

After Recording, Return to:
Laurence E. Thorp
1011 Harlow Road
Springfield, OR 97477
(541) 747-3354

mtc s3560-m5
TIMBER DEED

PARTIES: **Crown Pacific Limited Partnership,** (Grantor)
a Delaware limited partnership
121 S.W. Morrison, Suite 1500
Portland, OR 97204
Fax No. (503) 228-4875

and

Rosboro Lumber Company, (Grantee)
an Oregon limited liability company
PO Box 20
Springfield, OR 97477
Fax No. (541) 726-8919

AGREEMENT:

1. **Conveyance of Timber.** Grantor hereby grants, bargains, sells and conveys to Grantee 10,000 MBF (Net Eastside Scale) of merchantable timber (Timber) lying or standing upon that certain property (Property) described in **Exhibit A** attached hereto and incorporated herein. The Timber includes all sizes and species of trees containing at least one 16-foot log with a five-inch scaling diameter whether lying or standing upon the Property, having commercial value at the time the Timber is harvested. Maps of the areas to be harvested are attached hereto as **Exhibit B**. Harvesting shall be conducted in accordance with the requirements set forth in **Exhibit C**. If the total volume of Timber within the area designated for harvest is less than 10,000 MBF, then Grantee shall be entitled to harvest the remaining volume from Grantor's Mazama Block in areas designated by Grantor. Grantor shall designate such areas not later than ten (10) days after Grantee notifies Grantor that there is insufficient volume in the area designated for harvest. The area designated for harvest by Grantor shall be similar in species mix, size, density and harvesting costs to the area designated in **Exhibits A and B**.

2. **Consideration.** The true and actual consideration for this transfer is \$1,662,300. Such sum shall be paid in full on closing with collected funds.

3. **Title Insurance and Closing Costs.** Grantor shall provide Grantee with a title insurance policy at Grantor's expense in an amount equal to the above-stated purchase price, insuring

marketable title to the Timber. This sale shall be closed in escrow at Ameri-Title _____ in Klamath Falls, Oregon. Grantor and Grantee shall share equally the closing costs and recording fees incurred therein.

4. **Time for Removal.** Grantee shall have the right to enter upon the Property and to remove the Timber therefrom at any time between the date of this deed and March 31, 2003. Grantee shall provide Grantor prior to harvesting in each calendar year, a copy of Grantee's logging plan for the Timber for such calendar year. Grantee may harvest no more than 4,000 MBF during calendar year 2001 and no more than 7,500 MBF during calendar year 2002 or 2003 without Grantor's prior written consent. All Timber not removed on or before March 31, 2003 shall revert immediately to Grantor.

5. **Buyback.** The areas to be harvested contain a variety of species and sizes of timber including lodgepole pine and ponderosa pine. Grantee does not mill lodgepole pine larger than 15 inches in diameter on the large end of logs or ponderosa pine. Grantor operates a mill in Gilchrist, Oregon at which it does mill lodgepole pine in excess of 15 inches in diameter and ponderosa pine.

Grantee shall sell to Grantor and Grantor shall purchase from Grantee all of the lodgepole pine logs in excess of 15 inches in diameter at the large end and all ponderosa pine logs harvested by Grantee from the Property. Grantee shall harvest and deliver such logs to Grantor at its Gilchrist, Oregon mill. Grantor shall pay Grantee \$450.00/MBF (Net Eastside Scale) for all logs delivered to Grantor.

Payments shall be made by the 10th of each month for all logs delivered after the 15th day of the preceding calendar month and payment shall be made on the 25th day of each month for all logs delivered during the first 15 days of such month.

