 28 South, Range 8 East  
 Portions\* of SE 1/4, SE 1/4, Section 36, Township 28 South, Range 8 East  
 Portions\* of NE 1/4, SW 1/4, Section 36, Township 28 South, Range 8 East  
 NW 1/4, SW 1/4, Section 36, Township 28 South, Range 8 East (ALL)  
 SW 1/4, SW 1/4, Section 36, Township 28 South, Range 8 East (ALL)  
 Portions\* of SE 1/4, SW 1/4, Section 36, Township 28 South, Range 8 East

Portions\* of Lot 1, Section 1, Township 29 South, Range 8 East  
 Portions\* of Lot 3, Section 1, Township 29 South, Range 8 East  
 Portions\* of Lot 4, Section 1, Township 29 South, Range 8 East

Portions\* of Lot 1, Section 2, Township 29 South, Range 8 East  
 Portions\* of Lot 2, Section 2, Township 29 South, Range 8 East  
 Portions\* of Lot 3, Section 2, Township 29 South, Range 8 East  
 Portions\* of Lot 4, Section 2, Township 29 South, Range 8 East  
 Portions\* of SE 1/4, NW 1/4, Section 2, Township 29 South, Range 8 East  
 Portions\* of SW 1/4, NW 1/4, Section 2, Township 29 South, Range 8 East  
 Portions\* of NW 1/4, SW 1/4, Section 2, Township 29 South, Range 8 East

Portions\* of Lot 1, Section 3, Township 29 South, Range 8 East  
 Portions\* of SE 1/4, NE 1/4, Section 3, Township 29 South, Range 8 East  
 Portions\* of NE 1/4, SE 1/4, Section 3, Township 29 South, Range 8 East

\*As identified on Exhibit 1 to Chemult Timber Sale Agreement and marked on location.



**EXHIBIT B, to Timber Deed  
U.S. TIMBERLANDS KLAMATH FALLS, L.L.C.  
TIMBER SALE AGREEMENT for Chemult Timber Sale**

**DATE:**

**SELLER:**

**U.S. TIMBERLANDS KLAMATH FALLS, L.L.C.**  
a Limited Liability Company  
6400 Highway 66, P.O. Box 10  
Klamath Falls, Oregon 97601

**BUYER:**

**CROWN PACIFIC Limited Partnership**  
A Delaware Limited Partnership  
805 SW Industrial Way, Suite 4  
Bend, OR 97702

**Definitions.** For the purpose of this document, the attached subject Timber Deed, and Exhibits:

"Buyer" shall include "Grantee" under the Timber Deed, all Buyer's and said Grantee's agents, servants, employees, contractors, subcontractors, successors and assigns.

"Seller" shall include "Grantor" under the Timber Deed; "U.S. Timberlands" includes U.S. Timberlands Klamath Falls, L.L.C. as landowner and U.S. Timberlands Services Company, L.L.C. as the service agent for the landowner, all Seller's and said Grantor's agents, servants, employees, contractors, subcontractors, successors and assigns.

"Contract Area" are the areas marked and prescribed for cutting, which contain the Timber sold to Buyer herein.

"Harvest Prescription" means Seller's designation of Minimum Merchantable Standard for trees within a Unit which must be harvested to generate the guaranteed volume of Covered Products to Buyer, and by exclusion defines trees, species or areas which must not be harvested.

"Minimum Merchantable Standard" is defined by Harvest Plan and Harvest Prescription (Exhibit 1) for each Unit, by DBH; and if not otherwise defined for Clear Cut Units means all trees capable of producing a log 16' to a 6" top.

"W.H.A." means Wildlife Habitat Areas in which no cutting is prescribed.

The parties do hereby covenant and agree as follows:

**1. TIMBER TO BE CUT AND REMOVED**

1.1 U.S. Timberlands Klamath Falls, L.L.C., hereinafter U.S. Timberlands, does hereby agree to sell unto Buyer subject to the terms, covenants and conditions hereof, and the Buyer does hereby agree to purchase and pay at the prices and upon the terms and conditions herein contained, all "Covered Products" (defined in Section 1.3 below) which are located upon the Contract Area described on Exhibit "A" to the Timber Deed, and depicted on Exhibit "1", attached hereto.

1.2 The boundaries of the Contract Area units have been marked by U.S. Timberlands with the following identifiers:

Yellow Ribbon:	Clear Cut area
Pink Ribbon:	Harvest Boundary
Blue Ribbon:	No Cut

The Contract Area is approximately 2,700 acres in Klamath County, Townships 27, 28 & 29 Ranges 7 & 8, approximately 7 miles south of the town of Chemult, shown on the maps marked Exhibit "1" attached hereto and by this reference incorporated herein.

1.3 Covered Products shall consist of: Lodgepole Pine, Ponderosa/Sugar Pine, merchantable, as defined by the "Current Official Bureau Rules" of The Log Scaling and Grading Bureaus ("the Official Rules"), and as limited by Harvest Plans and Harvest Prescriptions at Exhibit 1. Non-merchantable material (i.e. pulp logs and wood chips) is not included as Covered Products. Non-merchantable material shall be separately sold at current negotiated price.

1.4 Seller guarantees the volume herein sold to Buyer, provided Buyer complies with applicable Harvest Prescriptions. The guaranteed volume of Covered Products hereunder is 11,045 MBF. Buyers acknowledge it has completely inspected the Contract Area and Harvest Prescriptions and is satisfied as to its boundaries, species mix and quality of the Covered Products located thereon.

1.5 Buyer's purchase of the Covered Products shall be, except as to volume guaranteed at section 1.4, supra, "AS IS" WITHOUT REPRESENTATIONS OR WARRANTIES OF ANY KIND OR NATURE, INCLUDING WITHOUT ANY WARRANTY OF MERCHANTABILITY OR WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE.

1.6 Buyer shall have three (3) years from the date of this agreement in which to complete removal of timber from the Contract Area.

## 2. PRICES

2.1 Buyer agrees to pay U.S. Timberlands the sum of Three Million Eight Hundred Twenty-Six Thousand, \$3,826,000, (hereinafter called "Purchase Price") in the following manner:



Initial payment due at the time Buyer executes and delivers this contract to U.S. Timberlands.

\$1,275,333  
(1/3 of Purchase Price)

Second payment due upon removal of 1/3 of the volume, or March 31, 1998, whichever occurs first.

\$1,275,333  
(1/3 of Purchase Price)

Final payment due upon removal of 2/3 of volume, or March 31, 1999, whichever occurs first.

\$1,275,334  
(1/3 of Purchase Price)

Payments shall be made to U.S. Timberland's office, P.O. Box 10, Klamath Falls, Oregon 97601, no later than ten (10) days from above due dates.

### 3. LOG ACCOUNTABILITY AND UTILIZATION STANDARDS

3.1 Buyer shall remove all Covered Products by the scheduled expiration date of this Contract or the expiration of any extension granted by U.S. Timberlands.

3.2 In addition to Scaling and Log Receipts requirements of Section 9 herein, Buyer shall report the total gross and net volume by species recovered from the Contract Area to U.S. Timberlands within 15 days of the completion of removal operations.

### 4. LOGGING METHOD

4.1 Buyer agrees to conduct its cutting, logging and construction operations in a diligent and workmanlike manner in accordance with the highest standards and practices recognized in the industry. Buyer shall achieve the recovery of the greatest utilization of merchantable log grades possible under the Official Rules. Buyer agrees to promptly report in writing to U.S. Timberlands all violations of laws, regulations or permits of which Buyer has or should have knowledge. A copy of all citations or other written documents received from any agency shall accompany the notice of violation.

4.2 If a contractor is employed, Buyer shall remain fully responsible to U.S. Timberlands for all logging obligations set forth in this Agreement. U.S. Timberlands representatives shall at all times be allowed access to the operations of Buyer, and shall be furnished such information as may be required for a complete and detailed inspection.

4.3 In conducting its logging operations hereunder, Buyer or its contractor shall:

4.3.1 Submit in writing a Logging Plan acceptable to U.S. Timberlands, which shall provide, among other things, the following: (a) Road development and landing locations; (b) Method of yarding; (c) Names and addresses of any sub-contractors, including timber cutting contractors; (d) Directional falling plan where necessary to protect residual trees in partial cut areas; (e) Estimated date cutting will commence; (f) Estimated date logging operation will commence; (g) Procedures for prescription cut areas; (h) Require stumps to be cut to lowest feasible height; (i) Establish compliance with U.S. Timberlands fire prevention and suppression procedures, equipment and personnel.

4.3.2 Attend a prework conference with U.S. Timberlands' authorized representative. (No cutting of Covered Products will occur prior to U.S. Timberlands' approval of the Logging Plan, provided U.S. Timberlands is presumed to have approved the Logging Plan if U.S. Timberlands fails to respond within 15 days subsequent to submission of the plans.)

4.3.3 Obtain Notification of Operation and Permit to operate power driven machinery from the Oregon Department of Forestry, as required by the Oregon Forest Practices Act.

4.3.4 Legibly brand all logs with an Oregon registered branding hammer before removal of Covered Products from Contract Area.

