

After Filing Return To:

Latham & Watkins LLP
633 West Fifth Street, Suite 4000
Los Angeles, California 90071-2007
Attn: Ane C. Priester



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**DEED OF TRUST, FIXTURE FILING, ASSIGNMENT OF
RENTS AND LEASES AND SECURITY AGREEMENT**

FIRST AMERICAN TITLE CO.

73373

Grantor(s):

1. TESORO REFINING AND MARKETING COMPANY

☐ Additional names on page _____ of document

Grantee(s):

1. WILMINGTON TRUST COMPANY

2. FIRST AMERICAN TITLE INSURANCE COMPANY, as Deed of Trust Trustee

☐ Additional names on page _____ of document

Abbreviated Legal Description (lot, block and plat name, or section-township-range):

Portions of Sections 21, 27, 28, 29, 32, 33 and 34, all in Township 35 North, Range 2 East W.M.

☒ Additional legal description is on Schedule A

Assessor's Property Tax Parcel Account Number(s):

350220-0-002-0001 P32988; 350227-0-003-0003 P32989; 350227-0-004-0002 P32990; 350227-0-007-0009 P32991; 350227-0-008-0008 P32992; 350227-0-011-0003 P32993; 350227-0-012-0002 P32994; 350227-0-014-0000 P32995; 350227-0-015-0009 P32996; 350227-0-018-0006 P32997; 350228-4-008-0007 P33004; 350228-1-012-0001 P33009; 350233-1-003-0003 P33491; 350229-1-001-0100 P99279; 350234-0-002-0104 P33493

Reference Numbers of documents Assigned or Released (if applicable): _____

☐ Additional reference numbers on page _____ of document

DEED OF TRUST, FIXTURE FILING, ASSIGNMENT OF RENTS AND
LEASES AND SECURITY AGREEMENT

THIS DEED OF TRUST, FIXTURE FILING, ASSIGNMENT OF RENTS AND LEASES AND SECURITY AGREEMENT (this "Deed of Trust") dated as of April 17, 2003 is made by TESORO REFINING AND MARKETING COMPANY, a Delaware corporation ("Grantor"), whose address is c/o Tesoro Petroleum Corporation, 300 Concord Plaza Drive, San Antonio, Texas 78216-6999, to First American Title Insurance Company whose address is 2101 Fourth Avenue, Suite 800, Seattle, WA 98121 ("Deed of Trust Trustee"), for the use and benefit of Wilmington Trust Company, a Delaware banking corporation, whose address is 1100 North Market Street, Wilmington, Delaware, in its capacity as Collateral Agent (in such capacity, together with its successors and assigns, "Beneficiary") under the Collateral Agency Agreement dated April 17, 2003 among Beneficiary Tesoro Petroleum Corporation (the "Company"), each of the Guarantors (as defined below), Trustee (as defined below), and the Administrative Agent (as defined below). References to this Deed of Trust shall mean this instrument and any and all renewals, modifications, amendments, supplements, extensions, consolidations, substitutions, spreaders, restatements and replacements of this instrument.

Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in that certain Indenture dated April 17, 2003 (as amended, and amended and restated, and as the same may be further amended, supplemented or otherwise modified from time to time, the "Indenture") among the Company, the Guarantors and The Bank of New York, as trustee (in such capacity, together with its successors and assigns, the "Trustee") and/or that certain Credit and Guaranty Agreement dated April 17, 2003 (as amended, and amended and restated, and as the same may be further amended, supplemented or otherwise modified from time to time, the "Term Loan Agreement") among the Company, certain subsidiaries of the Company, as guarantors, Goldman Sachs Credit Partners L.P., as administrative agent (in such capacity, together with its successors and assigns, the "Administrative Agent") the lenders from time to time party thereto (the "Lenders") and Goldman Sachs Credit Partners L.P., as sole lead arranger, sole bookrunner and syndication agent, as applicable.

Background

A. Grantor (i) is the owner of the interests in real property described on Schedule A attached hereto (the "Land") and (ii) owns, leases or otherwise has the right to use all of the buildings, improvements, structures and fixtures located on the Land (collectively, the "Improvements", with the Land and the Improvements being collectively referred to as the "Real Estate").

B. Company is the Issuer under the Indenture and Company is the borrower under the Term Loan Agreement.

C. Pursuant to the terms and conditions of the (1) Indenture, Company will issue certain Notes in an aggregate principal amount not to exceed \$375,000,000 and (2) Term Loan Agreement, Lenders will make certain Term Loans to Company in an aggregate principal amount not to exceed \$200,000,000. Subject to the applicable terms and conditions of the



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Indenture and Term Loan Agreement, the Notes and the Term Loans are subject to an increase by an amount not to exceed \$150,000,000 in the aggregate. The maximum aggregate principal amount of the Notes and Term Loans and the aggregate principal amount of the indebtedness secured hereunder shall not exceed \$725,000,000.

D. Pursuant to the terms and conditions of the guaranty under the Term Loan Agreement (the "Loan Guarantee"), Grantor has agreed to guaranty the obligations of Company under the Term Loan Agreement and the Term Loans. Pursuant to the terms and conditions of the Subsidiary Guarantee under the Indenture (the "Note Guarantee," and together with the Loan Guarantee, the "Guarantees"), Grantor has agreed to guaranty the obligations of Company under the Indenture and the Notes. Grantor, a subsidiary of the Company, will receive substantial direct and indirect benefit from the extensions of credit made to the Company pursuant to the Term Loan Agreement and Indenture. Grantor is executing and delivering this Deed of Trust to secure its obligations under the Guarantees.

FOR GOOD AND VALUABLE CONSIDERATION, THE RECEIPT AND SUFFICIENCY OF WHICH ARE HEREBY ACKNOWLEDGED, GRANTOR AGREES TO SECURE the payment and performance of all obligations and liabilities of Grantor, whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, which may arise under, out of or in connection with the Guarantees or this Deed of Trust, including, without limitation, all fees, charges and disbursements of counsel to the Trustee, the Administrative Agent, Collateral Agent or any Secured Party, that are required to be paid by Grantor pursuant to the terms of the Guarantees, this Deed of Trust or any other Term Loan Document or Note Document (collectively, the "Obligations").

GRANTOR HEREBY IRREVOCABLY GRANTS, BARGAINS, SELLS, CONVEYS AND ASSIGNS TO DEED OF TRUST TRUSTEE, IN TRUST, WITH POWER OF SALE AND RIGHT OF RE-ENTRY, all of Grantor's estate, right, title and interest now owned or hereafter acquired, in, and to the following property rights:

- (A) the Real Estate;
- (B) all the estate, right, title, claim or demand whatsoever of Grantor, in possession or expectancy, in and to the Real Estate or any part thereof or in and to the gores of land, streets, ways, alleys, passages, hereditaments and appurtenances belonging, relating or appertaining to the Real Estate, including any reversions or remainders thereof, and all land lying in the bed of any street, road or avenue, in front of or adjoining the Real Estate to the center line thereof;
- (C) all right, title and interest of Grantor in, to and under all easements, rights of way, sewer rights, waters, water courses, water and riparian rights, development rights, air rights, mineral rights and all estates, rights, titles, interests, privileges, licenses and tenements belonging, relating or appertaining to the Real Estate;
- (D) all right, title and interest of Grantor, in and to all real property, fixtures or equipment owned or leased by Grantor (a) located on, contiguous to or connected with



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and in reasonable proximity to, the Real Estate or (b) necessary, used or useful for or in connection with the ownership, expansion, operation, use or maintenance of the Real Estate;

(E) all right, title and interest of Grantor in and to any and all substitutes and replacements of, and all additions and improvements, constructed, assembled or placed by Grantor or with the permission of Grantor in, on or at the Real Estate, immediately upon such acquisition, including, without limitation, any and all building materials whether stored in, on or at the Real Estate or offsite, and, in each such case, without any further conveyance assignment or other act;

(F) all right, title and interest of Grantor in, to and under all leases, subleases, underlettings, concession agreements, management agreements, licenses and other agreements relating to the use or occupancy of the Real Estate or any part thereof, now existing or subsequently entered into and whether written or oral, and all guarantees of any of the foregoing (collectively, as any of the foregoing may be amended, restated, extended, renewed or modified from time to time, the "Leases"), and all rights of Grantor in cash and securities deposited thereunder;

(G) all unearned premiums to and under insurance policies now or subsequently obtained by Grantor relating to the Real Estate and Grantor's interest in and to any such insurance policies and all proceeds of any such insurance policies (including title insurance policies), including the right to collect and receive such proceeds, and all awards and other compensation, including any interest payable thereon and the right to collect and receive the same, made to the present or any subsequent owner of the Real Estate for the taking by eminent domain, condemnation or otherwise, of all or any part of the Real Estate or any easement or other right therein;

(H) any and all monies now or subsequently on deposit in segregated accounts for the payment of real estate taxes or special assessments against the Real Estate or for the payment of premiums on insurance policies covering the foregoing property or otherwise on deposit with or held by Beneficiary as provided in this Deed of Trust;

(I) the right to receive and collect the revenues, income, rents, issues and profits of or from the Real Estate, together with all other rents, royalties, issues, profits, revenue, income and other benefits arising from the use and enjoyment of the Trust Estate (as defined below) (collectively, the "Rents"); and

(J) the Collateral (as defined in the Security Agreement);

Excluding, however, from any of the assets, property and rights and interests otherwise included in paragraphs (C) through (I) above, or any of them, the Excluded Assets.

