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After recording return to:

Perkins Coie LLP
1201 Third Avenue, 48th Floor
Seattle, Washington 98101-3099
Attention: James R. Johnston

This space reserved for recorder's use.

Until a change is requested, all tax statements shall be sent to Grantor at the following address:

U.S. Timberlands Yakima L.L.C.
c/o U.S. Timberlands Services Company, L.L.C.
625 Madison Avenue, Suite 10-B
New York, NY 10022

GRANTOR: U.S. TIMBERLANDS KLAMATH FALLS, L.L.C.
GRANTEE: U.S. TIMBERLANDS YAKIMA L.L.C.

WARRANTY DEED

U.S. TIMBERLANDS KLAMATH FALLS, L.L.C., a Delaware limited liability company, GRANTOR, conveys and warrants to U.S. TIMBERLANDS YAKIMA L.L.C., a Delaware limited liability company, GRANTEE, the real property in Klamath County, Oregon, described in EXHIBIT A attached hereto, free of encumbrances except as specifically set forth on EXHIBIT B attached hereto.

The true and actual cash consideration for this transfer is \$ 3,000,000.

THIS INSTRUMENT WILL NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES AND TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES AS DEFINED IN ORS 30.930.

46673

Dated this 27 day of December, 2000.

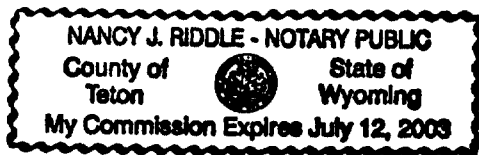
U.S. TIMBERLANDS KLAMATH FALLS,
L.L.C.

By John M. Rudey
John M. Rudey
President

Wyoming ¹²⁻²⁷⁻²⁰⁰⁰ *njr*
 STATE OF ~~NEW YORK~~)
 Teton *njr*) SS
 COUNTY OF ~~NEW YORK~~) ¹²⁻²⁷⁻²⁰⁰⁰

On the 27th day of December, 2000, before me personally came John M. Rudey, to me known, who, being by me duly sworn, did depose and say that he resides at 625 Madison Avenue, Suite 10-B, New York, New York 10022; that he is the President of U.S. TIMBERLANDS KLAMATH FALLS, L.L.C., the limited liability company described in and which executed the foregoing instrument; that he signed his name thereto by authority of the manager of the limited liability company.

Nancy J. Riddle
 Notary Public



(SEAL)

EXHIBIT A LEGAL DESCRIPTION

Parcel One:

Section 1 - NE1/4; Lots 6 and 8; SE1/4SW1/4; SE1/4
 Section 2 - Lot 9
 Section 11 - Lots 1, 2 and 3; SE1/4NE1/4; Lots 4, 5 and 6; NE1/4SE1/4; S1/2SE1/4
 Section 12 - All
 Section 13 - NE1/4; NE1/4NW1/4; S1/2NW1/4; S1/2
 Section 14 - N1/2NE1/4; SW1/4NE1/4; NW1/4; N1/2SW1/4; SE1/4SW1/4; SE1/4
 Section 23 - N1/2NE1/4; E1/2NW1/4
 Section 24 - E1/2NE1/4; NW1/4; E1/2SW1/4; N1/2SE1/4

All being in Township 37 South, Range 13 East, Willamette Meridian, in Klamath County, Oregon

Parcel Two:

Section 1 - A 100-foot wide strip of land in Lots 1, 2, and 3 and in the SE1/4NE1/4

Section 2 - A 100-foot wide strip of land in Lot 4, and a 100-foot wide strip of land in the SW1/4NW1/4 as described in Volume 227, Page 60, Deed Records of Klamath County, Oregon less that portion described in Volume M71, Page 9647, Deed Records of Klamath County, Oregon; A 66-foot wide strip of land in the SW1/4NW1/4 as described in Volume 324, Page 157, Deed Records of Klamath County, Oregon; A 66-foot wide strip of land in the W1/2SW1/4 as described in Volume 324, Page 157, Deed Records of Klamath County, Oregon.