6. **Right of First Refusal.** Grantee shall have a first right of refusal to purchase any stumpage sold by Grantor from its Mazama Block during the term of this contract. If Grantor elects to sell any stumpage, Grantor shall notify Grantee of what stumpage Grantor wishes to sell and the price and terms Grantor is willing to accept for the stumpage. Grantee shall have 30 days from the date of such notification to elect whether to purchase the stumpage at the price and on the terms specified by Grantor. If Grantee elects to purchase, then such purchase shall be closed within 30 days of the date of Grantee's election, in escrow, with Grantor providing Grantee a policy of title insurance at Grantor's expense insuring that Grantor has marketable title to the stumpage being sold. If Grantee elects not to purchase or fails to respond within 30 days of the notice of intent to sell from Grantor, then Grantor shall be free to sell such stumpage at any time within 60 days following the date of notice to Grantee at a price and on terms no more favorable to the purchaser than the price and terms offered Grantee. If such sale is not closed within 60 days, or if the price or terms are more favorable to the purchaser than the price or terms offered Grantee, then Grantor must again notify Grantee of the proposed sale and give Grantee the opportunity to purchase the stumpage as provided above.

7. **Scaling.** Grantee shall have the Timber harvested from the Property scaled by an independent log scaling and grading bureau and provide two copies of all scale tickets to Seller on a weekly basis. Grantee shall provide Grantor with a summary of all scale tickets at least monthly at Grantor's office in Gilchrist, Oregon. Sample scaling shall be permitted with the written approval of Grantor of sample scaling procedures proposed by Grantee.

8. **Branding.** Grantee shall provide one or more branding hammers containing brands to be applied to logs removed from the Property by Grantee. A list of brands for each job or unit will be provided to Grantor. Grantee shall brand a reasonable number of logs on each load removed from the Property prior to removal.

9. **Notice.** All notices required hereunder shall be delivered to Grantor and Grantee at the addresses provided above. Notice may be delivered personally or by a reputable overnight carrier or sent by facsimile transmission or certified mail. Notice shall be deemed given only upon actual receipt by the party to whom the notice is directed.

10. **Covenants of Grantor.** Grantor makes the following promises, covenants and warranties concerning the Property and Timber:

- a. Grantor is the owner of the Property and Timber and the Property and Timber are free from all encumbrances that would render the Timber unmarketable.
- b. Grantor warrants access to the Property to harvest and remove the Timber.
- c. Grantor shall clearly mark the cutting boundaries on the Property in a timely manner to accommodate Grantee's logging plan and will defend and indemnify Grantee from any claims and demands relating to the title to all trees and logs within such marked boundaries.

11. **Covenants of Grantee.** Grantee shall not violate any local, state and federal laws and regulations relative to its operations on the Property, including the orders and directions of the State Forester and the State Fire Marshall, and shall further cooperate with all public bodies and officials in the prevention and suppression of fires on or threatening the Property and Timber. All logging shall be conducted by Grantee in a good and workmanlike manner in accordance with the Oregon Forest Practices Act.

12. **Risk of Loss.** The risk of loss to the Timber due to any cause (except losses resulting from the acts or omissions of Grantor or Grantor's agents) shall shift to Grantee upon the execution of this Timber Deed. Grantor shall save harmless, defend and indemnify Grantee from all loss damage or expense resulting from the acts or omissions of Grantor and Grantor's agents and contractors.

13. **Grantee's Liability.** Grantee shall repair or replace any fences, bridges or other improvements, which Grantee or its agents or independent contractors damage or destroy during the harvesting and removal of the Timber. Grantee assumes all liability for and agrees to indemnify and save Grantor harmless for any injuries, claims, damages or liability arising on the Property and caused by Grantee, its agents, or independent contractors during the harvesting and removal of the Timber from the Property, including, but not limited to, injuries sustained by Grantee's agents and independent contractors. Within seven days of receipt of notice by Grantor of any claim for which

Grantor intends to seek indemnification hereunder, Grantor shall give the Grantee notice of such claim and Grantee shall be given the opportunity to contest and defend such claim. Under no circumstances may Grantor compromise or settle any claim for which Grantor intends to seek indemnification hereunder without Grantee's prior written approval. Should Grantor do so, Grantee's obligation to indemnify Grantor shall cease.

