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MDWA30 103187

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BOOK 107 PAGE 720

BARGAIN AND SALE DEED

THE GRANTOR, CAVENHAM FOREST INDUSTRIES INC., a Delaware corporation, for and in consideration of Ten Dollars (\$10.00) and other valuable consideration, in hand paid, bargains, sells and conveys to CAVENHAM ENERGY RESOURCES INC., a Delaware corporation, GRANTEE, all hydrocarbon minerals of any nature whatsoever including, but not limited to gas, oil and related hydrocarbon and associated substances, and all geothermal steam, heat, hot water, brines and related energy-producing liquid or gaseous materials in or under said lands, not otherwise previously reserved in instruments of record (collectively called "The Minerals"), in or upon the following described real estate:

All that real estate in Skamania County, Washington, described in EXHIBIT A attached hereto and by this reference made a part hereof (the "Real Estate").

Together with the right to enter upon the Real Estate for the purpose of investigating, exploring, prospecting, drilling for and producing and marketing The Minerals, and to make use of so much of the surface of the Real Estate as may be reasonably necessary by usual and customary methods of drilling, mining or excavation for the recovery, severance and development of The Minerals. GRANTOR also grants to GRANTEE the right to lay pipelines and build tanks, power stations and other structures on the Real Estate in such locations as are reasonably approved in writing in advance by GRANTOR as necessary for the recovery, severance and development of The Minerals, together with the right to produce, save, take care of, treat, transport, own and market The Minerals extracted from the Real Estate.

IN ADDITION, GRANTOR does hereby grant to GRANTEE the right to use so much of the common construction materials on the Real Estate, such as naturally-occurring sand, gravel and rock, for road and site construction materials as is necessary to facilitate GRANTEE's recovery, development and severance of The Minerals.

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REAL ESTATE EXCISE TAX  
NOV 30 1987

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SKAMANIA COUNTY TREASURER

SKAMANIA COUNTY DEED - 1

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Transaction in compliance with County sub-division ordinances.  
Skamania County Assessor - Bys. JLD 11/30/87

EXCEPTING AND RESERVING unto GRANTOR, its successors and assigns, all timber now or hereafter growing, dead and down, on the Real Estate, which shall remain the property of GRANTOR. GRANTEE hereby covenants and agrees to inform GRANTOR of the location of all contemplated roadways, pipelines and operations in sufficient time to enable GRANTOR to enter the premises and retrieve the timber growing on the Real Estate that will be affected by the contemplated work.

FURTHER EXCEPTING and RESERVING unto GRANTOR, its successors and assigns, all right, title and interest, not otherwise previously reserved in instruments of record, in and to minerals and all other valuable ores (other than The Minerals) on, in or under the surface of the Real Estate such as naturally-occurring sand, gravel, rock and other valuable minerals such as gold, silver, coal, iron and similar mineral substances, including the right to mine, quarry, use, sell and develop those minerals and materials.

GRANTEE, its successors and assigns, by recording hereof, agrees to pay when due any expenses or fees for labor and materials related to its recovery, development and severance of The Minerals on the Real Estate, and agrees to indemnify and hold GRANTOR harmless from such expenses and fees, and from any and all liabilities, expenses, damages, claims and obligations, including reasonable attorneys fees, which arise out of the acts or omissions of GRANTEE or its successors, assigns, agents or employees in the recovery, development and severance of The Minerals. GRANTEE hereby covenants and agrees to pay for all damage to the surface of, or improvements on, the Real Estate and to GRANTOR's timber, pulpwood, saw logs, trees, forest growth (standing, cut or fallen, young plantations and pre-merchantable timber or loss of future ability to grow timber) or other properties of any kind, including, but not by way of limitation, damage caused by drilling operations or by forest fires originating on the Real Estate or on other adjacent or contiguous land under the control of, or being operated by, GRANTEE.

