

AFTER RECORDING, RETURN TO:

Perkins Coie LLP
1201 Third Avenue, 40th Floor
Seattle, Washington 98101-3099
Attention: James R. Johnston

**Until a change is requested, all
severance and harvest tax state-
ments shall be sent to Grantee
at the following address:**

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

**TIMBER DEED
(Sprague River)**

02
U.S. TIMBERLANDS KLAMATH FALLS, L.L.C., a Delaware limited liability company, GRANTOR, for and in consideration of Ten Dollars (\$10) and other good and valuable consideration in hand paid, receipt of which is hereby acknowledged, conveys to U.S. TIMBERLANDS YAKIMA, LLC, a Delaware limited liability company, GRANTEE, the Timber (as defined below) located within the timber stands listed by stand number on EXHIBIT B and further identified on the maps marked as EXHIBIT C (the "Timber Stands"), which Timber Stands are located on the land situated in Klamath County, Oregon, described on EXHIBIT A (the "Land"), along with the right to enter upon the Land (as defined below) and to cut and remove the Timber. EXHIBITS A, B and C are attached hereto and incorporated herein.

The true and actual cash consideration for this transfer is: NONE. Other property or value was the whole consideration.

As used herein, the term "Timber" shall mean all timber and other forest products now standing, growing, lying or being within the Timber Stands as of the date of this Deed, or which will grow within the Timber Stands during the term hereof.

Grantee shall have until June 1, 2011 ("Termination Date") to cut and remove the Timber. On the Termination Date all right, title and interest in and to any remaining Timber shall revert automatically to the Grantor herein, its successors and assigns, without the requirement of notice, deed or any other action by any party hereto.

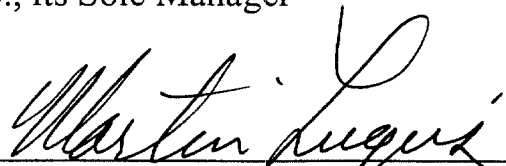
To the extent necessary, Grantee may use the road system on the Land and construct and improve the same for the purposes referenced above, provided that Grantee shall maintain the roads in serviceable, usable condition. Grantee shall abide by all laws applicable to its activities on the Land, except, however, Grantor shall satisfy any reforestation obligations and pay all timber taxes that arise by virtue of the cutting and removal of Timber from the Land.

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.

Dated this 29th day of May, 2001.

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

By U.S. TIMBERLANDS SERVICES COMPANY,
L.L.C., its Sole Manager

By 
Martin Lugus, Vice President, Timberland
Operations

STATE OF OREGON)
) ss.
County of Klamath)

This instrument was acknowledged before me on May 29, 2001, by Martin Lugus as Vice President, Timberland Operations of U.S. Timberlands Services Company, L.L.C., the limited liability company acting as Manager of U.S. Timberlands Klamath Falls, L.L.C.



Catherine Gray
NOTARY PUBLIC FOR OREGON
My Commission Expires: 5/6/04

EXHIBIT A

STANDING TIMBER ON THE FOLLOWING DESCRIBED PROPERTY,

ALL LOCATED IN TOWNSHIP 35 SOUTH, RANGE 15 EAST, W.M.:

SECTION 11	THE SOUTH HALF OF THE SOUTH HALF
SECTION 13	THE SOUTHWEST QUARTER OF THE NORTHWEST QUARTER
SECTION 14	ALL
SECTION 15	THE EAST HALF OF THE NORTHEAST QUARTER; THE SOUTH HALF
SECTION 21	THE SOUTHEAST QUARTER
SECTION 22	ALL
SECTION 23	THE NORTHWEST QUARTER OF THE NORTHEAST QUARTER; THE WEST HALF
SECTION 26	THE NORTHWEST QUARTER OF THE NORTHEAST QUARTER; THE WEST HALF; THE WEST HALF OF THE SOUTHEAST QUARTER
SECTION 27	ALL
SECTION 28	ALL
SECTION 29	THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER; THE SOUTH HALF OF THE NORTHEAST QUARTER OF THE SOUTHWEST QUARTER; THE SOUTH HALF OF THE SOUTHWEST QUARTER; THE SOUTHEAST QUARTER
SECTION 32	GOVERNMENT LOTS 1, 2, 3 AND 4; THE NORTH HALF OF THE SOUTH HALF; THE NORTH HALF
SECTION 33	GOVERNMENT LOTS 1, 2, 3 AND 4; THE NORTH HALF OF THE SOUTH HALF; THE NORTH HALF
SECTION 34	GOVERNMENT LOTS 1, 2, 3 AND 4; THE NORTH HALF OF THE SOUTH HALF; THE NORTH HALF
SECTION 35	GOVERNMENT LOTS 3 AND 4; THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER; THE NORTHWEST QUARTER