14. **Insurance.** Before commencing operations under this contract, Grantee, at its expense, shall procure and maintain in full force and effect until it has ceased operations on the Property, insurance covering both legally imposed and contractually assumed liabilities as specified herein, including liability insurance for injury to or death of persons and for damage to the Property, and Grantee shall furnish Grantor the certificate of the insurance company evidencing such insurance upon written request by Grantor. The insurance shall include:

- a. Comprehensive general liability insurance with loggers broad form in amounts not less than \$1 million.
- b. Automobile liability insurance covering all motor vehicles utilized by Grantee in connection with Grantee's activities hereunder in amounts not less than \$1 million.
- c. Workers' Compensation insurance as required by law.

15. **Taxes.** Grantee shall be liable for and shall pay when due the severance and forest products harvest taxes and road use fees, which result from the harvesting and removal of the Timber. Real property taxes and any other assessments against the Property shall remain the responsibility of Grantor.

16. **Slash Disposal.** Grantee shall be responsible for and shall pay the expense of slash disposal after the removal of the Timber as required by the Oregon Forest Practices Act.

17. **Reforestation.** As long as Grantee harvests the Timber in accordance with the applicable requirements of Exhibit C, Grantor shall be responsible for all reforestation of the Property as required by the Oregon Forest Practices Act. If Grantee does not comply with the requirements of Exhibit C and, as a result, replanting is required, Grantee will be responsible for the initial replanting.

18. **Access.** Grantee shall have the right to use existing roads on the Property and any adjacent property owned by Grantor and to build and use roads on the Property as necessary to harvest the Timber.

19. **Force Majeure.** If the performance of either party (including harvesting of the Timber by Grantee) is delayed due to any cause beyond the reasonable control of the party, including but not limited to environmental litigation, presence of threatened or endangered species, or fire restrictions imposed by any governmental agency, the time for performance shall be extended for a sufficient additional period of time in order to permit Grantee to harvest all of the Timber on the Property.

20. **Disputes.** All disputes between the parties shall be resolved by arbitration in accordance with the rules of the American Arbitration Association or ORS 36.300 *et. seq.* at the option of the party initiating arbitration. Provided, however, that if joinder of a third party is necessary to complete resolution of all issues in dispute and such third party cannot be compelled to join in such arbitration and refuses to agree to join in arbitration, then the party to the arbitration seeking to join the third party may abate the arbitration and initiate litigation to resolve such dispute, provided that such third party is joined in such litigation. The arbitrator's award shall be final and binding and may be docketed as a final judgment in any court with jurisdiction. The prevailing party in any litigation or arbitration shall be awarded such party's reasonable attorney fees and expenses incurred therein and in any appeal therefrom and in enforcing and collecting any judgment entered.

21. **Counterparts.** This Timber Deed may be signed in counterparts, each of which will be considered an original and all of which together will be one and the same agreement.

22. **Entire Agreement.** This Timber Deed contains the entire agreement between Grantee and Grantor and may only be amended in writing signed by both Grantee and Grantor.

DATED this 28th day of March, 2001.

GRANTOR:

**CROWN PACIFIC
LIMITED PARTNERSHIP**

By: [Signature]
Gary N. Cremer, Vice President Resources

GRANTEE:

ROSBORO LUMBER COMPANY

By: _____
David Weza, CEO

By: _____
Gordon Culbertson, Vice President

STATE OF OREGON, County of Lane) ss.

This instrument was acknowledged before me on March 28, 2001, by Gary N. Cremer, the Vice President Resources of **Crown Pacific Limited Partnership, a Delaware Limited Partnership**, on behalf of the Limited Partnership.



Janet L. Curtis-Roofener
Notary Public for Oregon
My Commission Expires: Mar. 19, 2002

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DATED this 28th day of March, 2001.

GRANTOR:

**CROWN PACIFIC
LIMITED PARTNERSHIP**

By: _____
Gary N. Cremer, Vice President Resources

GRANTEE:

ROSBORO LUMBER COMPANY

By: David Weza
David Weza, CEO

By: Gordon Culbertson
Gordon Culbertson, Vice President

STATE OF OREGON, County of Lane) ss.

This instrument was acknowledged before me on _____, 2001, by Gary N. Cremer, the Vice President Resources of **Crown Pacific Limited Partnership, a Delaware Limited Partnership**, on behalf of the Limited Partnership.

