

Recording Requested By And )  
When Recorded Return To: ) 1999 JUN 25 AM 9: 04

Harris & Wood )  
Route 1, Box 400 )  
Coalinga, CA 93210 )

MTC 48039

THIS SPACE FOR RECORDER'S USE

# MEMORANDUM OF LEASE

THIS MEMORANDUM is made and effective on April 1, 1999 by and between (i) Harris Farms, Inc., a California corporation, and David E. Wood, an unmarried man, each as to an undivided one-half interest ("Lessor") and (ii) Harris & Wood, a California general partnership ("Lessee"). Lessor and Lessee agree as follows:

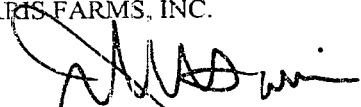
1. Lessor has leased to Lessee that certain real property consisting of approximately 12,416 acres situated in the County of Fresno, State of California, and more particularly described on Exhibit 1 attached hereto and incorporated herein by this reference and that certain real property consisting of approximately 1,567 acres situated in the County of Klamath, State of Oregon, and more particularly described on Exhibit 2 attached hereto and incorporated herein by this reference, for a period commencing on the effective date hereof and ending on March 31, 2009 under the terms and provisions of that certain Grazing Lease between the parties of even date herewith (the "Lease"), the provisions of which are incorporated herein by this reference.


2. This Memorandum is prepared for the purpose of recordation and in no way modifies the provisions of the Lease.

IN WITNESS WHEREOF, the parties have executed this Memorandum as of the date first above written.

"LESSOR"

HARRIS FARMS, INC.

By:   
John C. Harris, President

  
David E. Wood

SIGNATURES CONTINUE ON NEXT PAGE

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"LESSEE"

HARRIS & WOOD

By: Harris Farms, Inc., General Partner

By: 

John C. Harris, President

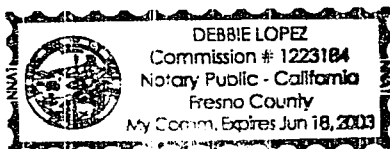
By: 

David E. Wood, General Partner

STATE OF CALIFORNIA )  
                                   )SS.  
 COUNTY OF FRESNO )

On JUNE 19, 1999, before me, Debbie Lopez, personally appeared JOHN C. HARRIS, 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.

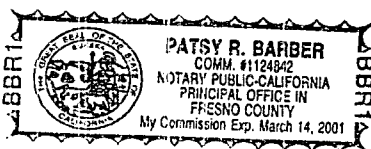


Debbie Lopez

STATE OF CALIFORNIA )  
                                   )SS.  
 COUNTY OF FRESNO )

On JUNE 17, 1999, before me, Patsy R Barber, personally appeared DAVIDE WOOD, 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.



Patsy R Barber

## DESCRIPTION

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## PARCEL 1:

The North half of the Southeast quarter and the South half of the Northeast quarter of Section 34, Township 18 South, Range 15 East, Mount Diablo Base and Meridian, according to the Official Plat thereof.

EXCEPTING THEREFROM that portion thereof described as follows:

Beginning at a point at the Southeast corner of the Northeast quarter of said Section 34; thence Westerly along the Southerly line of said Northeast quarter and 150 feet, more or less, to a point; thence Northerly parallel to the Easterly line of said Section 34, 726 feet, more or less, to a point; thence Easterly parallel to the Southerly line of the Northeast quarter of said Section 34 to the Easterly line of said Section 34; thence Southerly along the Easterly line of the Northeast quarter of said Section 34 to the point of beginning.

ALSO EXCEPTING THEREFROM an undivided one-half of grantor's interest in and to all oil, gas and other hydrocarbon substances and minerals and mineral rights of whatsoever nature and description, as reserved in that deed from the Catholic Foreign Mission Society of America, Inc., et al, to Jack Harris, recorded September 12, 1972, in Book 6068 Page 589 of Official Records, Document No. 81950.

