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Vol M05 Page 21653

AFTER RECORDING, RETURN TO:

Jeffrey H. Keeney
Tonkon Torp LLP
1600 Pioneer Tower
888 SW Fifth Avenue
Portland, OR 97204-2099

State of Oregon, County of Klamath
Recorded 03/30/2005 3:28 p m
Vol M05 Pg 21653-62
Linda Smith, County Clerk
Fee \$ 64.00 # of Pgs 10

RIGHT OF FIRST REFUSAL

DATE: March 31, 2005 ("Effective Date")

PARTIES: DWIGHT MEBANE and HELEN MEBANE ("Owner")

SEVENMILE CREEK RANCH LLC, an ("Grantee")
Oregon limited liability company

RECITALS

A. Owner is the owner of certain parcels of real property located in Klamath County, Oregon and more particularly described on Exhibits A, A-1 and A-2 attached hereto (the "Property").

B. Grantee has an interest in acquiring one or more parcels of the Property from Owner, but not at the present time.

C. Owner is willing to grant to Grantee the right to purchase the Property before selling the Property for sale to third parties. Owner and Grantee desire to evidence their agreement regarding this purchase right.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration to Owner, the receipt and sufficiency of which are hereby acknowledged, Owner and Grantee agree as follows:

1. **Right of First Refusal.** Owner agrees not to sell, transfer, exchange, grant an option to purchase, or otherwise dispose of the Property or any part of, or interest in, the Property without first offering the Property to Grantee on the terms and conditions set forth in this Agreement.

1.1. **Notice.** When Owner receives from a third party (the "Third-Party Offeror") a bona fide offer to purchase the Property, or a part of it, or an interest in it, Owner shall give Grantee written notice (the "Notice") of the price, terms, and conditions of the offer and deliver a copy of the executed contract, evidencing the offer (the "Offer") to Grantee.

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1.2. **Right to Purchase.** When Grantee receives the Notice and a copy of the Offer, Grantee shall have the prior and preferential right to purchase the Property (or the part of or interest in the Property covered by the Offer, as the case may be) at the same price and on the same terms and conditions as are contained in the Offer, except that if Grantee exercises the right of first refusal by electing to purchase the Property then the closing of the transaction contemplated by the Offer shall take place no earlier than 60 days after the date that Grantee elects to exercise the right of first refusal.

1.3. **Reply Notice.** Grantee shall have ten days from the date Grantee receives the Notice and a copy of the Offer to notify Owner whether Grantee elects to purchase the Property pursuant to the terms of the Offer. If Grantee elects to exercise its right to purchase the Property, then, in addition to giving Owner written notice of its election within the ten-day period, Grantee also shall tender an amount equal to the earnest money deposit, if any, specified in the Offer, which will be held and used in accordance with the terms of the Offer.

1.4. **Failure to Exercise.** If Grantee fails to timely exercise its right to purchase the Property covered by the Offer pursuant to the terms of this Agreement, then Owner shall be entitled to sell the Property described in the Offer according to the terms of the Offer to the Third-Party Offeror.

2. **Term.** The term of this Right of First Refusal commences as of the date of this Agreement and terminates on the earlier to occur of (i) the expiration of ten years after the Effective Date, or (ii) the consummation of a sale of the Property to a third party after Grantee has elected not to exercise its right of first refusal (but if the Offer does not cover the entirety of the Property, only as to the part of or interest in the Property covered by the Offer, as the case may be).

3. **Excluded Transfers.** The right of first refusal created by this Agreement shall not apply to any sale or conveyance of the Property by Owner to any partnership, limited partnership, joint venture, corporation, or other entity in which Owner or any family member of Owner (individually or collectively) owns and controls at least a 10% ownership interest.

4. **Notices.** All notices required or permitted to be given under this Agreement shall be in writing and shall be deemed given and received two days after deposit in the United States Mail, certified or registered form, postage prepaid, return receipt requested, addressed as follows:

To Owner: Dwight and Helen Mebane
c/o Western Stockman's Market
31911 Highway 46
McFarland, CA 93250

To Grantee: Sevenmile Creek Ranch LLC
920 SW Sixth Avenue, Suite 1400
Portland, OR 97204-1203
Attn: John E. von Schlegell

Notice given in any other manner shall be effective when it is received by the party for whom it is intended. Either party may change its address by giving 10 days' advance notice to the other party.

5. **Governing Law.** This Agreement shall be construed and enforced in accordance with the laws of the state of Oregon.

6. **Binding Effect.** This Agreement shall be binding on and inure to the benefit of the parties and their respective heirs, successors, and assigns.

7. **Attorney Fees.** If litigation is instituted with respect to this Agreement, the prevailing party shall be entitled to recover from the losing party, in addition to all other sums and allowable costs, its reasonable attorney fees, both in preparation for and at trial and any appeal or review, such amount to be set by the court that hears the matter.

