

EASEMENT EXCHANGE AGREEMENT

THIS EASEMENT EXCHANGE AGREEMENT (this "Agreement") is entered into as of the ^{5th} day of ~~June~~ July, 1994, by and between PORT BLAKELY TREE FARMS (LIMITED PARTNERSHIP), a Washington limited partnership ("Port Blakely") and TAHKENITCH TREE FARM PARTNERSHIP, a Louisiana partnership, ("Tahkenitch").

RECITALS

22-MIC
A. Port Blakely owns that certain real property located in Douglas County, Oregon, legally described on Exhibit A attached hereto (the "Port Blakely Property"). The roads to be built by Tahkenitch on the Port Blakely Property as located approximately as shown on Exhibit B attached hereto (the "Port Blakely Roads").

B. Tahkenitch owns that certain real property located in Douglas County, Oregon, legally described on Exhibit C, attached hereto (the "Tahkenitch Property"). The roads that currently exist on the Tahkenitch Property are located approximately as shown on Exhibit D, attached hereto (the "Tahkenitch Roads"). The Tahkenitch Roads and Port Blakely Roads, or any two of them, are referred to herein as the "Roads" and any of the Roads is referred to herein as a "Road". As used herein the term "Property" refers to either the Tahkenitch Property or the Port Blakely Property.

C. Each party wishes to be granted a non-exclusive roadway easement over the Roads on the other party's Property in exchange for granting a non-exclusive roadway easement to the other party over the Roads on its Property.

NOW, THEREFORE, in exchange for the easement herein granted to it by the other party, the parties agree as follows:

1. Port Blakely hereby grants and conveys to Tahkenitch and its successors and assigns, for the benefit of the Tahkenitch Property and any adjacent property Tahkenitch may hereafter acquire, a permanent non-exclusive roadway easement on, over and across the Port Blakely Roads for the purpose of roadway use, maintenance, repair and reconstruction of the Port Blakely Roads in connection with hauling forest products and other natural resource materials from the benefited property, providing access to the benefited property, and engaging in land and timber management and related silvicultural activities, fire control, and other activities pertaining to commercial timber/natural resource operations but not for recreational use by the public.

2. Tahkenitch hereby grants and conveys to Port Blakely and its successors and assigns for the benefit of the Port Blakely Property and any adjacent property Port Blakely may hereafter acquire, a permanent non-exclusive roadway easement on, over and across the Tahkenitch Roads for the purpose of roadway use, maintenance, repair and reconstruction of the Tahkenitch Roads in connection with hauling forest products, and other natural resource materials from the benefited property, providing access to the benefited property, and engaging in land and timber management and related silvicultural activities, fire control, and other activities pertaining to commercial timber/natural resource operations, but not for recreational use by the public.

3. Each party reserves for itself and its successors and assigns (i) the right at all times and for any purpose to enter upon, use, cross and recross the Roads on its Property so long as such use does not unreasonably interfere with the rights granted to the other party hereunder, (ii) the right to impose reasonable traffic regulations with respect to use of the Roads on its Property, so long as such regulations apply to all users of such Roads (iii) the right to temporarily suspend or limit the use of any Road (or segment thereof) on its Property when such party determines that there is a hazardous condition due to an excessive risk of fire, rock slide, or flood or damage to such Road (or segment thereof) due to soil conditions or slope stability, so long as such suspension or limitation applies to all users of such Road, and (iv) their right to relocate any Road (or segment thereof) on its Property, so long as (a) it provides the other party with at least sixty(60) days written notice (or if the need to relocate the road is due to an emergency, as much written notice as the circumstances permit) specifying the exact location of the proposed relocation, and (b) prior to closing the existing Road (or segment thereof), it reconstructs such Road (or segment thereof) at its sole cost and expense at such new location in as good or better quality as existed at the prior location, so that there is no interruption of the use thereof; provided, that in the event a Road (or segment thereof) is so relocated the parties shall sign and record an amendment to this Agreement showing the new location of such relocated Road(or segment thereof). Each party may install a gate or gates across the Roads on its Property so long as it provides a key to such gate to the other party and the placement of the gates does not unreasonably interfere with the rights granted to the other party hereunder.