## PARCEL 2:

The Northwest quarter of Section 35, Township 18 South, Range, 15 East, Mount Diablo Base and Meridian, according to the Official Plat thereof.

EXCEPTING THEREFROM the South 726 feet of the West 450 feet thereof.

ALSO EXCEPTING THEREFROM an undivided one-half of grantor's interest in and to all oil, gas and other hydrocarbon substances and minerals and mineral rights of whatsoever nature and description, as reserved in that deed from the Catholic Foreign Mission Society of America, Inc., et al, to Jack Harris, recorded September 12, 1972, in Book 6068 Page 589 of Official Records, Document No. 81950.

## PARCEL 3:

Government Lots 1 and 2 in Section 2, Township 19 South, Range 15 East, Mount Diablo Base and Meridian, according to the Official Plat thereof.

Excepting and reserving unto the first party, its successors and assigns, all mines, oil and minerals under said premises, hereby conveyed with power to first party, its successors and assigns to take all usual, necessary or convenient means for working, drilling, getting, making, merchantable and taking away the said mines, oil and minerals, and also for the above purposes, or for any other purposes whatsoever, to lay and repair pipe for conveying oil from the said premises, as reserved in the deed from Imperial Oil Company, a corporation, to John Nichols, dated June 11, 1931, recorded July 30, 1931, in Book 2033 Page 191 of Official Records, Document No. 17294.

## PARCEL 4:

The North half of the North half; and the Southwest quarter of Section 20,

## DESCRIPTION

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Township 18 South, Range 15 East, Mount Diablo Base and Meridian, according to the Official Plat thereof.

EXCEPTING THEREFROM an undivided one-half of grantor's interest in and to all oil, gas and other hydrocarbon substances and minerals and mineral rights of whatsoever nature and description, as reserved in that deed from the Catholic Foreign Mission Society of America, Inc., et al, to Jack Harris, recorded September 12, 1972, in Book 6063 Page 589 of Official Records, Document No. 81950.

### PARCEL 5:

Section 25, Township 18 South, Range 14 East, Mount Diablo Base and Meridian, according to the Official Plat thereof.

EXCEPTING THEREFROM an undivided one-half of grantor's interest in and to all oil, gas and other hydrocarbon substances and minerals and mineral rights of whatsoever nature and description, as reserved in that deed from the Catholic Foreign Mission Society of America, Inc., et al, to Jack Harris, recorded September 12, 1972, in Book 6068 Page 589 of Official Records, Document No. 81950.

### PARCEL 6:

The North half of the Northwest quarter and the Southeast quarter of the Northwest quarter of Section 26, Township 18 South, Range 14 East, Mount Diablo Base and Meridian, according to the Official Plat thereof.

EXCEPTING THEREFROM unto the State of California 1/16 of all coal, oil, gas and other mineral deposits contained in said land, as provided by an Act of Legislature approved June 25, 1921 (Chapter 503, Statutes of California 1921).

ALSO EXCEPTING THEREFROM an undivided one-half of grantor's interest in and to all oil, gas and other hydrocarbon substances and minerals and mineral rights of whatsoever nature and description, as reserved in that deed from the Catholic Foreign Mission Society of America, Inc., et al, to Jack Harris, recorded September 12, 1972, in Book 6068 Page 589 of Official Records, Document No. 81950.

### PARCEL 7:

The Northeast quarter of Section 26, Township 18 South, Range 14 East, Mount Diablo Base and Meridian, according to the Official Plat thereof.

EXCEPTING THEREFROM an undivided one-half of grantor's interest in and to all oil, gas and other hydrocarbon substances and minerals and mineral rights of whatsoever nature and description, as reserved in that deed from the Catholic Foreign Mission Society of America, Inc., et al, to Jack Harris, recorded September 12, 1972, in Book 6068 Page 589 of Official Records, Document No. 81950.

### PARCEL 8:

The Southeast quarter of Section 26, Township 18 South, Range 14 East, Mount Diablo Base and Meridian, according to the Official Plat thereof.