4.3.5 Pile slash and logging debris on landings in a relatively dirt-free accumulation as instructed by U.S. Timberlands' representative to assist in accomplishing debris disposal.

4.3.6 Upon completion of the requirements of this Agreement, promptly remove from the Contract Area and other property owned or controlled by U.S. Timberlands, all equipment, materials and other property that is not to become the property of U.S. Timberlands. It is further agreed that any such equipment, materials and other property that is not removed within 90 days after the date this Agreement terminates shall, at the election of U.S. Timberlands, be removed from the Contract Area at Buyer's expense and become the property of U.S. Timberlands and may be used or disposed of by U.S. Timberlands without obligation to Buyer or to any party to whom Buyer may transfer title. Nothing in this Section shall be construed as relieving Buyer from any obligation to clean-up, burn, remove, or dispose of debris in accordance with other provisions of this Agreement or applicable law.

4.4 Buyer shall take all practicable precautions to prevent damage to the soil, stream banks, and any stream course, lake or reservoir (collectively "waterbodies") on or near the Contract Area and to that end shall:

4.4.1 Avoid servicing and repair of equipment or storage of fuel and oil near waterbodies, prevent waste oil or other contaminants from entering waterbodies, clean up landings and areas where equipment has been serviced or repaired, and remove from U.S.



Timberlands' property all litter, trash, oil cans, fuel containers, waste oil, and other refuse resulting from operations on the Contract Area.

4.4.2 Provide and maintain a drainage system for each landing, skid road, fire trail, tractor trail, and secondary road by use of cross-drainage ditches, water bars or other means, in order to control dispersal of surface water to prevent muddy water from entering waterbodies. Such work shall be done in accordance with instructions from U.S. Timberlands prior to the heavy runoff season during the year and upon completion of use by Buyer.

4.4.3 Discontinue specified operations under this Agreement upon notice from U.S. Timberlands that due to weather conditions such operations may cause excessive damage to the roads, soil or watershed, or due to violations of prescriptions, logging plans, or Oregon Forest Practices Act.

## 5. TAXES

It is agreed that the Buyer shall be responsible for reporting and paying when due all taxes, harvest, privilege and severance, arising out of the severance of the Covered Products. Buyer shall provide U.S. Timberlands with copies of tax report filings and payments when made. Buyer shall indemnify and hold harmless U.S. Timberlands from and against said taxes.

## 6. REFORESTATION

U.S. Timberlands will reforest the Contract Area in accordance with Oregon law.

## 7. DURATION OF CONTRACT

7.1 Buyer shall have until 02/10/2000 ("the Termination Date") to enter upon the Contract Area for cutting and removing Covered Products. In the event the Buyer does not remove all Covered Products from the Contract Area for any reason prior to the Termination Date, the interest of Buyer in the remaining Covered Products shall revert to, revert in and thereafter be the absolute property of U.S. Timberlands without compensation to the Buyer and the Buyer shall have no further right, title or interest therein. U.S. Timberlands may treat such non-performance as a breach of contract.

## 8. TITLE PASSAGE AND RISK OF LOSS

8.1 Title to Covered Products shall pass to Buyer upon execution of the Timber Sale Agreement and Delivery of the Timber Deed.

8.2 This Agreement shall constitute a security agreement under the Oregon Uniform Commercial Code. To secure sums payable from Buyer to U.S. Timberlands hereunder, plus

interest thereon, and the performance of Buyer's other obligations hereunder, Buyer hereby grants U.S. Timberlands a security interest (and purchase money security interest) in the standing timber and Covered Products which are the subject of this Agreement and their products and proceeds. If U.S. Timberlands requests, Buyer agrees to execute financing statements, "effective financing statements," and other documents including Trust Deed which U.S. Timberlands shall request for the purpose of perfecting a first security interest in the standing timber and Covered Products. Buyer hereby appoints U.S. Timberlands as its attorney-in-fact for the purpose of executing all documents referred to in this paragraph. U.S. Timberlands shall have the right to file a photocopy of this Agreement as a financing statement in central filing and county records. Nothing contained in this Agreement shall be construed as a waiver of any lien to secure payment due hereunder, now or hereafter provided by law. All proceeds from the collateral shall be held in trust by Buyer, for the benefit of U.S. Timberlands, until paid to U.S. Timberlands. All Covered Products which are located on the Contract Area shall be deemed in the possession of U.S. Timberlands, as secured party.

8.3 Notwithstanding the time of passage of title, Buyer shall bear the entire risk of loss or damage to the standing timber and Covered Products from the time of the signing of this Agreement. In the event any standing timber or Covered Products are destroyed or damaged by disease, wind storm, fire, act of God, or any means whatsoever other than any act of U.S. Timberlands, or stolen after the signing of this Agreement, whether the cause is foreseeable or unforeseeable, the standing timber or Covered Products shall be paid for by the Buyer. In the event the value of any loss to standing timber or Covered Products cannot be determined and agreed upon by legal representatives of the parties, then the value shall be determined by arbitration.

## 9. SCALING AND LOG LOAD RECEIPTS

9.1 U.S. Timberlands shall be furnished a copy of all load weight tickets (for chipped product), and summary sheets or bureau certificates on a bi-monthly basis. Buyer shall arrange for the bureau to provide U.S. Timberlands scale data via electronic transfer. The volumes so removed, including load weights shall be used to determine pay due dates and guaranteed volumes as herein provided.

## 10. ROAD FEES AND ACCESS

10.1 Buyer shall be entitled to the non-exclusive use of access roads over which U.S. Timberlands has control or an agreement permitting use to transport Covered Products from the Contract Area to public roads. These roads are specified on Exhibit 2 hereto.

10.2 Buyer may use all existing roads on the Contract Area. It is anticipated no new roads will be necessary, but Buyer may construct and use additional roads **ONLY WITH EXPRESS WRITTEN CONSENT OF US TIMBERLANDS** and then only to the extent reasonably necessary for removal of Covered Products at locations and to specifications approved



in writing by U.S. Timberlands' representative prior to construction.

10.3 U.S. Timberlands reserves the right for itself and others claiming under U.S. Timberlands to use any roads on the Contract Area at any time for any purpose so long as such crossing and use does not unreasonably interfere with Buyer's logging operations. Buyer must maintain these roads free of obstructions and in a passable condition at all times. The Buyer, in using, improving or constructing such roads, shall at no time have or acquire an interest in the land other than the right of access.

## **11. ROAD CONSTRUCTION AND MAINTENANCE**

11.1 In construction, maintenance, and use of truck roads and tractor trails, and in all other phases of the logging operation, all practicable precautions shall be taken by Buyer to minimize damage to the soil and to prevent the creation of conditions conducive to soil erosion. Construction and maintenance activities shall not interfere with the natural flow of streams.

11.2 Measures shall be taken to prevent the gulying of roads and to repair such damage if it occurs. At the conclusion of use of any part of any road, bridges and ditches shall be left, at Buyer's expense, in a condition approved by U.S. Timberlands.

11.3 All roads used by the Buyer on lands owned by U.S. Timberlands, whether pre-existing or constructed by Buyer, shall be maintained by Buyer in a condition acceptable to U.S. Timberlands.

11.4 Buyer will be responsible for road maintenance, on a pro-rata share based on respective use, on roads used by Buyer which are specified by U.S. Timberlands. U.S. Timberlands reserves the right to determine whether the maintenance of such roads shall be performed by Buyer or by a third party or parties. If performed by a third party or parties, Buyer shall pay its pro-rata share promptly upon being notified thereof by U.S. Timberlands. Such pro-rata share shall be determined by the proportionate volume of forest products hauled over the road and the miles of road used by the respective users. Maintenance will include, without limitation, removal of bank slides and debris, grading the road surface with a motor patrol grader, cleaning and pulling the ditches and the clean-out of culverts and catchbasins. Dirt/cinder roads will require dust abatement by watering the road surface during periods of dry weather, as directed by U.S. Timberlands.

## **12. FIRE PREVENTION AND SUPPRESSION AND SLASH DISPOSAL**

12.1 It is recognized that the activities of Buyer under this Agreement may cause extraordinary fire risk on the Contract Area; therefore, Buyer agrees to use the highest degree of care to prevent forest fires from starting on or spreading to or from the Contract Area or other lands; Buyer shall require its employees and contractors to do likewise and comply with all

applicable state fire requirements and the approved fire prevention and suppression plan.

12.2 U.S. Timberlands may, at any time during this Agreement, require Buyer to conform to U.S. Timberlands' Fire Plan for the Contract Area. The Plan shall set forth the measures to be taken by Buyer and its contractors, for the prevention and suppression of fire on the Contract Area. The Plan may be revised from time to time as U.S. Timberlands may reasonably determine to meet conditions.

12.3 Should a fire occur on or spread to any part of the Contract Area, Buyer shall immediately use all reasonable and practical means to suppress and extinguish the fire, and protect all standing and down timber on the Contract Area. Buyer shall require the employees and contractors of Buyer to do likewise. In no event shall the requirements of this section be construed as relieving Buyer of the duty and responsibility under Oregon law to fight, control and suppress fire on forest land; it is understood that the provisions of this section are in addition to any duty and responsibility required by law. Responsibility of Buyer to prevent and suppress fires occurring upon the Contract Area shall exist regardless of the responsibility of any political body, fire protection organization or agency or any fire fighting effort which they may be expended.