4. Each party shall comply with all applicable laws, regulations, permits and ordinances in connection with its use of the Roads. Each party shall suspend use of any

Roads during periods of severe weather or adverse roadway conditions, including, without limitation, periods when a Road is thawing following a freeze, if use of the Road under such conditions would inordinately damage such Road.

5. Each party may permit its respective agents, contractors, subcontractors, consultants, permittees, licensees, and purchasers of timber or other natural resource materials located on its Property (collectively, "Permittees") to exercise the rights granted to it hereunder, provided such Permittees shall likewise be subject to the requirements and conditions imposed by this Agreement in-exercising such rights.

6. The cost of road maintenance shall be allocated on the basis of respective uses of said Roads by a party and its Permittees. When any party or its Permittees use a Road, that party shall perform or cause to be performed, or contribute to cause to be contributed, that share of maintenance occasioned by such use as hereafter provided. During periods when a Road is being used solely by one party or its Permittees, such party shall maintain that portion of said Road used to the standards existing at the time such use is commenced or as thereafter improved. During periods when more than one party or its Permittees is using the same Road, or any portion thereof, the parties thereto shall meet and establish necessary road maintenance provisions. Such provisions shall include, but shall not be limited to:

(a) The appointment of a maintainer, which may be one of the parties hereto or any third party, who will perform or cause to be performed at a reasonable and agreed upon rate, the maintenance of the Road or the portion thereof being used; and

(b) A method of payment by which each party shall pay its pro rata share of the cost incurred by said maintainer in maintaining said Road or portion thereof. For purposes of this Agreement, "maintenance" is the customary grading, minor repair and maintenance work, occasioned by normal and prudent usage of the Road, necessary to preserve and keep the roadway structure (including, without limitation, roadway surface and supporting slopes, cuts, and fills) and road facilities (including, without limitation, ditches and culverts) as nearly as possible in their condition as existed when such joint use commenced or as thereafter improved.

7. Each party using any portion of a Road shall repair or cause to be repaired at its sole cost and expense that damage to said Road occasioned by it or its Permittees which is in excess of that which would be caused through normal and prudent usage of said Road. Should damage to a Road occur which is not so caused by a party or its Permittees and is not minor damage occasioned

by normal and prudent use of a Road, the parties hereto shall meet and agree upon the cost and schedule for necessary repair and replacement and the share of the repair/replacement cost to be borne by each party. Unless the parties hereto agree in writing to share the costs of Road improvements in advance of such improvements being made, such improvements being made shall be solely at the cost of the improving party.

8. Each party hereto reserves to itself all timber now on or hereafter growing within the rights of way on its Property.

9. Before using any Roads on the other party's Property, each Permittee of such party shall:

(a) Obtain and maintain in full force at all times during its use of or operations on any Roads hereunder, one or more insurance policies in form acceptable in the trade, insuring the parties against all liability for loss or damage for injury to person or property for all roadway use and all operations permitted or performed by such party and its Permittees, employees and equipment (or, if applicable, by such Permittee and its employees and equipment) hereunder. Such policies shall include operations, contractual (including, without limitation, the indemnity obligations under Paragraph 10 below), completed operations, owned and nonowned automobiles or trucks, and third party property damage insurance covering claims arising from fires caused by such party and/or its Permittees or employees, assigns, visitors or otherwise, from not taking reasonable measures to prevent fires, or reduce the danger of fire spreading from an additional fire hazard or from permitting the existence of an extreme fire hazard, including, without limitation, claims for statutory fire-fighting costs. All such insurance shall be primary and non-contributing with any insurance which may be carried by the party who owns the Property on which such Roads are located, and shall expressly provide that such party, although named as an insured, shall nevertheless be entitled to recover under the policy for any loss, injury or damage sustained by it. Minimum amounts of insurance shall be:

(a) For log haulers, road builders and miscellaneous users operating heavy trucks (over one (1) ton), Five Hundred Thousand Dollars (\$500,000) for injury to one person, Five Hundred Thousand Dollars (\$500,000) for any one occurrence, and Five Hundred Thousand Dollars (\$500,000) property damage for any one occurrence;

(b) For miscellaneous users operating pickup trucks, light trucks (under one (1) ton or passenger cars, One Hundred Thousand Dollars (\$100,000) for injury to one person, Three Hundred Thousand Dollars (\$300,000) for any one occurrence, and One Hundred Thousand Dollars

(\$100,000) property damage for any one occurrence; or

(3) Such other limits as the parties hereto may agree upon in writing from time to time.

