

RIGHT OF FIRST REFUSAL

DATE: November 20, 1997

PARTIES: Robert James McElley
Elizabeth Irene McElley OWNERBernard L. Simonsen and
Rhea E. Simonsen, co-trustees
of the Simonsen Family Trust GRANTEE

RECITALS:

A. Owner is the owner of the real property commonly known as Parcels 1 and 3 of Final Partition #65-93, Klamath County, Oregon, (the Property).

B. Grantee is interested in leasing the Property from Owner.

C. Owner, however, for the consideration stated hereafter, is willing to afford Grantee a preferential right under certain circumstances to lease the Property at such future time as Owner may wish to lease the Property.

NOW, THEREFORE, in consideration of Grantee's selling the property to Owner, Owner hereby grants to Grantee the following-described "right of first refusal" with respect to the lease of the Property:

1. **Restriction on Transfer.** Owner shall not, at any time prior to the Termination Date, lease the Property (or any portion thereof or interest therein) to anyone other than Grantee, for the purpose of livestock grazing, unless Owner shall have first communicated to Grantee, by written notice, a written offer to lease the Property to Grantee, which offer (hereinafter called the Owner's Offer) shall specify, in commercially reasonable detail, the price, terms, and conditions upon which Owner is willing to lease the Property.

2. **Acceptance of Offer.** Grantee shall have a period of thirty (30) days, following the giving of the Owner's Offer notice, within which to accept the Owner's Offer by giving Owner written notice of acceptance. If the Owner's Offer is accepted, the parties shall be obligated to lease the property in accordance with the terms of the Owner's Offer.

3. **Lease to Third Party.** If Grantee does not accept the Owner's Offer, Owner may lease the Property to any other party, provided that such a lease is for the same price, terms, and conditions as those specified in the Owner's Offer. If such a lease to another party is consummated, Grantee's rights hereunder shall be automatically terminated until the lease with the other party expires or is terminated, then the right of first refusal shall be in full force and effect for any subsequent offer to lease until the Termination Date.

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4. Notices. All notices and communications given with respect hereto shall be in writing and shall be deemed given when personally delivered or on the third day following the date of deposit of the notice, in a postage paid envelope in the registered or certified mails and addressed to the party intended to receive the notice at that party's address, as follows:

Owner: Robert James McElley
Elizabeth Irene McElley
3950 Booth Road
Klamath Falls, OR 97603

Grantees: Bernard L. Simonsen and
Rhea E. Simonsen, co-trustees
of the Simonsen Family Trust
9390 Highway 140
Klamath Falls, OR 97603

or such other address as either party may hereafter specify by notice to the other party.

5. Restriction on Assignment. This right of first refusal is personal to Grantee, and Grantee shall not assign or otherwise transfer Grantee's rights hereunder without the prior written specific consent of Owner, except any transfer to the principals or trustees of Grantee in their personal or other capacity shall not be restricted.

6. Successors and Assigns. This right of first refusal shall be binding upon, and inure to the benefit of the parties and their respective heirs, successors and permissible assigns.

7. Termination. Grantee's rights hereunder shall terminate automatically and forever on the earlier of 1) 11:59 P.M. November 30, 2002, or 2) the date when the purchase money obligation to purchase this property is paid by Owner to Grantee, herein referred to as the "Termination Date". Upon such termination, Grantee shall cooperate in providing Owner with any instruments which Owner may reasonably require for the purpose of removing from the public record any cloud on Owner's title to the Property attributable in any manner to the grant or existence of this right of first refusal.

8. Attorney Fees. If any suit or action shall be instituted to enforce or interpret this agreement, the prevailing party shall be entitled to recover from the losing party, in addition to statutory costs, such sums as the court may adjudge as reasonable for the

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prevailing party's attorney fees in such suit, action or any appeal thereof.

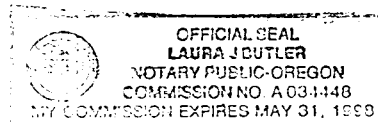
Robert James McElley
Robert James McElley

Elizabeth Irene McElley
Elizabeth Irene McElley

STATE OF OREGON)
County of Klamath) ss.

Nov 20, 1997

Personally appeared the above-named Robert James McElley and Elizabeth Irene McElley, and acknowledged the foregoing instrument to be their voluntary act and deed.



Robert J. Cutler
NOTARY PUBLIC FOR OREGON
My Commission Expires: 5/31/98

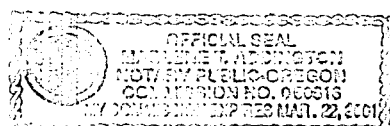
Bernard L. Simonsen
Bernard L. Simonsen, Co-Trustee of
the Simonsen Family Trust

Rhea E. Simonsen
Rhea E. Simonsen, Co-Trustee of
the Simonsen Family Trust

STATE OF OREGON)
County of Klamath) ss.

Nov 21, 1997.

Personally appeared before me the above-named Bernard L. Simonsen and Rhea E. Simonsen, Co-Trustees of the Simonsen Family Trust, and acknowledged the foregoing instrument to be their voluntary act and deed.



Bernice G. Letsch
NOTARY PUBLIC FOR OREGON
My Commission Expires: 3-22-01

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Aspen Title & Escrow the 21st day
of November A.D. 19 97 at 11:11 o'clock A. M., and duly recorded in Vol. M97
of Deeds on Page 38215.

Fee \$20.00

By Bernice G. Letsch, County Clerk
Kathleen Rizzo

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