(All of the foregoing property and rights and interests now owned or held or subsequently acquired by Grantor and described in the foregoing clauses (A) through (E) are collectively



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referred to as the Premises and the foregoing clauses (A) through (J) are collectively referred to as the "Trust Estate.")

TO HAVE AND TO HOLD the Trust Estate and the rights and privileges hereby granted unto Deed of Trust Trustee, its successors and assigns for the uses and purposes set forth, in trust WITH POWER OF SALE AND RIGHT OF RE-ENTRY.

FIXTURE FILING. The personal property in which Beneficiary has a security interest includes goods which are or shall become fixtures on the Real Estate. This Deed of Trust is intended to serve as a fixture filing pursuant to the terms of RCW 62A.9A-334 and RCW 62A.9A-502. This filing is to be recorded in the real estate records of the county in which the Real Estate is located. This filing remains in effect as a fixture filing until this Deed of Trust is released or satisfied of record or its effectiveness otherwise terminates as to the Real Estate. In that regard, the following information is provided:

Name of Debtor	Tesoro Refining and Marketing Company
Address of Debtor	c/o Tesoro Petroleum Corporation 300 Concord Plaza Drive San Antonio, Texas 78216-6999
Name of Secured Party	Wilmington Trust Company in its capacity as Collateral Agent for the holders of the Notes under the Indenture and the Lenders under the Term Loan Agreement and each other Secured Party.
Address of Secured Party	Wilmington Trust Company Corporate Trust Administration 1100 North Market Street Wilmington, Delaware 19890

Terms and Conditions

Grantor further represents, warrants, covenants and agrees with Beneficiary as follows:

1. Warranty of Title. Grantor warrants that it owns fee simple title to the Real Estate other than the parcels specifically noted as easements on Schedule A attached hereto, subject only to Permitted Liens and the matters set forth on Schedule B to the title insurance policy being issued to Beneficiary to insure the lien of this Deed of Trust (the "Permitted Exceptions").

2. Payment of Taxes and Other Impositions.

(a) Grantor shall pay prior to delinquency any and all taxes of every kind and nature (including, without limitation, all real and personal property, income, franchise,



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withholding, transfer, gains, profits and gross receipts taxes), all charges for any easement or agreement maintained for the benefit of any of the Trust Estate, all general and special assessments, levies, permits, inspection and license fees, all water and sewer rents and charges, vault taxes, and all other public charges even if unforeseen or extraordinary, imposed upon or assessed against or which may become a charge on any of the Trust Estate, or arising in respect of the occupancy, use or possession thereof, together with any penalties or interest on any of the foregoing (all of the foregoing are collectively referred to as the "Impositions"), and procure and deliver to Beneficiary within thirty (30) days after Beneficiary shall have given a written request to Grantor, evidence satisfactory to Beneficiary of the timely payment of all Impositions; provided, however, that Grantor shall not be required to pay any Imposition if the amount, applicability or validity thereof shall currently be contested in good faith by appropriate proceedings. Should Grantor fail to pay any Imposition, then Beneficiary, without obligation to do so and without notice to or demand upon Grantor and without releasing Grantor from any obligation hereof, may pay such Imposition after the date such Imposition shall have become past due, and add to the Obligations the amount so paid, together with interest thereon at the Default Interest rate. Any sums paid by Deed of Trust Trustee or Beneficiary to discharge any Impositions, together with any interest charged thereupon, shall be a charge on the Premises secured hereby prior to any right or title to, interest in, or claim upon the Premises subordinate to the charge of this Deed of Trust.

(b) Grantor shall not claim, demand or be entitled to receive any credit or credits toward the satisfaction of this Deed of Trust or on any interest payable thereon for any taxes assessed against the Trust Estate or any part thereof, and shall not claim, to the extent any such claim could materially affect the lien of this Deed of Trust, any deduction from the taxable value of the Trust Estate by reason of this Deed of Trust.

3. Insurance.

(a) Grantor shall keep the Trust Estate insured against damage by fire and other hazards covered by a standard extended coverage and all-risk insurance policy in such amounts, and with such self-insured retention, as shall be customary in the industry. Grantor shall also keep the Real Estate insured against loss by flood if the Premises are located in an area identified by the Federal Emergency Management Agency as an area having special flood hazards and in which flood insurance has been made available under the National Flood Insurance Act of 1968, in the maximum limit of coverage available under said Act. All such insurance policies shall name Beneficiary as an additional insured, loss payee or mortgagee thereunder, as its interests may appear, with loss payable to Beneficiary, without contribution, under a standard mortgagee clause.

(b) If Grantor is in default of its obligations to insure or deliver evidence of payment of any insurance policy or policies, then Beneficiary, at its option, may effect such insurance from year to year, and pay the premium or premiums therefor, and Grantor shall pay to the Beneficiary on demand such premium or premiums so paid by the Beneficiary with interest and the same shall be deemed to be secured by this Deed of Trust and shall be collectible in the same manner as the Obligations secured by this Deed of Trust.



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(c) Upon the occurrence and during the continuance of an Event of Default, Beneficiary may, upon written demand to Grantor, require Grantor to pay monthly in advance to Beneficiary the equivalent of 1/12th of the estimated annual premiums due on such insurance. Beneficiary shall retain such funds in accordance with its normal practices for holding third-party funds. Grantor shall not be entitled to any interest thereon. Any funds so collected by Beneficiary shall be used solely to pay insurance premiums as they become due.

(d) Grantor shall give immediate written notice of any casualty loss in excess of Five Million Dollars (\$5,000,000) to the Collateral Agent, and the use and disposition of all insurance proceeds payable under any such policy on account of such loss, net of any related costs and expenses of receiving such proceeds, shall be governed by the relevant provisions of the Indenture and the Term Loan Agreement, or the Security Documents, as applicable.

(e) In the event of foreclosure of this Deed of Trust or other transfer of title to the Trust Estate in satisfaction of the Obligations, all right, title and interest of Grantor in and to any insurance policies then in force concerning the Premises shall pass to the purchaser or grantee, and Grantor hereby appoints Beneficiary its attorney-in-fact, in Grantor's name, to assign and transfer all such policies and proceeds to such purchaser or grantee.

4. Compliance with Laws. Grantor shall observe and comply with all laws, ordinances, regulations, covenants, conditions and restrictions, including Environmental Laws, applicable to the ownership, use and operation of the Trust Estate; except, however, where the failure to so comply would not have a Material Adverse Effect.

5. Maintenance, Repair, Alterations. Grantor shall continually operate, maintain and preserve the Trust Estate in good condition and repair and in a prudent and businesslike manner, consistent with the level of maintenance and repair in the industry. Without limiting the generality of the foregoing, Grantor shall:

(a) conduct its turnaround programs for Improvements which constitute major processing facilities in a manner consistent with the turnaround programs, practices and time intervals of the industry;

(b) cause any Improvements which constitute major processing facilities shut down other than for temporary repair, turnaround or replacement to be mothballed and preserved in accordance with the mothballing and preservation procedures used in the industry; and

(c) maintain inspection and maintenance procedures to the same degree as that maintained by the industry.

