TEWART TITLE COMPANY 1201 3rd Avenue #3800 Real Estate Excise Tax Seattle, WA 98101

LAND TITLE COMPANY T-61636

DEC 14 1989

BARGAIN AND SALE DEED

8912140077

Amount Paid & 2,000 Skagit Co. Treasurer Deputy CROWN PACIFIC, LTD., an Oregon corporation ("Grantor") for and in consideration of TEN DOLLARS (\$10.00) and other consideration in hand paid, bargains, sells, and conveys to THE TRILLIUM CORPORATION, a Washington corporation ("Grantee"), the real property in the County of Skagit, State of Washington legally described on the attached Exhibit A (the "Property").

The Property is free and clear of all liens and encumbrances suffered or incurred by Grantor other than the mineral reservations contained in instruments recorded July 7, 1989 under Recording Nos. 8907070037 and 8907070041, and that certain Wood Fiber Supply Agreement dated July 7, 1989, a Memorandum of which was recorded July 7, 1989 under Recording No. 8907070047.

Grantor reserves from this conveyance all timber, now or hereafter standing or felled, located on that portion of the Property which is legally described on the attached Exhibit B.

Grantor hereby excepts, from the Property and reserves unto Grantor, its successors and assigns, including its contractors and licensees, a non-exclusive easement over and upon any and all logging roads located on the Property for purposes of obtaining access to and removing forest products from lands adjacent to or in the vicinity of the Property and upon which Grantor has or shall have the right to harvest and remove forest products. Any damage caused to any road so used shall be repaired by Grantor at Grantor's expense. Reconstruction, alteration or substantial improvements of existing roads by Grantor must receive the prior written approval of Grantee, which approval shall not be unreasonably withheld.

Grantor further reserves from this conveyance (the "Reservation") all merchantable timber (as defined above) standing or felled, located on that portion of the Property which is legally described on the attached Exhibit C (the "Reservation Property").

Grantee agrees to allow Grantor reasonable access to the Reservation Property to the extent necessary to permit removal of the merchantable timber located thereon. Grantor agrees to pay all costs related to the repair and maintenance of any access roads owned by Grantee required as a result of Grantor's logging activities.

Grantor's right to harvest the merchantable timber located on the Reservation Property pursuant to the Reservation shall expire on December 14, 1991; provided that such date shall

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be extended by the number of days, if any, that harvesting is prevented by Acts of God, insurrection, riot, labor disputes, governmental order or other causes beyond Grantor's reasonable control. Upon expiration of Grantor's right to harvest the merchantable timber located on the Reservation Property, all merchantable timber remaining on the Reservation Property shall become the property of Grantee, and the rights of Grantor therein shall expire. Upon completion by Grantor of all cutting and logging operations on the Reservation Property, but in no event later than the date upon which its right to harvest the merchantable timber located thereon expires, Grantor shall deliver to Grantee a quitclaim deed conveying Grantor's timber rights in and to the Reservation Property to Grantee.

Grantor shall pay any harvest and/or severance tax resulting from the harvest of merchantable timber from the Reservation Property. Grantee shall be responsible for all real property taxes relating to the Reservation Property.

The Reservation shall be subject to the following terms:

- (a) Grantor shall comply with all applicable laws, rules, and regulations in removing the merchantable timber located on the Reservation Property, including without limitation the Washington Forest Practices Act.
- (b) Grantee shall be solely responsible for any reforesting obligations applicable to Grantor's removal of merchantable timber from the Reservation Property.
- (c) Grantor reserves the merchantable timber located on the Reservation Property in its present condition, AS IS. Grantor acknowledges that Grantee has made no representations or warranties, express or implied, except as contained herein, with respect to such timber, and Grantor confirms that it has not relied upon any representations or warranties of Grantee regarding the quality or quantity of such timber on the Reservation Property.
- (d) If a suit, action, or other proceeding of any nature whatsoever (including any proceeding under the U.S. Bankruptcy Code) is instituted in connection with any controversy arising out of the Reservation or to interpret or enforce any rights with respect thereto, the prevailing party shall be entitled to recover its attorneys' fees, paralegals', accountants', and other experts' fees and all other fees, costs, and expenses actually incurred and reasonably necessary in connection therewith, as determined by the court at trial or on any appeal or review, in addition to all other amounts provided by law.