## DESCRIPTION

EXCEPTING THEREFROM an undivided one-half of grantor's interest in and to all oil, gas and other hydrocarbon substances and minerals and mineral rights of whatsoever nature and description, as reserved in that deed from the Catholic Foreign Mission Society of America, Inc., et al, to Jack Harris, recorded September 12, 1972, in Book 6068 Page 589 of Official Records, Document No. 81950.

## PARCEL 9:

The Southeast quarter, the South half of the Northeast quarter; Government Lots 2 and 7 and the North half of Lots 5 and 9 and the South half of Lot 6 in Fractional Section 30, Township 18 South, Range 15 East, Mount Diablo Base and Meridian, according to the Official Plat thereof.

EXCEPTING THEREFROM unto the State of California 1/16 of all coal, oil, gas and other mineral deposits contained in the North half of Lot 7, as provided by an Act of Legislature approved June 25, 1921 (Chapter 503, Statutes of California 1921).

ALSO EXCEPTING THEREFROM an undivided one-half of grantor's interest in and to all oil, gas and other hydrocarbon substances and minerals and mineral rights of whatsoever nature and description, as reserved in that deed from the Catholic Foreign Mission Society of America, Inc., et al, to Jack Harris, recorded September 12, 1972, in Book 6068 Page 589 of Official Records, Document No. 81950.

## PARCEL 10:

Section 29, Township 18 South, Range 15 East, Mount Diablo Base and Meridian, according to the Official Plat thereof.

EXCEPTING THEREFROM all petroleum, oil, natural gas and water in and under said Northeast quarter of said Section, together with the exclusive and perpetual right to enter in and upon said premises at all times for the purpose of drilling and operating thereon for petroleum, oil, natural gas and water, to erect and maintain thereon and to remove all houses, derricks, structures, machinery, pipelines, tanks and reservoirs necessary for the drilling and operation of oil wells and the production, storage and transportation of petroleum, oil, natural gas and water upon and from said premises; as granted by A. Domengine and Mary A. Domengine, husband and wife, to Bill Shell Petroleum Company, a corporation, by deed dated February 28, 1905, recorded April 28, 1905, in Book 318 Page 274 of Deeds.

## PARCEL 11:

The East half of Lots 1 to 8, inclusive, in Fractional Section 31, Township 18 South, Range 15 East, Mount Diablo Base and Meridian, according to the Official Plat thereof.

EXCEPTING THEREFROM an undivided one-half of grantor's interest in and to all oil, gas and other hydrocarbon substances and minerals and mineral rights of whatsoever nature and description, as reserved in that deed from the Catholic Foreign Mission Society of America, Inc., et al, to Jack Harris, recorded September 12, 1972, in Book 6068 Page 589 of Official Records, Document No.

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81950.

### PARCEL 12:

All of Section 27, Township 18 South, Range 15 East, Mount Diablo Base and Meridian, according to the Official Plat thereof.

EXCEPTING THEREFROM an undivided one-half of grantor's interest in and to all oil, gas and other hydrocarbon substances and minerals and mineral rights of whatsoever nature and description, as reserved in that deed from the Catholic Foreign Mission Society of America, Inc., et al, to Jack Harris, recorded September 12, 1972, in Book 6063 Page 589 of Official Records, Document No. 81950.

### PARCEL 13:

The South half of Section 26, and that portion of the Southwest quarter of Section 25, Township 18 South, Range 15 East, Mount Diablo Base and Meridian, according to the Official Plat thereof, lying Westerly of the West line of that parcel of land conveyed to the state of California for Interstate 5 Freeway, by Deed recorded June 12, 1968, in Book 5579 Page 170 of Official Records, Document No. 41039.

EXCEPTING THEREFROM an undivided one-half of grantor's interest in and to all oil, gas and other hydrocarbon substances and minerals and mineral rights of whatsoever nature and description, as reserved in that deed from the Catholic Foreign Mission Society of America, Inc., et al, to Jack Harris, recorded September 12, 1972, in Book 6068 Page 589 of Official Records, Document No. 81950.