Notary Public for Oregon
My Commission Expires: _____

STATE OF OREGON, County of Lane) ss.

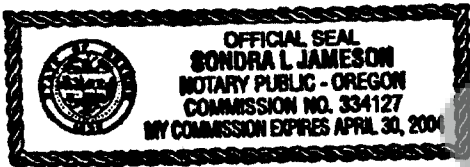
This instrument was acknowledged before me on 3-28-01, 2001, by David Weza, the CEO of Rosboro Lumber Company, an Oregon Limited Liability Company, on behalf of the Corporation.



M. Flagg
Notary Public for Oregon
My Commission Expires: 2-1-04

STATE OF OREGON, County of Lane) ss.

This instrument was acknowledged before me on March 28, 2001, by Gordon Culbertson, Vice President of Rosboro Lumber Company, an Oregon Limited Liability Company, on behalf of the Corporation.



Sondra L. Jameson
Notary Public for Oregon
My Commission Expires: 4/30/2004

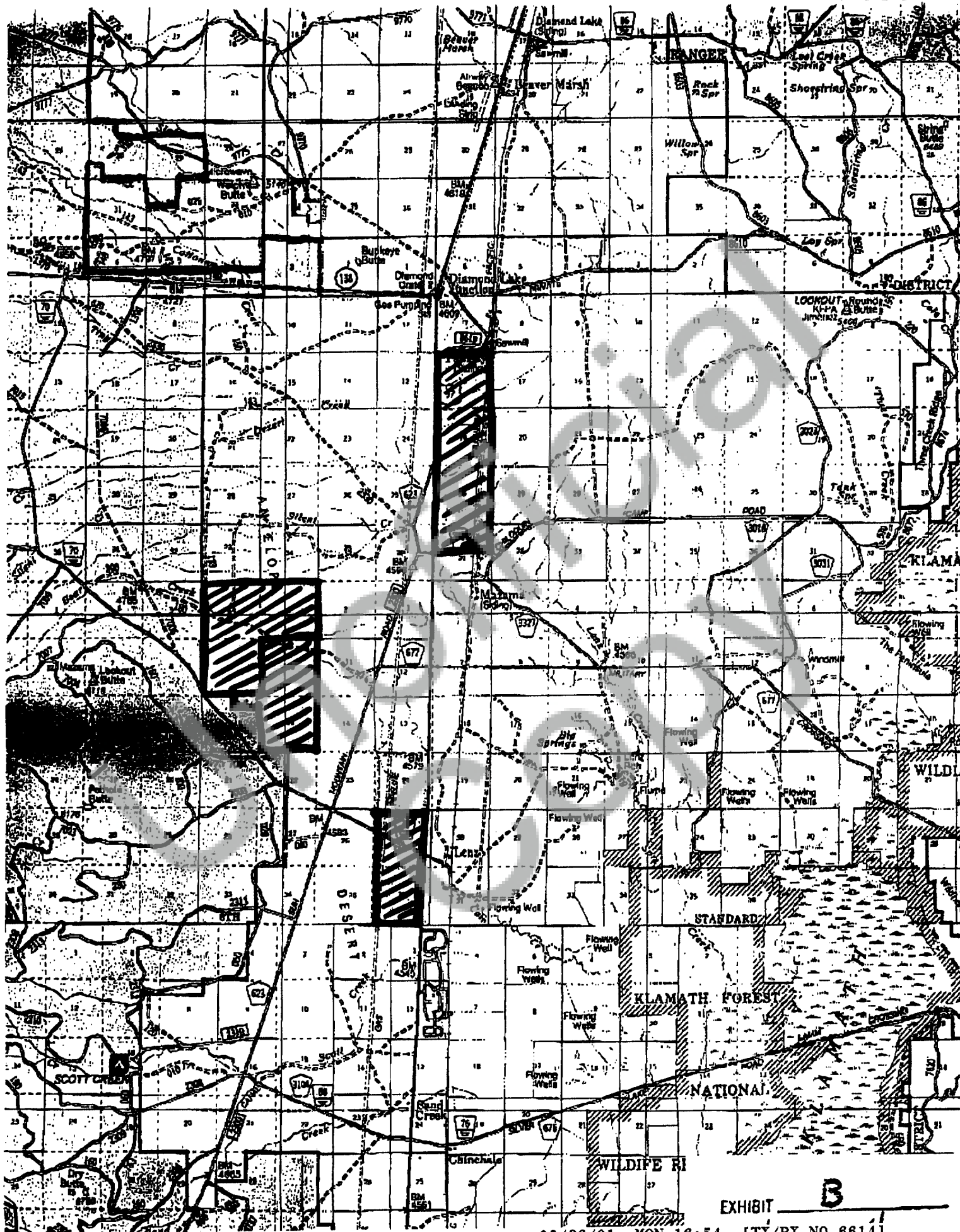
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EXHIBIT "A"
LEGAL DESCRIPTION