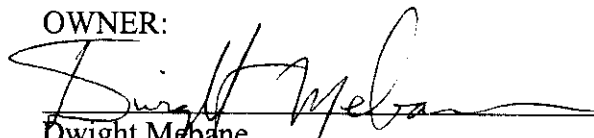
8. **Time Is of the Essence.** Time is of the essence regarding this Agreement.

9. **Tax-Deferred Exchange.** Grantee will cooperate with Owner in structuring any sale transaction under this Agreement as a tax-deferred exchange under Section 1031 of the Internal Revenue Code (the "Exchange") upon the express conditions that (i) the Exchange will be at no additional cost to Owner, (ii) Owner will not be required to take title to any Exchange Property, and (iii) any applicable Closing Date described in Section 1.2 above will not be delayed as a result of the Exchange.

10. **Land Use Disclaimer.** THE PROPERTY DESCRIBED IN THIS INSTRUMENT MAY NOT BE WITHIN A FIRE PROTECTION DISTRICT PROTECTING STRUCTURES. THE PROPERTY IS SUBJECT TO LAND USE LAWS AND REGULATIONS, WHICH, IN FARM OR FOREST ZONES, MAY NOT AUTHORIZE CONSTRUCTION OR SITING OF A RESIDENCE AND WHICH LIMIT LAWSUITS AGAINST FARMING OR FOREST PRACTICES AS DEFINED IN ORS 30.930 IN ALL ZONES. 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 EXISTENCE OF FIRE PROTECTION FOR STRUCTURES.

Executed as of the day and year first above written.

OWNER:

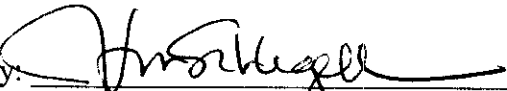

Dwight Mebane


Helen Mebane

GRANTEE:

21656

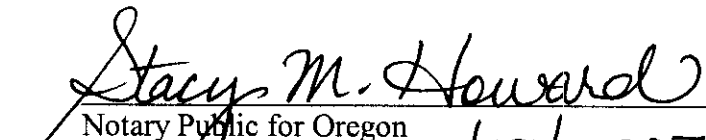
SEVENMILE CREEK RANCH LLC, an Oregon
limited liability company

By: 
John E. von Schlegell, Manager

STATE OF OREGON)
) ss.
County of Klamath)

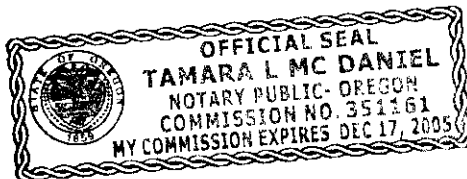
The foregoing instrument was acknowledged before me this 30 day of March,
2005 by Dwight Mebane and Helen Mebane.




Notary Public for Oregon
My commission expires: 11/18/2007

STATE OF OREGON)
) ss.
County of Klamath)

The foregoing instrument was acknowledged before me this 29 day of March,
2005 by John E. von Schlegell, the Manager of Sevenmile Creek Ranch LLC, an Oregon limited
liability company.



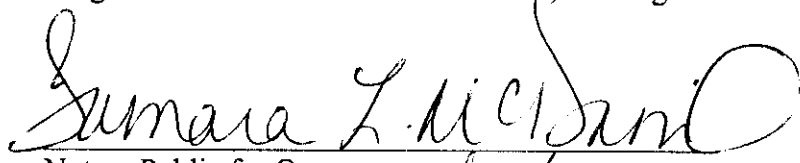

Notary Public for Oregon
My commission expires: 12/17/05

EXHIBIT A

21657

The Property

All of the following real property situated in the County of Klamath and State of Oregon, bounded and described as follows, to wit:

The S1/2 of the NE1/4 and the SE1/4 of Section 30;

The NE1/4 of Section 31;

The SW1/4 of the SW1/4 of Section 29;

The W1/2 of the NW1/4 of Section 32;

ALL in Township 33 South, Range 7 1/2 east of the Willamette Meridian, Klamath County, Oregon; and all that part of the SE1/4 of the NW1/4 and all that part of the SW1/4 of the NE1/4 of Section 32, said Township and Range lying Northerly of and from the Main Public County or Market Road running through Section 32 in a Northeasterly direction, the premises hereby conveyed extending to the center line of said road.