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Dated this 14th day of December, 1989. CROWN PACIFIC, LTD. GRANTOR: THE TRILLIUM CORPORATION **GRANTEE:** STATE OF OREGON County of Multnomah) The foregoing instrument was acknowledged before me on this 11th day of December, 1989, by Roger L. Krage, the Secretary of Crown Pacific, Ltd., an Oregon corporation, on behalf of the corporation. PUBLIC FOR OREGON My Commission Expires: 12/21/92 STATE OF WASHINGTON County of King The foregoing instrument was acknowledged before me on this 124 day of December, 1989, by David R. Syre, the President of The Trillium Corporation, a Washington corporation, on behalf of the corporation. My Commission Expires: 4/2/93

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The Southwest & of the Northwest & and the Northwest & of the Southwest & of Section 1, Township 35 North, Range 7 East, W.M., EXCEPT roads AND EXCEPT that certain 100 foot strip conveyed to Skagit County by deed recorded July 9, 1970, under Auditor's File No. 741026.

Situate in the County of Skagit, State of Washington.

Government Lots 3 and 4, Section 1, Township 35 North, Range 7 East, W.M., EXCEPT County road, AND EXCEPT that certain 100 foot strip conveyed to Skagit County by deed recorded July 9, 1970, under Auditor's File No. 741026.

Situate in the County of Skagit, State of Washington.

The North 2 of Section 2, Township 35 North, Range 7 East, W.M., EXCEPT County roads, AND EXCEPT that certain 100 foot strip conveyed to Skagit County by deed recorded July 9, 1970, under Auditor's File No. 741026.

Situate in the County of Skagit, State of Washington.

The North 1 of the Southwest 1 and the North 1 of the Southeast 1 of Section 2, Township 35 North, Range 7 East, W.M., EXCEPT that certain 100 foot strip conveyed to Skagit County by deed recorded July 9, 1970, under Auditor's File No. 741026.

Situate in the County of Skagit, State of Washington.

The North of Section 3, Township 35 North, Range 7 East, W.M... Situate in the County of Skagit, State of Washington.

The South 1 of the Southwest 1; Northeast 1 of the Southeast 1 and the South 1 of the Southeast 1, all in Section 3, Township 35 North, Range 7 East, EXCEPT those portions conveyed to Skagit County by deeds recorded July 9, 1970 and September 20, 1971 under Auditor's File Nos. 741026 and 758244, respectively.

Situate in the County of Skagit, State of Washington.

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The South 1 of Section 4, Township 35 North, Range 7 East, W.M... Situate in the County of Skagit, State of Washington.

Government Lots 1 through 4, Section 4, Township 35 North, Range 7 East, W.M..

Situate in the County of Skagit, State of Washington.

The Northeast 1 and the North 2 of the Southeast 1 of Section 9, Township 35 North, Range 7 East, W.M..

A strip or piece of land 50 feet wide being 25 feet wide on either side of the centerline of the logging railway of the Lyman Timber Company as same is now located and established through and upon the North 1 of the Southwest 1 of Section 9, Township 35 North, Range 7 East, W.M., to-wit:

Beginning at a point on the section line approximately 193 feet South of the quarter corner between Sections 8 and 9; thence South 87° East 2090 feet; thence on a 6° curve to the left turning through an angle of 19° for a distance of 317 feet; thence North 68° East approximately 235 feet to a point on the centerline of Section 9 approximately 175 feet South of the center corner of said Section 9.

Situate in the County of Skagit, State of Washington.

The Northwest 1; the Northwest 2 of the Southwest 2 and the North 2 of the Northeast 2, lying Northwesterly of Baker Lake Road as conveyed to Skagit County by deed recorded April 25, 1966 under Auditor's File No. 681944, all in Section 10, Township 35 North, Range 7 East, W.M.

Situate in the County of Skagit, State of Washington.

The West 1 of the Southwest 1 of Section 13, Township 36 North, Range 3 East, W.M., EXCEPT road rights-of-way.

Situate in the County of Skagit, State of Washington.