12.4 U.S. Timberlands may require Buyer to furnish fire tools and a fire truck on the Contract Area during the periods before and after the State Fire Season is in effect if in U.S. Timberlands' judgment weather conditions warrant such.

12.5 Buyer shall strictly conform to all Federal, State and local laws and regulations relating to the prevention and suppression of fire.

12.6 In the event of fire on any part of the Contract Area, Buyer agrees to salvage the merchantable timber remaining as may be requested by U.S. Timberlands, whether or not such timber shall have been damaged by fire.

12.7 Buyer agrees promptly to report by telephone, radio or other expeditious means to fire control agencies and U.S. Timberlands' representative, all fires occurring on or threatening to spread onto the said Contract Area.

12.8 Buyer further covenants and agrees during State Fire Season, and any hazardous fire weather at other times, to furnish and maintain on each contract site the tanker equipment and watchman personnel required by U.S. Timberlands as set forth in Buyer's approved logging plan.

12.9 Notwithstanding the expiration or earlier termination of this Agreement, this Agreement shall survive and continue to govern all costs, expenses, liability or claim of liability arising out of or on account of any fire or the protection against fire originating on or spreading to or from any part of the Contract Area, provided that the fire started during the general time period Buyer was conducting operations under this Agreement.



### 13. ENVIRONMENTAL LAWS

13.1 Definitions. The following words and phrases shall have the meanings set forth below:

13.1.1 "Environmental Claim" means any and all administrative, regulatory or judicial actions, suits, demands, demand letters, claims, liens, notices of noncompliance or violation, investigations or proceedings arising under any Environmental Law or arising under any permit issued under any Environmental Law, including without limitation (i) any and all claims made by governmental authorities for enforcement, cleanup, attorneys' fees, response costs, removal, remedial or corrective actions, damages, fines or penalties pursuant to any applicable Environmental Law, including claims resulting in any judicial or administrative order, consent decree or judgment; and (ii) any and all claims by any Third Party seeking damages, lawyers' fees, contribution, indemnification, cost recover, compensation or injunctive relief under any Environmental Law or for any alleged injury or threat of injury to the Environment, safety or health.

13.1.2 "Environmental Law" means any applicable statute, law, rule, regulation, ordinance or code relating to the protection of the environment, sensitive, threatened and endangered species, public safety or health, forest practices or the regulation of hazardous materials. Such term shall also include any new Environmental Laws or amendments to pre-existing Environmental Laws, becoming effective after the commencement of this Agreement.

13.1.3 "Environment" means the surface water (including stream courses, lakes and reservoirs), ground water, drinking water supply, land surface (including stream banks) or subsurface strata and air.

13.2 Buyer's Notice of Environmental Claims. If any Environmental Claims arise against Buyer, U.S. Timberlands or any real property (the "Premises") which is the subject of or effected by this Agreement as a result of Buyer's violation of any Environmental Law relating to Buyer's activities or Buyer's contamination of the Premises by a hazardous substance or material then Buyer shall notify U.S. Timberlands by telephone within 24 hours and in writing within two (2) days after Buyer first receives notice of such Environmental Claims and shall provide U.S. Timberlands with a copy of each document reflecting such event.

13.3 Buyer's Agreement to Comply with Environmental Laws. As set forth above, Buyer agrees that, during the term of this Agreement and extensions thereof, it will take all steps necessary to comply with all applicable Environmental Laws. When permits, licenses or generator or transporter identification numbers are required by an Environmental Law, Buyer shall provide U.S. Timberlands a copy of such permit, license, or generator or transporter identification number within seven (7) days of receipt by Buyer.

13.4 Storage, Use, Handling and Disposal of Hazardous Wastes.

13.4.1 Buyer agrees that at all times it shall store, release and use

hazardous or toxic substances only in accordance with the Environmental Laws and only in or on areas having impermeable surfaces and/or other means for preventing accidental contact by such substances with the soils upon the property or its surrounding area.

13.4.2 In the event Buyer has occasion or need to dispose of hazardous or toxic substances or wastes, and unless otherwise agreed in writing, Buyer shall retain an independent hazardous waste disposal firm to dispose of any and all such substances at an off-site facility which has been properly approved, licensed and authorized to accept such substances. Buyer shall ensure that the disposal firm is properly licensed and in good standing with the applicable regulatory authorities for such work, and that it has all required transporter identification numbers.

13.5 Spill or Release of Hazardous Materials.

13.5.1 In the event of a spill or release of oil or hazardous materials, the Buyer shall promptly comply with all federal, state and local spill notification and response requirements, including, but not limited to, all federal and state health and safety requirements. The Buyer shall at a minimum: (1) prevent further spilling or release; (2) take appropriate corrective actions to mitigate the spill; (3) notify U.S. Timberlands.

13.5.2 When notification of spills or releases into the Environment are required by the applicable Environmental Laws, Buyer shall notify U.S. Timberlands within twenty-four (24) hours of the time required for notification in the applicable Environmental Law and shall provide U.S. Timberlands with copies of all correspondence and documents related to such spills or releases within two (2) days after receipt or creation, as the case may be.

13.6 Threatened or endangered species of Wildlife. U.S. Timberlands has determined there are no threatened or endangered species of Wildlife on the Contract Area. During course of operations, U.S. Timberlands shall be notified in the event any threatened or endangered species of wildlife are identified by Buyer on the premises.

13.7 Copies of Environmental Correspondence. Buyer agrees to provide U.S. Timberlands with copies of all correspondence to or from any government agency which may have contact with Buyer regarding Environmental Law concerns pertaining to the Buyer's operations hereunder.

14. **NO REPRESENTATIONS BY U.S. TIMBERLANDS**

14.1 Buyer assumes all risk of personal injury and property damage to itself, its employees, agents, and contractors in connection with operations under this Agreement. Other than guaranteed volume at Section 1.4, U.S. Timberlands has made no representations or warranties as to the present or future condition of the land or timber upon which this Agreement will be performed, the quality of timber to be logged, the condition of the access roads, soils or



rock, or the costs involved in harvesting and removing the Covered Products.

14.2 U.S. Timberlands does not warrant the presence or absence of any threatened or endangered species that may effect the operability of this timber sale. Buyer waives any claim against U.S. Timberlands regarding, and shall assume all risks with respect to any portion of the Contract Area or other property in the vicinity of the Contract Area being habitat for the spotted owl or marbled murrelet or other sensitive, threatened or endangered species under the federal and/or state of Oregon Endangered Species Acts, or otherwise being an environmentally or culturally important, sensitive or regulated area.

## 15. INSURANCE

Before commencing any activities under this Agreement, Buyers shall, at its own cost and expense, secure a policy or policies of insurance, and, during the term of this Agreement, maintain such insurance, in a form, and with companies acceptable to U.S. Timberlands, insuring against liability growing out of the Buyer's operations, or the operations of its employees, agents, contractors, or other persons acting for or on behalf of the Buyer, including the following:

15.1 Comprehensive general liability insurance (with no exclusions) with a combined single limit of not less than Two Million Dollars (\$2,000,000) per occurrence and One Million Dollars (\$1,000,000) aggregate for bodily injury and property damage, including coverage for: operations and completed operations; independent contractors; blanket contractual liability (including liability assumed under the indemnification paragraph of this Agreement); explosion; collapse; and underground damage if blasting or excavation is to be done; and automobile liability insurance covering owned, hired and non-owned vehicles (including the "pollution from autos endorsement"). Property damage coverage shall include the Logger's Broad Form B Property Damage Endorsement insuring Buyer's legal liability. The policies shall by endorsement name U.S. Timberlands as an additional insured with respect to the performance of this Agreement. The Aggregate limit shall be specific to this Agreement. The coverages shall be primary, exclusive of any coverage carried by U.S. Timberlands, and shall be exhausted first notwithstanding that U.S. Timberlands may have other valid and collectible insurance covering the same risk. Nothing herein contained shall limit the Buyer's liability to U.S. Timberlands to the scope or the amount of the insurance coverage.

15.2 State or private industrial accident insurance covering Buyer and all its employees which shall fully comply with State and Federal Employment and Workers' Compensation laws.

15.3 Employer's liability insurance covering Buyer and all of its employees having limits of One Million Dollars (\$1,000,000).

Prior to commencing performance of this Agreement, the Buyer shall deliver to U.S. Timberlands certificates from Buyer's insurance carrier evidencing the coverages described herein, and shall provide such further evidence to U.S. Timberlands which shall establish that the

industrial insurance required herein has been secured. All certificates of insurance shall provide on their face that the policies represented thereby will not be terminated, reduced or changed without providing thirty (30) days prior written notice to U.S. Timberlands.