Timber only on the following described property:

All of Section 18, EXCEPT that portion conveyed to the State of Oregon in instrument recorded March 13, 1989 in Volume M89 at page 4233, Microfilm Records of Klamath County, Oregon; All Section 19; All Section 30; and N1/2 of Section 31; Township 29 South, Range 8 East of the Willamette Meridian, Klamath County, Oregon.

All Sections 3; 4; 9; 10; 15; N1/2 NE1/4 Section 16; All of Section 25 lying West of Highway 97; All of Section 36 lying West of Highway 97; Township 30 South, Range 7 East of the Willamette Meridian, Klamath County, Oregon.

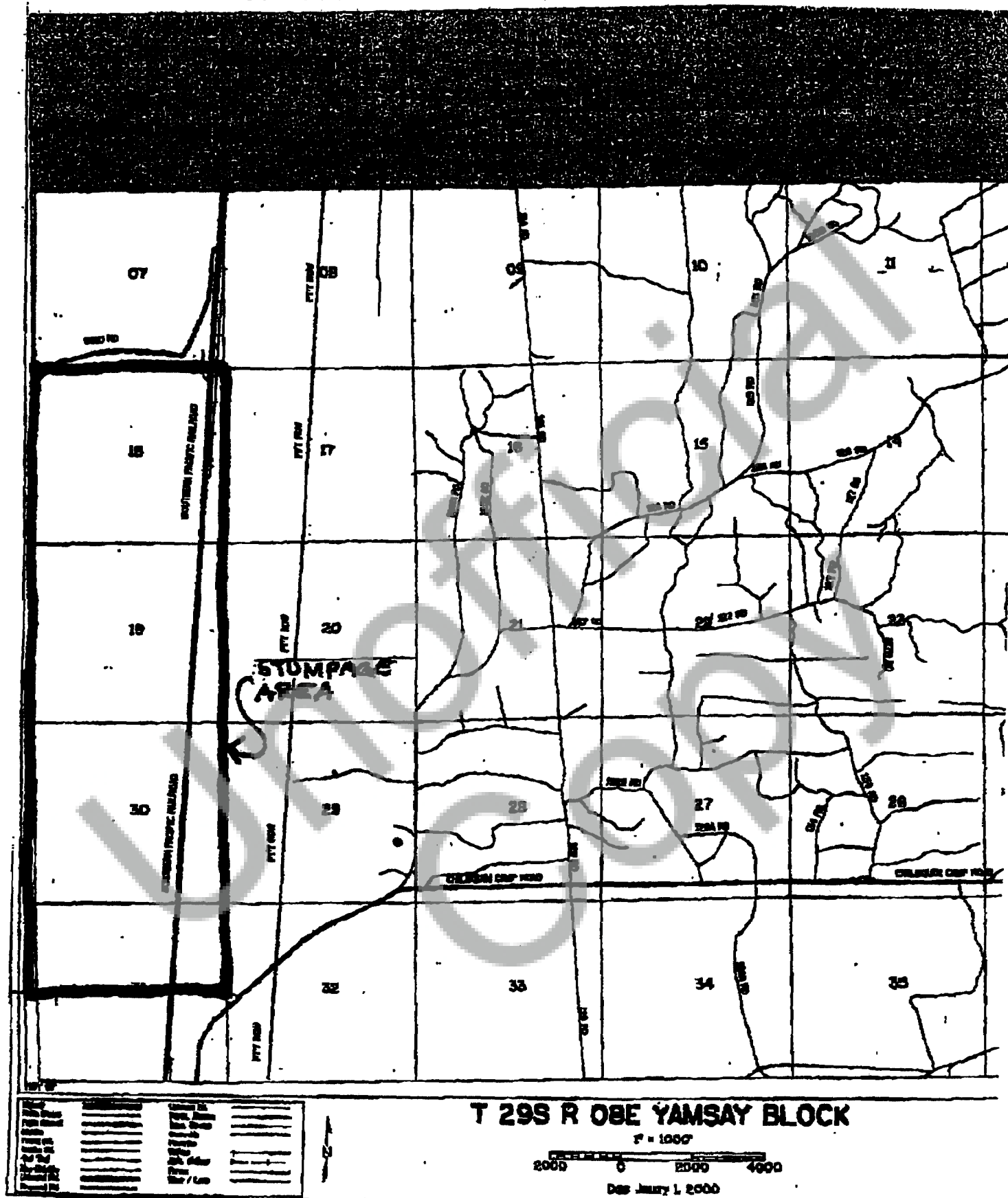


EXHIBIT

B

12691

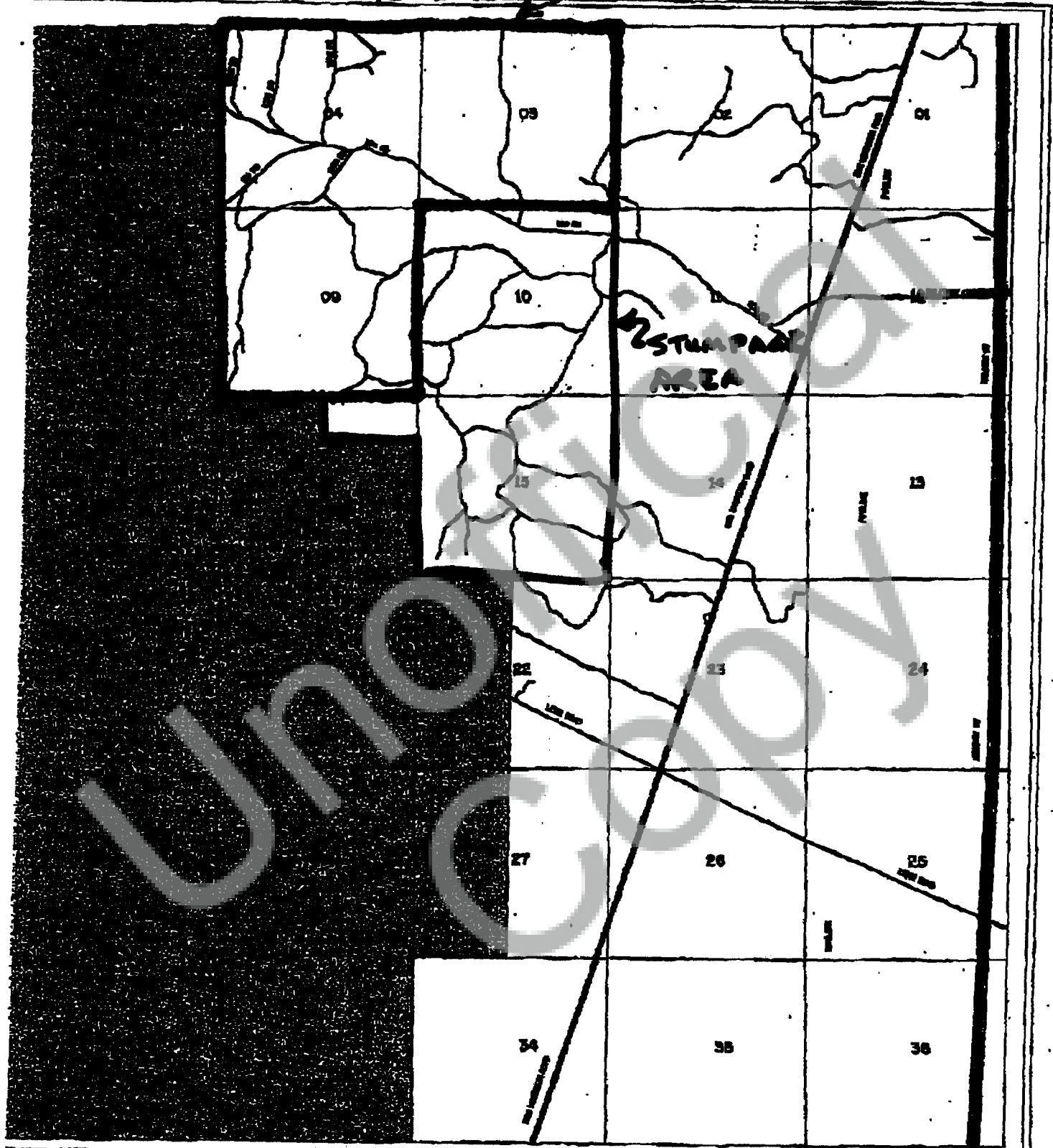
03/26/01 17:17:17



03/10/01 10:51 FAX 941 600 0001

12692

STUMPAGE AREA



T 30S R 07E ANTELOPE DESERT BLOCK

1" = 1000'