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The North 1 of the Southwest 1 and the Northeast 1 of the Southeast 1 in Section 14, Township 36 North, Range 3 East, W.M., EXCEPT road rights-of-way.

Situate in the County of Skagit, State of Washington.

That portion of the Southeast ½ of the Northeast ½ of the Southeast ½ of the lying Southerly of the road; that portion of the Southeast ½ of the Southeast ½, lying Southerly of the road and Westerly of the old railroad; and that portion of the Southeast ½ of the Southwest ¼ of the Southeast ½, lying Southerly of the road extending over and across said Southwest ½ of the Southeast ½ in Section 23, Township 36 North, Range 3 East, W.M., EXCEPT road rights-of-way.

Situate in the County of Skagit, State of Washington.

The Southwest & of the Northwest & of Section 25, Township 36 North, Range 3 East, W.M., EXCEPT road rights-of-way.

Situate in the County of Skagit, State of Washington.

The Northeast ½ of the Northeast ½; that portion of the Northwest ½ of the Northeast ½, lying Southerly of the Easterly and Westerly road and Easterly of the Northerly and Southerly road; westerly road and Easterly of the Northeast ½ of the Northwest ½, lying Southerly and Easterly of the road; the North 100 feet of that portion of the Southeast ½ of the Northwest ½, lying Easterly of the road; the South ½ of the Northwest ½, lying Easterly of the North ½ of the Northwest ½ of the Southeast ½; that portion of the North ½ of the Northwest ½ of the Southeast ½, lying Northerly of Colony Creek; the Northeast ½, of the Southeast ½; and that part of the West ½ of the Southeast ½, lying South of the center line of Colony Creek; all in Section 26, lying South of the center line of Colony Creek; all in Section 26, lying South of the center line of Colony Creek; all in Section 26, lying South, Range 3 East, W.M., EXCEPT road rights of way.

Situate in the County of Skagit, State of Washington.

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That part of the Northwest & of the Northeast & of Section 35, Township 36 North, Range 3 East, W.M., lying North of the Alger Blanchard Road, EXCEPT road rights-of-way.

Situate in the County of Skagit, State of Washington.

That portion of the Southwest 1 of the Southwest 1 of Section 2, Township 35 North, Range 4 East, W.M., lying Westerly of the Westerly line of the Northern Pacific Railway Company right-of-way.

Situate in the County of Skagit, State of Washington.

The West ½ of Government Lot 2; the Southwest ½ of the Northeast ½; and the Northeast ½ of the Southeast ½ of Section 3, Township 35 North, Range 4 East, W.M., EXCEPT those portions conveyed to Skagit County for road purposes by deeds recorded April 14, 1915 under Auditor's File Nos. 107444 and 107452.

Situate in the County of Skagit, State of Washington.

The Southwest tof Section 26. Township 36 North, Range 4 East, W.M., EXCEPT that portion lying Northeasterly of the Samish River as it presently exists.

Situate in the County of Skagit, State of Washington.

The Southeast 1, EXCEPT that portion lying Northeasterly of the centerline of the Samish River, all in Section 27, Township 36 North, Range 4 East, W.M.

Situate in the County of Skagit, State of Washington.

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The Northeast 1; the East 1 of the Northwest 1; the East 1 of the Southwest 1; the North 2 of the Southeast 2 and the Southwest 1 of the Southeast 2 of Section 34, Township 36 North, Range 4 East, W.M.

Situate in the County of Skagit, State of Washington.

The West 1 of the Northwest 1, in Section 35, Township 36 North, Range 4 East, W.M..

Situate in the County of Skagit, State of Washington.

The Southeast & of the Southwest & of Section 5, Township 35 North, Range 7 East, W.M..

Situate in the County of Skagit, State of Washington.

The South 1 of the Northeast 1 and the Southeast 1 of the Southeast 1. Section 7, Township 35 North, Range 7 East, W.M..

Situate in the County of Skagit, State of Washington.

The Northwest & of the Northwest & of Section 17, Township 35 North, Range 7 East, W.M., EXCEPT that portion lying within the Great Northern Railway Company's right-of-way.

Situate in the County of Skagit, State of Washington.

