

AFTER RECORDING, RETURN TO:

Vol M01 Page 57454

ocll
Sierra Cascade LLC
P. O. Box 166
Chemult, Oregon 97731

SEND TAX STATEMENTS TO:

Sierra Cascade LLC
P. O. Box 166
Chemult, Oregon 97731

STATUTORY QUITCLAIM DEED
WITH RESERVATION OF ROYALTIES

This Statutory Quitclaim Deed with Reservation of Royalties (this "Deed") is entered into this 8th day of November, 2001 by DAVE B. WIRTH and DIANA R. WIRTH, as tenants in common and not as tenants by the entirety ("Grantor") and SIERRA CASCADE LLC ("Grantee").

1. **Conveyance of Property.** Grantor releases and quitclaims to Grantee all right, title, and interest of Grantor in and to all of Maude E. Liskey's retained interest in mineral rights, including pumice, in the real property in Klamath County, Oregon, more particularly described on the attached **Exhibit A** (the "Property"), but reserving to Grantor a mineral royalty as set forth below. The true consideration for this conveyance consists of \$3,000.00, the royalty reserved below and other value given or promised which was the whole consideration.

2. **Reservation of Royalties.**

2.1 **Amount of Royalty.** Grantor reserves, and Grantee agrees to pay to Grantor, a royalty equal to 8 percent of 100 percent of Grantee's gross proceeds from the sale of Mineral Products mined and sold from the Property, or (b) seventy cents (\$.70) per ton of Mineral Products mined and removed from the Property (the "Royalty"), whichever is greater. "Mineral Products" means all materials, ores, metals, and minerals, including but not limited to pumice, found on or under the Property, including existing stockpiles, if any, regardless of whether or not such Mineral Products or their commercial or industrial applications are now known or are subsequently ascertained.

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2.2 Method of Payment. Grantee shall pay the Royalty to Grantor quarterly within 30 days after the end of each calendar quarter. Payments may be mailed to Grantor at the following address:

Dave B. and Diana R. Wirth
3708 Swan Lake Road
Klamath Falls, Oregon 97603

or may be transferred to Grantor by bank draft or wire transfer in accordance with instructions furnished by Grantor. Payments shall be accompanied by a settlement sheet indicating Grantee's calculation of the Royalty, and each such settlement sheet shall be deemed correct and binding upon Grantor unless Grantor objects in writing within two years after Grantor's receipt of such settlement sheet.

2.3 Sales to Affiliates. Any sales of Mineral Products to any affiliate or subsidiary of Grantee shall be at a price not less than the market price for such mineral products to an unaffiliated third party.

2.4 Nature of the Interest. Grantor's right to the Royalty shall run with the Property and shall burden and inure to the benefit of Grantee and Grantor and their successors and assigns.

3. Inspection and Audit. Grantee agrees to keep full, true, and accurate accounts showing the tonnages and all shipments and sales of all Mineral Products, and all receipts in connection with such sales. Grantor may inspect such accounts and receipts at any reasonable time after giving Grantee five days' written notice of the date of such inspection. In addition, Grantor may visit, inspect, and survey the Property at any reasonable time, at Grantor's sole risk and expense, and in a manner that will not unreasonably interfere with Grantee's operations.

4. Condition of Property.

4.1 Property Accepted As Is. Grantor makes no representations or warranties of any kind with respect to Grantor's title to the Property or the value or condition of the Property. Grantee agrees to accept this quitclaim of the Property on AS IS, WHERE IS, WITH ALL FAULTS, and Grantee acknowledges that Grantee has relied solely on its own independent investigation of the Property in its decision to accept this Deed.

4.2 Environmental Indemnity. Grantee assumes, shall be responsible for, and agrees to indemnify, defend, and hold harmless Grantor from and against any and all claims, liabilities, losses, costs, and expenses, damages, demands, and causes of action with respect to damage to property, injury to or death of persons or other living things, natural resource damages, CERCLA response costs, environmental remediation and restoration costs, or fines or penalties (collectively, "Claims") arising out of or attributable to, in whole or in part, either directly or indirectly, the condition or operation of the Property at any time before or after the date of this Deed. This indemnity shall include, without limitation, any Claims relating to reclamation of the

Property as required by law or to any condition existing on, in, or under, or resulting from operation of, the Property as of the date of this Deed, that is determined to be a result of or caused in whole or in part by Grantor's violation of, failure to fulfill duties imposed by, or incurrence of liability under any applicable environmental laws, rules, or orders, or under any relevant principle of common law. This indemnity shall also include, without limitation, court costs and reasonable attorneys' and experts' fees and expenses in any court proceeding, including any appeal or administrative proceeding or action in bankruptcy.

5. **Statutory Notice.** 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 8th day of November, 2001.

GRANTOR:

Dave B. Wirth
DAVE B. WIRTH

Diana R. Wirth
DIANA R. WIRTH

GRANTEE:

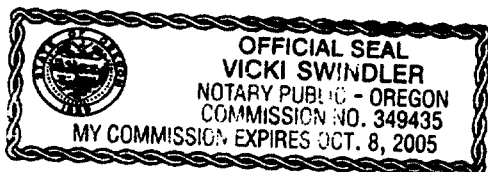
[Signature]

Name (printed): DANA R. VAN PELT

Title (printed): Gen. Sierra Cascade LLC
SIERRA CASCADE LLC

STATE OF OREGON)
) ss
County of Klamath)

The foregoing instrument was executed this 8 day of November, 2001, by Dave B. Wirth.



Vicki Swindler

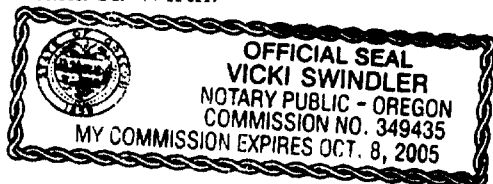
Notary Public for Oregon

My commission expires: 10-8-2005

57457

STATE OF OREGON)
) ss
County of Klamath)

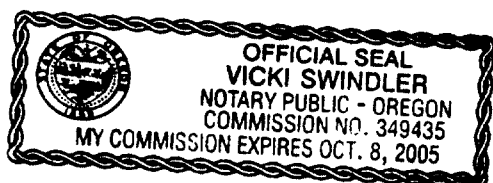
The foregoing instrument was executed this 8 day of November, 2001,
by Diana R. Wirth.



Vicki Swindler
Notary Public for Oregon
My commission expires: 10-8-2005

STATE OF OREGON)
) ss
County of Klamath)

The foregoing instrument was executed this 8 day of November, 2001,
by Dana R. Van Pelt, as General Manager of Sierra Cascade LLC.



Vicki Swindler
Notary Public for Oregon
My commission expires: 10-8-2005

EXHIBIT A

In Township 27 South, Range 8 East, Willamette Meridian:

SE $\frac{1}{4}$ of SW $\frac{1}{4}$ of Section 21;
N $\frac{1}{2}$ of NE $\frac{1}{4}$ of Section 29;

In Township 28 South, Range 8 East, Willamette Meridian:

SE $\frac{1}{4}$ of NE $\frac{1}{4}$ of Section 16;

In Township 29 South, Range 7 East, Willamette Meridian:

S $\frac{1}{2}$ of S $\frac{1}{2}$ of NE $\frac{1}{4}$ of Section 2; Saving and Excepting that portion deeded to
State of Oregon in Deed Volume 257 on Page 338, records of Klamath County,
Oregon (18.48 acres)

State of Oregon, County of Klamath
Recorded 11/08/01 2:01 p. m.
In Vol. M01 Page 57454
Linda Smith,
County Clerk Fee\$ 41.00