GRANTEE agrees and obligates itself and its successors and assigns to conduct any operations on the Real Estate consistent with reasonable and prudent management practices, and prevailing industry standards, and in such a way as to cause a minimum amount of damage to the Real Estate and improvements thereon. If it becomes necessary for GRANTEE to make roads or passage ways across the Real Estate, GRANTEE, subject to prior approval of GRANTOR, agrees to construct a single road with lateral side roads extending to GRANTEE's various fields of operation, rather than numerous scattered roads with no common design or integrated system. GRANTOR and its invitees shall be permitted to use the roads GRANTEE constructs on the Real Estate without fee, provided GRANTOR shall pay an equitable share of the maintenance expenses. In addition, GRANTEE shall provide drainage for surface waters on any roads it constructs, and shall provide adequate protection against erosion of GRANTOR's adjacent land and damage to GRANTOR's roads.

UPON the completion of the extraction of any of The Minerals, GRANTEE shall repair the damaged Real Estate to the fullest extent practicable, within a reasonable period of time, which repairs shall include the filling and leveling of all depressions, pits, ruts or excavations in areas no longer being mined by GRANTEE. In each case, the Real Estate will be restored to as near its original condition as may be practicable.

GRANTEE shall at all times protect the soils or waters upon or under the Real Estate (the "Soils and Waters") against any contamination or pollution caused by GRANTEE, its contractors, lessees, agents and assigns. GRANTEE shall be solely responsible for the containment of drilling muds, fluids, acids or any other chemicals or fluids used on or injected into the Real Estate in connection with GRANTEE's mining operations, as well as any waste or by-product materials which escape or are released into, on or upon the Soils and Waters.

GRANTEE shall indemnify and hold GRANTOR harmless from any claims, liability, damages or expenses under common law or state or federal regulations resulting from or caused by GRANTEE's, its contractor's, lessee's, agent's and assign's hazardous waste contamination or pollution into, on or upon the Soils and Waters.

GRANTEE, its successors and assigns, shall have the duty to confer and advise on a regular basis, but not less than thirty (30) days in advance of the commencement of any contemplated operations, with GRANTOR, its successors and assigns, respecting the exercise of the rights granted herein, especially as to the exploration, mining, development and exploitation of The Minerals, it being the intent that the location of drill sites, mines, collection systems and related ancillary facilities and activities shall be so constructed, installed and operated as to cause the least possible damage, disturbance, or injury to GRANTOR's retained surface rights and activities on the Real Estate.

GRANTEE shall, prior to the conduct of any seismic or geophysical activities on the property of GRANTOR, secure written permission from GRANTOR for the conduct of said activities and shall compensate GRANTOR for all losses occasioned by GRANTOR and pay to GRANTOR a reasonable fee for the right to conduct said seismic and geophysical activities.

The benefits and burdens to GRANTOR and GRANTEE under this Bargain and Sale Deed shall be covenants running with the land and shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

FILED FOR RECORD  
SKAMANIA CO. WASH  
BY SKAMANIA CO. TITLE

Nov 30 3 41 PM '87

A. J. [Signature]  
AUDITOR  
GARY H. OLSON



Dated this 19<sup>th</sup> day of November, 1987.

GRANTOR: CAVENHAM FOREST INDUSTRIES INC., a  
Delaware corporation

By: R. A. Carson  
R. A. Carson  
Its: Executive Vice President

GRANTEE: CAVENHAM ENERGY RESOURCES INC., a  
Delaware corporation

By: W. B. Freck  
W. B. Freck  
Its: Vice President

STATE OF OREGON )  
County of Multnomah ) ss.  
)

On this 19<sup>th</sup> day of November, 1987, before me personally appeared R. A. Carson, to me known to be the Executive Vice President of CAVENHAM FOREST INDUSTRIES INC., the corporation that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute the said instrument.

Witness my hand and official seal hereto affixed the day and year first above written.

Beverly J. Lunden  
Notary Public in and for the  
State of Oregon  
My commission expires 6-24-89

STATE OF OREGON )

) ss.