### PARCEL 14:

Lots 7, 8, 9, 10, 11, 12, 15 and 16 and the Southeast quarter of Section 6, Township 19 South, Range 15 East, Mount Diablo Base and Meridian, according to the Official Plat thereof.

EXCEPTING THEREFROM unto the United States all coal and minerals in and under said land.

ALSO EXCEPTING THEREFROM an undivided one-half of grantor's interest in and to all oil, gas and other hydrocarbon substances and minerals and mineral rights of whatsoever nature and description, as reserved in that deed from the Catholic Foreign Mission Society of America, Inc., et al, to Jack Harris, recorded September 12, 1972, in Book 6068 Page 589 of Official Records, Document No. 81950.

### PARCEL 15:

The North half of the Southwest quarter of Section 28, Township 18 South, Range 15 East, Mount Diablo Base and Meridian, according to the Official Plat thereof.

EXCEPTING THEREFROM all oil, oil rights, minerals, mineral rights, natural gas, natural gas rights, and other hydrocarbons by whatsoever name known that may be within or under the parcels of land hereinabove described, together with the perpetual right of drilling, mining, exploring and operating therefor and

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removing the same from said land or any land, including the right to lay pipelines and enter to repair the same, and to whipstock or directionally drill and mine from lands other than those hereinabove described, oil or gas wells, tunnels and shafts into, through or across the subsurface of the land hereinabove described, and to bottom such whipstocked or directionally drilled wells, tunnels and shafts under and beneath or beyond the exterior limits thereof, and to redrill, retunnel, equip, maintain, repair, deepen and operate any such wells or mines; and the right to drill for and pump water from said land and the right of ingress and egress over the surface of said parcel.

### PARCEL 16:

The West half, the North half of the Northeast quarter, and the West half of the Southeast quarter of Section 32, Township 18 South, Range 15 East, Mount Diablo Base and Meridian, according to the Official Plat thereof.

EXCEPTING THEREFROM all oil, oil rights, minerals, mineral rights, natural gas, natural gas rights, and other hydrocarbons by whatsoever name known that may be within or under the parcels of land hereinabove described, together with the perpetual right of drilling, mining, exploring and operating therefor and removing the same from said land or any land, including the right to lay pipelines and enter to repair the same, and to whipstock or directionally drill and mine from lands other than those hereinabove described, oil or gas wells, tunnels and shafts into, through or across the subsurface of the land hereinabove described, and to bottom such whipstocked or directionally drilled wells, tunnels and shafts under and beneath or beyond the exterior limits thereof, and to redrill, retunnel, equip, maintain, repair, deepen and operate any such wells or mines; and the right to drill for and pump water from said land and the right of ingress and egress over the surface of said parcel.

### PARCEL 17:

The South half of the North half; the North half of the North half of the Southeast quarter and the South half of the Southeast quarter of Section 20, Township 18 South, Range 15 East, Mount Diablo Base and Meridian, according to the Official Plat thereof.

EXCEPTING THEREFROM all minerals and whatsoever nature (including but not limited to oil, other hydrocarbons, gas and associated substances) in or under or that may be produced from said lands, as reserved in the deed from Shell Oil Company, a California Corporation, dated April 14, 1959, recorded May 14, 1959, in Book 4221 Page 406 of Official Records, Document No. 34848.

### PARCEL 18:

The Northeast quarter of Section 35, Township 18 South, Range 15 East, Mount Diablo Base and Meridian, according to the Official Plat thereof.

EXCEPTING THEREFROM an undivided one-half of grantor's interest in and to all oil, gas and other hydrocarbon substances and minerals and mineral rights of whatsoever nature and description, as reserved in that deed from the Catholic Foreign Mission Society of America, Inc., et al, to Jack Harris, recorded September 12, 1972, in Book 6068 Page 589 of Official Records, Document No. 81950.