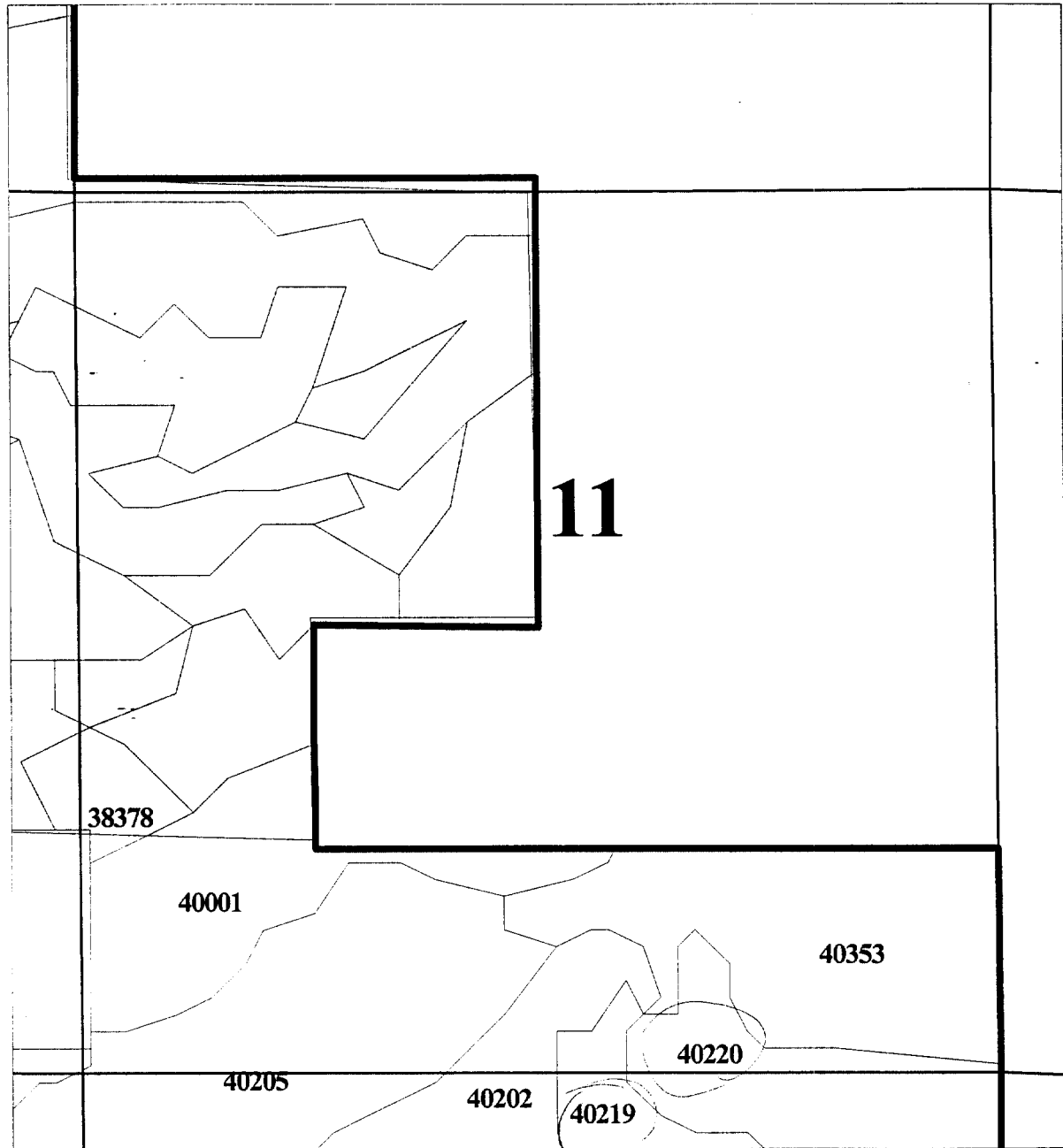
EXHIBIT B

Sprague River
Timber

Data Source: kfwrk_1200

<u>Stand</u>	<u>Approximate Gross Acres</u>	<u>Stand</u>	<u>Approximate Gross Acres</u>	<u>Stand</u>	<u>Approximate Gross Acres</u>	<u>Stand</u>	<u>Approximate Gross Acres</u>
40001	39.8	40175	18.8	40243	35.7	40308	24.6
40061	33.6	40176	62.8	40244	112.3	40309	10.6
40102	1.6	40177	50.4	40245	17.1	40310	9.6
40104	33.1	40178	80.9	40246	23.8	40311	83.6
40106	10.9	40179	10.6	40247	58.2	40312	64.6
40114	67.3	40180	86.0	40248	12.2	40314	101.3
40116	76.8	40181	15.4	40249	36.5	40315	56.2
40117	17.4	40182	19.9	40251	3.2	40316	1.7
40118	59.9	40183	84.5	40252	14.1	40319	9.5
40119	79.2	40188	23.0	40253	7.0	40323	75.2
40137	25.3	40189	18.5	40254	17.6	40324	58.4
40138	74.4	40197	104.3	40255	24.4	40325	6.6
40139	42.4	40198	22.5	40256	24.2	40326	69.6
40141	9.5	40199	47.2	40259	23.5	40336	55.2
40142	11.1	40200	38.2	40260	25.1	40337	40.9
40143	19.9	40201	60.9	40261	78.9	40346	50.8
40144	29.6	40202	35.7	40262	73.7	40347	34.0
40145	65.3	40204	38.0	40263	15.5	40348	20.4
40148	50.3	40205	93.5	40264	68.0	40353	57.5
40149	5.3	40206	38.1	40269	7.2	40373	6.1
40150	55.8	40207	39.4	40270	65.8	40374	5.1
40152	7.3	40209	77.9	40271	35.4	40375	11.4
40154	13.3	40210	21.8	40272	26.9	40377	5.6
40155	33.1	40211	38.7	40273	40.2		
40156	19.4	40212	105.4	40275	93.0		
40162	19.9	40213	56.2	40276	15.5		
40169	10.9	40215	13.3	40299	3.8		
40170	29.2	40223	38.5	40300	20.9		
40171	17.8	40238	2.2	40301	31.9		
40172	97.2	40240	36.4	40305	4.6		
40173	53.5	40241	58.1	40306	11.9		
40174	14.2	40242	52.7	40307	6.5		

Sprague River Timber Deed



1:12000

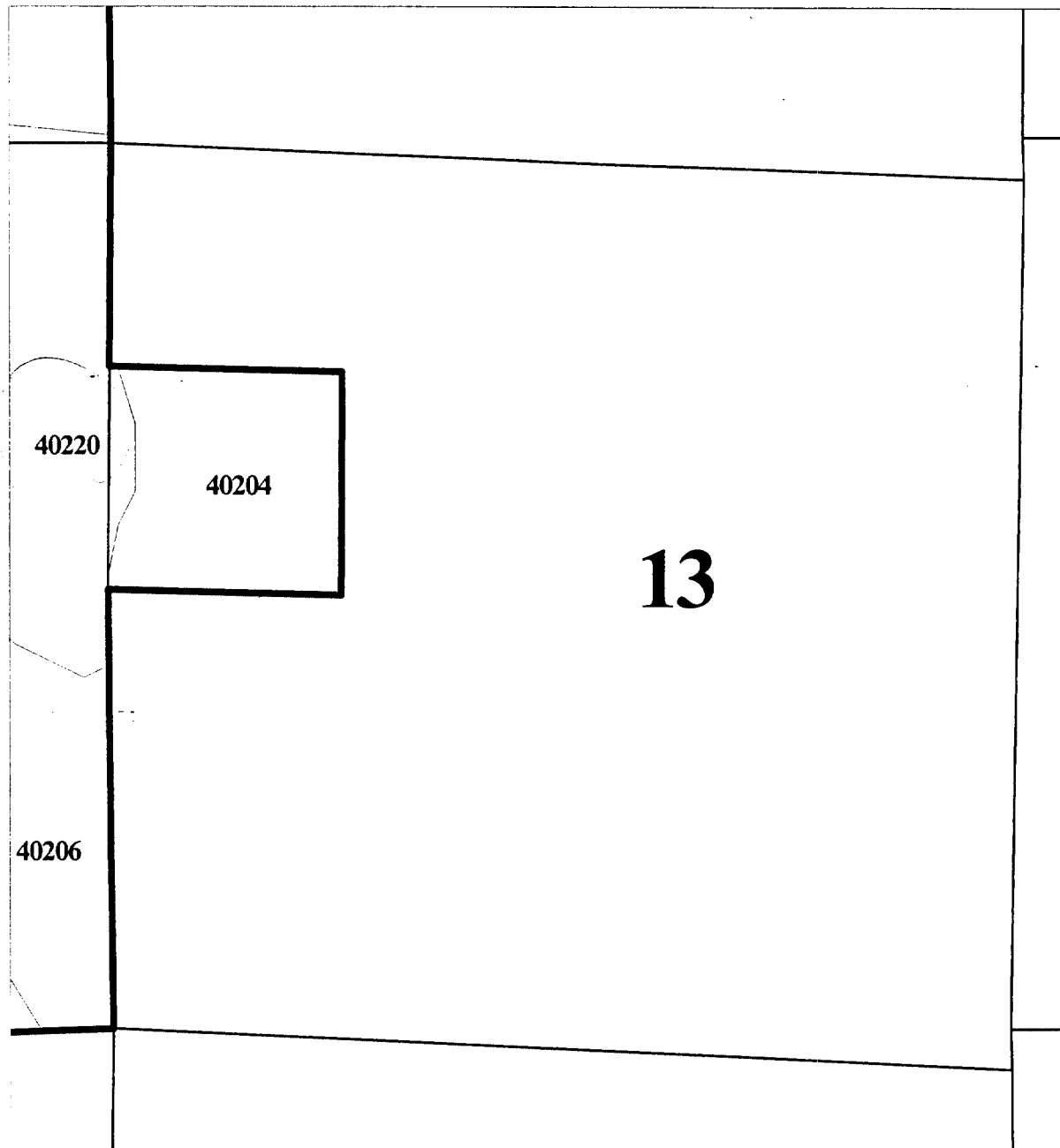
TwN 35S, Rng 15E -- Section 11

-  Stand Boundaries Kdr101en.shp
-  SECTION LINES Edt_plss.shp
-  Property Line Kfbndry.shp
-  OUT-- NOT IN Sprague River Timber Deed Fpu2.shp



5-30-01
Jeff V.

Sprague River Timber Deed



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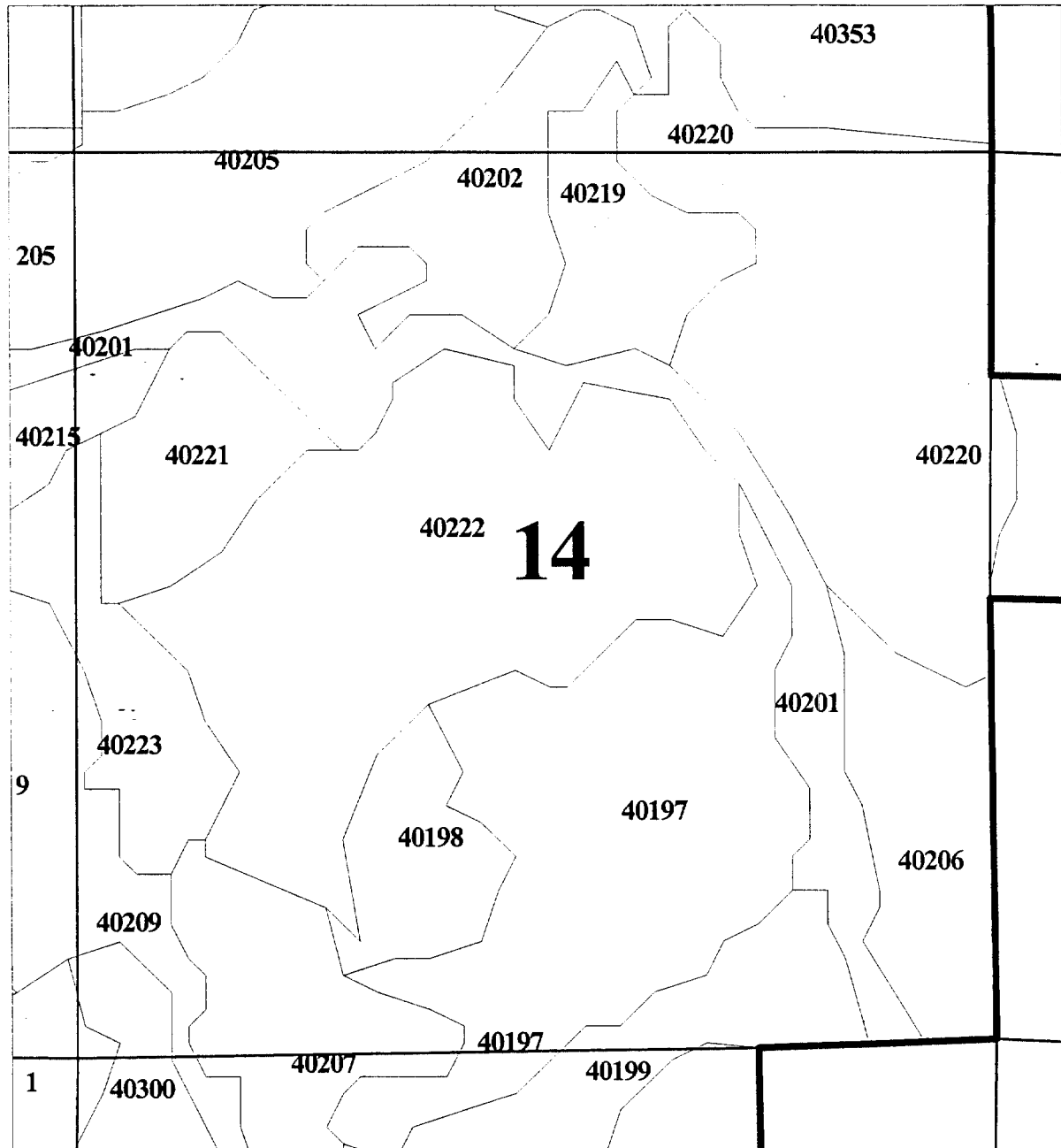
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TwN 35S, Rng 15E -- Section 13