**16. LIENS**

Until Buyer has paid for the Covered Products as herein provided, and Title has passed to Buyer, Buyer shall not create, suffer nor permit to be filed or enforced against the Covered Products or the Contract Area, or any part thereof, any lien or encumbrance, including without limitation, any statutory or common law lien, and any lien arising from the harvesting or any timber. Buyer agrees to indemnify and to hold U.S. Timberlands, the Covered Products, and the Contract Area harmless from all liability for any and all such liens and any related claims and costs, together with reasonable attorneys' fees and all costs and expenses paid or incurred by U.S. Timberlands in connection therewith.

**17. TRESPASS**

Special care shall be taken by Buyer to protect and avoid felling or damaging any tree not designated for cutting or any tree outside Contract Area boundaries unless specific written approval of U.S. Timberlands has first been obtained. In addition to other remedies which U.S. Timberlands may have under Oregon law, Buyer shall indemnify and hold U.S. Timberlands harmless if Buyer, its contractors, or employees, cut, injure or remove any tree which is not to be harvested under this Agreement.

**18. INDEMNITY**

18.1 Buyer shall defend, indemnify and hold U.S. Timberlands and its affiliated companies and their officers, insurers, agents and employees harmless from all expenses, fines, liens, claims, demands, penalties, damages, and liabilities (including attorneys' fees at trial, and on appeal or review) which arise in connection with the performance of this Agreement, except to the extent caused by the sole negligence of U.S. Timberlands. Buyer's obligations under this Section include, without limitation, claims of all employees, licensees, invitees, agents, and contractors; claims for injuries to persons or property, including property of the public (such as air, water, fish and wildlife), including land and timber, and other property, owned by U.S. Timberlands; and claims for trespass, nuisance, all federal, state and local taxes, workers' compensation insurance and assessments, assessments and penalties for environmental damages and fire suppression costs. Buyer shall indemnify and hold harmless U.S. Timberlands from the consequences of all activities of its agents, contractors and assigns. Buyer shall, at Buyer's own cost and expense, defend any and all actions, suits or other legal proceedings that may be brought or instituted against U.S. Timberlands on any such claims and shall pay or satisfy any judgment, decree or settlement arising therefrom.


18.2 Buyer agrees to defend against all claims, losses, costs, damages, expenses or




liabilities (including without limitation reasonable counsel and consultant fees and expenses) based upon or resulting from the occurrence of fire on or spreading of fire from any part of the Contract Area, arising out of Buyer's activities in the Contract Area, including the costs of suppressing the same, and to pay and discharge any liability that may be established on account thereof and completely protect, indemnify and hold U.S. Timberlands harmless therefrom.

18.3 Buyer agrees to defend against all claims, losses, costs, damages, expenses or liabilities (including without limitation reasonable counsel and consultant fees and expenses) based upon or resulting from an Environmental Claim arising out of Buyer's activities in the Contract Area (as defined in Section 13.1 above), and to pay and discharge any liability that may be established on account thereof and completely protect, indemnify and hold U.S. Timberlands harmless therefrom.

18.4 As evidence of the fact that this Agreement reflects specifically negotiated waivers and allocations of risk between the parties, the initials of the parties are affixed to this page.

  
U.S. Timberlands

  
Buyer

## 19. LAWS, REGULATIONS AND ORDERS

Buyer agrees to comply with all laws, rules and regulations of the United States, the State of Oregon, and all other governmental bodies and agencies which pertain to Buyer's operations hereunder, and to labor, wages, hours, and working conditions.

## 20. REPRESENTATIVE OF BUYER

At all times when logging operations are in progress, Buyer shall have in each operating area a representative who is authorized to receive notices or instructions given by U.S. Timberlands concerning performance of the terms and conditions of this Agreement. This Representative is:

Representative: Chuck Roady  
Home Phone No.: 541/330-6487  
Alternate Representative: Bud Keep  
Home Phone No.: 541/382-2933

## 21. NOTICE

Any notices required by this Agreement shall be in writing and shall be effective upon the earlier of: (i) when actually delivered by any generally accepted means of business communications (including FAX and telex) to the addresses set forth below, or (ii) three (3) days after being deposited in the mail, postage prepaid, certified, return receipt requested, addressed to such address.

Buyer: Crown Pacific Limited Partnership  
805 SW Industrial Way, Suite 4  
Bend, OR 97702

Seller: U.S. Timberlands Services Company, L.L.C.  
Agent for U.S. Timberlands Klamath Falls, L.L.C.  
6400 Highway 66, P.O. Box 10  
Klamath Falls, Oregon 97601  
Fax No. (541) 882-8871

**22. CHOICE OF LAW**

This Agreement shall be governed by the laws of the State of Oregon.

**23. WAIVER**

Time is of the essence in the performance of this Agreement. Failure by U.S. Timberlands at any time to require strict performance by Buyer of any provision hereof shall in no way affect U.S. Timberlands' rights hereunder to enforce such provision nor shall any waiver by U.S. Timberlands of any breach of any provision hereof be held to be a waiver of any succeeding breach of any such provision or as a waiver of the provision itself.

**24. VENUE, EXPERT AND ATTORNEY FEES**

24.1 In the event any arbitration, action, suit or legal proceeding is instituted by either party to this Agreement, venue shall be set in Coos County or Klamath County at discretion of U.S. Timberlands Services Company, LLC; the prevailing party shall be entitled to recover from the losing party both reasonable attorney fees and reasonable expert witness fees as determined by the court or arbitration panel, both at trial and on appeal or review and in bankruptcy. Attorney fees and expert witness fees shall be in addition to other costs and disbursements allowed by law.

24.2 If U.S. Timberlands becomes involved in litigation (as a plaintiff, defendant, or cross-claimant or cross-defendant) by reason of any debt incurred by Buyer, any alleged personal or bodily injury or property damage related to the Contract Area or Buyer's conduct related to this Agreement, and/or any matter for which Buyer has an indemnity obligation hereunder, then Buyer agrees to fully defend U.S. Timberlands' tendering of its legal defense to Buyer. Should Buyer refuse the tender of defense, then Buyer shall be liable to U.S. Timberlands for all its costs and fees incurred in connection with such litigation.

**25. NUMBER AND GENDER; PARTIES**

As used herein, the singular shall include the plural and the plural the singular. The



masculine and the neuter shall each include the masculine, feminine and the neuter as the context requires. The covenants, conditions and terms of this Agreement shall extend to, be binding upon and inure to the benefit of the heirs, administrators, executors, successors and assigns of the parties hereto; provided, however, that nothing contained in this paragraph shall alter the restrictions herein contained relating to assignment.

## **26. DEFAULT AND REMEDIES**

Time is of the essence of payment and performance under this Agreement.

26.1 U.S. Timberlands may suspend Buyer's logging and removal of Covered Products from the Contract Area immediately upon notice to Buyer for any breach under the terms of this Agreement. Such suspension shall continue until the breach is remedied or until this Agreement is terminated.

26.2 In the event the Buyer shall fail to make any payment as herein provided, or shall violate any of the other terms, covenants or conditions of this Agreement, U.S. Timberlands shall give written notice to Buyer of such default and in the event Buyer shall continue to be in default for a period of ten (10) days from the date of mailing written notice, U.S. Timberlands shall have the right, at its option, to exercise any one or more of the following remedies:

26.2.1 To recover damages for Buyer's breach of contract;

26.2.2 To terminate this Agreement and to declare a forfeiture of Buyer's deposit and any sums paid pursuant to this agreement;

26.2.3 To foreclose this Agreement by suit in equity;

26.2.4 To exercise any and all the rights and remedies now provided or which may hereafter be provided by law, including without limitation those provided in Oregon's Uniform Commercial Code.

26.2.5 In addition to other remedies, U.S. Timberlands shall be entitled to the appointment of a receiver, whether or not the apparent value of the remaining Covered Products exceeds the amount of the balance due hereunder, and any receiver appointed may serve without bond. Employment by U.S. Timberlands shall not disqualify a person from serving as a receiver. The remedies provided herein are cumulative and in addition to any other remedies to which U.S. Timberlands is entitled in the case of a breach or threatened breach of this Agreement, whether provided in law or in equity.

26.3 Commencing March 30, 1998, and by the 30th day of March of each year thereafter during the term of this Agreement, Buyer will provide to U.S. Timberlands an accounting of the merchantable volume of timber removed from the Covered Area pursuant to

this Agreement, accompanied by an estimate of the merchantable volume left standing on the covered Area. If the estimated remaining merchantable volume of timber in the Covered Area, combined with the merchantable volume of timber removed previously pursuant to this Agreement will not equal the guaranteed volume of 11,045 MBF ("Deficient Volume"), then, in that event, the parties will designate additional land holdings of U.S. Timberlands ("Substitute Covered Area") which contain an amount of merchantable volume which is at least equal to the Deficient Volume of merchantable timber, which Substitute Covered Area will contain merchantable timber of like species, size and age classes as that contained in the covered Area. If it is necessary for Buyer to harvest timber from the Substitute Covered Area to achieve the guaranteed volume, then, if necessary, this Agreement shall be extended for one (1) year so as to allow the parties to lay out the sale in the Substitute Covered Area and so as to allow Buyer access and ability to harvest the Deficient Volume from the Substitute Covered Area. In the event U.S. Timberlands is unable to provide the guaranteed volume to Buyer pursuant to this Section 26.3, then, in that event, Buyer shall have the right, at its option, to exercise any one or more of the following remedies:

26.3.1 to recover damages for U.S. Timberlands' breach of contract;

26.3.2 to exercise any and all of the rights and remedies now provided or which may hereafter be provided by law, including, without limitation, those provided in Oregon's Uniform Commercial Code; and

26.3.3 the right to seek an order from the appropriate court to mandate that U.S. Timberlands make available to Buyer the Deficient Volume in accordance with the terms of Section 26.3. The remedies provided in this Section 26.3 are cumulative and in addition to any other remedies to which Buyer is entitled in the case of a breach or threatened breach of this Agreement, whether provided in law or in equity.

