

ROCK QUARRY LEASE

THIS AGREEMENT made this 30 day of July, 1975, by and between W.J. FEUFERT LAND COMPANY, INC., an Oregon corporation hereinafter called Lessor, and JOHN A. HOPE and SUSAN C. HOPE, hereinafter called Lessee.

It is agreed between the Lessor and the Lessee as follows:

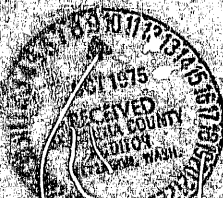
1. Lessor leases to Lessee, their successors or assigns the following described real estate in Skamania County, Washington:

Government lots 1, 2, 5, 6, 7 and 8; the west 660 feet of the Jas. M. Mindley D.L.C.; the northwest quarter of northeast quarter; the northeast quarter of northwest quarter; that portion of the northeast quarter of northeast quarter lying southwesterly of the county road known and designated as the Girl Scout Road, ALL in Section 36, Township 3 North, Range 8, East, W.M., EXCEPT that portion of said Government lot 8 described as follows: Beginning at the northeast corner of said Government lot 8; thence south along the east line thereof 840 feet to intersection with the county road; thence northwesterly following said county road to a point 885 feet west of the point of beginning; thence east 885 feet to the point of beginning.

Those portions of the southwest quarter of Section 25, Township 3 north, Range 8 east, W.M. described as follows: Beginning at the quarter corner on the south line of said Section 25; thence north 330 feet; thence west 1320 feet; thence south 330 feet; thence east 1320 feet to the point of beginning; EXCEPT the following described tract: Beginning at a point 110 feet north of the point of beginning located on the northerly line of the Rock Creek and Collins Road; thence north 220 feet; thence west 140 feet to intersection with the northerly line of said road; thence following the northerly line of said road in a southeasterly direction to the point of beginning.

Beginning at a point 330 feet north and 140 feet west of the quarter corner on the south line of said Section 25, said point being located on the southerly line of Rock Creek and Collins Road; thence west 1140 feet to a point on the southerly line of said road, thence in a northeasterly direction following the southerly line of said road 690 feet; thence in a southeasterly direction following the southerly line of said road 450 feet to the point of beginning, SUBJECT TO EASEMENTS AND RESTRICTIONS OF RECORD.

and hereby grant and convey to the Lessee the exclusive right and privilege of mining and removing rock from the established rock quarry on said premises subject only to a lease of Jan. 1975. Further the Lessor does assign to the Lessee any and all interests



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that Lessor may have in that last certain lease to Krohn Logging Company all in consideration of the Krohn lease being merged with this lease and being subject to the supervision of, and accountability for, the rock to be mined thereunder in accord with the terms of this lease.

2. Lessee shall have the right of fully occupying and utilizing the premises in any manner which may be consistent with the mining and quarrying operations which the Lessee shall conduct thereon. Further the Lessors do grant to the Lessees the right to use the surface of the premises for the construction of roads, laying of tracks, and the installation of other transportation or delivery facilities. Lessee will mine or quarry said premises in a workmanlike manner using customary mining or quarrying practices as long as such mining or quarrying can be done on an economical basis.

3. The lease of said premises and the right and privilege of conducting mining or quarrying operations upon or under said premises shall be for the term of 4 years beginning July 1, 1974 with the right granted to Lessee of ^{one} successive renewal for ~~one~~ five year period upon the terms and conditions to be negotiated by the parties. If the terms and conditions of said renewal cannot be agreed upon between the parties or their successors or assigns then the terms shall be set by arbitration as provided by statutory provisions of the Revised Code of Washington.

4. Payment to the Lessor for the privilege of mining during the first five year term of this lease shall be at the rate of twenty cents per cubic yard of quarried material removed from the premises. All payments shall be made on a quarterly annual basis on or before the 10th days of March, June and September of each year. The payments shall cover a preceding three month period.

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5. In order to determine the amount of payments due to the Lessor, the quarried rock covered by this agreement shall be weighed at a certified scale or estimated in a manner acceptable to the Lessor and the scale tickets or price estimates shall be subject to inspection by the Lessor at all times.