-  Stand Boundaries Kdr101en.shp
-  SECTION LINES Edt_plss.shp
-  Property Line Kfbndry.shp
-  OUT-- NOT IN Sprague River Timber Deed Fpu2.shp



Sprague River Timber Deed



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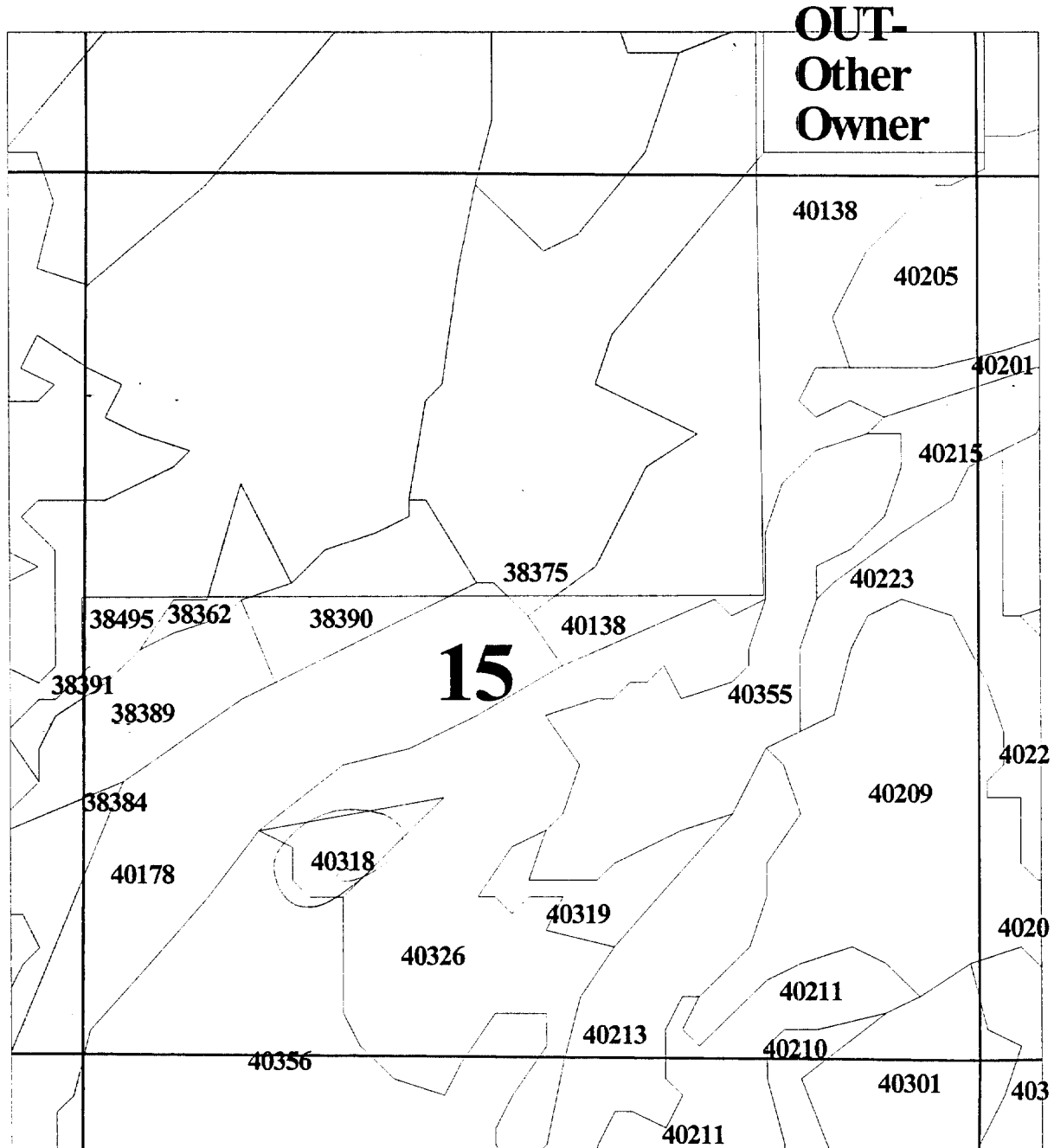
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Twn 35S, Rng 15E -- Section 14

-  Stand Boundaries Kdr101en.shp
-  SECTION LINES Edt_plss.shp
-  Property Line Kfbndry.shp
-  OUT-- NOT IN Sprague River Timber Deed Fpu2.shp



Sprague River Timber Deed



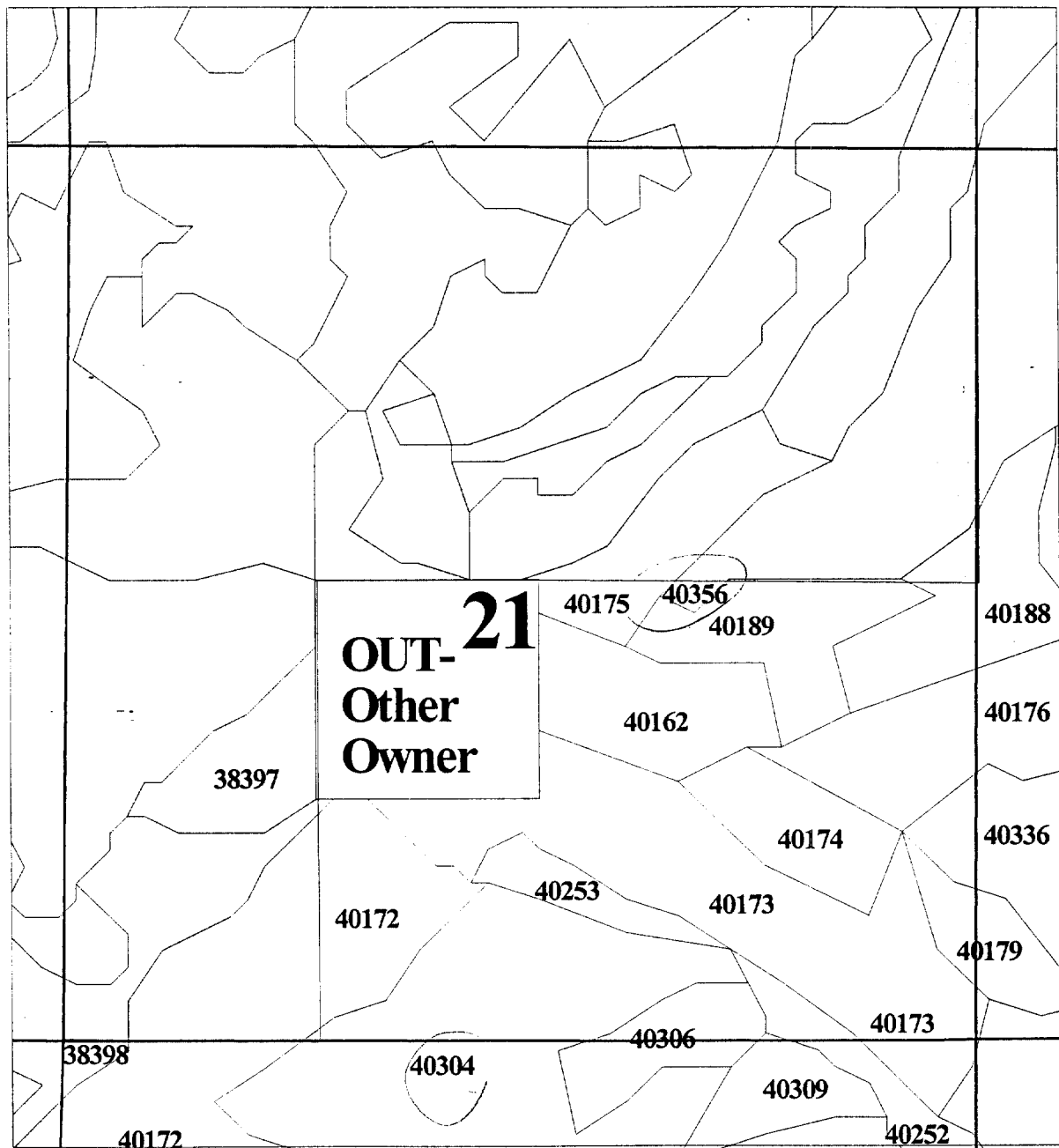
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Twn 35S, Rng 15E -- Section 15

