

ASSIGNMENT OF GROUND LEASE

THIS ASSIGNMENT OF GROUND LEASE is entered into by and between **MAY-SLADE OIL COMPANY**, an Oregon corporation, (hereinafter "Assignor"), **ROGUE VALLEY OIL COMPANY**, an Oregon corporation (hereinafter "Assignee"), and **SWAN LAKE MOULDING COMPANY**, an Oregon corporation (hereinafter "Lessor").

Recitals

1. On or about October 15, 1993, Les and Terry Wilkenson Service, Inc., an Oregon corporation, dba Les & Terry's Chevron (hereinafter the "Lessee"), entered into a ground lease with Lessor for certain real property (without improvements), commonly known as 3131 South Sixth Street, Klamath Falls, Oregon and more particularly described as shown on Exhibit "A", attached hereto and incorporated by this reference, (hereinafter the "Leased Premises"). A true copy of the ground lease (hereinafter the "Lease") is attached as Exhibit "B" and incorporated by this reference (Vol M93, page 27073).

2. On or about February 22, 1999 the Lessee assigned all of its right, title and interest in said Lease to Assignor.

3. Assignor has been operating an automobile service station and convenience store from improvements located on the Leased Premises. The improvements located on the Leased Premises are owned by Assignor, subject to the rights of the Lessor under the Ground Lease.

4. Assignee, having reviewed and understanding all of the terms and conditions of the Lease, wishes to acquire Assignor's interest in the Leased Premises and is willing to assume all of the obligations of Lessee under the Lease. Assignor wishes to transfer to Assignee all of Assignor's interests in and to the Lease and the Leased Premises. Lessor is willing to consent to the transfer and assignment to Assignee of all of Assignor's interests in and to the Lease and the Leased Premises.

Agreement

NOW, THEREFORE, in consideration of a mutual promise as set forth herein, the parties agree as follows:

1. Assignment. Assignor hereby assigns, transfers and conveys to Assignee all of Assignor's interest as the Lessee in and to the Lease and the Leased Premises. Assignor warrants that the Lease is in good standing according to its terms, that the Lease has not been amended or modified except as reflected on Exhibit "B", and that Assignor has performed and shall perform all obligations imposed upon the Lessee under the Lease (including but not limited to the payment of all rent due under the Lease) through the date of Closing hereunder. Assignor warrants that Assignee shall have possession of the Leased Premises on the date of Closing. The consideration for this assignment shall be Assignee's assumption of all liability for payment and performance by the Lessee under the Lease.

2. Assumption. Assignee hereby accepts the assignment, transfer and conveyance by Assignor of all of Assignor's interest as Lessee in and to the Lease and the Leased Premises. Assignee hereby assumes responsibility and agrees to make payment and perform all obligations of the Lessee under the Lease, including but not limited to payment of all rentals and performance of all environmental safety and cleanup obligations required under the Lease, commencing with the monthly rental payment

due on April 1, 2002. Assignee agrees to hold harmless, indemnify and defend Assignor from and against any loss, claim or liability suffered by or asserted against Assignor as a result of Assignee's failure to fully pay and perform the Lease at any time after the date of Closing hereunder. Assignee has inspected the Leased Premises and accepts the Leased Premises in "as is" condition.

3. Consent and Warranty by Lessor. In consideration of Assignee's agreement to pay and perform as Lessee under the Lease, Lessor hereby consents to the assignment set forth herein, and fully releases and discharges Assignor from any liability for payment and performance of the Lease from and after the date of Closing hereunder. Lessor warrants that Lessor has good right to lease the Leased Premises to Assignee and will defend Assignee's right to quiet enjoyment of the Leased Premises against the lawful claims of all persons during the term of the Lease. Lessor warrants to Assignee that the Lease is presently in good standing according to its terms, that the Lease has not been amended or modified except as reflected on Exhibit "B" and that Lessor is not aware of any existing default on the part of the Lessee with respect to the Lease.