EXHIBIT

B

3

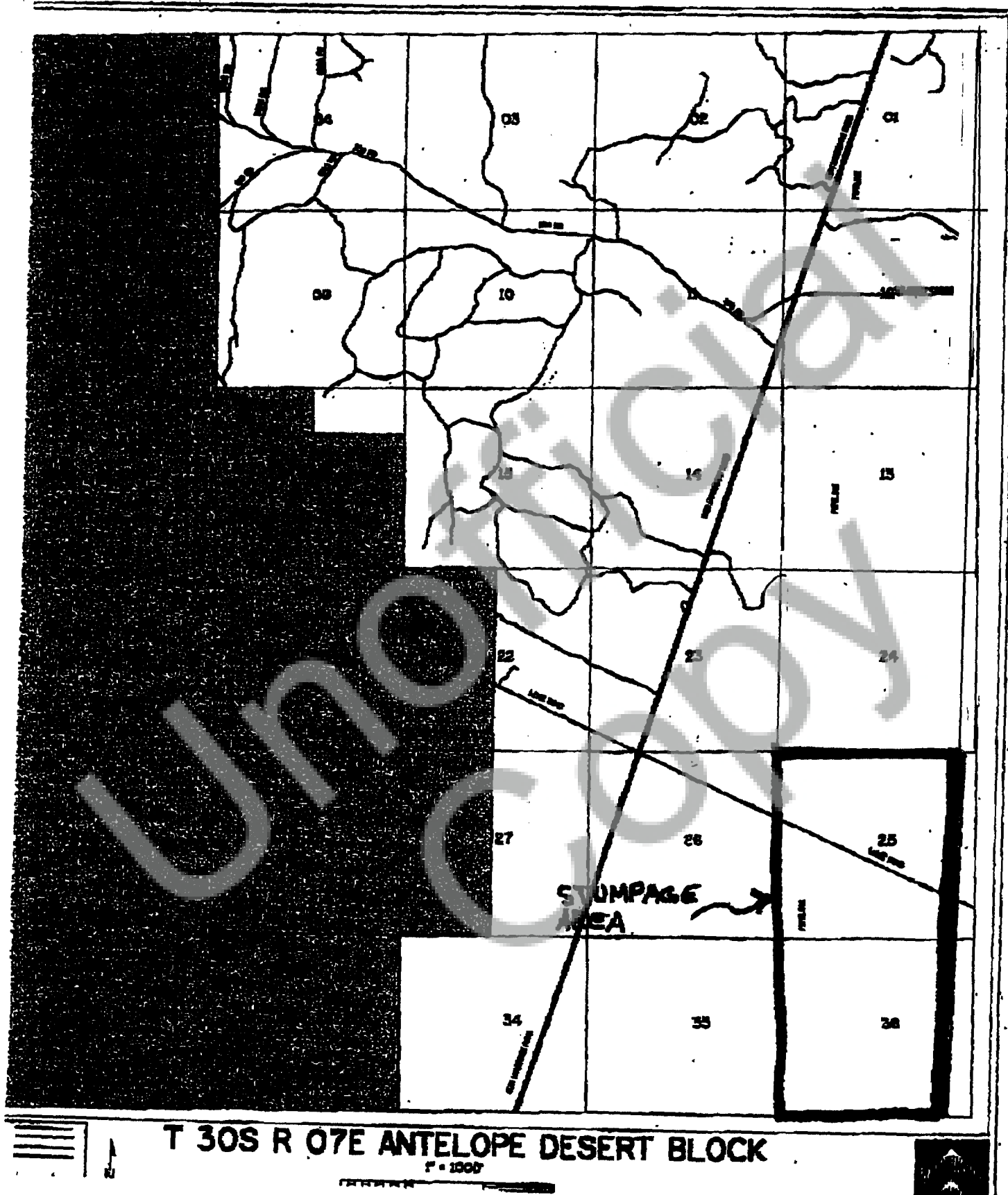
OF

4

03/26/01 MON 16:54 [TX/RX NO 6614]

03/10/01 10:00 PM 000 0000

12693



T 30S R 07E ANTELOPE DESERT BLOCK

EXHIBIT B
4 OF 4

Proposed Stumpage Sale Specs **Crown Pacific Mazama Block**

Cutting Specifications

Crown Pacific requires that stocking levels meet or exceed the Oregon Department of Forestry minimum stocking levels on all logging units for the purpose of reforestation.

The minimum stocking levels are as follows:

1. No less than 150 free to grow seedlings per acre or,
2. No less than 75 saplings per acre or,
3. No less than 50 square feet of basal area per acre of 11" + DBH trees. Leave trees must have at least 30% live green crown.
4. If an area within a unit does not meet the above minimums, no logging will occur within that area.
5. If less than 20 square feet of basal area per acre of 11" + DBH trees is retained, two downed logs (8" x 20") and two snags at least 30' tall must be retained per acre.
6. No harvesting of orange painted trees.
7. No logging within 100' of wildlife guzzlers or other improvements.

When operating within 300' of a scenic highway (Hwy. 97 and Hwy. 138), 80 square feet of basal area per acre must be retained unless the average height of the regeneration is at least 10 feet and meets the minimum stocking levels.

The minimum merchantable tree is 16' to a 5" top.

Logging Specifications