County of Multnomah )

On this 19th day of November, 1987, before me personally appeared W. B. Freck; to me known to be the Vice President of CAVENHAM ENERGY RESOURCES INC., a Delaware corporation, the corporation that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute the said instrument.

Witness my hand and official seal hereto affixed the day and year first above written.

Donnie K. Martin

Notary Public in and for the  
State of Oregon

My commission expires 5-2-90

Until a change is requested, all tax statements are to be sent to:  
Cavenham Energy Resources  
1500 S. W. First Ave.  
Portland, Oregon 97201

## EXHIBIT A

Skamania County, Washington

## TRACT: 02N05E

## Section 25:

SW $\frac{1}{4}$ , S $\frac{1}{2}$ SE $\frac{1}{4}$ , NW $\frac{1}{4}$ SE $\frac{1}{4}$ , SW $\frac{1}{4}$ NW $\frac{1}{4}$ , N $\frac{1}{2}$ NW $\frac{1}{4}$ , NW $\frac{1}{4}$ NE $\frac{1}{4}$ ;

EXCEPT that certain strip of land conveyed to United States of America by judgement recorded in Book 27, Page 319.

## Section 26:

NE $\frac{1}{4}$ SW $\frac{1}{4}$ , that portion of the SE $\frac{1}{4}$  as described in instrument recorded September 1, 1954; in Book 38, Page 365;

EXCEPT that certain strip of land conveyed to United States of America by judgement recorded in Book 27, Page 319.

All being in Township 02 North, Range 05 East, W.M.

## TRACT: 02N06E

## Section 02:

All.

## Section 03:

GL 1, 2, 3 S $\frac{1}{2}$ NE $\frac{1}{4}$ , SE $\frac{1}{4}$ , E $\frac{1}{2}$ SW $\frac{1}{4}$ , SE $\frac{1}{4}$ NW $\frac{1}{4}$ .

## Section 04:

GL 1, 2, 3, 4, S $\frac{1}{2}$ N $\frac{1}{2}$ , SE $\frac{1}{4}$ ; EXCEPT a portion of the SE $\frac{1}{4}$  containing 0.92 acres, more or less conveyed to The Pacific Telephone and Telegraph Company, from Crown Zellerbach Corporation in instrument dated November 19, 1954; and EXCEPT 0.082 acres more or less conveyed to Oregon-Washington Railroad & Navigation Company by deed dated August 5, 1963; and EXCEPT 2.07 acres more or less conveyed to the State of Washington by Quitclaim deed dated October 1, 1976.

## Section 09:

NW $\frac{1}{4}$ .

## Section 10:

All.

## Section 11:

N $\frac{1}{2}$ , SW $\frac{1}{4}$ , W $\frac{1}{2}$ SE $\frac{1}{4}$ .

## Section 14:

NW $\frac{1}{4}$ NE $\frac{1}{4}$ , NW $\frac{1}{4}$ , W $\frac{1}{2}$ SW $\frac{1}{4}$ .

## Section 15:

E $\frac{1}{2}$ , N $\frac{1}{2}$ SW $\frac{1}{4}$ , SE $\frac{1}{4}$ SW $\frac{1}{4}$ .

Section 19:  
SE $\frac{1}{4}$ , S $\frac{1}{2}$ NE $\frac{1}{4}$ , SE $\frac{1}{4}$ NW $\frac{1}{4}$ , GL 2.

Section 23:  
NE $\frac{1}{4}$ NW $\frac{1}{4}$ .

Section 26:  
Those portions of the E $\frac{1}{2}$ SW $\frac{1}{4}$ , W $\frac{1}{2}$ SE $\frac{1}{4}$  and NW $\frac{1}{4}$ SW $\frac{1}{4}$  as described in instrument recorded June 25, 1957 in Book 43, Page 401.

Section 27:  
N $\frac{1}{2}$ NE $\frac{1}{4}$ , SE $\frac{1}{4}$ NE $\frac{1}{4}$ .