-  Stand Boundaries Kdr101en.shp
-  SECTION LINES Edt_plss.shp
-  Property Line Kfbndry.shp
-  OUT-- NOT IN Sprague River Timber Deed Fpu2.shp



Sprague River Timber Deed



1000 0 1000 2000 Feet

1:12000

TwN 35S, Rng 15E -- Section 21

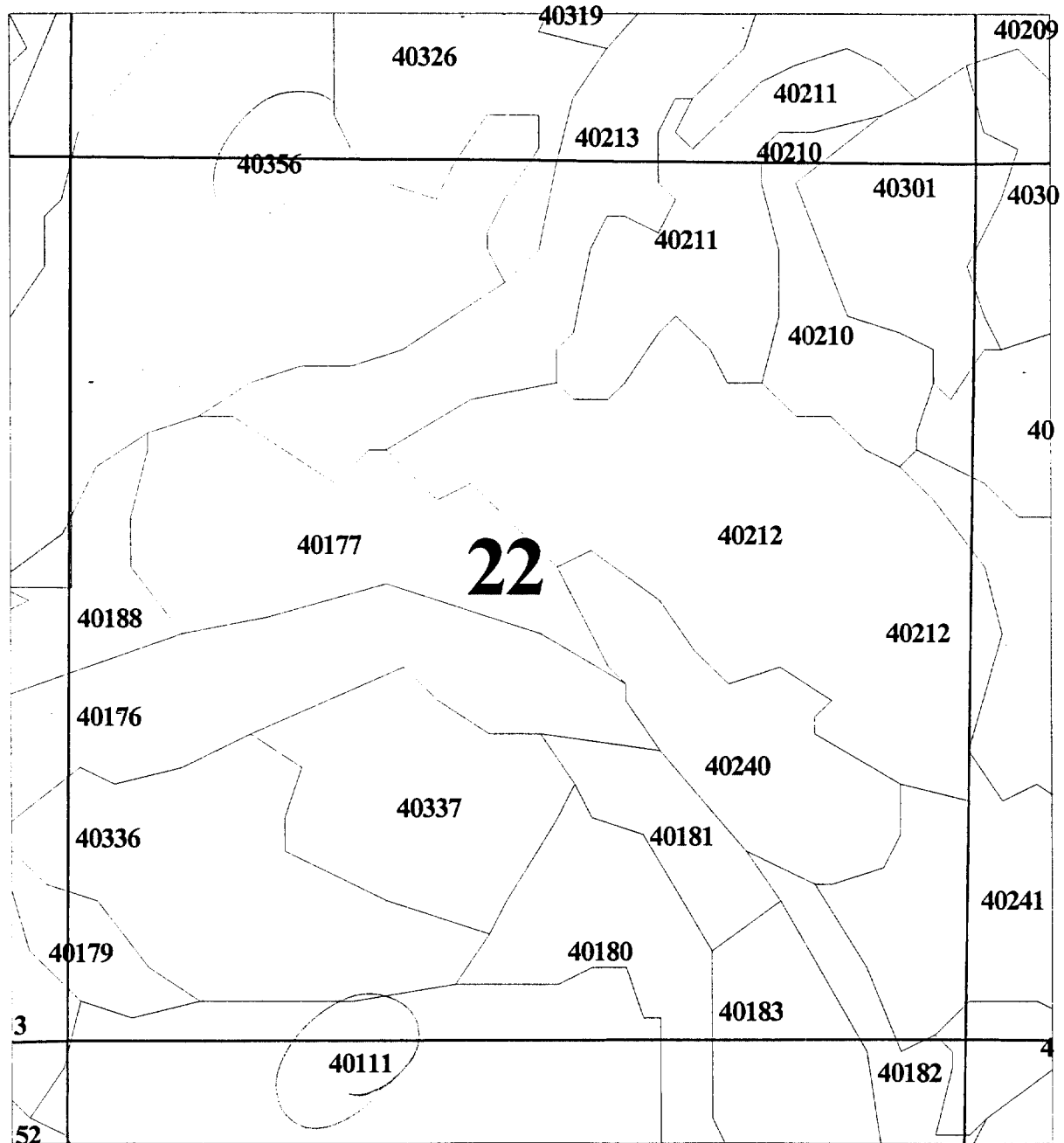
-  Stand Boundaries Kdr101en.shp
-  SECTION LINES Edt_plss.shp
-  Property Line Kfbndry.shp
-  OUT-- NOT IN Sprague River Timber Deed Fpu2.shp



EXHIBIT C

25002

Sprague River Timber Deed



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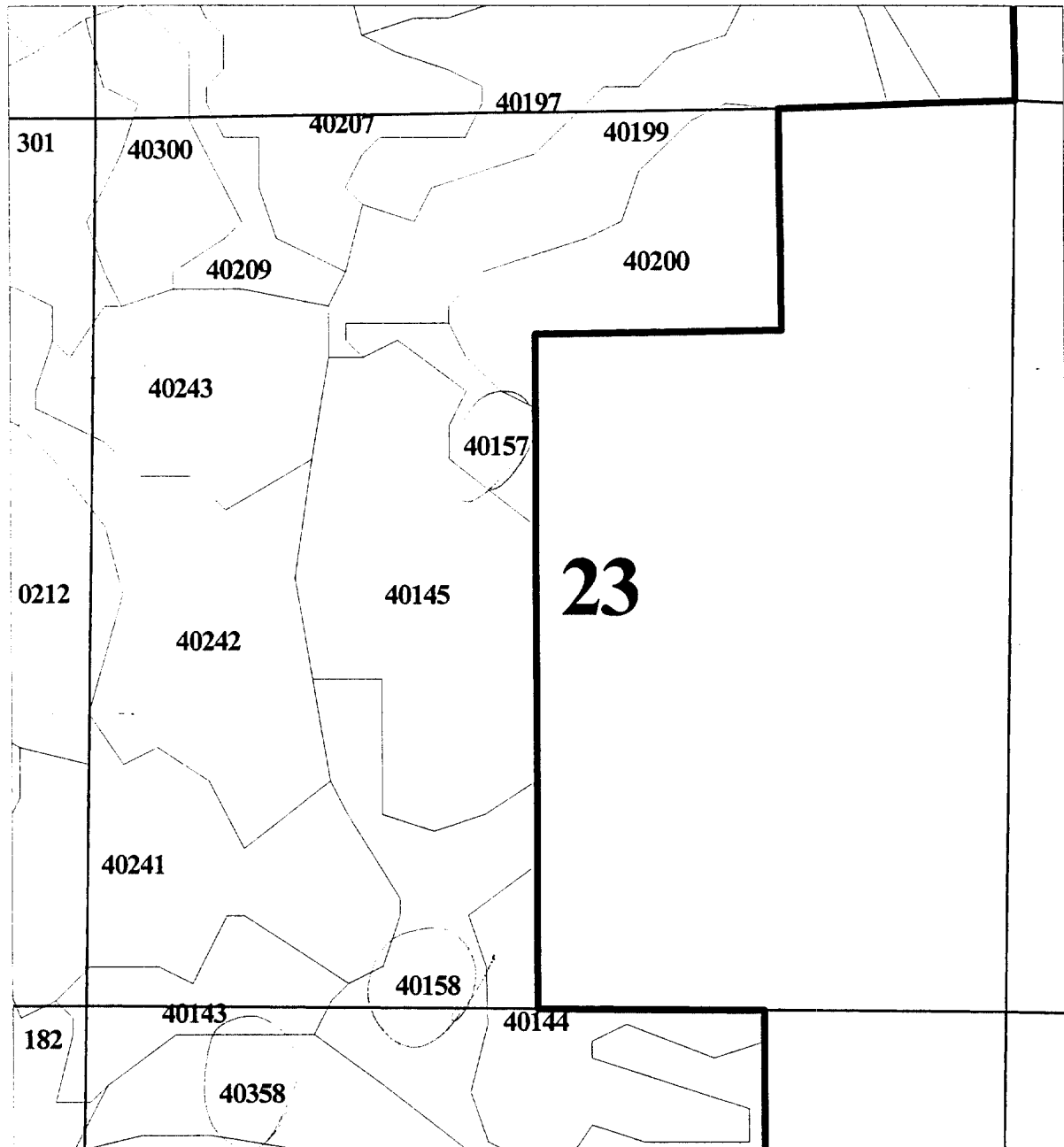
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TwN 35S, Rng 15E -- Section 22