**The Property
(Continued)****PARCEL 1:**

The following described property in Township 33 South, Range 7 1/2 East, Willamette Meridian, Klamath County, Oregon:

That portion of the SW1/4 of SW1/4, Section 5 lying Southwesterly from the Fort Klamath Crater Lake Highway; the S1/2 of NE1/4 and the SE1/4 of Section 7; the W1/2 of the NW1/4; the SW1/4 and the W1/2 of the SE1/4 of Section 8; the NW1/4; the W1/2 of NE1/4; the SE1/4; the SE1/4 of NE1/4 and the NE1/4 of NE1/4 of Section 17, less that portion described as follows:

That portion of the NE1/4 of NE1/4, Section 17, Township 33 South, Range 7 1/2 East, Willamette Meridian described as: Beginning at a stone marking the corner common to Sections 8, 9, 16 and 17, Township 33 South, Range 7 1/2 East, Willamette Meridian; thence West along the Section line a distance of 9.78 chains, more or less, to the center of a stream channel known as Anna Creek Slough; thence Southeasterly along the center line of the channel of said Anna Creek Slough to a point on the line between said Sections 16 and 17; which is 5.6 chains, more or less, South of the above named Section corner; thence North 5.6 chains to the point of beginning, being that portion of the NE1/4 of NE1/4 of Section 17, Township 33 South, Range 7 1/2 East, Willamette Meridian lying Northeasterly from Anna Creek Slough.

ALSO that portion of W1/2 of NW1/4 and NW1/4 of SW1/4 of Section 16, described as follows: Beginning at a point on the line between Sections 16 and 17, Township 33 South, Range 7 1/2 East, Willamette Meridian, where a stream known as Anna Creek Slough crosses said section line, and which point is 5.6 chains, more or less, South of the common corner of Sections 8, 9, 16 and 17 of said Township and Range; thence South along the Section line between said Sections 16 and 17 a distance of 56.25 chains, more or less, to the Northwest corner of the Southwest quarter of Southwest quarter of said Section 16; thence East along the North line of the SW1/4 of SW1/4 of said Section 16 a distance of 14.12 chains, more or less, to the center of the channel of Anna Creek Slough; thence Northwesterly along the center line of said channel to the point of beginning, being that portion of the W1/2 of NW1/4 and the NW1/4 of SW1/4 of Section 16, Township 33 South, Range 7 1/2 East, Willamette Meridian lying Southwesterly from the center line of Anna Creek Slough, all in Township 33 South, Range 7 1/2 East, Willamette Meridian.

ALSO EXCEPTING that portion of SW1/4 SE1/4 of said Section 17 described as follows: Commencing at the Southwest corner of SE1/4 of said Section 17 and running North along the half section line 300 feet; thence East parallel with the South section line 750 feet; thence South parallel with the first course of this description 300 feet to the South section line; thence Westerly along said line 750 feet to the point of beginning.

EXCEPTING from said property any portion thereof lying within the boundaries of Nicholson Road.

PARCEL 2:

All that property situate in the County of Klamath, State of Oregon, described as follows:

That portion of the SW1/4 of the SE1/4 of Section 17, Township 33 South, Range 7 1/2 East, Willamette Meridian, described as follows: Commencing at the Southwest corner of said SE1/4 of said Section 17 and running North along the half section line 300 feet; thence East, parallel with the South section line 750 feet; thence South, parallel with the first course of this description 300 feet to the South section line; thence Westerly along said line 750 feet to the point of beginning.

EXCEPTING THEREFROM any portion thereof lying with the boundaries of Nicholson Road.

**The Property
(Continued)****PARCEL 1:**

That portion of Section 17, Township 33 South, Range 7 1/2 East, Willamette Meridian, Klamath County, Oregon, described as follows:

Beginning at a stone marking the corner common to Sections 8, 9, 16 and 17, Township 33 South, Range 7 1/2 East, Willamette Meridian; thence West along the Section line, a distance of 9.78 chains, more or less, to the center of a stream channel known as Anna Creek Slough; thence Southeasterly along the center of the channel of said Anna Creek Slough to a point on the line between said Sections 16 and 17, which is 5.6 chains, more or less, South of the above mentioned corner; thence North 5.6 chains to the point of beginning; being that portion of the NE1/4 of the NE1/4 of Section 17, Township 33 South, Range 7 1/2 East of the Willamette Meridian Lying Northeasterly from Anna Creek Slough;

AND

Lots 1, and 2, the NW1/4 of the SE1/4, the E1/2 of the NW1/4, the NE1/4 of the SW1/4 of Section 16 and W1/2 of the NW1/4 and the NW1/4 of the SW1/4 of Section 16, less that portion described as follows:

Beginning at a point on the line between Sections 16 and 17, Township 33 South, Range 7 1/2 East, Willamette Meridian where a stream known as Anna Creek Slough crosses said section line and which point is 5.6 chains, more or less, South of the Corner of Sections 8, 9, 16 and 17, of said Township and Range; thence south along the section line between said Sections 16 and 17, a distance of 56.25 chains, more or less, to the Northwest corner of the SW1/4 of the SW1/4 of Section 16; thence East along the North line of the SW1/4 of the SW1/4 of said Section 16, a distance of 14.12 chains, more or less, to the center of the channel of Anna Creek Slough; thence Northwesterly along the center of said channel to the point of beginning; being that portion of the West half of the NW1/4 and of the NW1/4 of the SW1/4 of Section 16, Township 33 South, Range 7 1/2 East, Willamette Meridian, lying Southwesterly from the Anna Creek Slough.