## 27. ARBITRATION

27.1 Except as provided in Section 27.2 below, in the event any controversy or claim arising out of this Timber Sale Agreement cannot be settled by the legal representatives of the parties, such controversy or claim shall be settled by binding arbitration in accordance with the then current Commercial Rules of the American Arbitration Association and judgment upon the award may be entered in any court having jurisdiction thereof.

27.2 Any controversy arising under this Agreement shall be settled by binding arbitration under ORS 36.300 *et seq.* The sole arbitrator shall be MASON, BRUCE & GIRARD or a similar consulting firm which is approved by U.S. Timberlands, in writing. Judgment upon the award may be entered in any court having jurisdiction thereof.

27.3 Notwithstanding Sections 27.1 and 27.2 above, U.S. Timberlands shall have the right to petition a court for injunctive relief to preserve the status quo pending arbitration and



award under this Section.

**28. FINAL AGREEMENT**

This document and the Timber Deed are the entire and complete agreement of the parties. It supersedes and replaces all prior written and oral representations and agreements made or existing between the parties regarding this Agreement. No modification or supplement to this Agreement shall be binding unless it is in writing and signed by U.S. Timberlands and Buyer.

**29. SURVIVAL**

The covenants, terms and conditions of this Agreement, specifically including, but not limited to, the covenants regarding indemnification and attorney fees shall survive the termination hereof.

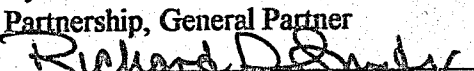
**30. COUNTERPARTS**

This Agreement may be executed in as many counterparts as may be deemed necessary or convenient, each of which, when so executed, shall be deemed an original, but all such counterparts shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by its duly authorized representatives the day and year first above written.

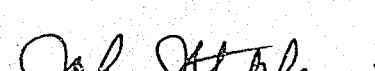
**BUYER: CROWN PACIFIC Limited  
Partnership**

By: Crown Pacific Management Limited  
Partnership, General Partner

  
By: Rick Snyder  
Title: Chief Financial Officer

Date: 2/10/97

**U.S. TIMBERLANDS KLAMATH FALLS,  
LLC**

  
By: John J. Stephens  
Title: Vice-President

Date: 2/11/97

**EXHIBITS:** "1" = Contract Area Map/Plats  
"2" = Access Routes

Harvest Plan # 12

Setting No.(s):

District NORTH

Operator

Start Date

Completion Date

Date laid out 9-24-96 RAN

36

1

T28s

T29s

4271

7

Sec.(s) Twp.(s) Rge.(s)

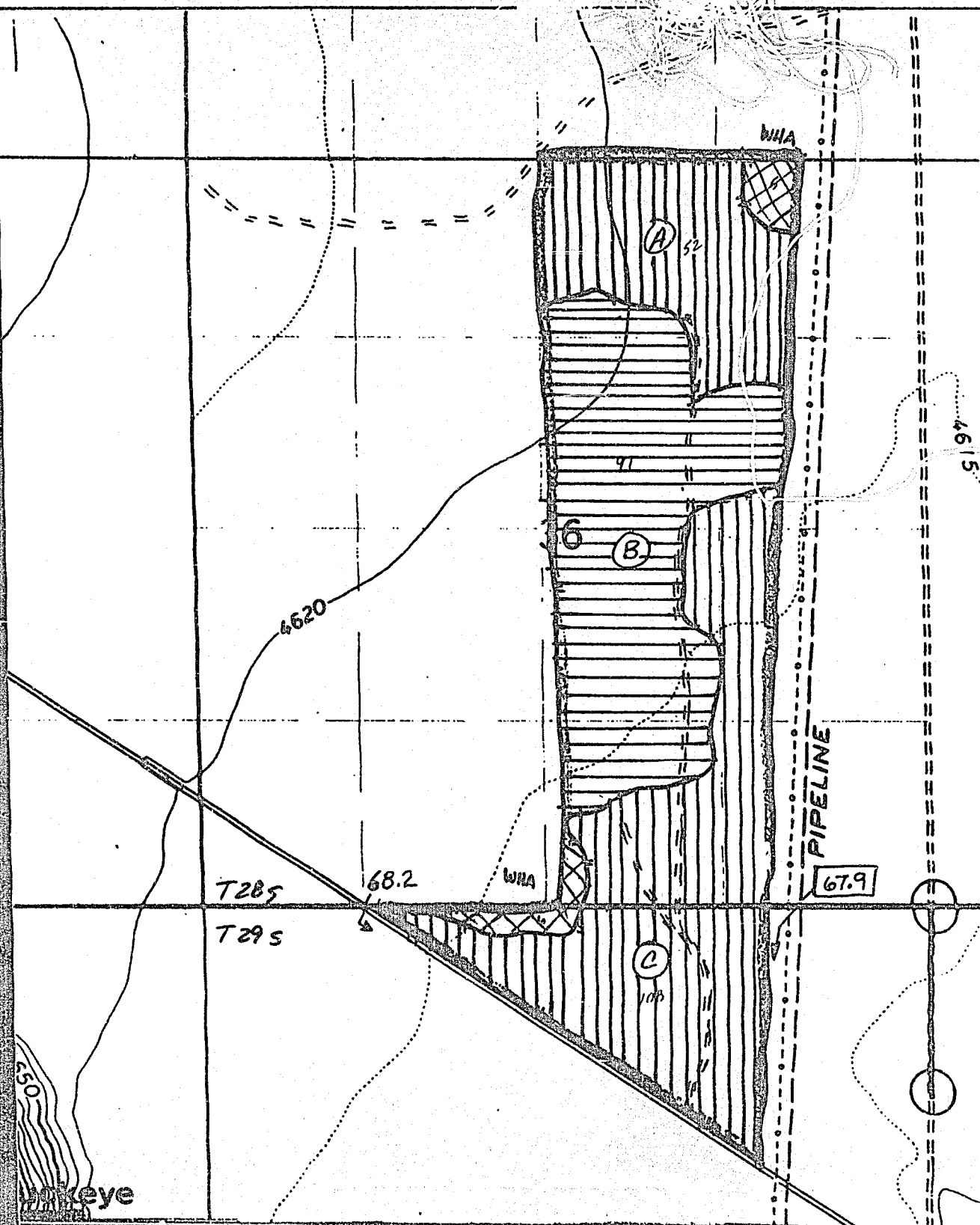
Date Notified

State Notification #

Scale: 1" = 1000'

Total Acres: 257

Written Plan Req'd No



UNIT # ACRES

HARVEST PRESCRIPTION

HARVEST TYPE

A	52	MINIMUM MARCH STANDARD ALL SPECIES	CLEARCUT
B	97	12" + , ALL SPECIES	PARTIAL CUT
C	108	MINIMUM MARCH STANDARD ALL SPECIES	CLEARCUT

F.P.A.  
REQUIREMENTS

TWO UP

TWO DOWN

OTHER

IN WHA AREAS, 50000, 11 ACRES

Exhibit 1, Chemult

Setting Boundary

Reserve Area WHA

Significant Wetland S.W.

Stream Class FND

Stream Size LMS

Resource Site

No Harvest Area N.H.

Clearcut C.C.