The South & of the Northwest &; the North & of the Southwest & and the Southwest & of the Southwest &, Section 8, Township 35 North, Range 7 East, W.M.

A strip or piece of land 50 feet wide, being 25 feet wide on either side of the center line of the logging railway of Lyman Timber Company, more particularly described as follows:

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Starting from a point on a curve 80 feet North of the Southeast corner of the Southwest ½ of the Southwest ½ of Section 8, tangent of said point being North 58°15' East; thence on a 8 curve to the left turning through an angle of 34°30', 431 feet; thence North 23°45' East, 340 feet; thence on a 7 curve to the right turning through an angle of 21°45', 311 feet; thence N 45°30' East approximately 540 feet to the intersection of the North line of Southeast ½ of the Southwest ½ of Section 8, Township 35 North, Range 7 East, W.M.

A strip of land 50 feet wide across the Northwest 1 of the Southeast 1 in Section 8, Township 35 North, Range 7 East, W.M., for a railroad as now constructed as conveyed to Sound View Pulp Company by deed recorded April 21, 1938 in Volume 174 of Deeds, page 412, under Auditor's File No. 301294.

Situate in the County of Skagit, State of Washington.

The Northeast % of the Northeast % of Section 18, Township 35 North, Range 7 East, W.M.

That portion of the Northwest ½ of the Northeast ½ and the Northeast ½ of the Northwest ½ of Section 18, Township 35 North, Range 7 East, W.M., contained within a strip of land 100 feet in width being 50 feet on either side of the following described center line:

Beginning at a point on the West line of said Northeast ½ of the Northwest ½ of Section 18, 175 feet, more or less, North of the Southwest corner thereof; thence Northeasterly curving left and then right to a point on the East line of said Northeast ½ of the Northwest ½ of Section 18, 670 feet, more or less, South of the Northeast corner thereof; continuing thence Northeasterly across the Northwest ½ of the Northeast ½ of Section 18, curving right and then left, to a point on the East line thereof, 435 feet, more or less, South of the Northeast ½ of Sec-

Situate in the County of Skagit, State of Washington.

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tion 18.

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EXHIBIT B

Government Lots 3 and 4, Section 1, Township 35 North, Range 7 East, W.M., EXCEPT County road, AND EXCEPT that certain 100 foot strip conveyed to Skagit County by deed recorded July 9, 1970, under Auditor's File No. 741026.

Situate in the County of Skagit, State of Washington.

The Northwest & of the Southwest & of Section 1, Township 35 North, Range 7 East, W.M., EXCEPT roads.

Situate in the County of Skagit, State of Washington.

The Northeast 1 of Section 2, Township 35 North, Range 7 East, W.M., EXCEPT County roads, AND EXCEPT that certain 100 foot strip conveyed to Skagit County by deed recorded July 9, 1970, under Auditor's File No. 741026.

Situate in the County of Skagit, State of Washington.

The North 1 of the Southwest 1 and the North 1 of the Southeast 1 of Section 2, Township 35 North, Range 7 East, W.M., EXCEPT that certain 100 foot strip conveyed to Skagit County by deed recorded July 9, 1970 under Auditor's File No. 741026.

Situate in the County of Skagit, State of Washington.

The North of Section 3, Township 35 North, Range 7 East, W.M... Situate in the County of Skagit, State of Washington.

The South & of the Southwest & of Section 3, Township 35 North, Range 7 East, W.M., EXCEPT Roads.

Situate in the County of Skagit, State of Washington.

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EXHIBIT B

The South & of the Southeast &, in Section 3, Township 35 North, Range 7 East, W.M., EXCEPT those portions conveyed to Skagit County by deeds recorded July 9, 1970 and September 20, 1971 under Auditor's File Nos. 741026 and 758244, respectively.

Situate in the County of Skagit, State of Washington.

The Northeast & of the Southeast & in Section 3, Township 35 North, Range 7 East, W.M., EXCEPT those portions conveyed to Skagit County by deeds recorded July 9, 1970 and September 20, 1971 under Auditor's File Nos. 741026 and 758244, respectively.

Situate in the County of Skagit, State of Washington.