Section 3 - A tract of land in Lot 1 as described in Volume 227, Page 60, Deed Records of Klamath County, Oregon, and a 66-foot wide strip of land in the SE1/4SE1/4 as described in Volume 324, Page 157, Deed Records of Klamath County, Oregon.

Section 5 - W1/2W1/2; W1/2SE1/4

Section 6 - SW1/4NE1/4; Fractional NW1/4; Fractional S1/2

Section 7 - All Fractional

Section 8 - NW1/4NE1/4; N1/2NW1/4; SW1/4; NW1/4SE1/4; S1/2SE1/4

Section 9 - NW1/4SW1/4; S1/2SW1/4

Section 10 - A 66-foot wide strip of land in the NE1/4NE1/4 as described in Volume 324, Page 157, Deed Records of Klamath County, Oregon.

Section 14 - A tract in the SE1/4NW1/4 and the NE1/4SW1/4 as described in Volume M80, Page 7978, Deed Records of Klamath County, Oregon; 100-foot wide strip of land in the SE1/4NW1/4, NE1/4SW1/4, S1/2SW1/4

Section 17 - All

Section 18 - NW1/4NE1/4; S1/2NE1/4; Fractional NW1/4; Fractional S1/2

Section 19 - All Fractional

Section 20 - N1/2; SW1/4; W1/2SE1/4

Section 21 - W1/2NW1/4

Section 29 - W1/2NE1/4; NW1/4

Section 30 - N1/2NE1/4; SE1/4NE1/4; Fractional N1/2NW1/4; SE1/4NW1/4

All being in Township 37 South, Range 14 East, Willamette Meridian, in Klamath County, Oregon.

EXHIBIT B**SUBJECT TO:**

- (1) Reservation by Weyerhaeuser Company, its successors and assigns, of all geothermal steam and heat and all metals, ores and minerals of any nature whatsoever in or upon said land, together with all appurtenances thereto, as set forth in that certain deed, including terms and provisions thereof, from Weyerhaeuser Company, a Washington corporation, to U.S. Timberlands Klamath Falls, L.L.C., a Delaware limited liability company, recorded August 30, 1996, in Volume M96 at Page 26858, Klamath County Microfilm Records;
- (2) All easements and rights of way for public roads and utilities heretofore established and existing on said lands or any similar rights established by prescription or adverse possession;
- (3) Rights reserved in federal patents or state deeds and mineral or fossil rights reservations;
- (4) Ancestral rights, if any, of descendants of aboriginal inhabitants to occupy, use and possess any portion of the premises, as reserved by treaties, understandings, practice statutes or judicial decisions, for food gathering, shelter, religious ceremonies, social and economic gatherings, battlefields and burial sites;
- (5) Compensating tax, if any, upon removal of the designation of certain of subject property carried on county assessor's rolls for tax purposes as "Classified and/or Designated Forest Land";
- (6) All building or use restrictions general to the area and planning, building, zoning, health and other governmental regulations or provisions, if any, affecting subject property;
- (7) Any change in the boundary or legal description of the real property, or title to the estate conveyed, that may arise due to the shifting and changing in the course of navigable waters of Oregon or the United States;
- (8) Right of the State of Oregon in and to that portion, if any, of subject property which lies below the line of ordinary high water of the navigable waters of Oregon or the United States;
- (9) Any prohibition or limitation of use, occupancy or improvement of the land resulting from the rights of the public or riparian owners to use any portion which is now, or has formerly been covered by water; and
- (10) All matters of public record.

State of Oregon, County of Klamath
Recorded 12/28/00, at 1:52 p.m.
In Vol. M00 Page 46672
Linda Smith,
County Clerk Fee \$ 41⁰⁰