For purposes of this Section 5, in determining the level of maintenance and repair in the industry, the age, current condition, use, regulatory requirements applicable to, and other aspects of the Real Estate shall be taken into account; and nothing contained herein shall require Grantor to maintain or preserve any portion of the Trust Estate where the failure to do so would not have a Material Adverse Effect.



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6. Rights of Tenants. This Deed of Trust is subject to the rights of any and all tenants of the Trust Estate now or hereafter existing and, for so long as said tenants are not in default under the terms of their respective leases and shall agree to attorn to Beneficiary (or Beneficiary's designee) upon its acquisition of title to the Trust Estate, Beneficiary shall not disturb the use or possession by said tenants to all or a portion of the Real Estate, as described in such tenant's lease. If an Event of Default shall have occurred and Beneficiary elects to foreclose this Deed of Trust, so long as said tenants are not in default under the terms of their respective leases, Beneficiary shall take no action or fail to take any action, as the case may be, the effect of which would be to terminate the rights of said tenants under their respective leases, provided that if, in order to validly foreclose the lien of this Deed of Trust, such lease must be terminated, Beneficiary may nevertheless proceed with such foreclosure but following the completion of such foreclosure shall enter into a new lease of the Trust Estate with such tenant on the same terms and conditions as those set forth in the then terminated lease. Grantor may, in the ordinary course of business and without the consent of Beneficiary, enter into any new leases or modify, surrender, terminate, extend or renew any lease now existing or hereafter created upon the Trust Estate, or any portion thereof, without the consent of Beneficiary. Beneficiary shall execute such other and further instruments as may be necessary to effectuate the terms of this paragraph.

7. Condemnation/Eminent Domain. The use and disposition of any and all proceeds from any condemnation or eminent domain action against the Trust Estate, net of any related costs and expenses of receiving such proceeds, in excess of Five Million Dollars (\$5,000,000), shall be governed by the relevant provisions of the Indenture and the Term Loan Agreement, or the Security Documents, as applicable. Grantor shall give immediate written notice of any condemnation or eminent domain action which is likely to result in net proceeds in excess of such amount and, if an Event of Default has occurred and is continuing, Beneficiary, at its option and in its sole discretion, may elect to participate in such proceeding and Grantor shall, at its expense, diligently prosecute any such proceeding.

8. Beneficiary's Right to Perform. If Company or Grantor fails to perform certain covenants or agreements under the Indenture, Term Loan Agreement and/or Guarantees and relating to the Trust Estate, the Beneficiary may, at any time (but shall be under no obligation to) pay or perform the same, provided that (other than in the case of an emergency), the Beneficiary shall have first given thirty (30) days' prior written notice to Company and Grantor of the Beneficiary's intention to do so, and neither Company nor Grantor shall have cured such failure within such thirty-day period. The amount of any payment or cost of performance by Beneficiary, with interest at the Default Interest rate, shall immediately be due from Grantor to Beneficiary upon written demand, and shall be added to the Obligations, and the same shall be secured by this Deed of Trust and shall be a lien on the Trust Estate prior to any right, title to, interest in or claim upon the Trust Estate attaching subsequent to the lien of this Deed of Trust.

9. Default, Remedies.



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(a) The occurrence of an Event of Default under the Indenture or the Term Loan Agreement shall constitute an "Event of Default" hereunder. Upon the occurrence of any Event of Default and during the continuance thereof, in addition to any other rights and remedies Beneficiary may have pursuant to the Note Documents and Term Loan Documents, or as provided by law, and without limitation, Beneficiary, to the extent permitted by applicable law, may immediately take such action, without notice or demand, as it deems advisable to protect and enforce its rights against Grantor and in and to the Trust Estate, including, but not limited to, the following actions, each of which may be pursued concurrently or otherwise, at such time and in such manner as Beneficiary may determine, in its sole discretion, without impairing or otherwise affecting the other rights and remedies of Beneficiary:

(i) Declare the entire balance of the Obligations (including the entire principal balance thereof, all accrued and unpaid interest, and all other such sums secured hereby) to be immediately due and payable and upon any such declaration the entire unpaid balance of the Obligations shall become and be immediately due and payable without presentment, demand, protest or further notice of any kind;

(ii) To the extent permitted by law, sue for or otherwise collect the rents, issues and profits thereof, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection including reasonable attorneys' fees, upon the Obligations, all in such order as Beneficiary may reasonably determine. The entering upon and taking possession of the Trust Estate, the collection of such rents, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done in response to such default or pursuant to such notice of default and, notwithstanding the continuance in possession of the Trust Estate or the collection, receipt and application of rents, issues or profits, Beneficiary shall be entitled to exercise every right provided for in the Note Documents or Term Loan Documents or by law;

(iii) Institute a proceeding or proceedings, judicial or otherwise, for the complete foreclosure of this Deed of Trust under any applicable provision of law against all or any part of the Trust Estate or to enforce any of the covenants, terms or conditions hereof, and Beneficiary shall have the right to specific performance, injunction and any other equitable right or remedy as though other remedies were not provided in this Deed of Trust;

(iv) Elect to cause the Trust Estate or any part thereof to be sold by the Deed of Trust Trustee in a non-judicial proceeding as permitted by law exercising the power of sale granted hereunder as further described hereafter, Grantor hereby expressly waives any right which it may have to direct the order in which any of the Trust Estate may be sold.

(v) Take any other action or pursue any other right or remedy as Beneficiary may have under applicable law, including without limitation, an action to obtain a deficiency judgment after completion of a judicial or non-judicial foreclosure.



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(b) Beneficiary may proceed as if all of the Trust Estate were real property, in accordance with subparagraph (d) below, or Beneficiary may elect to treat any of the Trust Estate which consists of personal property, in accordance with the Section hereof constituting this Deed of Trust and Security Agreement, separate and apart from the sale of real property, the remainder of the Trust Estate being treated as real property.

(c) Beneficiary may cause any or all of the Trust Estate to be sold under the power of sale granted by this Deed of Trust in any manner permitted by applicable law. The power of sale conferred by this Deed of Trust and by applicable law is not an exclusive remedy, and when not being exercised, Beneficiary may foreclose this Deed of Trust as a mortgage and Grantor shall pay all costs incurred by Beneficiary in any suit, or appeal therefrom, brought by Beneficiary to foreclose this Deed of Trust, including without limitation costs of guaranty of title and reasonable attorneys' fees.

(d) Beneficiary may cause any such sale or other disposition to be conducted immediately following the expiration of any grace period, if any, herein provided or Beneficiary may delay any such sale or other disposition for such period of time as Beneficiary deems to be in its best interest. Should Beneficiary desire that more than one such sale or other disposition be conducted, Beneficiary may, at its option, cause the same to be conducted simultaneously, or successively on the same day, or at such different days or times and in such order as Beneficiary may deem to be in its best interest.

(e) Should Beneficiary elect to sell the Trust Estate upon which Beneficiary elects to proceed under the laws governing non-judicial foreclosure of or sales pursuant to Deeds of Trust, Beneficiary or Deed of Trust Trustee shall give such notice of default and election to sell as may then be required by law. Thereafter, upon the expiration of such time and the giving of such notice of sale as may then be required by law, Deed of Trust Trustee, at the time and place specified by the notice of sale, shall sell such Trust Estate, or any portion thereof specified by Beneficiary, at public auction to the highest bidder for cash in lawful money of the United States, subject, however, to the provisions of the Section below authorizing Beneficiary to make payment by giving credit against the Obligations. Deed of Trust Trustee may, and upon request of Beneficiary shall, from time to time, postpone the sale by public announcement thereof at the time and place noticed therefor. If the Trust Estate consists of several lots or parcels, Beneficiary may elect to sell the Trust Estate either as a whole or in separate lots or parcels. If Beneficiary elects to sell in separate lots or parcels, Beneficiary may designate the order in which such lots or parcels shall be offered for sale or sold. Any person, including Grantor or Beneficiary, may purchase at the sale. Upon any sale, Deed of Trust Trustee shall execute and deliver to the purchaser or purchasers a deed or deeds conveying the property so sold, but without any covenant or warranty whatsoever, express or implied.