COMMENTS



Harvest Plan # 13

Setting No.(s):

District NORTH

Operator

Start Date

Completion Date

Date laid out 9-24-96 RAH



35  
2

T28s  
T29s

4272  
7e

Sec.(s) Twp.(s) Rge.(s)

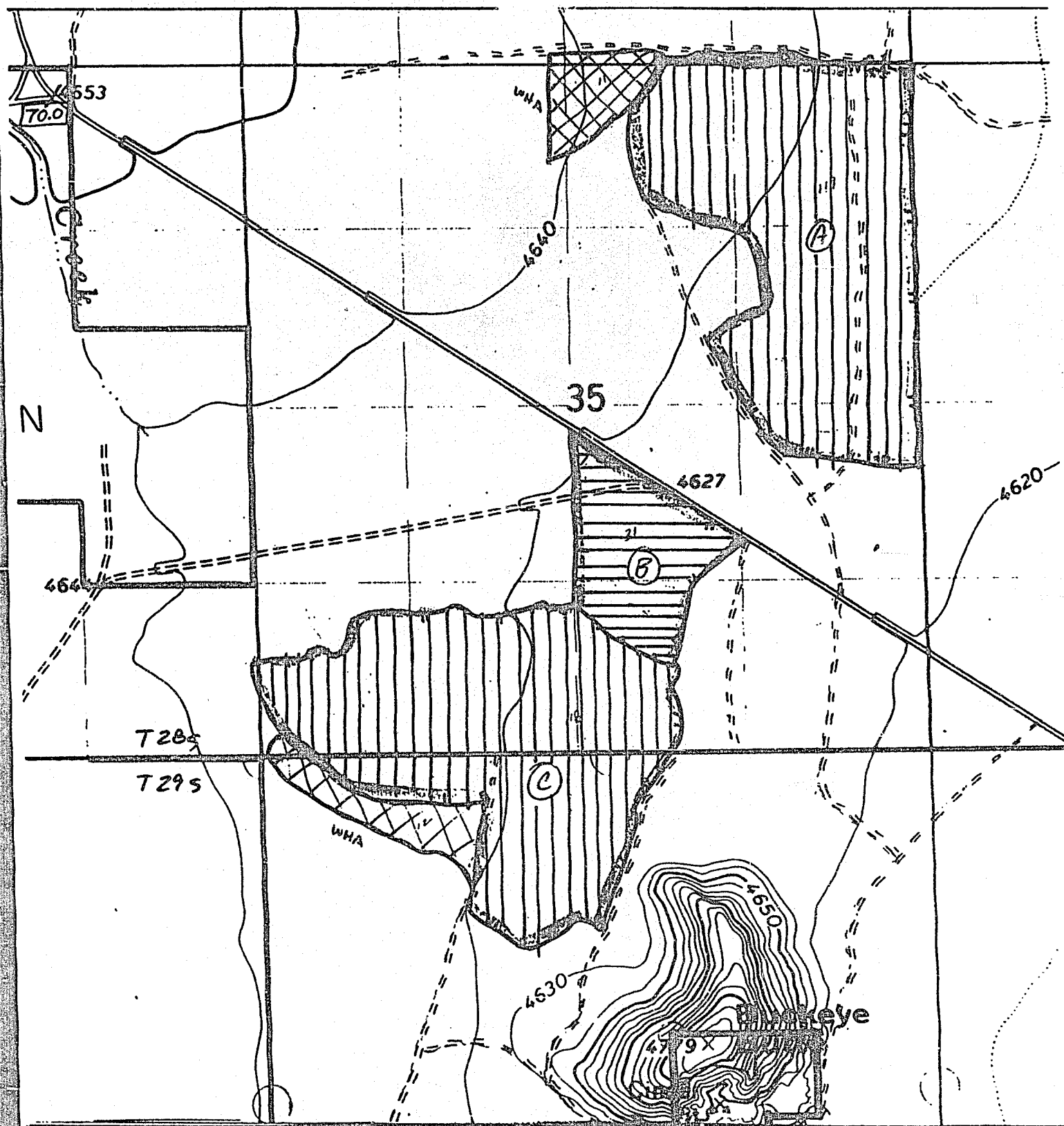
Date Notified

State Notification #

Scale: 1" = 1000'

Total Acres: 268

Written Plan Req'd No



UNIT # ACRES

HARVEST  
PRESCRIPTION

HARVEST  
TYPE

A	119	MIN. MERCH. STANDARD - ALL SPECIES	CLEARCUT
B	31	12" + , ALL SPECIES	PARTIAL CUT
C	118	MIN. MERCH. STANDARD, ALL SPECIES	CLEARCUT

F.P.A.  
REQUIREMENTS

TWO UP

TWO DOWN

OTHER

IN WHA AREAS, 11 ACRES, 12 ACRES

Exhibit 1, Chemult

Setting Boundary

Reserve Area WHA.

Significant Wetland S.W.

Stream Class F N D

Stream Size L M S

Resource Site

No Harvest Area N.H.

Clearcut C.C.

COMMENTS







Harvest Plan # 20

Setting No.(s):

District NORTH

Operator

Start Date

Completion Date

Date laid out 9-11-96 ZAH



32 27s 8E

Sec.(s) Twp.(s) Rge.(s)

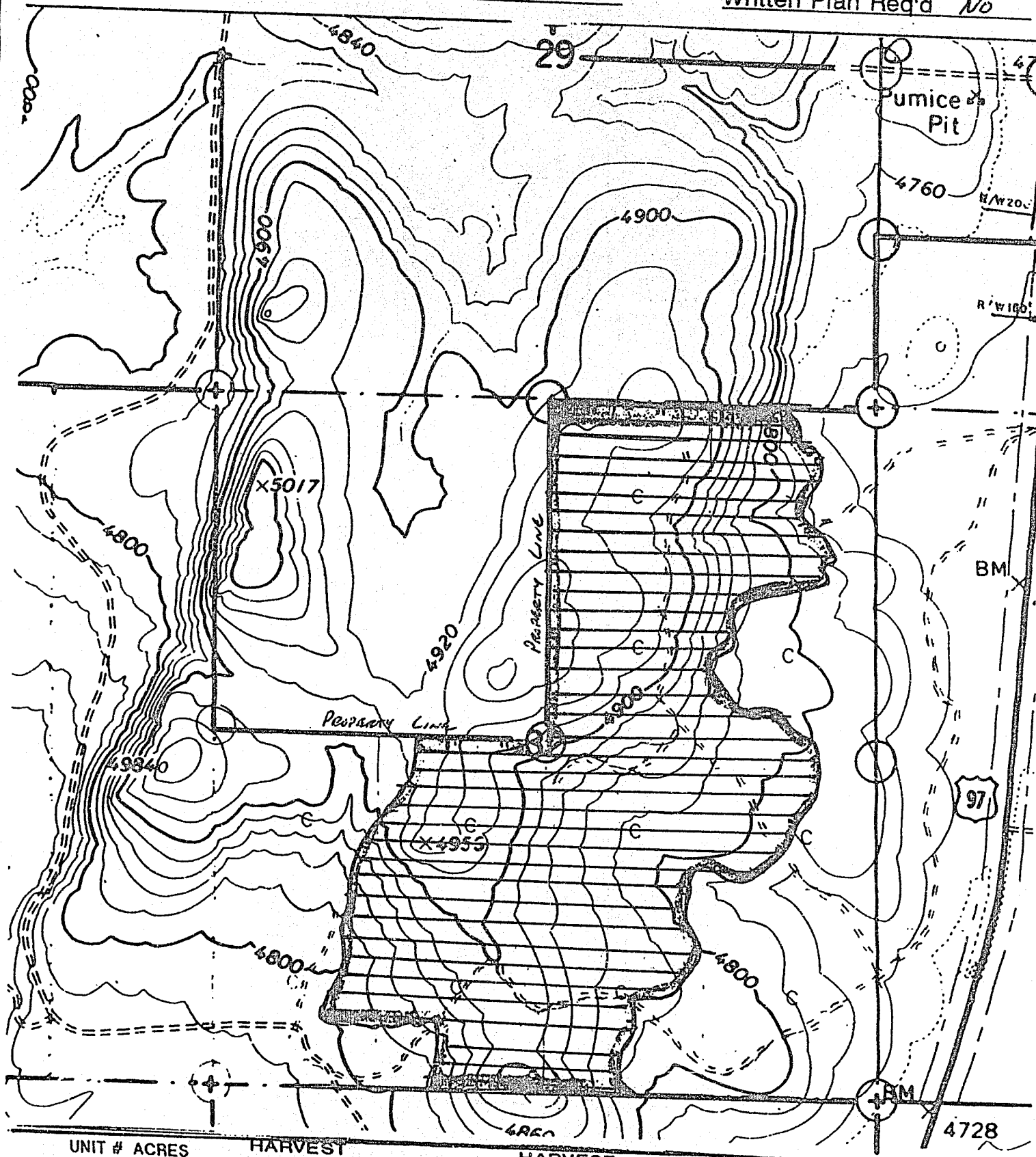
Date Notified

State Notification #

Scale: 1" = 1000'

Total Acres: 274

Written Plan Req'd No



UNIT # ACRES

HARVEST PRESCRIPTION

HARVEST TYPE

274	LUMBER PINE - 11" +	PARTIAL CUT
	POND PINE - 14" +	
	SUGAR PINE - 14" +	

F.P.A. REQUIREMENTS

TWO UP

TWO DOWN

OTHER

N/A

N/A

Exhibit 1, Chemult

Setting Boundary

Reserve Area

Significant Wetland

Stream Class

Stream Size

Resource Site

No Harvest Area

Clearcut

S.W.  
F N D

L M S

N.H.

C.C.

COMMENTS



Harvest Plan # 28

Setting No.(s): \_\_\_\_\_

District NORTH

Operator \_\_\_\_\_

Start Date \_\_\_\_\_

Completion Date \_\_\_\_\_

Date laid out 10-4-96 P.A.H.



