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98 FEB -5 P3:18 Vol. 1998 Page 4196025684  
MEMORANDUM OF LEASEDate: December 17, 1997Lessor: Loudean Elliott, fka Loudean Lyon, fka Loudean Orem  
(Lessor)

Lessee: Lyon Ranches LLC (Lessee)

By Lease dated on or about April 14, 1997, 1997, ("Lease"), Lessor leased to Lessee the property set forth on Exhibit A attached hereto and incorporated by this reference. This Memorandum is executed to evidence and confirm the Lease, to which reference is made for its terms and conditions, which include the following:

1. Term. The initial term for the Lease is two (2) years.
2. Purchase Option. The Lease contains a purchase option.

All other terms and conditions of the Lease are hereby confirmed.

LESSOR:

LESSEE:

Loudean Elliott  
Loudean Elliott

Tracey R. Lyon  
Lyon Ranches LLC  
By: Tracey R. Lyon

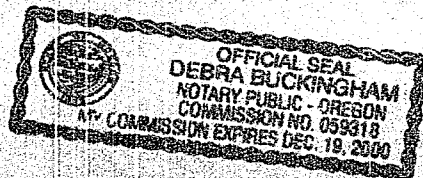
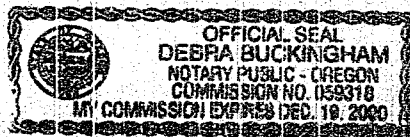
Subscribed and sworn to before  
this 17 day of Dec., 1997.

Subscribed and sworn to before  
me this 17 day of Dec.,  
1997.

Debra Buckingham  
Notary Public for Oregon  
My commission expires: 12-19-2000

Debra Buckingham  
Notary Public for Oregon  
My commission expires: 12-19-2000

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Adrian  
Smith American Title

EXHIBIT "A"  
DESCRIPTION OF PROPERTY

PARCEL 1:

The following described property situated in Section 11, Township 41 South, Range 11 East of the Willamette Meridian, Klamath County, Oregon, described as follows:

All that portion of Government Lots 4, 5 and 6 lying Southerly of the Dalles-California Highway; Lots 9, 10, 11 and SW  $\frac{1}{4}$  SW  $\frac{1}{4}$ , NW  $\frac{1}{4}$  SE  $\frac{1}{4}$  and Farm Unit "A" according to the Farm Unit Plat, or Lots 12, 13 and 14

EXCEPTING THEREFROM that portion of Lots 4 and 5 lying Southerly of the Dalles-California Highway, described as follows:

Beginning at the Southeasterly corner of the intersection of the Dalles-California Highway (running East and West) and the County Road (running North and South) thence South along the Easterly right of way line of said County Road a distance of 786 feet; thence East and parallel to the Dalles-California Highway a distance of 610 feet; thence North and parallel to the County Road a distance of 786 feet; thence West along the Southerly right of way line of said Dalles-California Highway a distance of 610 feet to the point of beginning.

ALSO EXCEPTING from the S  $\frac{1}{2}$  SW  $\frac{1}{4}$  any portion lying Southerly of the Great Northern Railway right of way.

AND ALSO EXCEPTING those portions conveyed to the Great Northern Railway Co. for railroad right of way by Deeds recorded May 25, 1931 in Volume 95, page 347, and recorded June 9, 1931 in Volume 95, page 431, all Deed records of Klamath County, Oregon.

PARCEL 2:

The following described property situated in Section 12, Township 41 South, Range 11 East of the Willamette Meridian, Klamath County, Oregon, as follows:

Lots 11 and 12

EXCEPTING any portion of Lot 11 lying Easterly of the existing drain ditch.

AND ALSO EXCEPTING a parcel of land situated in Government Lot 12 being more particularly described as follows:

Commencing at a  $\frac{5}{8}$  inch iron pin marking the Northwest corner of said Section 12; thence S.  $00^{\circ}01'03''$  E. along the West line of said Section 12, 3847.34 feet to a Brass Cap monument marking the Southwest corner of said Lot 12; thence N.  $74^{\circ}36'46''$  E. along the South line of said Lot 12, 41.48 feet to a fence marking the Easterly right of way line of Gaines Road, a county road and the point of beginning for this description; thence continuing N.  $74^{\circ}36'46''$  E. along said Lot South line 1073.72 feet; thence West 1035.31 feet to a  $\frac{5}{8}$  inch iron pin in said right of way fence; thence S  $00^{\circ}01'03''$  E. along said right of way line, 284.90 feet to the point of beginning.

## PARCEL 3:

A parcel of land situated in Section 12, Township 41 South, Range 11 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

Commencing at a 5/8-inch iron pin marking the Northwest corner of said Section 12; thence S 00°01'03" E. along the West line of said Section 12, 3847.34 feet to a Brass cap monument marking the Southwest corner of said Lot 12; thence N. 74°36'46" E. along the South line of said Lot 12, 41.48 feet to a fence marking the Easterly right of way line of Gaines road, a county road; thence continuing N. 74°36'46" E. along said Lot South line, 1073.72 feet and the point of beginning for this description; thence N. 63°03'00" E., a distance of 605.40 feet, to a Brass Cap; thence N. 75°24'00" E. a distance of 233.97 feet to the United States Bureau of Reclamation right of way; thence S 00°52'59" W. to a set 5/8" x 30" Iron pin; thence West 786.52 feet to the point of beginning.

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of First American Title the 9th day  
of February A.D., 19 98 at 3:18 o'clock P.M., and duly recorded in Vol. M98  
of Deeds on Page 4196

FEE

\$40.00

By Bernetha G. Letsch County Clerk  
Karlton Ross