-  Stand Boundaries Kdr101en.shp
-  SECTION LINES Edt_plss.shp
-  Property Line Kfbndry.shp
-  OUT-- NOT IN Sprague River Timber Deed Fpu2.shp



Sprague River Timber Deed



1000 0 1000 2000 Feet

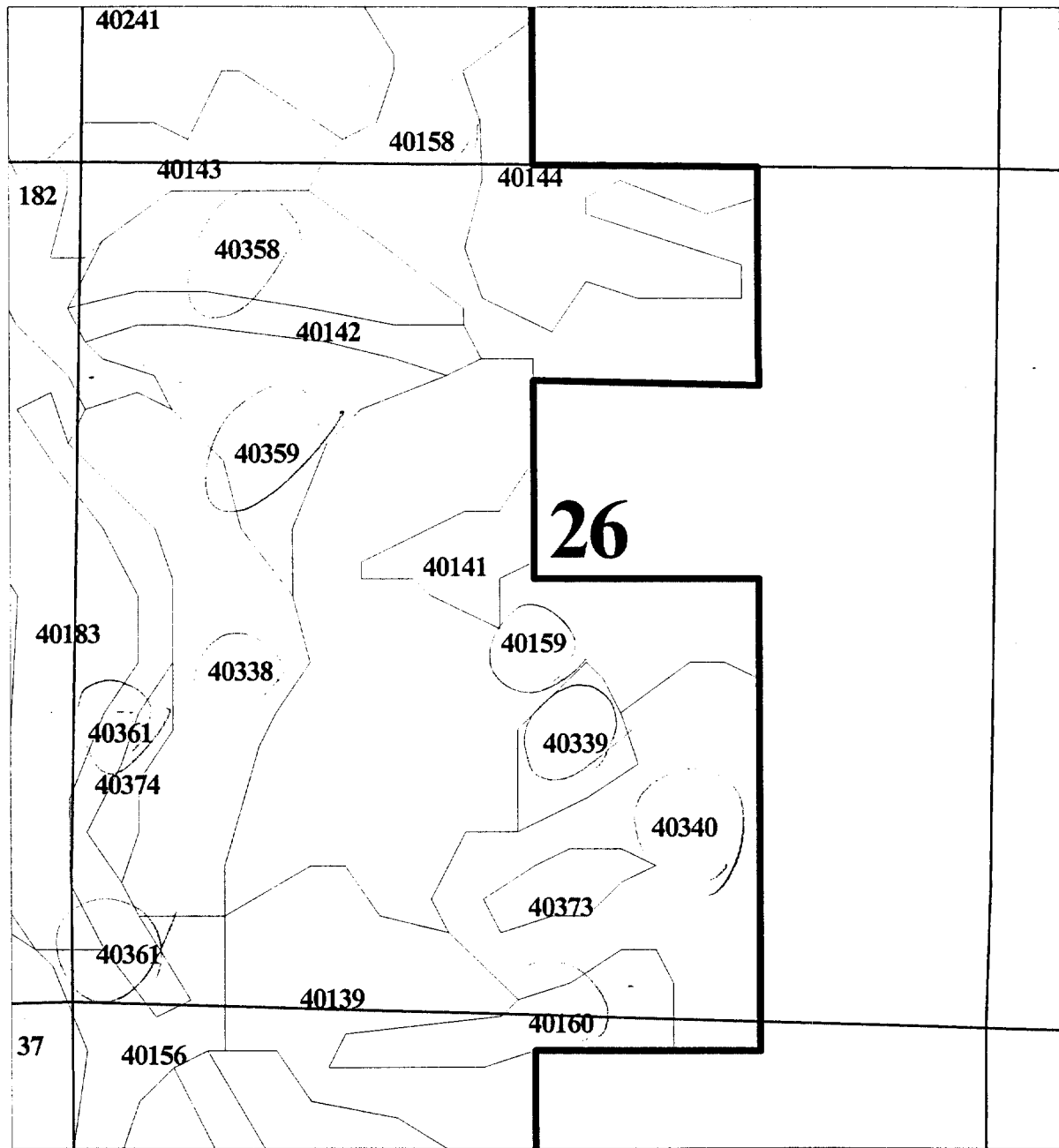
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TwN 35S, Rng 15E -- Section 23

-  Stand Boundaries Kdr101en.shp
-  SECTION LINES Edt_plss.shp
-  Property Line Kfbndry.shp
-  OUT-- NOT IN Sprague River Timber Deed Fpu2.shp



Sprague River Timber Deed



1000 0 1000 2000 Feet

1:12000

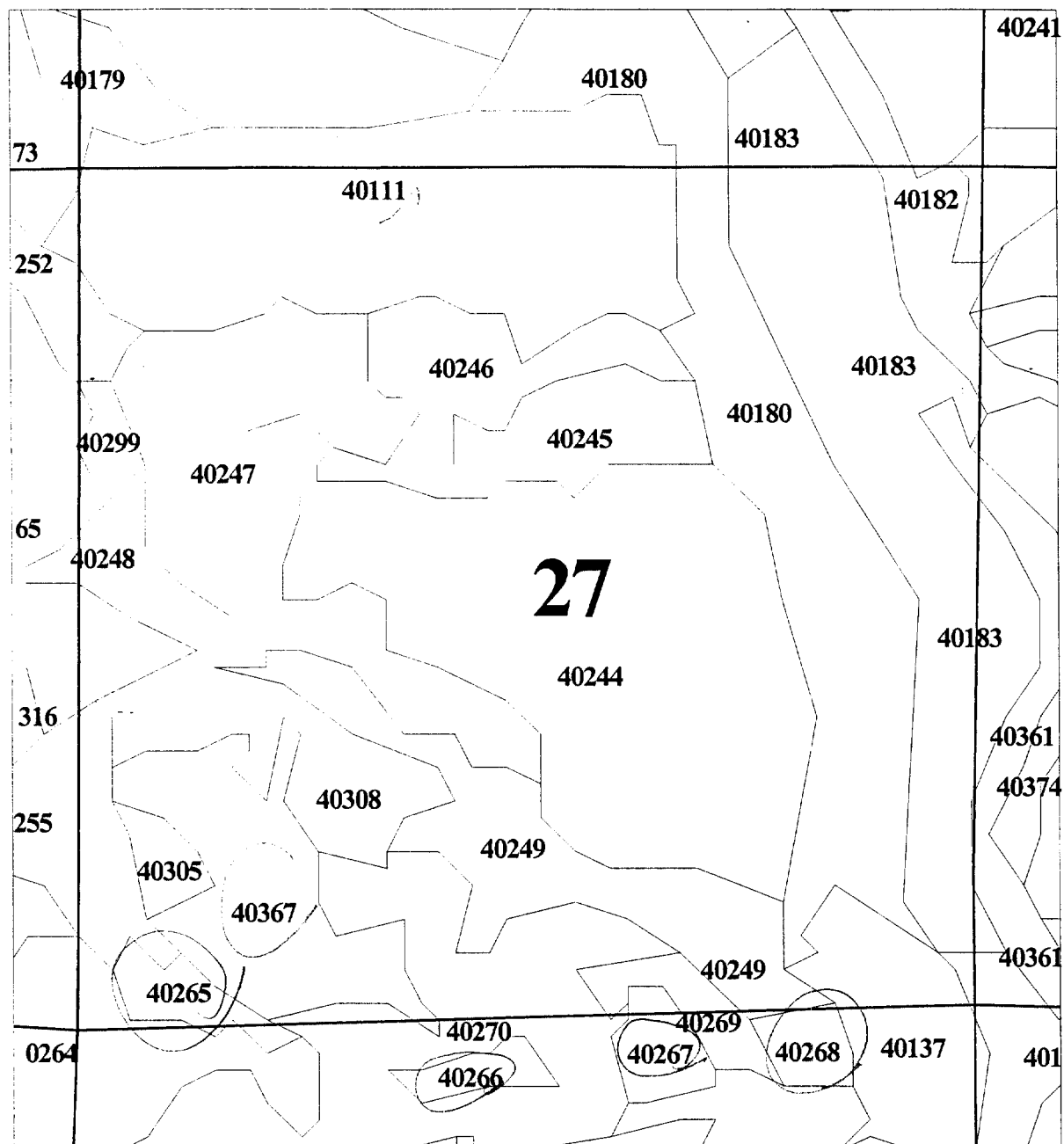
TwN 35S, Rng 15E -- Section 26

-  Stand Boundaries Kdr101en.shp
-  SECTION LINES Edt_plss.shp
-  Property Line Kfbndry.shp
-  OUT-- NOT IN Sprague River Timber Deed Fpu2.shp