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### PARCEL 19:

The South half of the North half of the Southeast quarter of Section 20, and the North half and the Southeast quarter of Section 28, all in Township 18 South, Range 15 East, Mount Diablo Base and Meridian, according to the Official Plat thereof.

EXCEPTING THEREFROM all minerals and whatsoever nature (including but not limited to oil, other hydrocarbons, gas and associated substances) in or under or that may be produced from said lands, as reserved in the deed from Shell Oil Company, a California Corporation, dated April 14, 1959, recorded May 14, 1959, in Book 4221 Page 406 of Official Records, Document No. 34848.

### PARCEL 20:

The Northeast quarter of Section 33, Township 18 South, Range 15 East, Mount Diablo Base and Meridian, according to the Official Plat thereof.

EXCEPTING THEREFROM an undivided one-half of grantor's interest in and to all oil, gas and other hydrocarbon substances and minerals and mineral rights of whatsoever nature and description, as reserved in that deed from the Catholic Foreign Mission Society of America, Inc., et al, to Jack Harris, recorded September 12, 1972, in Book 6068 Page 589 of Official Records, Document No. 81950.

### PARCEL 21:

All of Section 21, Township 18 South, Range 15 East, Mount Diablo Base and Meridian, according to the Official Plat thereof.

EXCEPTING THEREFROM an undivided one-half of grantor's interest in and to all oil, gas and other hydrocarbon substances and minerals and mineral rights of whatsoever nature and description, as reserved in that deed from the Catholic Foreign Mission Society of America, Inc., et al, to Jack Harris, recorded September 12, 1972, in Book 6068 Page 589 of Official Records, Document No. 81950.

### PARCEL 22:

The East half of Lots 3, 4, 5 and 8 in Section 19, Township 18 South, Range 15 East, Mount Diablo Base and Meridian, according to the Official Plat thereof.

EXCEPTING THEREFROM an undivided one-half of grantor's interest in and to all oil, gas and other hydrocarbon substances and minerals and mineral rights of whatsoever nature and description, as reserved in that deed from the Catholic Foreign Mission Society of America, Inc., et al, to Jack Harris, recorded September 12, 1972, in Book 6068 Page 589 of Official Records, Document No. 81950.

### PARCEL 23:

The South half of Sections 16 and 17, Township 18 South, Range 15 East, Mount Diablo Base and Meridian, according to the Official Plat thereof.

EXCEPTING THEREFROM the South half of the Southeast quarter of said Section 16.

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ALSO EXCEPTING THEREFROM the North half of the Southeast quarter of said Section 16.

ALSO EXCEPTING THEREFROM an undivided one-half of grantor's interest in and to all oil, gas and other hydrocarbon substances and minerals and mineral rights of whatsoever nature and description, as reserved in that deed from the Catholic Foreign Mission Society of America, Inc., et al, to Jack Harris, recorded September 12, 1972, in Book 6068 Page 589 of Official Records, Document No. 81950.

### PARCEL 24:

The South half of the Southwest quarter of Section 22, Township 18 South, Range 15 East, Mount Diablo Base and Meridian, according to the Official Plat thereof.

EXCEPTING THEREFROM an undivided one-half of grantor's interest in and to all oil, gas and other hydrocarbon substances and minerals and mineral rights of whatsoever nature and description, as reserved in that deed from the Catholic Foreign Mission Society of America, Inc., et al, to Jack Harris, recorded September 12, 1972, in Book 6068 Page 589 of Official Records, Document No. 81950.

### PARCEL 25:

Lots 3 and 4 and the South half of Lots 5 and 8 in Fractional Section 30, Township 18 South, Range 15 East, Mount Diablo Base and Meridian, according to the Official Plat thereof.

EXCEPTING THEREFROM an undivided one-half of grantor's interest in and to all oil, gas and other hydrocarbon substances and minerals and mineral rights of whatsoever nature and description, as reserved in that deed from the Catholic Foreign Mission Society of America, Inc., et al, to Jack Harris, recorded September 12, 1972, in Book 6068 Page 589 of Official Records, Document No. 81950.