(f) In the event of a sale or other disposition of any such property, or any part thereof, and the execution of a deed or other conveyance pursuant thereto, the recitals therein of facts, such as an Event of Default, the giving of a notice of default, acceleration and notice of sale, demand that such sale should be made, postponement of sale, terms of sale, sale, purchase, payments of purchase money, and any other fact affecting the regularity or validity of such sale



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or disposition shall be conclusive proof of the truth of such facts, and any such deed or conveyance shall be conclusive against all persons as to such facts recited therein.

(g) Beneficiary and/or Deed of Trust Trustee shall apply the proceeds of any sale or disposition hereunder in the order as provided in the Indenture and Term Loan Agreement, as applicable.

(h) In the event of a judicial foreclosure, the purchaser during any redemption period may make such repairs and alterations to the Premises as may be reasonably necessary for the proper operation, care, preservation, protection and insuring of the Premises and may pay any taxes or indebtedness secured by liens on the Premises which become due and payable during the redemption period. Any sums so paid, together with interest from the date of payment at the rate provided in the judgment, shall be added to the amount required to be paid for redemption of the Premises.

10. Deed of Trust Trustee. Deed of Trust Trustee shall be entitled to reasonable compensation for all services rendered or expenses incurred in the administration or execution of the trusts hereby created and Grantor hereby agrees to pay the same. Deed of Trust Trustee shall be indemnified, held harmless and reimbursed by Grantor for any liability, damage or expense, including reasonable attorneys' fees, which Deed of Trust Trustee may incur or sustain in connection with this Deed of Trust or in the doing of any act which Deed of Trust Trustee is required or permitted to do by the terms hereof or by law, except to the extent the same results from Deed of Trust Trustee's own gross negligence or willful misconduct. The acceptance by Deed of Trust Trustee of this trust shall be evidenced when this Deed of Trust, duly executed and acknowledged, is made a public record as provided by law and the trust created hereby is irrevocable by Grantor.

11. Successor Grantor. In the event ownership of the Trust Estate or any portion thereof becomes vested in a person other than the Grantor herein named, Beneficiary may, without notice to the Grantor herein named, whether or not Beneficiary has given written consent to such change in ownership, deal with such successor or successors in interest with reference to this Deed of Trust and the Obligations, and in the same manner as with the Grantor herein named, without in any way vitiating or discharging Grantor's liability hereunder or in respect of the Obligations.

12. Right of Beneficiary to Credit Sale. Upon the occurrence of any sale made under this Deed of Trust, whether made under the power of sale or by virtue of judicial proceedings or of a judgment or decree of foreclosure and sale, Beneficiary may bid for and acquire the Trust Estate or any part thereof. In lieu of paying cash therefor, Beneficiary may make settlement for the purchase price by crediting upon the Obligations or other sums secured by this Deed of Trust the net sales price after deducting therefrom the expenses of sale and the cost of the action and any other sums which Beneficiary is authorized to deduct under this Deed of Trust. In such event, this Deed of Trust, and documents evidencing the Obligations and the other expenditures secured hereby may be presented to the person or persons conducting the sale in order that the amount so used or applied may be credited upon the Obligations as having been paid.



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13. Appointment of Receiver. If an Event of Default shall have occurred and be continuing, Beneficiary as a matter of right and without notice to Grantor, unless otherwise required by applicable law, and without regard to the adequacy or inadequacy of the Trust Estate or any other collateral as security for the Obligations or the interest of Grantor therein, shall have the right to apply to any court having jurisdiction to appoint a receiver or receivers or other manager of the Trust Estate, and Grantor hereby irrevocably consents to such appointment and waives notice of any application therefor (except as may be required by law). Any such receiver or receivers shall have all the usual powers and duties of receivers in like or similar cases and all the powers and duties of Beneficiary in case of entry as provided in this Deed of Trust, including, without limitation and to the extent permitted by law, the right to enter into leases of all or any part of the Trust Estate and exercise all such powers until the date of confirmation of sale of the Trust Estate unless such receivership is sooner terminated.

14. Miscellaneous Rights, Waivers.

(a) Reference is hereby made to Sections 4.06, 13.01 and 13.05 of the Indenture and Sections 5.06, 12.01 and 12.05 of the Term Loan Agreement pertaining to the acknowledgement, waiver and/or agreement of Grantor with respect to the matters contained therein. Each of such provisions is hereby incorporated herein by the foregoing reference as though such matters were set forth in full herein. Any amendment, supplement or addition to any of such provisions shall likewise be automatically incorporated herein.

(b) No recovery of any judgment by Beneficiary and no levy of an execution under any judgment upon the Trust Estate or upon any other property of Grantor shall affect the lien of this Deed of Trust or any liens, rights, powers or remedies of Beneficiary hereunder, and such liens, rights, powers and remedies shall continue unimpaired.

(c) If Beneficiary shall have the right to foreclose this Deed of Trust or to direct the Trustee to exercise its power of sale, Grantor authorizes Beneficiary at its option to foreclose the lien of this Deed of Trust (or to direct the trustee to sell the Trust Estate, as the case may be) subject to the rights of any tenants of the Trust Estate. To the extent permitted by applicable law, the failure to make any such tenants parties defendant to any such foreclosure proceeding and to foreclose their rights, or to provide notice to such tenants as required in any statutory procedure governing a sale of the Trust Estate by Trustee, or to terminate such tenant's rights in such sale will not be asserted by Grantor as a defense to any proceeding instituted by Beneficiary to collect the Obligations or to foreclose this Deed of Trust.

(d) Unless expressly provided otherwise, in the event that ownership of this Deed of Trust and title to the Trust Estate or any estate therein shall become vested in the same person or entity, this Deed of Trust shall not merge in such title but shall continue as a valid charge on the Trust Estate for the amount secured hereby.

15. Security Agreement under Uniform Commercial Code. It is the intention of the parties hereto that this Deed of Trust shall constitute a Security Agreement within the meaning of the Uniform Commercial Code (the "Code") of the state in which the Real Estate is located with Grantor named as the Debtor and Beneficiary named as the Secured Party, and



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Grantor hereby grants to Beneficiary a security interest in the Trust Estate to secure the Obligations. If an Event of Default shall be in effect, then in addition to having any other right or remedy available at law or in equity, Beneficiary shall have the option of either (a) proceeding under the Code and exercising such rights and remedies as may be provided to a secured party by the Code with respect to all or any portion of the Trust Estate which is personal property (including, without limitation, taking possession of and selling such property), if any, or (b) treating such property as real property and proceeding with respect to both the real and personal property constituting the Trust Estate in accordance with Beneficiary's rights, powers and remedies with respect to the real property (in which event the default provisions of the Code shall not apply). If Beneficiary shall elect to proceed under the Code, then ten (10) days' notice of sale of the personal property shall be deemed reasonable notice, and the reasonable expenses of retaking, holding, preparing for sale, selling and the like incurred by Beneficiary shall include, but not be limited to, reasonable attorneys' fees and legal expenses. At Beneficiary's request, Grantor shall assemble the personal property and make it available to Beneficiary at a place designated by Beneficiary which is reasonably convenient to both parties.

16. Assignment of Rents. Grantor hereby assigns to Deed of Trust Trustee, for the benefit of Beneficiary, the Rents as further security for the payment and performance of all of the Obligations, and Grantor grants to Deed of Trust Trustee and Beneficiary the right to enter the Trust Estate for the purpose of collecting the same and to let the Trust Estate or any part thereof, and to apply the Rents on account of the Obligations. The foregoing assignment and grant is present and absolute and shall continue in full force and effect until the Obligations are paid and performed in full. Beneficiary and Deed of Trust Trustee hereby waive the right to enter the Trust Estate for the purpose of collecting the Rents and Grantor shall be entitled to collect, receive, use and retain the Rents. During the continuance of any Event of Default, such right of Grantor to collect, receive, use and retain the Rents may be suspended by Beneficiary by giving not less than thirty (30) days' written notice of such suspension to Grantor. In the event such notice is given, Grantor shall pay over to Beneficiary, or if so requested by Beneficiary to any receiver appointed to collect the Rents, the Rents. Grantor shall not accept prepayments of installments of Rent to become due for a period of more than one month in advance (except for security deposits and estimated payments of percentage rent, if any).