6. The rights hereby granted to the Lessee, its successors and assigns, shall be deemed to include the right of the Lessee to erect and maintain all hoisting slopes, banks, storage areas and buildings as may be needed by the Lessee or its assigns. All buildings or improvements erected and maintained on the premises and all equipment installed upon or beneath the premises shall be deemed to be and remain the personal property of the Lessee. The Lessors hereby waive the right to hold any of the property or improvements placed or erected upon the premises by the Lessee.

Lessee agrees to save and hold harmless the Lessor or any of its assigns or successors from any and all liability for taxes levied upon the product of said premises and to provide all insurance required for Lessee's operations and those of its subcontractors or assigns in such a manner as will meet standards of any and all regulatory agencies. Lessees shall abide by all laws pertaining to the use of said premises and will absolutely hold harmless and defend the Lessor from any and all claims that may arise out of the use and operation of the premises.

7. As a special condition of this lease, Lessor assigns and vests over to the Lessee all its interest in any claim that it might now have or might hereafter acquire as the owner of subject premises for damages caused by others or properties taken by others in connection with this property except insofar as the Lessor may have a claim or claims for public acquisition by condemnation of any interest in rights to said property including, but not limited to, claims for movement and erosion of said pro-

erty by reason of the slide that now exists and has for some-time existed on said premises. Said claim for condemnation or damages for slide movement shall remain the sole and exclusive property of the Lessor. All other claims which have arisen or shall arise during the term or extended terms of this lease shall accrue and be pursued by the Lessee provided, however, that the Lessee shall pay to the Lessor fifty percent of the net recovery on any such claim or claims. Lessor shall have the sole and exclusive right to pursue any such claims but it shall also have the responsibility of furnishing all necessary funds for investigation, litigation and other expenses of collection and recovery.

8. In the event that either party shall fail in performance of its responsibilities under this lease and if the other party shall have incurred expenses, including reasonable attorneys fees in the enforcement of the provisions of this contract, then the aggrieved and successful party shall be reimbursed for its costs of enforcement as may be determined by a court of law or body of arbitrators.

9. In the event that either party shall have claim against the other for enforcement or payment under this contract, he shall first offer to settle under terms of performance of payment as provided in writing to the other party and if the other party shall fail to accept said terms or make such payment within thirty days after the offer of settlement, then the party making claim for enforcement or payment shall proceed under the formula for arbitration as provided by the Revised Code of the State of Washington.

10. Time is of the essence of this contract.

W.J. SEUFERT LAND COMPANY, INC.

By William F. Schneider
WILLIAM F. SCHNEIDER, President

John Hope
JOHN HOPE

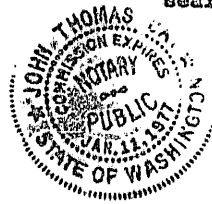
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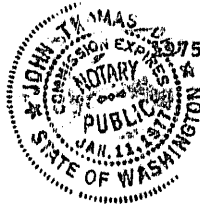
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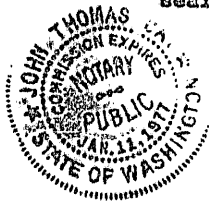
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STATE OF WASHINGTON)
) ss.
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On this day personally appeared before me WILLIAM DIELSCHNEIDER, to me known to be the president of the corporation that executed the within and foregoing instrument, and acknowledged that 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 was authorized to execute said instrument and that the seal affixed is the corporate seal of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first above written.

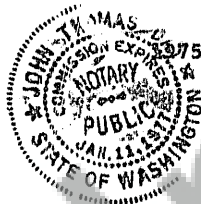


John Thomas
 Notary Public for Washington
 Residing at Bingen.

STATE OF WASHINGTON)
) ss.
 County of Klickitat)

On this day personally appeared before me JOHN A. HOPE and SUSAN C. HOPE, to me known to be the individuals described in and who executed the foregoing instrument, and acknowledged that they signed the same as their free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 20th day of July,



John Thomas
 Notary Public for Washington
 Residing at Bingen.