All being in Township 02 North, Range 06 East, W.M.

TRACT: 02N07E

Section 03:  
An undivided one-half interest in GL 4.

Section 09:  
S $\frac{1}{4}$ .

All being in Township 02 North, Range 07 East, W.M.

TRACT: 03N05E

Section 23:  
SW $\frac{1}{4}$ .

Section 26:  
SW $\frac{1}{4}$ NW $\frac{1}{4}$ , SW $\frac{1}{4}$ , SW $\frac{1}{2}$ SE $\frac{1}{4}$ .

Section 34:  
N $\frac{1}{2}$ NE $\frac{1}{4}$ .

All being in Township 03 North, Range 05 East, W.M.

TRACT: 03N06E

Section 26:  
SW $\frac{1}{4}$ .

Section 34:  
NE $\frac{1}{4}$ , SW $\frac{1}{4}$ .

Section 35:  
W $\frac{1}{2}$ E $\frac{1}{4}$ , W $\frac{1}{4}$ .



All being in Township 03 North, Range 06 East, W.M.

TRACT: 03N07E

Section 11:  
SE $\frac{1}{4}$ .

Section 12:  
S $\frac{1}{4}$ , GL 2, 3 and 4.

Section 13:  
W $\frac{1}{4}$ .

Section 14:  
N $\frac{1}{4}$ , SE $\frac{1}{4}$ , NE $\frac{1}{4}$ SW $\frac{1}{4}$ .

Section 22:  
SE $\frac{1}{4}$ NE $\frac{1}{4}$ .

Section 23:  
W $\frac{1}{4}$ W $\frac{1}{4}$ , SE $\frac{1}{4}$ NW $\frac{1}{4}$ , NE $\frac{1}{4}$ SW $\frac{1}{4}$ .

Section 24:  
E $\frac{1}{4}$ NW $\frac{1}{4}$ .

All being in Township 03 North, Range 07 East, W.M.

TRACT: 03N07E

Section 24:  
SE $\frac{1}{4}$ , GL 5, 6, 7, 8, 9, and that portion of GL 10 lying Northerly of Wolf Creek.

Section 25:  
N $\frac{1}{4}$ NE $\frac{1}{4}$ , those portions of S $\frac{1}{4}$ NE $\frac{1}{4}$  and N $\frac{1}{4}$ SE $\frac{1}{4}$  as described in instrument recorded June 21, 1966 in Book 56, Page 72; EXCEPT that portion of the E $\frac{1}{4}$ NW $\frac{1}{4}$ SE $\frac{1}{4}$  conveyed from Crown Zellerbach Corporation to Skamania County in instrument dated May 7, 1976.

All being in Township 03 North, Range 07 East W.M.

TRACT: 03N08E

Section 14:  
N $\frac{1}{4}$ .

Section 16:  
SW $\frac{1}{4}$ SW $\frac{1}{4}$ .

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Section 17:  
That portion of E½SE¼ as described in instrument recorded June 25, 1957 in Book 43,  
Page 401.

Section 21:  
That portion of N½NW¼ as described in instrument recorded June 25, 1957 in Book 43,  
Page 401.

Section 22:  
E½SE¼, and Agreement recorded in Book 6 at Page 768 of Skamania County Agreements  
and Leases on April 29, 1983.

All being in Township 03 North, Range 08 East, W.M.

TRACT: 04N07E

Section 26:  
That portion of S½SE¼ as described in instrument recorded February 19, 1975 in Book 68,  
Page 388.

Section 35:  
N½SE¼; that portion of NE¼ as described in instrument recorded February 19, 1975 in  
Book 68, Page 388; EXCEPT those portions thereof quitclaimed to Glen Richie and to  
Richard G. Misner et ux, from Crown Zellerbach Corporation by instruments executed  
May 17, 1985 and May , 1985 respectively.

All being in Township 04 North, Range 07 East, W.M.

All references to Book and Page are as recorded in Deed Records, Skamania County,  
Washington, unless otherwise indicated.