17. Trust Funds. To the extent required under applicable law, all lease security deposits of the Real Estate shall be treated as trust funds not to be commingled with any other funds of Grantor. Within thirty (30) days after request by Beneficiary, Grantor shall furnish Beneficiary satisfactory evidence of compliance with this section, together with a statement of all lease security deposits by lessees and copies of all Leases not previously delivered to the Beneficiary, which statement shall be certified by Grantor.

18. Additional Rights. The holder of any subordinate lien or subordinate deed of trust on the Trust Estate shall have no right to terminate any Lease whether or not such Lease is subordinate to this Deed of Trust, nor shall Grantor consent to any holder of any subordinate lien or subordinate deed of trust joining any tenant under any Lease in any trustee's sale or action to foreclose such lien or modify, interfere with, disturb or terminate the rights of any tenant under any Lease. By recordation of this Deed of Trust all subordinate lienholders and the



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trustees and beneficiaries under subordinate deeds of trust are subject to and notified of this provision, and any action taken by any such lienholder or trustee or beneficiary contrary to this provision shall be null and void. Upon the occurrence and during the continuance of any Event of Default, Beneficiary may, in its sole discretion and without regard to the adequacy of its security under this Deed of Trust, apply all or any part of any amounts on deposit with Beneficiary under this Deed of Trust against all or any part of the Obligations then matured.

19. Notices. All notices or other communications hereunder shall be given in the manner and to the addresses listed under the Guarantees.

20. No Oral Modification. This Deed of Trust may not be changed or terminated orally. Any agreement made by Grantor and Beneficiary after the date of this Deed of Trust relating to this Deed of Trust shall be superior to the rights of the holder of any intervening or subordinate lien or encumbrance. Deed of Trust Trustee's execution of any written agreement between Grantor and Beneficiary shall not be required for the effectiveness thereof as between Grantor and Beneficiary.

21. Partial Invalidity. In the event any one or more of the provisions contained in this Deed of Trust shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof, but each shall be construed as if such invalid, illegal or unenforceable provision had never been included.

22. Grantor's Waiver of Rights. To the fullest extent permitted by law, Grantor waives the benefit of all laws now existing or that may subsequently be enacted providing for (a) any appraisement before sale of any portion of the Trust Estate, (b) any extension of the time for the enforcement of the collection of the Obligations or the creation or extension of a period of redemption from any sale made in collecting such debt and (c) exemption of the Trust Estate from attachment, levy or sale under execution or exemption from civil process. To the fullest extent permitted by law, Grantor agrees that Grantor will not at any time insist upon, plead, claim or take the benefit or advantage of any law now or hereafter in force providing for any appraisement, valuation, stay of execution, exemption, extension or redemption, or requiring foreclosure of this Deed of Trust before exercising any other remedy granted hereunder and Grantor, for Grantor and its successors and assigns, and for any and all persons ever claiming any interest in the Trust Estate, to the extent permitted by law, hereby waives and releases all rights of redemption, valuation, appraisement, stay of execution, notice of election to mature or declare due the whole of the secured indebtedness and marshalling in the event of exercise by Deed of Trust Trustee or Beneficiary of the power of sale or other rights hereby created.

23. Remedies Not Exclusive. Beneficiary and Deed of Trust Trustee shall be entitled to enforce payment and performance of all of the Obligations and to exercise all rights and powers under this Deed of Trust, the Guarantees, the Indenture, the Term Loan Agreement, the Note Documents or the Term Loan Documents or other agreement or any laws now or hereafter in force, notwithstanding some or all of the Obligations may now or hereafter be otherwise secured, whether by deed of trust, mortgage, security agreement, pledge, lien,



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assignment or otherwise. Neither the acceptance of this Deed of Trust nor its enforcement, shall prejudice or in any manner affect Beneficiary's or Deed of Trust Trustee's right to realize upon or enforce any other security now or hereafter held by Beneficiary or Deed of Trust Trustee, it being agreed that Beneficiary and Deed of Trust Trustee shall, to the extent permitted by applicable law, be entitled to enforce this Deed of Trust and any other security now or hereafter held by Beneficiary or Deed of Trust Trustee in such order and manner as Beneficiary may determine in its absolute discretion. No remedy herein conferred upon or reserved to Beneficiary or Deed of Trust Trustee is intended to be exclusive of any other remedy herein or by law provided or permitted, but each shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. To the extent permitted by applicable law, every power or remedy given by any of the Note Documents or the Term Loan Documents to Beneficiary or Deed of Trust Trustee or to which either may otherwise be entitled, may be exercised, concurrently or independently, from time to time and as often as may be deemed expedient by Beneficiary or Deed of Trust Trustee, as the case may be. In no event shall Beneficiary or Deed of Trust Trustee, in the exercise of the remedies provided in this Deed of Trust (including, without limitation, in connection with the assignment of Rents to Beneficiary, or the appointment of a receiver and the entry of such receiver on to all or any part of the Trust Estate), be deemed a "mortgagee in possession," and neither Beneficiary nor Deed of Trust Trustee shall in any way be made liable for any act, either of commission or omission, in connection with the exercise of such remedies.

24. Multiple Security. If (a) the Premises shall consist of one or more parcels, whether or not contiguous and whether or not located in the same county, or (b) in addition to this Deed of Trust, Beneficiary shall now or hereafter hold or be the beneficiary of one or more additional mortgages, liens, deeds of trust or other security (directly or indirectly) for the Obligations upon other property in the state in which the Real Estate is located (whether or not such property is owned by Grantor or by others) or (c) both the circumstances described in clauses (a) and (b) shall be true, then to the fullest extent permitted by law, Beneficiary may, at its election, commence or consolidate in a single trustee's sale or foreclosure action all trustee's sale or foreclosure proceedings against all such collateral (the "Deed of Trust Collateral") securing the Obligations (including the Trust Estate), which action may be brought or consolidated in the courts of, or sale conducted in, any county in which any of such Deed of Trust Collateral is located. If noncontiguous portions of the Premises are situated in different counties, Grantor agrees that a sale by the Deed of Trust Trustee of all or any part of the Premises may be held in a single county provided all notices required to be posted are posted on the Premises in each county and that all notices required to be published are published in each county. Deed of Trust Trustee is not obligated to notify any party hereto of a pending sale under any other deed of trust or of any action or proceeding in which Grantor, Deed of Trust Trustee or Beneficiary shall be a party, unless such action or proceeding is brought by Deed of Trust Trustee. Grantor acknowledges that the right to maintain a consolidated trustee's sale or foreclosure action is a specific inducement to Beneficiary and the other parties to, or beneficiaries of, the Indenture or the Term Loan Agreement to enter into the Indenture and the Term Loan Agreement and to extend the indebtedness guaranteed in this Deed of Trust, and Grantor expressly and irrevocably waives any objections to the commencement or consolidation of the foreclosure proceedings in a single action and any objections to the laying of venue or