Government Lots 1 through 4, inclusive, Section 4, Township 35 North, Range 7 East, W.M..

Situate in the County of Skagit, State of Washington.

The South 1 of Section 4, Township 35 North, Range 7 East, W.M... Situate in the County of Skagit, State of Washington.

The Northeast & of Section 9, Township 35 North, Range 7 East, W.M., EXCEPT roads.

Situate in the County of Skagit, State of Washington.

The West of the Southwest & of Section 13, Township 36 North, Range 3 East, W.M., EXCEPT road rights-of-way.

Situate in the County of Skagit, State of Washington.

The North 1 of the Southwest 2 of Section 14, Township 36 North, Range 3 East, W.M., EXCEPT roads.

Situate in the County of Skagit, State of Washington.

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EXHIBIT B

The Northeast tof the Southeast tof Section 14, Township 36 North, Range 3 East, W.M., EXCEPT roads.

Situate in the County of Skagit, State of Washington.

That portion of the Southeast ; of the Northeast ; of the Southeast ; lying Southerly of the road; that portion of the Southeast ; lying Southerly of the road and Westerly of the old railroad; and that portion of the Southeast ; of the Southeast ; of the Southeast ; lying Southerly of the road extending over and across said Southwest ; of the Southeast ; in Section 23, ing over and across said Southwest ; of the Southeast ; in Section 23, Township 36 North, Range 3 East, W.M., EXCEPT road rights-of-way.

Situate in the County of Skagit, State of Washington.

The Southwest & of the Northwest & of Section 25, Township 36 North, Range 3 East, W.M., EXCEPT road rights-of-way.

Situate in the County of Skagit, State of Washington.

The Northeast & of the Northeast &; that portion of the Northwest & of the Northeast &, lying Southerly of the Easterly and Westerly road and Easterly of the Northerly and Southerly road; the South 100 feet of that portion of the Northeast & of the Northwest &, lying Southerly and Easterly of the road; all in Section 26, Township 36 North, Range 3 East, W.M., EXCEPT road rights-of-way.

Situate in the County of Skagit, State of Washington.

The North 100 feet of that portion of the Southeast & of the Northwest & lying Easterly of the road and the South & of the Northeast & all in Section 26, Township 36 North, Range 3 East, W.M., EXCEPT road rights-of-way.

Situate in the County of Skagit, State of Washington.

The North 1 of the Southeast 1 of Section 26, Township 36 North, Range 3 East, W.M., EXCEPT road rights-of-way.

Situate in the County of Skagit, State of Washington.

The Northwest & of the Northwest & of Section 10, Township 35 North, Range 7 East, W.M., EXCEPT roads.

Situate in the County of Skagit, State of Washington.

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EXHIBIT C

That portion of the Southwest & of the Southwest & of Section 2, Township 35 North, Range 4 East, W.M., lying Westerly of the Westerly line of the Northern Pacific Railway Company right-of-way.

Situate in the County of Skagit, State of Washington.

The West 1 of Government Lot 2; the Southwest 2 of the Northeast 4; and the Northeast 1 of the Southeast 2 of Section 3, Township 35 North, Range 4 East, W.M., EXCEPT those portions conveyed to Skagit County for road purposes by deeds recorded April 14, 1915 under Auditor's File Nos. 107444 and 107452.

Situate in the County of Skagit, State of Washington.

The Southwest & of Section 26, Township 36 North, Range 4 East, W.M., EXCEPT that portion lying Northeasterly of the Samish River as it presently exists.

Situate in the County of Skagit, State of Washington.

The Southeast 4, EXCEPT that portion lying Northeasterly of the centerline of the Samish River, all in Section 27, Township 36 North, Range 4 East, W.M.

Situate in the County of Skagit, State of Washington.

The Northeast 1; the East 1 of the Northwest 1; the East 1 of the Southwest 1; the North 2 of the Southeast 1 and the Southwest 1 of the Southeast 1 of Section 34, Township 36 North, Range 4 East, W.M.

Situate in the County of Skagit, State of Washington.

The West 1 of the Northwest 1, in Section 35, Township 36 North, Range 4 East, W.M.

Situate in the County of Skagit, State of Washington.

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