(b) Deliver to the other party a certificate of insurance from the insurer of such party and its Permittees certifying that coverage is not less than the above-named amounts is in force and that in the event of cancellation or modification of such coverage the insurer will give the other party ten (10) days' written notice prior to cancellation or modification.

10. Each party (the "Indemnifying Party") shall indemnify, defend, and hold the other party harmless from and against any and all liabilities, liens, obligations, claims, damages, penalties, losses and expenses, including, without limitation, reasonable attorney's fees arising from or in connection with (i) the Indemnifying Party's performance (or failure to perform) obligations required of it in this Agreement, or (ii) any lien on the other party's Property created or caused by the Indemnifying Party or its Permittees, employees, or invitees; (iii) the use, repair, maintenance, improvement or replacement of any Road by the Indemnifying Party or its Permittees, employees, or invitees, (iv) the negligence or wrongful conduct of the Indemnifying Party or its Permittees, employees or invitees, or (v) claims or suits against the other party or its Property by the employees, invitees, or Permittees of the Indemnifying Party; provided, however, the Indemnifying Party shall have no indemnity obligation hereunder to the extent that any liability or damage is caused by the negligence of the other party or its employees, or agents.

11. The rights and obligations herein run with the land and shall inure to the benefit of and be binding upon the successors and assigns of the parties hereto.

12. If a party fails to perform any obligation required of it under this Agreement, the other party may, after giving thirty (30) days written notice to the breaching party specifying the breach, take such action as may be necessary to perform such obligation, all at the sole cost and expense of the breaching party, and the breaching party shall reimburse such other party on demand for such costs and expenses, together with interest at the rate of 12 % per annum from the date such costs and expenses are incurred until paid. In addition to any other rights and remedies herein or otherwise available at law or in equity, each party shall have the right to obtain a court decree or order specifically enforcing the provisions of this Agreement. If a lawsuit or other legal proceeding is brought to enforce or interpret this

Agreement, the prevailing party shall be entitled to an award of its costs and reasonable attorneys' fees incurred in connection with such action, including fees and costs in any appeal.

13. This Agreement represents the entire Agreement of the parties on the subject matter. This Agreement shall be governed by the laws of the State of Oregon. The parties hereto warrant and represent that they have the power and authority to enter into this Agreement and to consummate the transactions contemplated herein without further consent or approvals. This Agreement may be executed and acknowledged in multiple counterparts at the convenience of the parties, if such counterparts shall constitute one agreement. The original counterparts signature pages and acknowledgements may be attached to a single copy of the text of this Agreement for recordation in the real property records or the county in which the Property is located. This Agreement and easements created hereby and covenants contained herein shall not be modified or amended except by written instrument signed by the record owners of the Port Blakely Property and the Tahkenitch Property and recorded in the real property records where the Property is located.

14. Any notice required to be given under the provisions of this Agreement shall be in writing and mailed by United States certified mail, return receipt requested, postage prepaid, and addressed to the respective party at its address set forth on the signature page of this Agreement. or at such other address as a party specifies by 30 days written notice to the other party. Notice under this Agreement may also be given by personal delivery to a party.

15. Each party shall be solely responsible for obtaining and complying with the requirements of all permits, approvals, licenses, certificates, and consents required within its use of any of the Roads. Each party shall be solely responsible for all liabilities, damages and defects arising from the design or conditions of the Roads on its Property existing on the date of this Agreement, except to the extent any such liability damage or defect is caused by an act or omission of the other party or its Permittees, employees, or invitees.

IN WITNESS WHEREOF, the parties hereto have executed this instrument in duplicate, as of the day and year first above written.