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based on the grounds of forum non conveniens which it may now or hereafter have. Grantor further agrees that if Deed of Trust Trustee or Beneficiary shall be prosecuting one or more foreclosure or other proceedings against a portion of the Trust Estate or against any collateral other than the Trust Estate, which collateral directly or indirectly secures the Obligations, or if Beneficiary shall have obtained a judgment of foreclosure and sale or similar judgment against such collateral (or, in the case of a trustee's sale, shall have met the statutory requirements therefor with respect to such collateral), then, whether or not such proceedings are being maintained or judgments were obtained in or outside the State in which the Real Estate is located, Beneficiary may commence or continue any trustee's sale or foreclosure proceedings and exercise its other remedies granted in this Deed of Trust against all or any part of the Deed of Trust Collateral and Grantor waives any objections to the commencement or continuation of a foreclosure of this Deed of Trust or exercise of any other remedies hereunder based on such other proceedings or judgments, and waives any right to seek to dismiss, stay the execution of, remove, transfer or consolidate either any action under this Deed of Trust or such other proceedings on such basis. The commencement or continuation of proceedings to sell the Deed of Trust Collateral in a trustee's sale, to foreclose this Deed of Trust or the exercise of any other rights hereunder or the recovery of any judgment by Beneficiary or the occurrence of any sale by the Deed of Trust Trustee in any such proceedings shall not prejudice, limit or preclude Beneficiary's right to commence or continue one or more trustee's sales, foreclosure or other proceedings or obtain a judgment against (or, in the case of a trustee's sale, to meet the statutory requirements for, any such sale of) any other collateral (either in or outside the state in which the Real Estate is located) which directly or indirectly secures the Obligations, and Grantor expressly waives any objections to the commencement of, continuation of, or entry of a judgment in such other sales or proceedings or exercise of any remedies in such sales or proceedings based upon any action or judgment connected to this Deed of Trust, and Grantor also waives any right to seek to dismiss, stay the execution of, remove, transfer or consolidate either such other sales or proceedings or any sale or action under this Deed of Trust on such basis. It is expressly understood and agreed that the foreclosure and realization statutes of the state in which the Real Estate is located shall apply only to the Deed of Trust Collateral that is located in the state in which the Real Estate is located and shall not be understood to have application to any actions or proceedings in other jurisdictions, nor shall such extraterritorial actions or proceedings limit, bar or prejudice Beneficiary's right to realize upon the Trust Estate in the state in which the Real Estate is located. As an example, and without in any way limiting the rights granted in this Section, RCW 61:12.120 and RCW 61.24.030(4) do not bar foreclosure in Washington because of the pendency of any actions or proceedings in other states, and RCW 61.24.100 shall not in any way limit Beneficiary's rights with respect to the collection of the Obligations or the realization upon the collateral and other secured property that is located in other states. It is expressly understood and agreed that to the fullest extent permitted by law, Beneficiary may, at its election, cause the sale of all of the Trust Estate which is the subject of a single trustee's sale or foreclosure action at either a single sale or at multiple sales conducted simultaneously and take such other measures as are appropriate in order to effect the agreement of the parties to dispose of and administer all of the Trust Estate securing the Obligations (directly or indirectly) in the most economical and least time-consuming manner.



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25. Successors and Assigns. All covenants of Grantor contained in this Deed of Trust are imposed solely and exclusively for the benefit of Beneficiary, Deed of Trust Trustee and the Collateral Agent and their respective successors and assigns, and no other persons or entities shall have standing to require compliance with such covenants or be deemed, under any circumstances, to be a beneficiary of such covenants. All such covenants of Grantor shall run with the land and bind Grantor, the successors and assigns of Grantor (and each of them) and all subsequent owners, encumbrancers and tenants of the Trust Estate, and shall inure to the benefit of Beneficiary, Deed of Trust Trustee and the Secured Parties and their respective successors and assigns. The word "Grantor" shall be construed as if it read "Grantors" whenever the sense of this Deed of Trust so requires, and if there shall be more than one Grantor, the obligations of the Grantors shall be joint and several.

26. No Waivers. Any failure by Beneficiary to insist upon the strict performance by Grantor of any of the terms and provisions of this Deed of Trust shall not be deemed to be a waiver of any of the terms and provisions hereof, and Beneficiary or Deed of Trust Trustee, notwithstanding any such failure, shall have the right thereafter to insist upon the strict performance by Grantor of any and all of the terms and provisions of this Deed of Trust to be performed by Grantor. Beneficiary may release, regardless of consideration and without the necessity for any notice to or consent by the holder of any subordinate lien on the Trust Estate, any part of the security held for the obligations secured by this Deed of Trust without, as to the remainder of the security, in any way impairing or affecting the lien of this Deed of Trust or the priority of such lien over any subordinate lien or deed of trust.

27. Governing Law. This Deed of Trust shall be governed by and construed in accordance with the laws of the State in which the Premises are located, except that Grantor expressly acknowledges that by its terms the Guarantees, Indenture and Term Loan Agreement shall be governed and construed, to the extent provided for therein, in accordance with the laws of the State of New York, without regard to principles of conflicts of laws, and for purposes of consistency, Grantor agrees that in any *in personam* proceeding related to this Deed of Trust the rights of the parties to this Deed of Trust shall also be governed by and construed in accordance with the laws of the State of New York governing contracts made and to be performed in that State, without regard to principles of conflicts of laws.

28. Waiver of Trial by Jury. Grantor and Beneficiary each hereby irrevocably and unconditionally waive trial by Jury in any action, claim, suit or proceeding relating to this Deed of Trust and for any counterclaim brought therein Grantor hereby waives all rights to interpose any counterclaim in any suit brought by Beneficiary for foreclosure hereunder and all rights to have any such suit consolidated with any separate suit, action or proceeding. Such waiver shall not be construed so as to prevent Grantor or Company from interposing a counterclaim against Beneficiary concerning the Obligations.

29. Certain Definitions. Unless the context clearly indicates a contrary intent or unless otherwise specifically provided herein, words used in this Deed of Trust shall be used interchangeably in singular or plural form and the word "Grantor" shall mean "each Grantor or any subsequent owner or owners of the Trust Estate or any part thereof or interest therein," the



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term "Deed of Trust Trustee" shall mean "Deed of Trust Trustee and any successor trustee hereunder", the term "Obligations" shall mean "the Obligations and any other obligations secured by this Deed of Trust," the word "person" shall include any individual, corporation, partnership, trust, unincorporated association, government, governmental authority, or other entity, and the words "Trust Estate" shall include any portion of the Trust Estate or interest therein. Whenever the context may require, any pronouns used herein shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns and pronouns shall include the plural and vice versa. The captions in this Deed of Trust are for convenience of reference only and in no way limit or amplify the provisions hereof.

30. In the Term Loan Documents, Grantor has provided an indemnity with respect to Environmental Laws (the "Environmental Indemnity"). Notwithstanding any other provision of this Deed of Trust, any other Term Loan Document, or the Environmental Indemnity, this Deed of Trust does not secure (i) any obligations under the Environmental Indemnity, or (ii) any obligations under this Deed of Trust or that are substantially equivalent to the obligations arising under the Environmental Indemnity, and none of these unsecured obligations shall be included in the term "Obligations."

31. Property Not Used for Agricultural Purposes. The property which is the subject of this Deed of Trust is not used principally for agricultural purposes.

**ORAL AGREEMENTS OR ORAL COMMITMENTS TO
LOAN MONEY, EXTEND CREDIT, OR TO FORBEAR
FROM ENFORCING REPAYMENT OF A DEBT ARE
NOT ENFORCEABLE UNDER WASHINGTON LAW.**

[Remainder of page intentionally left blank. Signature page follows.]



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IN WITNESS WHEREOF, the undersigned, by its duly elected officers and pursuant to proper authority of its board of directors has duly executed, acknowledged and delivered this instrument on April 17, 2003, which instrument is intended to be effective as of April 17, 2003.

TESORO REFINING __ ; AND
MARKETING COMPANY,
a Delaware corporation

By: [Signature]
Name: Gregory J. Galt
Title: Secretary

By: [Signature]
Name: G. Scott Spindlove
Title: Vice President, Finance



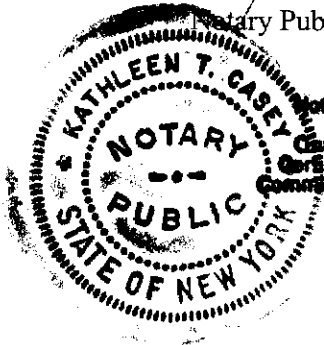
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STATE OF NEW YORK)
) ss:
COUNTY OF NEW YORK)

On the 17th day of April in the year 2003 before me, the undersigned, a Notary Public in and for said State, personally appeared Gregory A. Wright and G. Scott Spendlove, personally known to me or proved to me on the basis of satisfactory evidence to be the individuals whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their capacities, and that by their signatures on the instrument, the individuals, or the person upon behalf of which the individuals acted, executed the instrument.

Kathleen T. Casey

Notary Public



KATHLEEN T. CASEY
Notary Public, State of New York
No. 4840874
Qualified in Westchester County
Certificate Filed in New York County
Commission Expires January 27, 2006



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SCHEDULE A

LEGAL DESCRIPTION OF REAL PROPERTY

See Attached Description



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EXHIBIT A

SKAGIT COUNTY, WA

LEGAL DESCRIPTION

The land referred to in this report/policy is situated in the State of Washington, County of Skagit, and is described as follows:

Parcel "A-1":

Government Lot 1; the Southwest 1/4 of the Northwest 1/4; the East 1/2 of the Northwest 1/4; and the Southwest 1/4 of Section 28, Township 35 North, Range 2 East, W.M.; EXCEPT County Road right-of-way known as the March's Point Road.