EXHIBIT C

Sprague River Timber Deed



1000 0 1000 2000 Feet

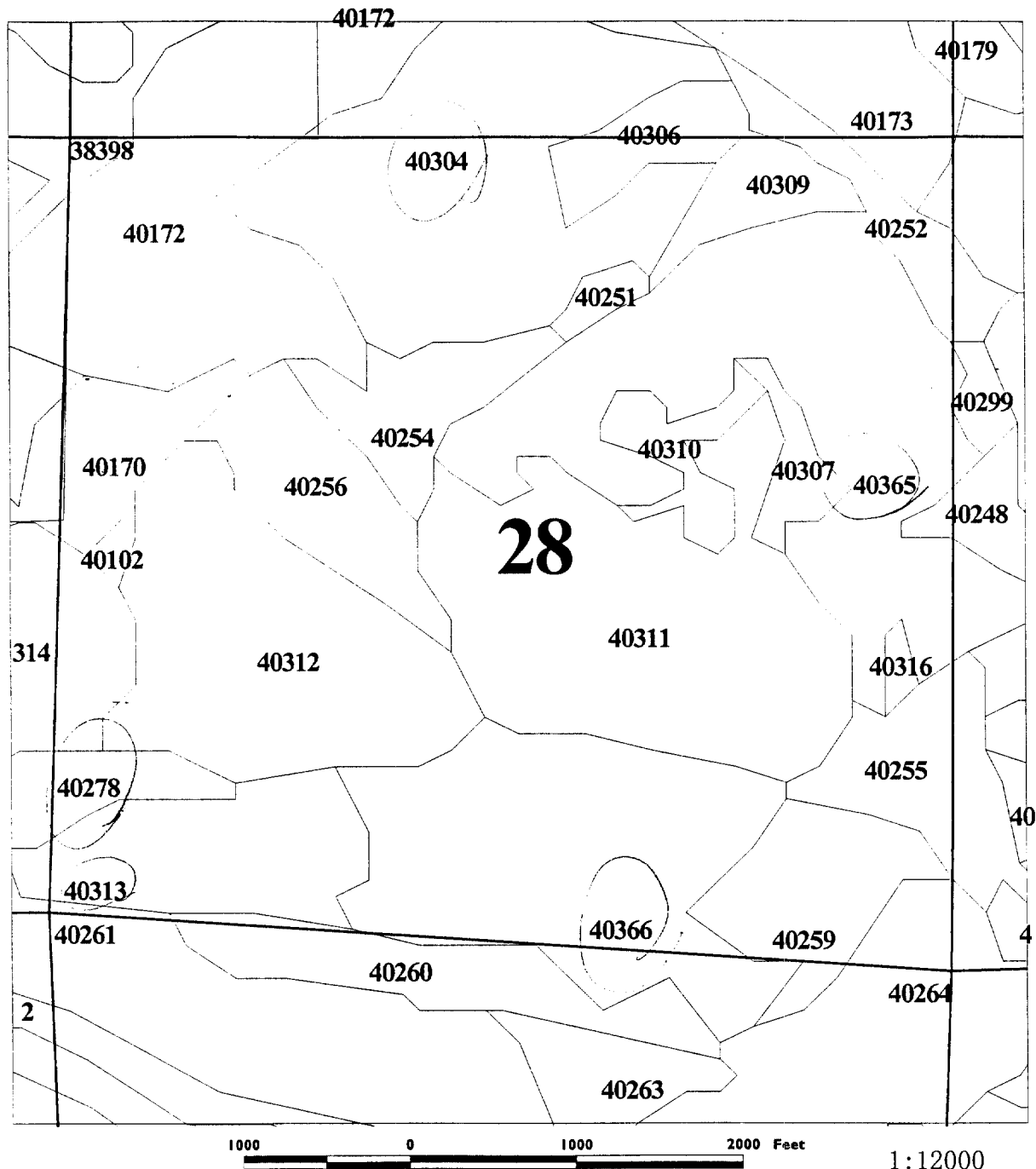
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TwN 35S, Rng 15E -- Section 27

-  Stand Boundaries Kdr101en.shp
-  SECTION LINES Edt_plss.shp
-  Property Line Kfbndry.shp
-  OUT-- NOT IN Sprague River Timber Deed Fpu2.shp



5-30-01
Jeff V.

EXHIBIT C**Sprague River Timber Deed****Twn 35S, Rng 15E -- Section 28**

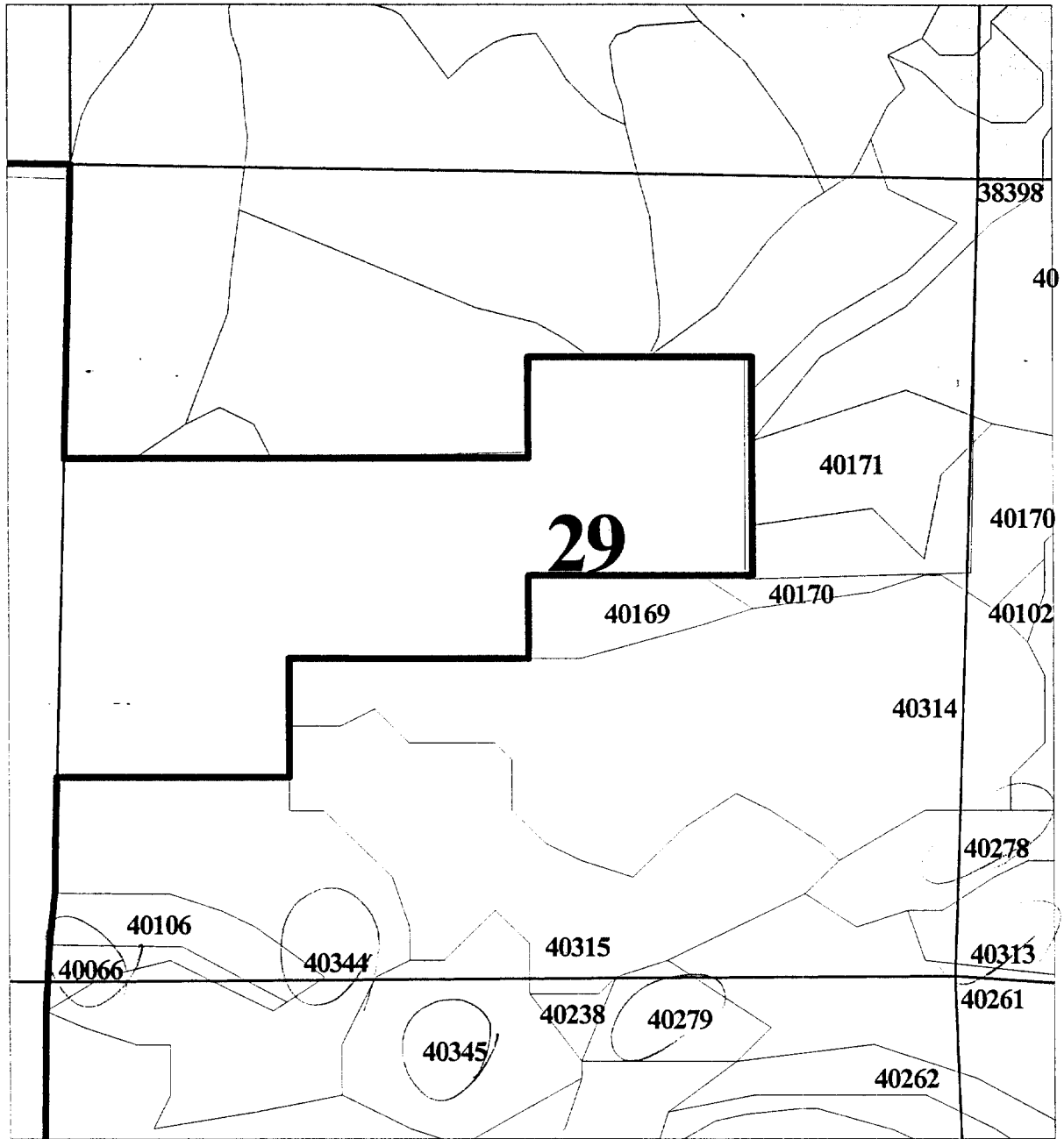
-  Stand Boundaries Kdr101en.shp
-  SECTION LINES Edt_plss.shp
-  Property Line Kfbndry.shp
-  OUT-- NOT IN Sprague River Timber Deed Fpu2.shp