PORT BLAKELY TREE FARMS (LIMITED PARTNERSHIP), a Washington limited partnership

TAHKENITCH TREE FARM PARTNERSHIP a Louisiana partnership

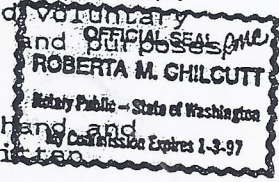
By *[Signature]*
Its Vice President and Chief Forester
address
500 Union Street
Suite 830
Seattle, Washington 98101

By *John Mitchell*
Its Trustee
address
P.O. Box 495
Reedsport, Oregon 97467

STATE OF WASHINGTON)

COUNTY OF KING)

On the *22nd* day *July*, 1994, before me a Notary Public in and for the State of Washington, personally appeared JOHN W. WARJONE; personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who signed this instrument: on oath stated that he was authorized to execute this instrument as Vice President and Chief Forester of PORT BLAKELY TREE FARMS (LIMITED PARTNERSHIP), a Washington limited partnership; and acknowledged instrument to be the true and voluntary act and deed of said partnership for the uses and purposes therein mentioned.



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

NOTARY PUBLIC in and for the State of Washington, residing at

STATE OF ~~OREGON~~ OREGON)
COUNTY OF ~~MULTNOMAH~~ MULTNOMAH)

My appointment expires *01-03-97*
Roberta M. Chilcutt
ROBERTA M. CHILCUTT (PRINT NAME)
RESIDING AT: SEATTLE

On the *31st* day *August*, 1994, before me a Notary Public in and for the State of Oregon, personally appeared JOHN MITCHELL, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who signed this instrument: on oath stated that he was authorized to execute this instrument as Trustee of TAHKENITCH TREE FARM PARTNERSHIP, a Louisiana partnership; and acknowledged instrument to be the true and voluntary act and deed of said partnership for the uses and purposes therein mentioned.

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

NOTARY PUBLIC in and for the State of Oregon,
residing at *Forestland* My appointment expires *3/7/95*