PARCEL 2:

The S1/2 of the SW1/4 and the SW1/4 of the SE1/4 of Section 16; the SW1/4, the N1/2 of the NW1/4, the SW1/4 of the NW1/4, the NW1/4 of the NE1/4 and the E1/2 of the NE1/4, in Section 21; all in Township 33 South, Range 7 1/2 East, Willamette Meridian, Klamath County, Oregon.

EXCEPTING THEREFROM: Two acres, more or less, in the SW1/4 SE1/4 of Section 16, Township 33 South, Range 7 1/2 East, Willamette Meridian, more particularly described as follows:

Commencing at the Southeast corner of said SW1/4 SE1/4; thence North a distance of 418 feet; thence West a distance of 209 feet; thence South a distance of 418 feet; thence East a distance of 209 feet to the place of beginning, being the same property conveyed to School District No. 7 by Deed recorded March 12, 1888 in Volume 3 at page 497 of Klamath County, Oregon Deed Records.

ALSO EXCEPTING THEREFROM a strip of land 400 feet in width off the East side of the NE1/4 NE1/4, Section 21.

AND EXCEPTING a parcel described as: Beginning at a point 1,180 feet North of the Southeast corner of the NE1/4 of Section 21, Township 33 South, Range 7 1/2 East, Willamette Meridian; thence West 175 feet; thence North 110 feet; thence East 175 feet; thence South 110 feet to the point of beginning.

AND EXCEPTING a parcel described as: Beginning at a point 1,180 feet North of and 175 feet West of the Southeast corner of the NE1/4 of Section 21, Township 33 South, Range 7 1/2 East, Willamette Meridian; thence running West 200.5 feet; thence North 110 feet; thence East 200.5 feet; thence South 110 feet to the point of beginning.

AND EXCEPTING THEREFROM any portion lying within Nicholson Road.

PARCEL 3:

Two acres, more or less, in Lot 4, Section 16, Township 33 South, Range 7 1/2 East, Willamette Meridian, more particularly described as follows: Commencing at the Southwest corner of said Lot 4; thence East a distance of 210 feet; thence North a distance of 420 feet; thence West 210 feet; thence South 420 feet to the place of beginning, being the same property deeded to the Directors of School District No. 7 by Deed recorded March 12, 1888, in Volume 3, page 495 of Klamath County, Oregon Deed Records.

EXCEPTING THEREFROM any portion lying within Nicholson Road.

AND

Two acres, more or less, in the SW1/4 SE1/4 of Section 16, Township 33 South, Range 7 1/2 East, Willamette Meridian, more particularly described as follows: Commencing at the Southeast corner of said SW1/4 SE1/4; thence North a distance of 418 feet; thence West a distance of 209 feet; thence South a distance of 418 feet; thence East a distance of 209 feet to the place of beginning, being the same property conveyed to School District No. 7 by Deed recorded March 12, 1888 in Volume 3 at page 497 of Klamath County, Oregon Deed Records.

PARCEL 4:

SE1/4 of NW1/4, SW1/4 of NE1/4, and SE1/4 of Section 21; W1/2 of SW1/4 and Government Lot 4 of Section 22, all in Township 33 South, Range 7 1/2 East, Willamette Meridian, Klamath County, Oregon.

Also, Government Lots 1, 2, 3, 4, 5, 6 and 7, and SW1/4 of SW1/4 of Section 27, and N1/2 of Section 28, all in Township 33 South, Range 7 1/2 East, Willamette Meridian, Klamath County, Oregon.

PARCEL 5:

Beginning at a point 1,320 feet East of the quarter corner common to Sections 21 and 22, Township 33 South, Range 7 1/2 East of the Willamette Meridian, Klamath County, Oregon, and running these South 0 degrees 05' East 1,325 feet; thence East 229 feet more or less, to the West bank of the Wood River; thence in a Northerly direction following the West bank of the Wood River to a point due East of the point of beginning; thence West 397.8 feet, more or less to the point of beginning, and being a portion of Government lot 3 of said Section 22; and also

Beginning at the point of beginning described above; thence North 330 feet, more or less, to the Wood River, thence in a Southerly direction along the bank of the Wood River to a point directly East of the place of beginning; thence West 397.8 feet, more or less, to the point of beginning, and being a portion of Government Lot 2 in said Section 22.