21 | 22  
28 | 27

4275

28s 0E

Sec.(s) Twp.(s) Rge.(s)

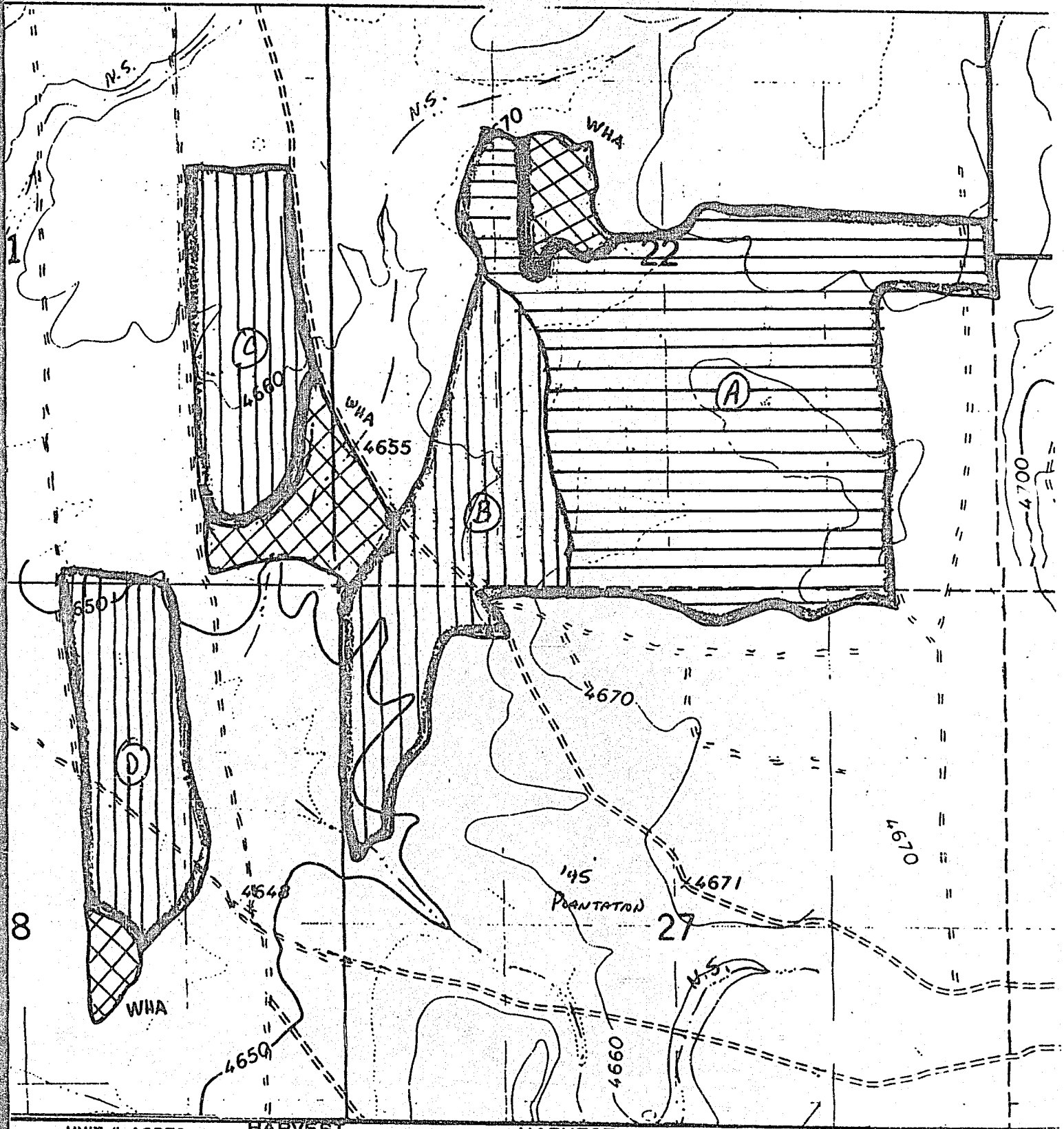
Date Notified \_\_\_\_\_

State Notification # \_\_\_\_\_

Scale: 1" = 1000'

Total Acres: 399

Written Plan Req'd No



UNIT #	ACRES	HARVEST PRESCRIPTION	HARVEST TYPE
A	205	CODED FOR DUNE - 33' LOG TO 6" TOP	PARTIAL CUT
B	85	MINIMUM MARCH. STANDARD	CLEARCUT
C	53	MINIMUM MARCH. STANDARD	CLEARCUT
D	56	MINIMUM MARCH. STANDARD	CLEARCUT
W.H.A.	11 23 5		
F.P.A. REQUIREMENTS			
TWO UP		IN RESERVE AREAS	
TWO DOWN		"	
OTHER			

Setting Boundary

Reserve Area WHA.

Significant Wetland S.W.

Stream Class F (N) D

Stream Size L M (S)

Resource Site

No Harvest Area N.H.

Clearcut C.C.

COMMENTS LEAVE ALL SNAGS  
IN PARTIAL CUT



Harvest Plan # 29

Setting No.(s):

District NORTH

Operator

Start Date

Completion Date

Date laid out 9-30-96 R.A.H.



34 28s 4276  
3 29s 8E

Sec.(s) Twp.(s) Rge.(s)

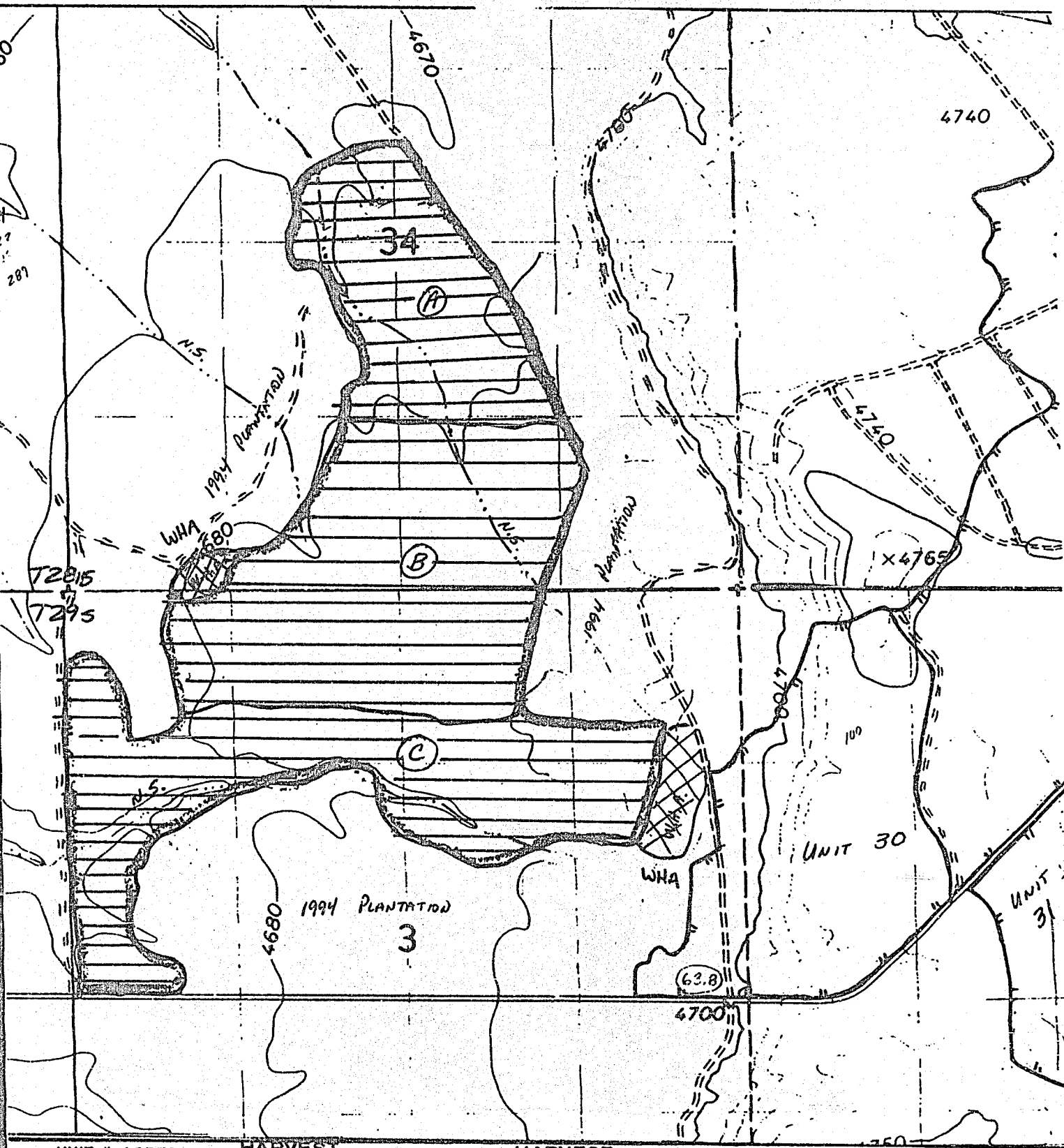
Date Notified

State Notification #

Scale: 1" = 1000'

Total Acres: 289

Written Plan Req'd No



UNIT #	ACRES	HARVEST PRESCRIPTION	HARVEST TYPE
A	64	HARVEST ALL TREES 12" + D.B.H.	PARTIAL CUT
B	122	HARVEST ALL TREES 10" + D.B.H.	PARTIAL CUT
C	103	HARVEST ALL TREES 12" + D.B.H.	PARTIAL CUT
F.P.A. REQUIREMENTS			
TWO UP		UNIT B - COVERED BY 11" + IN UNITS A & C	
TWO DOWN		" " - IN UNIT	
OTHER		Exhibit 1, Chemult	

Setting Boundary

Reserve Area

Significant Wetland

Stream Class

Stream Size

Resource Site

No Harvest Area

Clearcut

S.W.