Diana L. Shibler

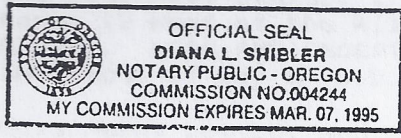


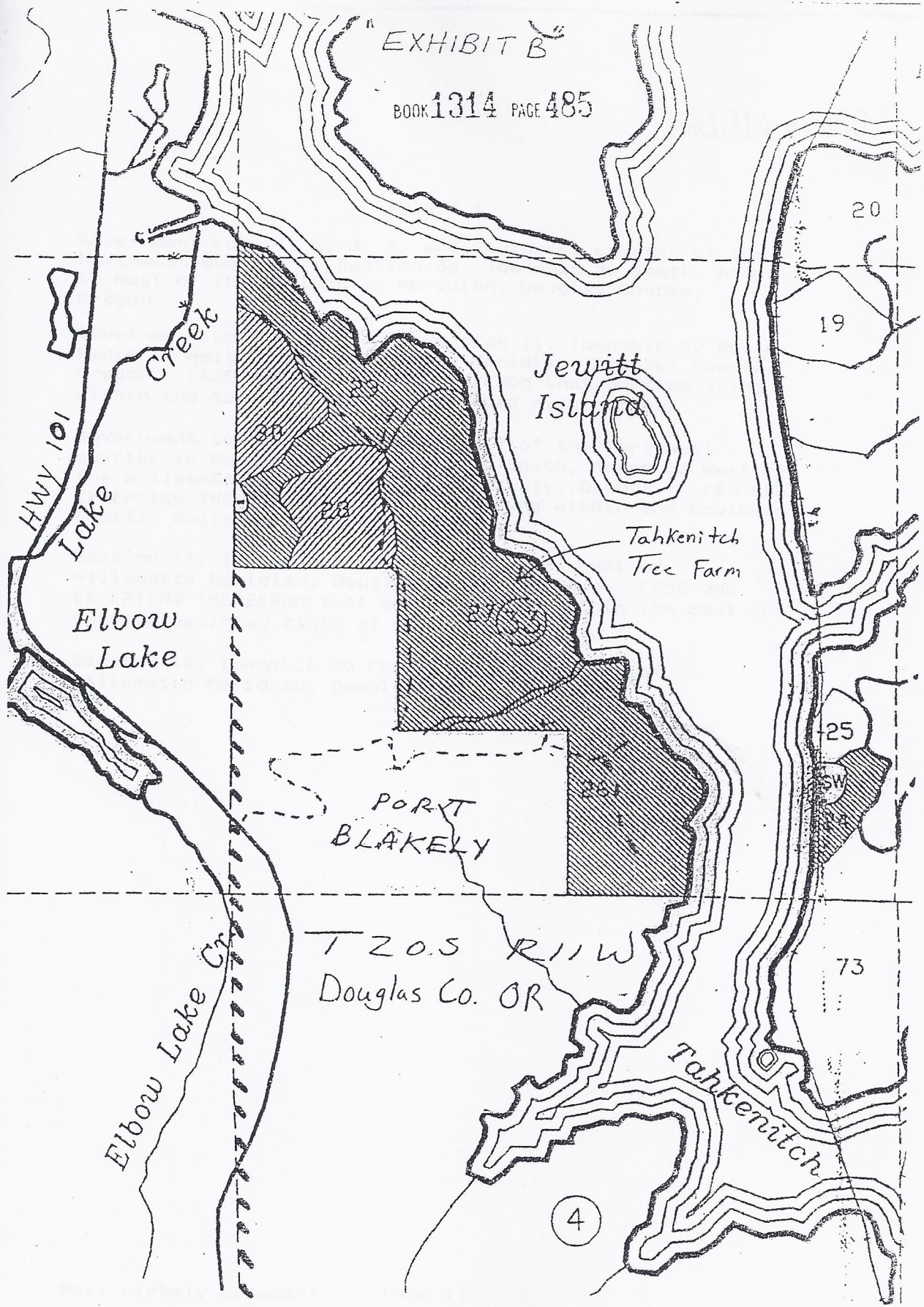
EXHIBIT A

West half of the Southwest quarter, Southeast quarter of the Southwest quarter in Section 33, Township 20 South, Range 12 West of the Willamette Meridian, Douglas County, Oregon. LESS AND EXCEPTING THEREFROM that portion within the right of way of U.S. Highway No. 101.

Government Lot 10, and Northwest quarter of the Southwest quarter in Section 12, Township 20 South, Range 12 West of the Willamette Meridian, Douglas County, Oregon.

"EXHIBIT B"

