

2011-005370

Klamath County, Oregon



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After Recording, Return to:

William M. Ganong
Attorney at Law
514 Walnut Avenue
Klamath Falls OR 97601

AGREEMENT TERMINATING RESERVATION OF MINERAL RIGHTS,
GRANTING RIGHTS TO ROCK

This Agreement is entered into between Sevenmile Creek Ranch LLC, which is the owner of the real property located in Klamath County described on the attached Exhibit A ("Exhibit A Property") and JaCox Ranches, Oreg., Ltd. which is the owner of the real property located in Klamath County described on the attached Exhibit B ("Exhibit B Property").

The parties intend by this Agreement to terminate certain mineral rights with respect to the Exhibit A Property that benefits the Exhibit B Property, and to replace such rights with the rights of the owner of the Exhibit B Property to acquire rock from the Exhibit A Property as described in this Agreement.

The parties accordingly agree as follows:

1. Termination of Mineral Rights. The owner of the Exhibit B Property hereby relinquishes, waives, discharges and forever terminates all rights to the following:

Reservations as set forth in Deed from R. S. Dixon, et ux, to Puckett and Scherer, a co-partnership, dated October 17, 1955, recorded May 15, 1957, in Deed Volume 291, page 600, Deed Records of Klamath County, Oregon, to wit:

"Saving and excepting unto the grantors, their heirs and assigns, an undivided 1/2 interest in and to all oil, gas and other minerals lying on or under the above described property, and also the perpetual right, privilege and easement to and upon said lands for the purposes of exploring, extracting, taking and carrying away said oil, gas and other minerals, and also the right to possession and use of so much of said premises at all times, as may be necessary to the

practical carrying out of the purpose and privileges of this reservation."

2. Grant of Rights to Rock. The owner of the Exhibit A Property hereby grants to the owner of the Exhibit B Property, as a right and covenant to run with the land, the following rights to obtain rock from a portion of the Exhibit A Property as described hereafter:

2.1 The portion of the Exhibit A Property to which the rights granted under this Section 2 apply is located in the western portion of Parcel 3 of the Exhibit A Property as shown on the map attached as Exhibit C (the "Quarry Property").

2.2 For the period ending June 30, 2041, the owner of the Exhibit A Property covenants to reserve not less than 50,000 tons of material to serve as the source of the rock to be made available to the owner of the Exhibit B Property, such reserved tonnage to decline over time to the extent that rock is removed from the Quarry Property pursuant to the terms of this Agreement. During such period, the owner of the Exhibit B Property has the right to take up to 2,500 tons of pit run and reject rock from the Quarry Property during any 12 consecutive month period for personal use by the owner of the Exhibit B Property on the Exhibit B Property.

2.3 During the period that quarry operations are being conducted on the Quarry Property by Exhibit A's owner or any authorized lessee or licensee, Exhibit B's owner will via reasonable advance written notice schedule the date for pick up of the authorized rock at the Quarry Property during normal hours of quarry operations. No charge will be assessed for the rock except for actual costs incurred for loading at the quarry site if the owner of the Exhibit B Property requests that loading services be supplied by the persons then conducting quarry operations. The owner of the Exhibit B Property may perform self loading in which event such owner will be responsible for compliance with all safety regulations and procedures and for damage if any caused to the property of the Exhibit A owner during loading procedures. In all events all loaded materials must be weighed at the Quarry scales before removal from the Quarry Property. Exhibit B's owner shall be responsible for hauling and delivery.

2.4 If at any time seasonal quarry operations are not being conducted on the Quarry Property, the owner of Exhibit B may upon reasonable advance written notice to the owner of Exhibit A schedule a time during May through October for the owner of Exhibit B to meet with the authorized representatives of the owner of Exhibit A for purposes of receiving authorized quantities of rock hereunder. No charge will be assessed for the rock, with the owner of Exhibit B to be responsible for loading, hauling and delivery.

2.5 The rights of the owner of Exhibit B to take rock from the Quarry Property is subject in all events to all laws, regulations and permits as may be applicable or required from time to time with respect to mining activities on the Quarry Property.

3. Successors and Assigns. This Agreement is intended to be binding upon the respective successors and assigns to the ownership of both the Exhibit A Property and the Exhibit B Property in perpetuity.

EXECUTED effective April 15, 2011.

SEVENMILE CREEK RANCH LLC

By [Signature]
John E. von Schlegell
Manager

JACOX RANCHES, OREG., LTD.