4. Notices to Lessee. All notices to be given to the Lessee under the Lease shall be delivered to Assignee at the following address, until such time as Assignee shall otherwise notify Lessor in writing:

Rogue Valley Oil Company
191 Bateman Drive
Central Point, OR 97502

5. Closing. An absolute condition concurrent to the Closing of the transaction set forth in this assignment shall be the simultaneous closing of the purchase by Assignee from Assignor of all assets of the business presently being conducted by Assignor from the Leased Premises. It is the intention of the parties that the transaction contemplated under this assignment (and the transaction referred to in the preceding sentence) shall close on or before May 1, 2002. The consummation of the transaction referred to in this assignment is referred to herein as the "Closing."

IN WITNESS WHEREOF, the parties have executed this assignment on the dated indicated below.

Assignor: **MAY-SLADE OIL COMPANY**

By: Terry Slade
Terry Slade, President

5/1/02
Date

Assignee: **ROGUE VALLEY OIL COMPANY**

By: Robert George
Robert George, President

5-1-01
Date

Lessor: **SWAN LAKE MOULDING COMPANY**

By: Dorothy Collier
Dorothy Collier, President

5-16-02
Date

ACKNOWLEDGMENT OF LESSOR

STATE OF OREGON)
) ss.
County of Klamath)

On this 16 day of May, 2002, before me personally appeared DOROTHY COLLIER, as President of SWAN LAKE MOULDING COMPANY, and acknowledged the foregoing instrument to be her voluntary act and deed on behalf of said corporation.

Dorothy Collier
DOROTHY COLLIER

The foregoing instrument was acknowledged before me this 16 day of May, 2002 by DOROTHY COLLIER, President of said corporation, on behalf of the corporation.

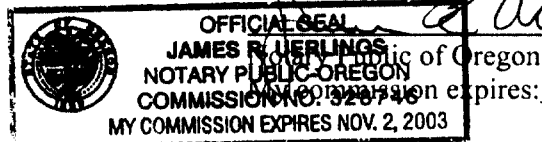


EXHIBIT A

A tract of land situated in the SE $\frac{1}{4}$ of the NW $\frac{1}{4}$ of Section 3 T39S R9E WM Oregon and more particularly described as follows:

Starting at the Northwest Corner of said Section 3 thence S00°00 $\frac{1}{2}$ 'E along the Westerly Boundary of said Section 3 826.8 feet, more or less, to its intersection with a line parallel with and 75.0 feet distant at right angles Northeasterly from the center line of the Klamath Falls-Lakeview Highway, also known as South Sixth Street as the same is now located and constructed, said parallel line being the Northerly right of way line of said Highway; thence S55°52 $\frac{1}{2}$ 'E along said right of way line 2162.4 feet, more or less, to an iron peg marking the Southwesterly corner of that certain tract of land conveyed to Swan Lake Holding Company by deed dated May 16, 1968 and recorded in Volume M at Page 4736 of Klamath County Deed Records and the true beginning point of this description from which a cross chiseled in the concrete sidewalk bears S34°07 $\frac{1}{2}$ 'W 10. feet; and running thence N34°07 $\frac{1}{2}$ 'E at right angles to said South Sixth Street 150 feet to an iron peg; thence S55°52 $\frac{1}{2}$ 'E 73.52 feet to an iron peg in the East line of Enterprise Tract No. 33A; thence S00°21 $\frac{1}{2}$ 'W 97.87 feet to an iron peg marking the Northwest corner of Tract G resubdivision of Enterprise Tract No. 24; thence S89°35'50"E along the North line of said Tract G 86.64 feet to an iron peg; thence S34°07 $\frac{1}{2}$ 'W 116.76 feet, more or less, to an iron pin in the Northerly line of South Sixth Street; thence N55°52 $\frac{1}{2}$ 'W along said Northerly line of South Sixth Street 200.0 feet to the true point of beginning.