ALSO EXCEPT Kavanaugh Road right-of-way, if any, established on May 20, 1892.

ALSO EXCEPT road Deeds conveyed to Skagit County under Auditor's File Nos. 430783, 430784 and 340431.

ALSO TOGETHER WITH tidelands, in front of and abutting said Government Lot 1, as conveyed by the State of Washington in Deeds dated June 6, 1911, and April 16, 1915, and recorded May 21, 1912, and June 24, 1915, as Auditor's File Nos. 91418 and 108593, respectively.

ALSO TOGETHER WITH tidelands conveyed by the State of Washington, by Deed dated August 22, 1906, and recorded February 25, 1910, as Auditor's File No. 78068, which tidelands were mislabelled as First Class Tidelands and excepted from the above described tideland Deeds.

Parcel "A-2":

Government Lots 2 and 3, of Section 28, Township 35 North, Range 2 East, W.M.; EXCEPT County Road right-of-way known as the March's Point Road; ALSO EXCEPT that portion of Government Lot 3, conveyed to David J. Bost by Deed recorded as Auditor's File No. 8607110070.

TOGETHER WITH tidelands lying in front of and abutting said Government Lot 2, as conveyed by the State of Washington in Deeds dated June 6, 1911, and April 5, 1916, then recorded on May 21, 1912, and April 25, 1916, as Auditor's File Nos. 91418 and 112958, respectively.



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EXHIBIT A

SKAGIT COUNTY, WA

LEGAL DESCRIPTION CONTINUED

Parcel "A-3":

Government Lots 4 and 5, and the Southwest 1/4 of the Southeast 1/4 of Section 28, Township 35 North, Range 2 East, W.M., EXCEPT the County Road right-of-way known as the March's Point Road.

ALSO EXCEPT Kavanaugh Road right-of-way, if any, established on May 20, 1892, and not vacated under Auditor's File No. 9204220013, AND ALSO EXCEPT unvacated road widening

Deeds to Skagit County recorded under Auditor's File Nos. 340425 through 340431, inclusive.

ALSO EXCEPT those portions of Government Lot 4, conveyed to the following described parties:

- a.) David J. Bost by Deeds recorded as Auditor's File Nos. 8607110070 and 9304140064;
- b.) John R. Watcher, et ux, by Deed recorded as Auditor's File No. 745889;
- c.) Harold M. Yeoman, et ux, by Deed recorded as Auditor's File No. 616035;
- d.) Thomas A. McCormick, et ux, by Deed recorded as Auditor's File No. 563786.

ALSO EXCEPT that portion of Government Lot 5, conveyed to Robert W. Evans and Joanne B. Evans, husband and wife, by Deed recorded as Auditor's File No. 8211090017.

ALSO EXCEPT that portion of Government Lot 5, conveyed to William R. Kiesser, et ux, by Deed recorded as Auditor's File No. 547521.

Parcel "B-1":

That portion of Government Lot 8, of Section 32, township 35 North, Range 2 East, W.M., lying Easterly of that certain tract of land conveyed to The Texas Company by Deed recorded as Auditor's File No. 556825.



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EXHIBIT A

SKAGIT COUNTY, WA

LEGAL DESCRIPTION CONTINUED

Parcel "B-2":

The North 1/2 of Government Lot 7, of Section 32, Township 35 North, Range 2 East, W.M., lying Easterly of the County Road right-of-way known as the March's Point Road; EXCEPT that portion thereof conveyed to The Texas Company by Deed recorded as Auditor's File No. 556825, ALSO EXCEPT any portion thereof lying South of the South line of the vacated plat of "BURDON'S FIRST ADDITION TO ANACORTES, WASHINGTON", as per plat recorded in Volume 3 of Plats, Page 22.

TOGETHER WITH those rights to a 50 foot wide strip of land in Government Lots 6 and 7, of Section 32, and in the Northwest 1/4 of the Southwest 1/4 of Section 33, all in Township 35 North, Range 2 East, W.M., as conveyed to Shell Oil Company by the Great Northern Railway Company by Deed recorded as Auditor's File No. 568629.

Parcel "C-1":

Those portions of Government Lots 2, 3 and 4, of Section 29, Township 35 North, Range 2 East, W.M., lying Easterly of the County Road right-of-way known as the March's Point Road,

EXCEPT the three following described portions thereof:

1.) That portion of Government Lots 3 and 4, conveyed to The Texas Company by Auditor's File No. 556825;

2.) That portion of Government Lot 2, lying Westerly and Northerly of the following described line:

Beginning at a point South 17 degrees 21' East, 300 feet from the Southwest corner of the plat of "MARCH'S POINT TRACTS", according to the recorded plat thereof in the Office of the Auditor of Skagit County, Washington, in Volume 5 of Plats, Page 25, said point being in Government Lot 1 of said Section 29; thence South 11 degrees 23' 45" West, 365.67 feet to a point on the Northerly line of that certain tract conveyed to R.C. Cannon and Vera V. Cannon, husband and wife, by Deed dated July 23, 1951, and recorded August 1, 1951, under Auditor's File No. 463956, records of said County; thence North 77 degrees 23' West along the North line of said Cannon Tract to the Easterly right-of-way line of the County Road right-of-way known as the March's Point Road, the terminus of this line description.

3.) Kavanaugh Road right-of-way, if any, established on May 20, 1892.



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EXHIBIT A

SKAGIT COUNTY, WA

LEGAL DESCRIPTION CONTINUED

Parcel "C-2":

That portion of Government Lot 1, of Section 29, Township 35 North, Range 2 East, W.M., lying Easterly of the following described line:

Begin at the Southeast corner of Government Lot 2, of said Section 29; thence North 1 degree 55' 40" East along the East line of said subdivision, a distance of 527.54 feet; thence North 17 degrees 20' West to a point on the meander line along the Northwestern line of said subdivision, the terminus of this line description.

EXCEPT that portion thereof lying within the County Road right-of-way known as the March's Point Road.

ALSO TOGETHER WITH that portion of said Government Lot 1, lying Westerly of the above described line and within those premises conveyed to Shell Oil Company by Deed recorded in Volume 260 of Deeds, Page 271, under Auditor's File No. 496851.

ALSO TOGETHER WITH tidelands, in front of and abutting said premises, as conveyed by the State of Washington by Deeds dated June 6, 1911, and April 16, 1915, then recorded May 21, 1912, and June 24, 1915, as Auditor's File Nos. 91418 and 108593, respectively.

ALSO TOGETHER WITH tidelands conveyed by the State of Washington, by Deed dated August 22, 1906, and recorded February 26, 1910, as Auditor's File No. 78068, which tidelands were mislabelled as First Class Tidelands and excepted from the above described tideland Deeds.

Parcel "C-3":

That portion of Government Lot 1, of Section 29, Township 35 North, Range 2 East, W.M., described as follows:

Begin at a point on the East line of Government Lot 2, which is 522.5 feet North of the Southeast corner of said Government Lot 2; thence North 17 degrees 21' West, 1,697.8 feet, more or less, to the meander line along the Northwestern line of said Government Lot 1, said point being the true point of beginning; thence South 17 degrees 21' East to a point which is 200 feet Southeasterly of the Southeasterly line of the County Road right-of-way known as the March's Point Road; thence Southwesterly parallel with the Southeasterly line of the March's Point Road, a distance of 100 feet; thence North 17 degrees 21' West to the meander line; thence Northeasterly along the meander line to the true point of beginning; EXCEPT the following described portion thereof:



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EXHIBIT A

SKAGIT COUNTY, WA

LEGAL DESCRIPTION CONTINUED

Commencing at a point which bears South 17 degrees 21' East, a distance of 300 feet from the Southwest corner of the plat of "MARCH'S POINT TRACTS" (platted South 17 degrees 20' East), according to the recorded plat thereof, in Volume 5 of Plats, Page 25, records of Skagit County, Washington, also being the most Northerly corner of that certain tract of land conveyed to Shell Oil Company by Warranty Deed recorded in Volume 260 of Deeds, Page 271, under Auditor's File No. 496851, records of said County; thence North 17 degrees 21' West, a distance of 667.48 feet to the intersection with the South margin of the County Road and said point being the true point of beginning; thence South 17 degrees 21' East, a distance of 200 feet; thence South 36 degrees 55' West, parallel with the South road margin of said County Road, a distance of 100 feet; thence North 17 degrees 21' West, a distance of 200 feet to the intersection with the South margin of the County Road; thence North 36 degrees 55' East along the said margin, a distance of 100 feet to the true point of beginning.