EXHIBIT C

25007

Sprague River Timber Deed

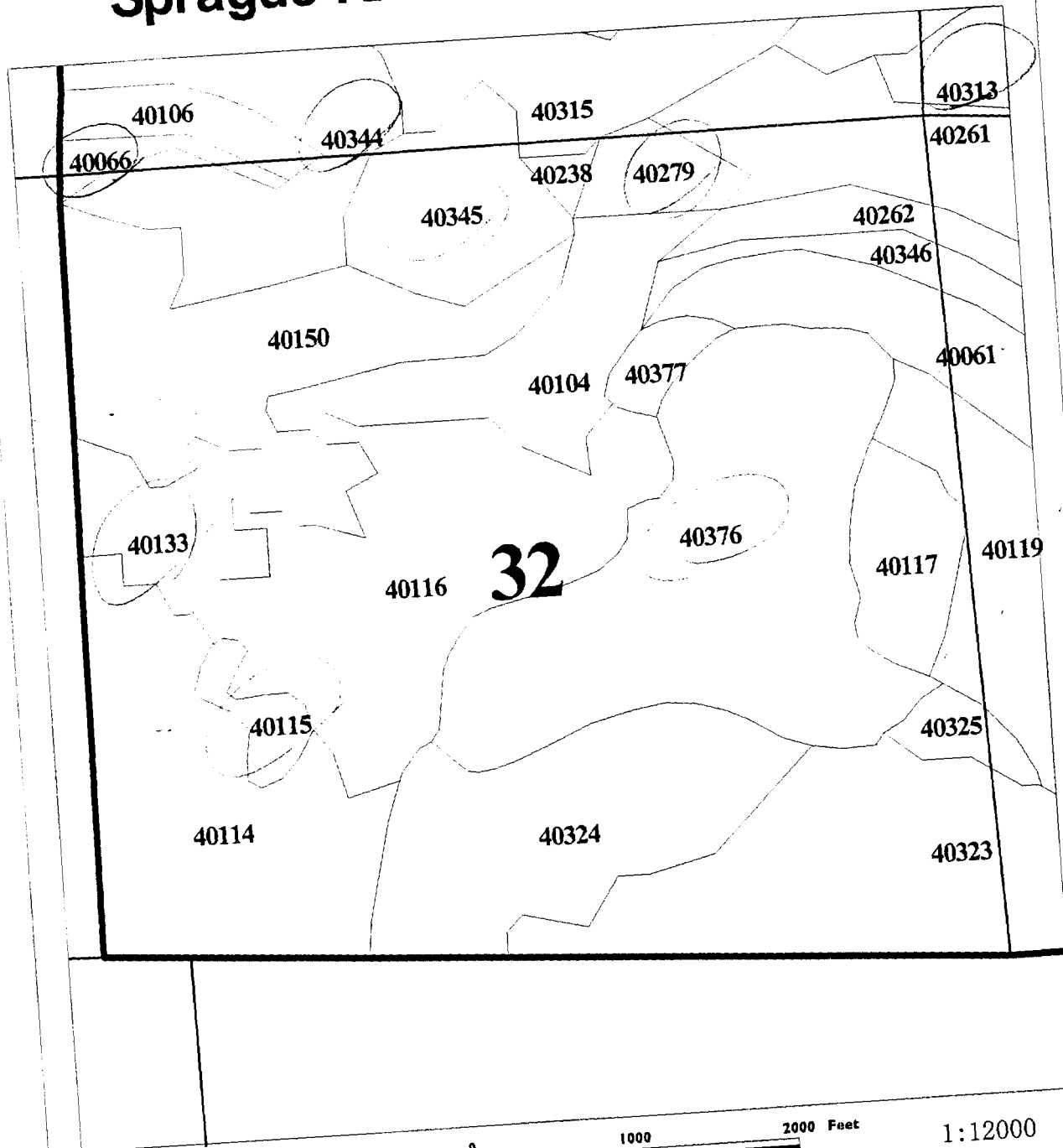


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TwN 35S, Rng 15E -- Section 29

-  Stand Boundaries Kdr101en.shp
-  SECTION LINES Edt_plss.shp
-  Property Line Kfbndry.shp
-  OUT-- NOT IN Sprague River Timber Deed Fpu2.shp



EXHIBIT C**Sprague River Timber Deed**

1000 0 1000 2000 Feet

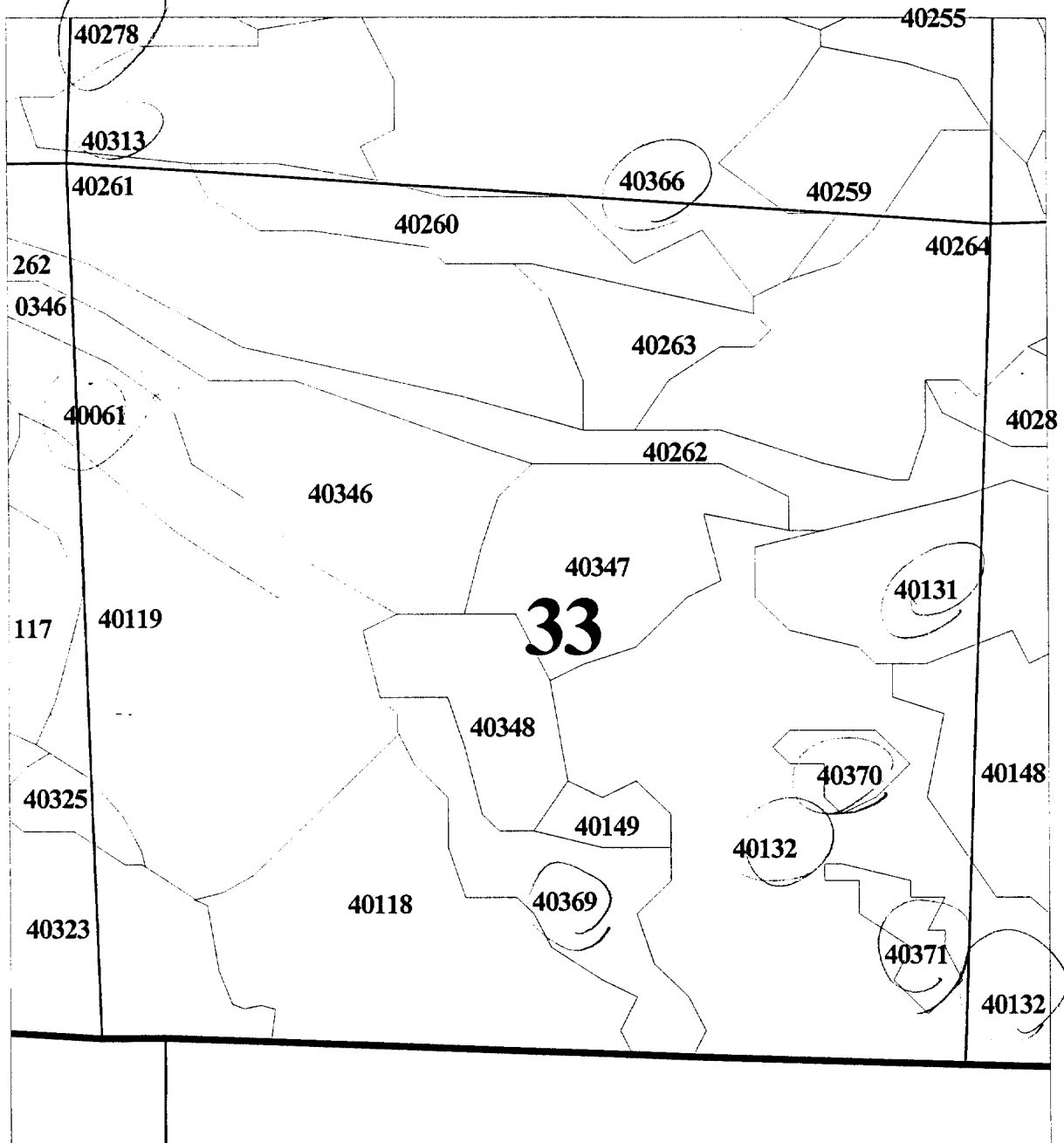
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Twn 35S, Rng 15E -- Section 32

- Stand Boundaries Kdr101en.shp
- SECTION LINES Edt_plss.shp
- Property Line Kfbndry.shp
- OUT-- NOT IN Sprague River Timber Deed Fpu2.shp