Logging will be in compliance with all applicable forest practice rules and laws.

EXHIBIT C

PAGE 1 OF 2

Falling

1. All falling will minimize damage to the residual stand through directional falling and bunching.
2. All felled trees will stay in the unit boundary.
3. All stumps will be kept as low as practical.

Skidding

1. Landing will be flagged prior to use.
2. Pre-existing landing will be utilized where possible.
3. Damage to residual trees will be minimized.
4. No skidding will occur through exclusion areas.

Slash Treatment

1. All landings will be piled per Crown Pacific directions.
2. All accumulations of slash in the woods will be piled concurrent with skidding.

Road Maintenance

1. Existing roads will be used wherever possible, and roads will be returned in as good or better condition than found.
2. Road watering will be done prior to the road "flouring" to protect the road surface.

Fire Protection

1. The use of the utmost diligence and precaution to prevent fires on lands designated for work to be done and adjacent property.
2. In the event of a fire, reasonable effort will be made to control and extinguish the fire.
3. All Department of Forestry requirements must be conformed and complied with regarding fire protection and prevention.

State of Oregon, County of Klamath
Recorded 03/29/01, at 11:10 a. m.
In Vol. M01 Page 12682
Linda Smith,
County Clerk Fee\$ 86.00

EXHIBIT C**PAGE 2 OF 2**