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Recording Requested By and
When Recorded Mail to:

CITICORP NORTH AMERICA, INC.,
as Agent for TOSCO Corporation
2600 Michelson Drive, Suite 1200
Irvine, California 92612
Attention: COMPLIANCE OFFICER

RE: Clough/Klamath Falls, OR

K-51532

SUBORDINATION AGREEMENT

THIS SUBORDINATION AGREEMENT (the "Agreement"), dated as of January 29, 1998, between **TOSCO CORPORATION**, a Nevada corporation, having an office at 601 Union Street, Suite 2500, Seattle, WA 98101 (the "Beneficiary"), **Edwin J. Clough, III**, having an office at, 3303 Washburn Way, Klamath Falls, Oregon 97601, as Landlord ("Borrower"), and **CLOUGH OIL COMPANY**, an Oregon corporation, having an office at, 5800 South 6th Street, Klamath Falls, Oregon 97603, as lessee (hereinafter "Tenant").

WITNESSETH:

WHEREAS, Edwin J. Clough, III, as Borrower and Tenant, as tenant, are the current parties to the lease (the "Lease"), dated December 19, 1997, covering land and improvements in Klamath County, Oregon, more particularly described in Exhibit A (collectively, the "Property"); and

WHEREAS, the Beneficiary is the holder of a deed of trust (the "Deed of Trust"), covering the Property; and

WHEREAS, the Beneficiary wishes to be assured that the Lease is subject and subordinate to the Deed of Trust:

NOW, THEREFORE, for valuable consideration, the Beneficiary, Borrower and the Tenant agree as follows:

1. The Lease is and shall continue to be subject and subordinate in all respects to the lien of the Deed of Trust and any renewals, modifications, consolidations, replacements and extensions thereof.

2. Upon the completion of foreclosure proceedings or cancellation of Lease for whatever reason, and if the Beneficiary notifies the Tenant that it has elected not to terminate the Lease to become the landlord under the Lease (or any new lease in substitution therefor), the Tenant

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recognize such purchaser or the Beneficiary, as the case may be, as the Tenant's landlord under the Lease. From time to time upon the request of the purchaser at foreclosure or the Beneficiary, as the case may be, the Tenant shall execute and deliver any instrument specified in such request as may be reasonably necessary to effect such attornment or subordination or to confirm or evidence the same.

3. The Tenant waives the provisions of any statute or rule of law now or hereafter in effect which accords the Tenant any right of election to terminate the Lease or to surrender possession of the Property if foreclosure proceedings are instituted under the Deed of Trust. The Tenant shall, upon demand of the Beneficiary or any receiver in foreclosure, pay to the Beneficiary or to such receiver, as the case may be, all basic rent, additional rent and all other charges becoming due under the Lease after such demand.

4. Upon attornment by the Tenant pursuant to paragraph 2, the Lease shall continue in full force and effect as a direct lease between the purchaser at foreclosure or the Beneficiary, as the case may be, and the Tenant, upon all of the terms of the Lease, except that such purchaser or the Beneficiary, as the case may be, shall not:

- (a) be liable for any previous act or omission of the landlord under the Lease;
- (b) be subject to any offset, defense or counterclaim which shall have theretofore accrued to the Tenant against the landlord under the Lease;
- (c) be bound by any prepayment of more than one month's basic rent or additional rent under the Lease (except for prepayments in the nature of security for the performance by the Tenant of its obligations under the Lease, but only to the extent received by the Beneficiary), unless such prepayment shall have been approved by the Beneficiary; or
- (d) be bound by any amendment or modification of the Lease after the date hereof made without the Beneficiary's consent.

5. This Agreement contains the entire understanding between the Beneficiary, Borrower and the Tenant with respect to the subject matter hereof, and may not be changed except by an instrument signed by the party to be charged.

6. All notices, approvals and other communications hereunder shall be in writing and sent by registered or certified mail, return receipt requested, addressed to the appropriate party at its address above set forth or to such other address as such party shall specify by notice to the other.


7. This Agreement shall run with the Property and shall be binding upon and inure to the benefit of the Beneficiary, Borrower and the Tenant and their respective legal representatives, heirs, successors and assigns, as the case may be.

IN WITNESS WHEREOF, the Beneficiary, Borrower and the Tenant have executed this Agreement the day and year first above written.

"BENEFICIARY"

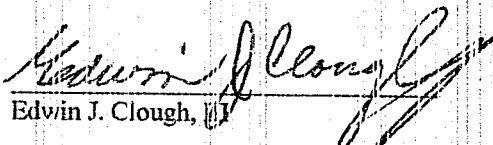
TOSCO CORPORATION,
a Nevada corporation

By: CITICORP NORTH AMERICA, INC.,
as Investor Agent

By: 
Name: H. F. CASSELMAN
Its: Vice President
Citicorp North America, Inc.