### PARCEL 26:

All of Fractional Section 5, Township 19 South, Range 15 East, Mount Diablo Base and Meridian, according to the Official Plat thereof.

EXCEPTING THEREFROM all petroleum, gas, asphaltum and other hydrocarbons, and other minerals, whether similar to those herein specified or not, within or underlying said land, or that may be produced therefrom, together with any and all easements, rights of way and servitudes in, under and upon said land, necessary or convenient in the judgment of grantor, to explore, by geophysical or other methods, for the purpose of determining subsurface geological conditions underlying said land and to drill for, produce, extract and take any of said minerals from said land, and to treat and to store the same thereon, to construct, reconstruct, use, maintain, erect, repair, replace, renew, change the size and location of, increase the number of and remove in, under, on and from said land all pipe lines, power lines, telephone and telegraph lines, and other structure and equipment which grantor may require in carrying on any of the operations, to take and use on said land water developed by grantor on said land necessary for such operations; together with the right of ingress and egress to

# DESCRIPTION

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and from said land for any and all of said purposes; as reserved in the deed from Standard Oil Company of California, a corporation, to Adolph M. Domengine, single, and Mary Edna Domengine, single, as joint tenants, dated July 12, 1945, recorded July 20, 1945, in Book 2254 Page 392 of Official Records, Document No. 28710.

## PARCEL 27:

The North half of the South half of Section 22, Township 18 South, Range 15 East, Mount Diablo Base and Meridian, according to the Official Plat thereof.

EXCEPTING THEREFROM an undivided one-half interest in and to all oil, gas and other hydrocarbons and minerals now or at any time hereafter situate therein and thereunder for a period of 20 years from the recording of said deed at which time said minerals and said rights shall revert to the grantee therein or their successors in interest, as reserved in the deed recorded November 20, 1972, in Book 6094 Page 915 and in Book 6094 Page 916 of Official Records.

## PARCEL 28:

The Northwest quarter of Section 26, Township 18 South, Range 15 East, Mount Diablo Base and Meridian, according to the Official Plat thereof.

EXCEPTING THEREFROM 26-1/2% of all oil, gas and other hydrocarbon substances and other minerals in and under and that may be produced, saved and sold or removed from said real property, as conveyed by deeds dated March 2, 1940, recorded March 3, 1940, as Document Nos. 8455, 8456 and 8457, Official Records.

ALSO EXCEPTING THEREFROM 23-1/2% of all oil, gas and other hydrocarbon substances and other minerals, as reserved in the deed from Angelica Schuyler Bryce to Jack Harris, a married man, as to an undivided 1/2 interest; and Southwest Texas Corporation, a Texas corporation, as to an undivided 1/2 interest, recorded December 6, 1972, as Document No. 109575, Official Records.

## PARCEL 29: (Deleted)

## PARCEL 30:

Government Lots 1 and 2 of Section 6, Township 19 South, Range 15 East, Mount Diablo Base and Meridian, according to the Official Plat thereof.

## PARCEL 31:

The West half of the Southeast quarter of the Southeast quarter of Section 33, Township 18 South, Range 15 East, Mount Diablo Base and Meridian, according to the Official Plat thereof.

## PARCEL 32:

The South half of the Northeast quarter of the Northwest quarter of Section 34, Township 18 South, Range 15 East, Mount Diablo Base and Meridian, according to the Official Plat thereof.

## PARCEL 33:

## DESCRIPTION

The Southwest quarter of the Southwest quarter of Section 28, Township 18 South, Range 15 East, Mount Diablo Base and Meridian, according to the Official Plat thereof.

Excepting from parcels 1 through 28 and 30 through 33, an undivided one-half interest in a non-participating royalty interest in and to the oil, gas and other hydrocarbons, geothermal resources, and other minerals, in and under the property equal to the percentage of divided or undivided interest of such oil, gas and other hydrocarbon, geothermal resources and other minerals now owned by grantor ("non-participating royalty interest" as used here means participation in royalties on actual production but no participation in the power to lease or in the negotiated fruits of leasing, such as bonus and delay rentals), as reserved by southwest texas corporation, indeed to david a wood, a single man, recorded july 18, 1983, as Document No. 83063355.