Sprague River Timber Deed



1000 0 1000 2000 Feet

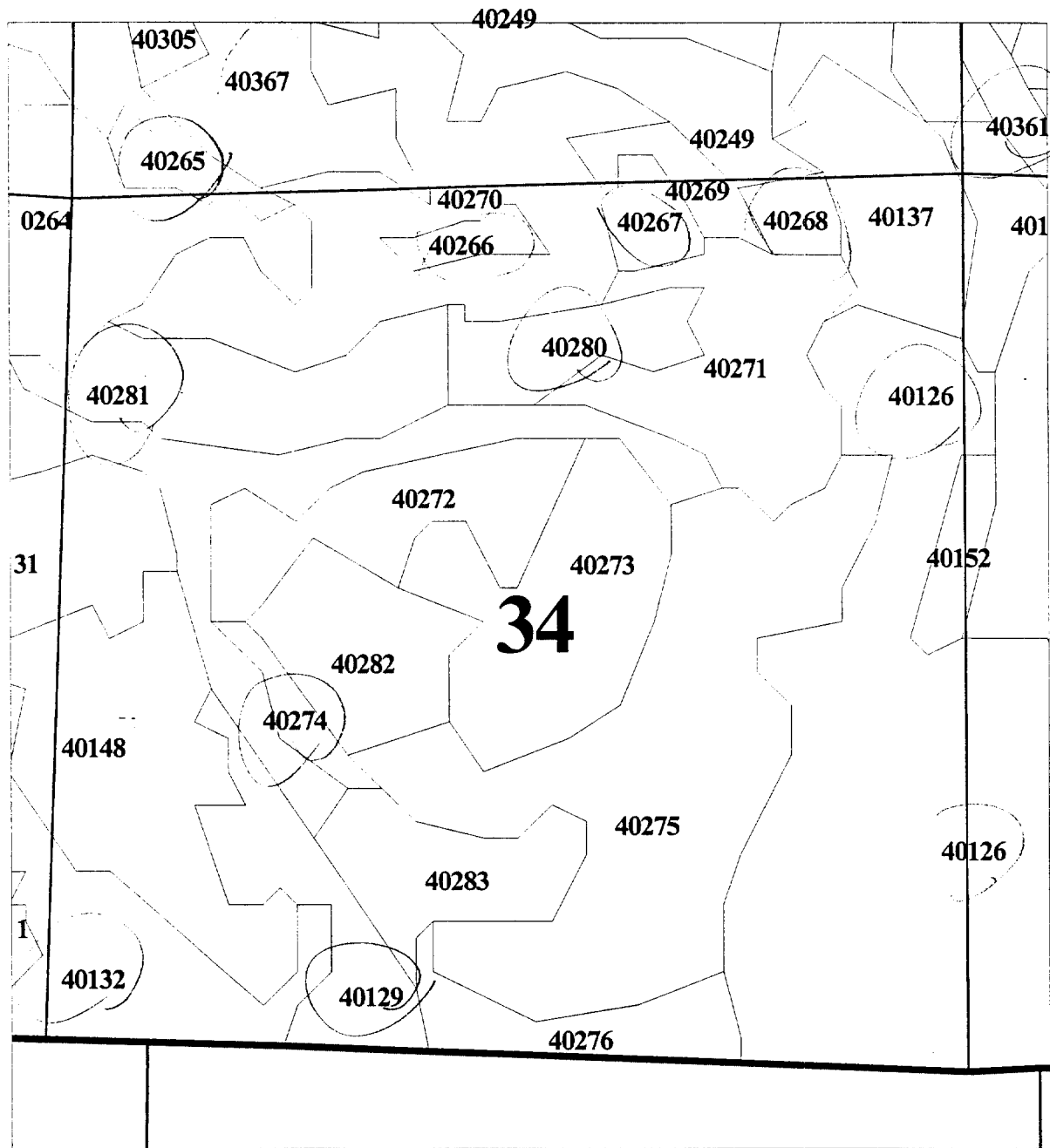
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TwN 35S, Rng 15E -- Section 33

-  Stand Boundaries Kdr101en.shp
-  SECTION LINES Edt_plss.shp
-  Property Line Kfbndry.shp
-  OUT-- NOT IN Sprague River Timber Deed Fpu2.shp



Sprague River Timber Deed



1000 0 1000 2000 Feet

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Twn 35S, Rng 15E -- Section 34

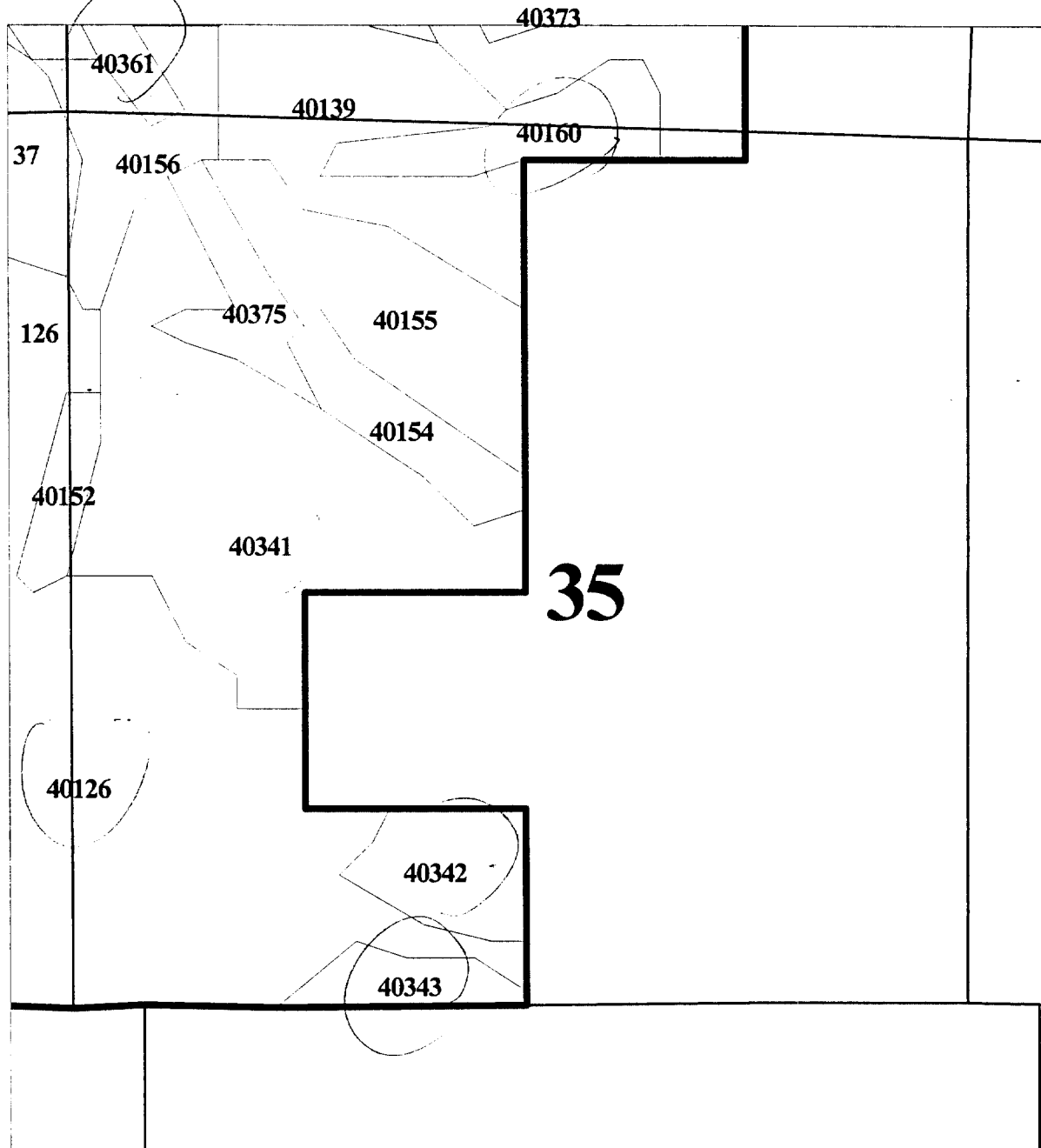
-  Stand Boundaries Kdr101en.shp
-  SECTION LINES Edt_plss.shp
-  Property Line Kfbndry.shp
-  OUT-- NOT IN Sprague River Timber Deed Fpu2.shp



EXHIBIT C

25011

Sprague River Timber Deed



1000 0 1000 2000 Feet

1:12000

TwN 35S, Rng 15E -- Section 35

-  Stand Boundaries Kdr101en.shp
-  SECTION LINES Edt_plss.shp
-  Property Line Kfbndry.shp
-  OUT-- NOT IN Sprague River Timber Deed Fpu2.shp



State of Oregon, County of Klamath
Recorded 05/31/01, at 8:47 a. m.
In Vol. M01 Page 24992
Linda Smith,
County Clerk Fee\$ 116⁰⁰