By [Signature]
James Popson

STATE OF OREGON)
) ss.
County of Multnomah)

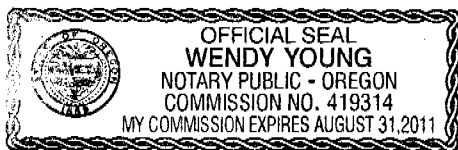
The foregoing instrument was acknowledged before me on April 18, 2011, by John E. von Schlegell, Manager of Sevenmile Creek Ranch LLC.



[Signature]
Notary Public for Oregon
My Commission Expires: 9/19/14

STATE OF OREGON)
) ss.
County of Klamath)

The foregoing instrument was acknowledged before me on 4.25, 2011, by James Popson, Gen. Partner of JaCox Ranches, Oreg., Ltd..



[Signature]
Notary Public for Oregon
My Commission Expires: 8.31.2011

EXHIBIT A

**24009
21648**

Legal Description

PARCEL 1:

Township 33 South, Range 6 East of the Willamette Meridian, Klamath County, Oregon.

Section 25: S 1/2 NE 1/4; E 1/2 SW 1/4; N 1/2 NE 1/4; NW 1/4 and the W 1/2 SW 1/4, SE 1/4

Section 36: E 1/2 NW 1/4; NE1/4

Section 26: E 1/2 NE 1/4 NE 1/4; E 1/2 W 1/2 NE 1/4 NE 1/4; SE 1/4 NE 1/4; NE 1/4 SE 1/4
and the S 1/2 SE 1/4

Section 23: E 1/2 SE 1/4 SE 1/4; and the E 1/2 W 1/2 SE 1/4 SE 1/4

Township 33 South, Range 7 1/2 East of the Willamette Meridian, Klamath County, Oregon.

Section 30: SE 1/4 NW 1/4; E 1/2 SW 1/4; NE 1/4 NW 1/4 and Government Lots 1, 2, 3 and 4

Section 31: Government Lots 1 and 2 and the E1/2 NW1/4

PARCEL 2:

Township 33 South, Range 6 East of the Willamette Meridian, Klamath County, Oregon:

Section 35: The NE1/4

Section 36: The W1/2 NW1/4

EXCEPTING THEREFROM a road right of way deeded to Klamath County in Deed Volumes 360 at page 541 and Volume 360 at page 656 and Volume 363 at page 178, Deed Records of Klamath County, Oregon.

ALSO EXCEPTING THEREFROM that portion conveyed in Warranty Easement Deed recorded January 6, 1999 in Volume M99, page 346, Microfilm Records of Klamath County, Oregon.

EXHIBIT A

PARCEL 3

The SE1/4 of Section 35, Township 33 South, Range 6 East of the Willamette Meridian, Klamath County, Oregon.

Government Lots 5 and 6, Government Lots 7 and 10, less that portion conveyed to Robert D. Helms, et ux, by Deed recorded in Volume 227, page 92, Deed Records of Klamath County, Oregon, Government Lots 11, 12, 13 and 20 of Section 1; Government Lots 1, 2, 3, 6, 7, 8, 9 and Government Lot 10, Government Lots 16, 17, and 24 of Section 2, all in Township 34 South, Range 6 East of the Willamette Meridian, Klamath County, Oregon.

Unofficial
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JaCox Ranch Oregon LTD
Real Property Legal Description

In Township 33, S. R. 6 East of Willamette Meridian

Sec. 1: E-1/2 of E-1/2 of NE-1/4; E-1/2 of NE-1/4 of SE-1/4; SE-1/4 of SE-1/4; NE-1/4 of SW-1/4; E-1/2 of SE-1/4 of SW-1/4; SW-1/4 of SE-1/4.

Sec. 12: E-1/2 of NE-1/4; W-1/2 of NE-1/4; SW-1/4 of SE-1/4 of NW-1/4; SE-1/4 of NW-1/4 of SW-1/4; E-1/2 of SW-1/4 of SW-1/4; E-1/2 of SW-1/4; SE-1/4; E-1/2 of E-1/2 of NW-1/4.

Sec. 13: E-1/2; E-1/2 of W-1/2; NW-1/4 of NW-1/4.

Sec. 24: W-1/2; W-1/2 of E-1/2; W-1/2 of E-1/2 of E-1/2

In Township 33, S. R. 7-1/2 East of Willamette Meridian

Sec. 5: SE-1/4 of SW-1/4; Lots 5, 6, & 7.

Sec. 18: Lots 3 & 4; E-1/2 of SW-1/4

Subject to:

1. Reservations in United States Patents
2. Any regulations, contracts, drainage water and irrigation rights in connection therewith.
3. Any reservations, restrictions, easements, rights of way of records and those apparent on the land.