"BORROWER"

Edwin J. Clough, III


Edwin J. Clough, III

"TENANT"

CLOUGH OIL COMPANY,
an Oregon corporation

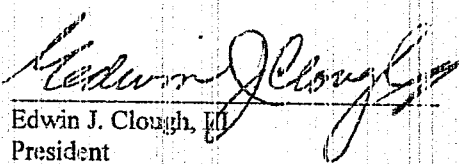
By: 
Edwin J. Clough, III
Its: President

EXHIBIT A

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Legal Description of Property:

Parcel 1 of Minor Land Partition #1-91, filed August 22, 1991, in Klamath County, Oregon, being a portion of Lots 3, 4 and 5 of Block 2, HOMELAND TRACTS, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

INITIAL

INITIAL

Common Address: 5800 South 6th Street, Klamath Falls, Oregon 97601

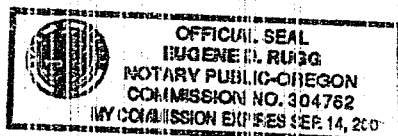
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ACKNOWLEDGMENT

STATE OF OREGON)
) ss:
 COUNTY OF CLATSOP)

I, EUGENE D RUGG, a Notary Public, do hereby certify that
EUGENE CLATSON, personally known to me to be the _____ president of
CLATSON OIL, a OREGON corporation, and _____,
 personally known to me to be the _____ secretary of said corporation, and
 personally known to me to be the same persons whose names are subscribed to the foregoing
 document, appeared before me this day in person and severally acknowledged that as such
 _____ president and _____ secretary they signed and delivered the said document
 as _____ president and _____ secretary of said corporation, pursuant to authority
 given by the Board of Directors of said corporation as their free and voluntary act, and as the free
 and voluntary act and deed of said corporation, for the uses and purposes therein set forth.

Given under my hand and notarial seal, this 19 day of MARCH, 1988



Eugene D Rugg
 Notary Public

Type or
 Print Name: EUGENE D RUGG

My commission expires:

9-14-2001

Acknowledgement in an Individual Capacity

State of OREGON

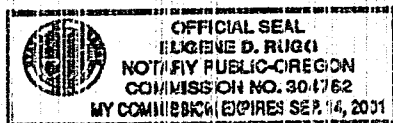
15835

County of Klamath

This instrument was acknowledged before me on MARCH 13, 1998 by EDWARD J. CLOUGH III

Eugene D. Ruger
Notary Public - State of Oregon

My Commission expires SEP 14, 2001



CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

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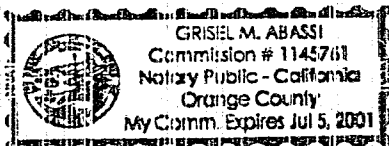
State of California

County of Orange

On May 6, 1998 before me, Muhsin M. Abassi

personally appeared Jill C. Casselman

☒ Personally known to me - OR - ☐ proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.

[Signature]
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and attachment of this form to another document.

Description of Attached Document:

Title or Type of Document: Subordination Agreement

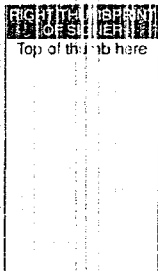
Document Date: January 29, 1998 Number of Pages: 7

Signer(s) Other Than Named Above: NONE

Capacity(ies) Claimed by Signer(s)

Signer's Name: Jill C. Casselman

- ☐ Individual
- ☒ Corporate Officer
- Title(s): Vice President
- ☐ Partner — ☐ Limited ☐ General
- ☒ Attorney-in-Fact
- ☐ Trustee
- ☐ Guardian or Conservator
- ☐ Other: _____

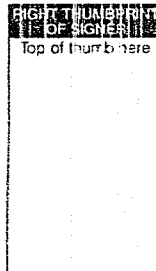


Signer Is Representing:

Citicorp North America, Inc.

Signer's Name: _____

- ☐ Individual
- ☐ Corporate Officer
- Title(s): _____
- ☐ Partner — ☐ Limited ☐ General
- ☐ Attorney-in-Fact
- ☐ Trustee
- ☐ Guardian or Conservator
- ☐ Other: _____



Signer Is Representing:

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of First American Title the 11th day of May A.D., 19 98 at 11:27 o'clock A. M., and duly recorded in Vol. M98 of Mortgages on Page 15830

FEES \$40.00

By Kathleen R. [Signature] Bernetha G. Letsch, County Clerk