## PARCEL 34:

All of fractional Section 3, Township 19 South, Range 15 East, Mount Diablo Base and Meridian, according to the Official Plat thereof.

EXCEPTING THEREFROM commencing at the Northeast corner of said Section 3; thence South along the East line of said Section 3 a distance of 1524.80 feet to a point, said point being the true point of beginning; thence continuing South along the East line of said Section 3 to a distance of 1086.89 feet; thence West a distance of 1272.62 feet; thence North a distance of 1086.89 feet; thence East a distance of 1272.62 feet to the true point of beginning.

ALSO EXCEPTING THEREFROM all oil, gas and other hydrocarbons; non-hydrocarbon gasses or gaseous substances; all other minerals of whatsoever nature, without regard to similarity to the above-mentioned substances; and all substances that may be produced therewith from said real property; and all geothermal resources, embracing: indigenous steam, hot water and hot brines; steam and other gases, hot water and hot brines resulting from water, gas or other fluids artificially introduced into subsurface formations; heat or the associated energy found beneath the surface of the earth; and by-products of any of the foregoing such as minerals (exclusive of oil or hydrocarbon gas that can be separately produced) which are found in solution or association with or derived from any of the foregoing as reserved in the Deed recorded August 31, 1998, as Document No. 98122596, Official Records.

## PARCEL 35:

Commencing at the Northwest corner of the Southwest quarter of the Southwest quarter of Section 34, Township 18 South, Range 15 East, Mount Diablo Base and Meridian, running thence Easterly along the Northerly line of the South half of the South half of said Section 34 to the Easterly line of said Section 34; thence Southerly along the said Easterly line of Section 34, 330 feet; thence at right angles Westerly one mile, more or less to a point on the Westerly line of said Section 34, 330 feet South of the point of commencement; thence Northerly along the said Westerly line of said Section 34 to the point of commencement.

EXCEPTING THEREFROM all oil, gas and other hydrocarbons; non-hydrocarbon gasses or gaseous substances; all other minerals of whatsoever nature, without regard to similarity to the above-mentioned substances; and all substances that may be produced therewith from said real property; and all geothermal resources,

## DESCRIPTION

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embracing: indigenous steam, hot water and hot brines; steam and other gases, hot water and hot brines resulting from water, gas or other fluids artificially introduced into subsurface formations; heat or the associated energy found beneath the surface of the earth; and by-products of any of the foregoing such as minerals (exclusive of oil or hydrocarbon gas that can be separately produced) which are found in solution or association with or derived from any of the foregoing as reserved in the Deed recorded August 31, 1998, as Document No. 98122596, Official Records.

### PARCEL 36:

The South Half of the Southeast Quarter of Section 22, Township 18 South, Range 15 East, Mount Diablo Base and Meridian, according to the United States Government Township Plats, Fresno County Records.

### PARCEL 37:

The North half of the Southeast quarter; the East half of the Southeast quarter of the Southeast quarter; the Southwest quarter of the Southeast quarter and the West half of Section 33, Township 18 South, Range 15 East, Mount Diablo Base and Meridian, according to the Official Plat thereof.

### PARCEL 38:

The South half of the Northwest quarter; the Northwest quarter of the Northwest quarter; the North half of the Northeast quarter of the Northwest quarter of Section 34, Township 18 South, Range 15 East, Mount Diablo Base and Meridian, according to the Official Plat thereof.

### PARCEL 39:

The North half of the Southwest quarter of Section 34, Township 18 South, Range 15 East, Mount Diablo Base and Meridian, according to the Official Plat thereof.