BOOK 1314 PAGE 485



Hwy 101

Creek

Lake

Elbow Lake

Jewitt Island

Tahkenitch Tree Farm

PORT BLAKELY

TZOS R11W
Douglas Co. OR

Elbow Lake Cr

Tahkenitch

4

20

19

25

73

30

28

29

26

SW

EXHIBIT C

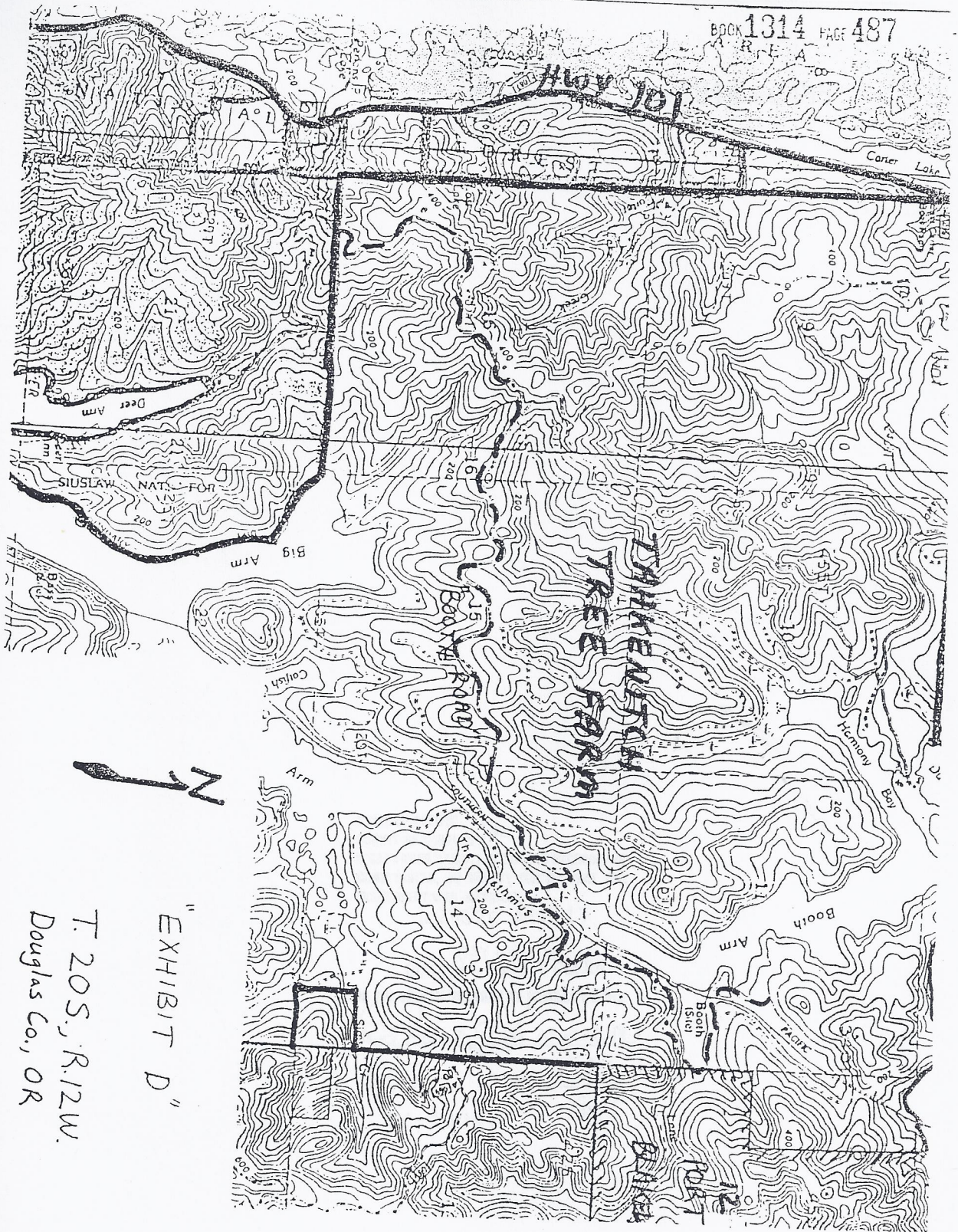
Government Lots 1, 2, 3, 4, and Southwest quarter of the Northwest quarter in Section 33, Township 20 South, Range 12 West of the Willamette Meridian, Douglas County, Oregon.

Government Lots 5, and 6 in Section 11, Township 20 South, Range 12 West of the Willamette Meridian, Douglas County, Oregon. LESS AND EXCEPTING THEREFROM that portion lying within the Southern Pacific Railroad right of way.

Government Lots 4, 5, and West half of the Northwest quarter in Section 14, Township 20 South, Range 12 West of the Willamette Meridian, Douglas County, Oregon. LESS AND EXCEPTING THEREFROM that portion lying within the Southern Pacific Railroad right of way.

Section 15, Township 20 South, Range 12, West of Willamette Meridian, Douglas County, Oregon. LESS AND EXCEPTING THEREFROM that portion lying within the Southern Pacific Railroad right of way.

Section 16, Township 20 South, Range 12, West of Willamette Meridian, Douglas County, Oregon.



T. 20S., R. 12W.
Douglas Co., OR

"EXHIBIT D"

STATE OF OREGON }
COUNTY OF DOUGLAS } SS.
I, GAY FIELDS, COUNTY CLERK AND RECORDER OF
CONVEYANCES, DO HEREBY CERTIFY THAT THIS
INSTRUMENT WAS RECORDED

94 AUG 26 AM 11:17

GAY FIELDS
DOUGLAS COUNTY CLERK

IN THE OFFICIAL RECORDS OF DOUGLAS COUNTY

Robert J. Peterson
DEPUTY

Key

FEE

85.50
90

94-19047