F N D

L M S

N.H.

C.C.

COMMENTS LEAVE ALL SNAGS THAT ARE NOT A SAFETY HAZARD



Date laid out 9-30-96 Z.A.H.

Written Plan Req'd Yes

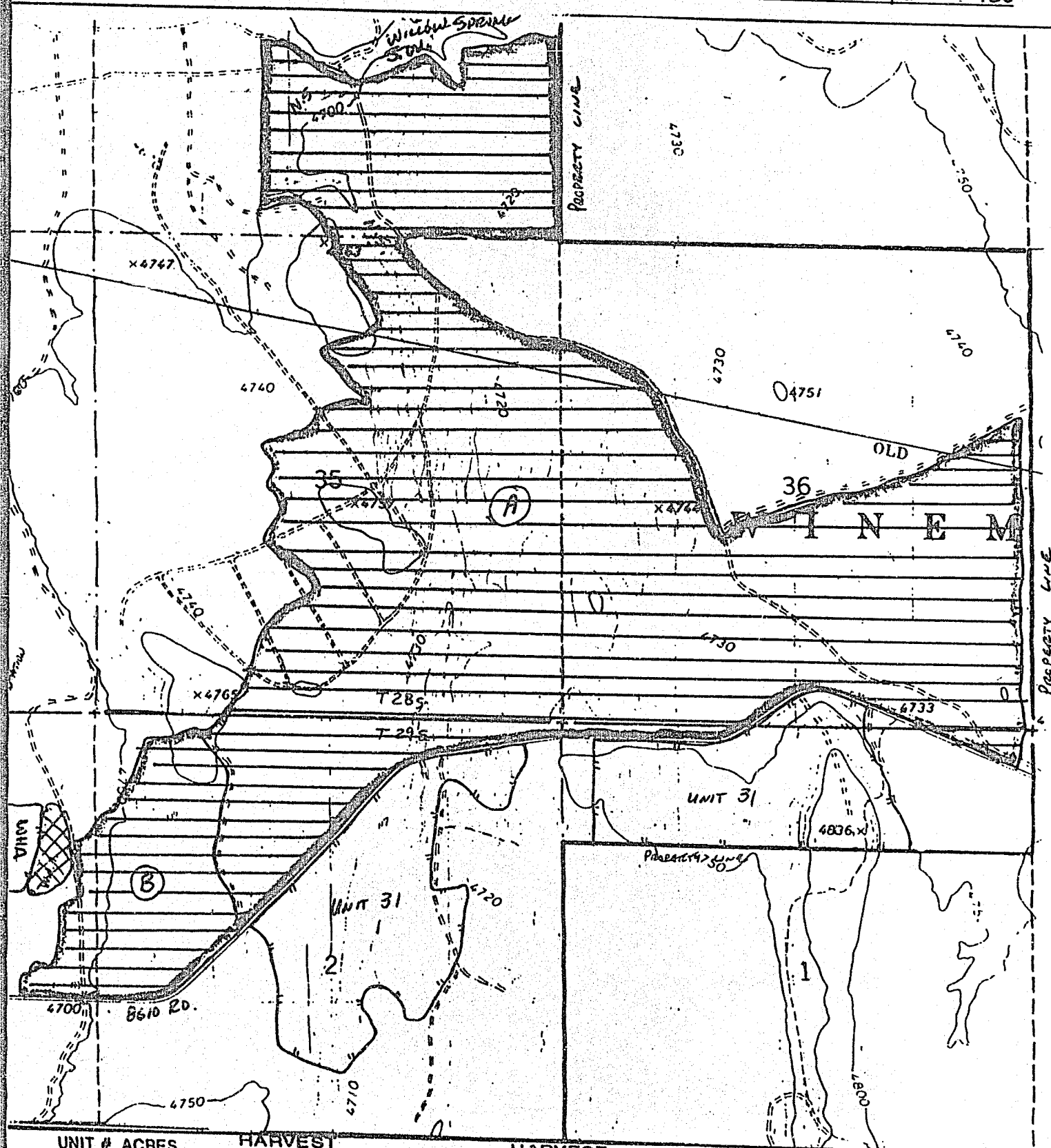
OTHER

Exhibit 1, Chemult

COMMENTS LEAVE ALL SNAGS  
THAT ARE NOT A SAFETY  
HAZARD



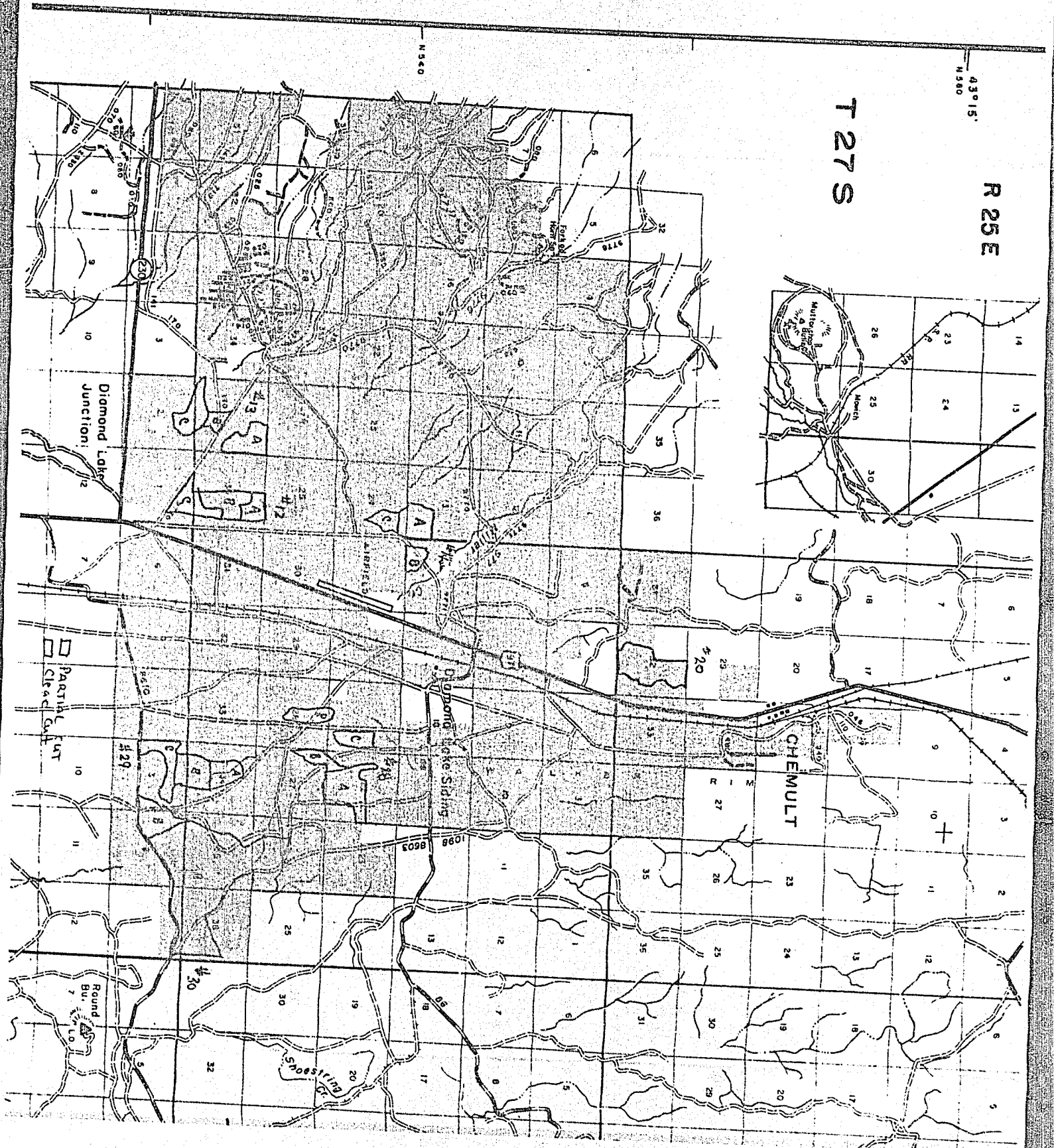


Exhibit 2, Chemult (Access Routes)



8788

4279

STATE OF OREGON : COUNTY OF KLAMATH: ss.

Filed for record at request of U.S. Timberlands the 11th day  
of February A.D., 19 97 at 1:00 o'clock P. M., and duly recorded in Vol. M97  
of Deeds on Page 4248.

FEE \$165.00  
50¢ copy

Bernetha G. Letsch, County Clerk

by Kathleen Ross