EXCEPTING and RESERVING to the United States all the phosphate, nitrate, potash, asphaltic minerals, oil and gas in the lands so patented, and to it or persons authorized by it, the right to prospect for, mine and remove such deposits from the same upon compliance with the conditions and subject to the provisions and limitations of the Act of July 17, 1914 (38 Stat. 509)

ALSO EXCEPT the deposits of coal, phosphate, sodium and oil shale herein referred to, in lands valuable for such minerals, as reserved by the United States of America, under the Act of February 25, 1920.

### PARCEL 40:

The South 120 acres of the South half of the South half of Section 34, Township 18 South, Range 15 East, Mount Diablo Base and Meridian, according to the Official Plat thereof.

### PARCEL 41:

The South half of Section 35, Township 18 South, Range 15 East, Mount Diablo Base and Meridian, according to the Official Plat thereof.

## DESCRIPTION

EXCEPT the following: Beginning at a point in the Southwest quarter of said Section 35, which point is 500 feet, more or less, East from a point on the Westerly line of said Section 35, said last mentioned point being South 400 feet, more or less, measured along the Westerly line of said Section 35 from the Northwest corner of the Southwest quarter of said Section 35; thence South parallel to said Westerly line of said Section 35, 580.8 feet, more or less, to a point; thence East 300 feet, more or less, to a point; thence North 580.8 feet, more or less, to a point; thence West 300 feet, more or less, to the Point of Beginning.

## PARCEL 42:

Lots 1, 2, 3, 5 and 6 of Section 4, Township 19 South, Range 15 East, Mount Diablo Base and Meridian, according to the Official Plat thereof.

## PARCEL 43:

Lot 6 and the North half of the Southwest quarter of the Northeast quarter, otherwise described as the North half of the West half of Lot 7 of Section 2, Township 19 South, Range 15 East, Mount Diablo Base and Meridian, according to the Official Plat thereof.

## PARCEL 44:

The Southwest quarter of Section 23, Township 18 South, Range 15 East, Mount Diablo Base and Meridian.

EXCEPTING THEREFROM that portion conveyed to the State of California in the Deed recorded August 20, 1968 in Book 5604 Page 21 as Document No. 56300.

ALSO EXCEPTING therefrom all of the minerals and mineral ores of every kind and character now known to exist or hereafter discovered upon, within or underlying the hereinabove described property or that may be produced therefrom, including, without limited the generality of the foregoing, all oil, natural gas and hydrocarbon substances, geothermal steam, brines and minerals in solution, and sand, gravel and aggregates, and products derived therefrom, as granted to Bravo Oil Company in Deed recorded December 29, 1965 as Document No. 104217 in Book 5257 Page 25 of Official Records.

## PARCEL 45:

The East half of the Southeast quarter and the South half of the Northeast quarter of Section 32, Township 18 South, Range 15 East Mount Diablo Base and Meridian, according to the Official Plat thereof.

EXHIBIT 2  
LEGAL DESCRIPTION

Township 33 South, Range 6 East of the Willamette Meridian, Klamath County, Oregon.

Section 25: S 1/2 NE 1/4; SE 1/4; E 1/2 SW 1/4; N 1/2 NE 1/4; NW 1/4 and the W 1/2 SW 1/4

Section 36: E 1/2 NW 1/4; NE 1/4

Section 26: E 1/2 NE 1/4 NE 1/4; E 1/2 W 1/2 NE 1/4 NE 1/4; SE 1/4 NE 1/4; NE 1/4 SE 1/4 and the S 1/2 SE 1/4

Section 23: E 1/2 SE 1/4 SE 1/4; and the E 1/2 W 1/2 SE 1/4 SE 1/4

Township 33 South, Range 7 1/2 East of the Willamette Meridian, Klamath County, Oregon.

Section 30: SE 1/4 NW 1/4; E 1/2 SW 1/4; NE 1/4 NW 1/4 and Government Lots 1, 2, 3 and 4

Section 31: Government Lots 1 and 2 and the E 1/2 NW 1/4

State of Oregon, County of Klamath  
Recorded 6/25/99, at 9:04 a. m.  
In Vol. M99 Page 24939  
Linda Smith,  
County Clerk Fee \$100 - RR