ALSO EXCEPT that portion thereof lying within the County Road right-of-way known as the March's Point Road:

TOGETHER WITH those portions of the following described tidelands, lying between the Easterly and Westerly lines of said premises extended Northerly, those tidelands conveyed by the State of Washington by Deeds dated June 6, 1911, and April 16, 1915, then recorded May 21, 1912, and June 24, 1915, s Auditor's File Nos. 91418 and 108593, respectively.

Parcel "C-4":

That portion of Government Lots 1 and 2, of Section 29, Township 35 North, Range 2 East, W.M., described as follows:

Commencing at a point South 17 degrees 21' East, a distance of 300 feet from the Southwest corner of the plat of "MARCH'S POINT TRACTS" (platted South 17 degrees 20' East),



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EXHIBIT A

SKAGIT COUNTY, WA

LEGAL DESCRIPTION CONTINUED

according to the recorded plat thereof in Volume 5 of Plats, Page 25, records of Skagit County, Washington, also being the most Northerly corner of that certain tract of land conveyed to the Shell Oil Company by Warranty Deed, recorded in Volume 260 of Deeds, Page 271, under Auditor's File No. 496851, records of said County; thence South 11 degrees 25' 30" West (Deed South 11 degrees 23' 45" West) along the Westerly line of said Shell Tract, a distance of 122.25 feet to the true point of beginning; thence North 57 degrees 30' 45" West to the intersection with the Easterly margin of the County Road; thence Southerly along the said road margin, a distance of 440.27 feet to the Northwest corner of that certain tract conveyed to Shell Oil Company by Statutory Warranty Deed recorded under Auditor's File No. 605021, records of said County; thence South 77 degrees 23' 00" East along the North line of said tract, a distance of 353.69 feet to the most Northerly corner of that certain tract conveyed to Shell Oil Company by Statutory Warranty Deed recorded under Auditor's File No. 496862, records of said County; thence South 77 degrees 20' 12" East along the North line of said tract, a distance of 256.11 feet to the intersection with the West line of that certain tract conveyed under Auditor's File No. 496851; thence North 11 degrees 25' 30" East along said West line, a distance of 242.69 feet to the true point of beginning.

TOGETHER WITH tidelands, as conveyed by the State of Washington, by Deeds dated June 6, 1911, and April 16, 1915, then recorded May 21, 1912, and June 24, 1915, as Auditor's File Nos. 91418 and 108593, respectively, lying Northerly of the following line:

Commencing at the Southeast corner of Government Lot 2, said Section 29; thence North along the East line of said Lot 2, a distance of 522.5 feet; thence North 17 degrees 21' West, 1697.8 feet, more or less, to the North meander line of Government Lot 1; thence Southwesterly along the meander line in front of Government Lot 1, a distance of 509.0 feet; thence continuing along said meander line, South 35 degrees 48' 30" West, 70 feet to the true point of beginning of this line description; thence at right angles North 54 degrees 11' 30" West to the line of extreme low tide, and Westerly of that certain parcel conveyed to Shell Oil Company, a Delaware Corporation, by Warranty Deed dated November 8, 1963, recorded November 12, 1963, under Auditor's File No. 643083.

Parcel "D":

Government Lots 1, 2 and 3, of Section 21, Township 35 North, Range 2 East, W.M., EXCEPT the County Road right-of-way known as the March's Point Road.



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EXHIBIT A

SKAGIT COUNTY, WA

LEGAL DESCRIPTION CONTINUED

TOGETHER WITH tidelands, in front of and abutting said premises as conveyed by the State of Washington by Deeds dated June 6, 1911, and April 5, 1916, then recorded May 21, 1912, and April 25, 1916, as Auditor's File Nos. 91418 and 112958, respectively.

ALSO TOGETHER WITH tidelands conveyed by the State of Washington, by Deed dated August 22, 1906, and recorded February 25, 1910, as Auditor's File No. 78068, which tidelands were mislabelled as First Class Tidelands and excepted from the above described tideland Deeds.

Parcel "E-1":

The North 1/2 of the Northwest 1/4 and the North 1/2 of the South 1/2 of the Northwest 1/4 of Section 33, Township 35 North, Range 2 East, W.M., EXCEPT that portion thereof, if any, lying within the County Road right-of-way known as the North Texas County Road, AND ALSO EXCEPT road Deeds conveyed to Skagit County under Auditor's File Nos. 210768 and 210769.

Parcel "E-2":

The Northwest 1/4 of the Northeast 1/4 and the North 1/2 of the Southwest 1/4 of the Northeast 1/4 of Section 33, Township 35 North, Range 2 East, W.M., EXCEPT that portion of said North 1/2 of the Southwest 1/4 of the Northeast 1/4 lying Southerly of the North line of the County Road known as the North Texas County Road, AND ALSO EXCEPT road Deeds conveyed to Skagit County under Auditor's File Nos. 186857 and 186858, AND ALSO EXCEPT that portion of said North 1/2 lying Easterly of the following described line:

Beginning at a point on the Northerly line of the North Texas Road (also known as County Road No. 591), which point is distant 15.68 feet North and 194.49 feet East of the Southwest corner of said subdivision (the Westerly line of said subdivision bears North 1 degree 12' 30" East); thence North 1 degree 34' East, a distance of 639.7 feet to a point on the North line of said subdivision, the terminus of this line description.

Parcel "E-3":

The Northeast 1/4 of the Northeast 1/4 of Section 33, township 35 North, Range 2 East, W.M., EXCEPT that portion thereof lying Easterly and Southerly of the following described line:



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EXHIBIT A

SKAGIT COUNTY, WA

LEGAL DESCRIPTION CONTINUED

Begin at the Southeast corner of that certain tract of land conveyed to the Shell Oil Company by Deed recorded June 20, 1994, as Auditor's File No. 9406200099, said point being on the South line of the subdivision; thence North 00 degrees 42' 12" East, a distance of 150.18 feet to the Northeast corner of said Shell Tract; thence South 89 degrees 18' 40" East along the North line of those tracts conveyed to Denzil E. Stam, et al, by Deeds recorded as Auditor's File Nos. 724698 and 9406200100, to the meander line along the East line of Government Lot 1, of Section 34, Township 35 North, Range 2 East, W.M., the terminus of this line description; ALSO EXCEPT that certain Northeasterly portion thereof as conveyed to William R. Kiesser, et ux, by Deed recorded as Auditor's File No. 547521.

Parcel "E-4":

The North 1/2 of the Southeast 1/4 of the Northeast 1/4 of Section 33, Township 35 North, Range 2 East, W.M., EXCEPT that portion thereof lying Southerly of the North line of the County Road known as the North Texas County Road; ALSO EXCEPT that Westerly portion thereof lying within the County Road known as the Betterton Extension Road.

Parcel "F-1":

Government Lot 1, of Section 34, Township 35 North, Range 2 East, W.M., EXCEPT those Southerly portions thereof lying within those certain tracts conveyed to Denzil E. Stam, et al, by Auditor's File Nos. 724698 and 9406200100; ALSO EXCEPT the County Road right-of-way known as the March's Point Road; ALSO EXCEPT that portion thereof conveyed to William R. Kiesser, et ux, by Deed recorded as Auditor's File No. 547521.

Parcel F-2

The North 5 acres of Government Lot 2, of Section 34, township 35 North, Range 2 East, W.M. EXCEPT the as built and existing March's Point County Road running through said 5 acres, and ALSO EXCEPT that portion of the North 16 feet thereof lying West of March's Point Road being reserved for road purposes by Deed recorded October 21, 1903, under Auditor's File No. 43848, in Volume 52 of Deeds, Page 599, records of Skagit County, Washington.

AND ALSO that certain tract or parcel of land described in Quit Claim Deed dated April 14, 2002 from Edward L Cowgill, et ux Patricia A Cowgill, and recorded in Volume _____, Page _____, of the records of Skagit County, Washington, said parcel being more particularly described as follows:

The North 41.79 feet of the following described property:



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SKAGIT COUNTY, WA

LEGAL DESCRIPTION CONTINUED

That portion of Government Lot 2 of Section 34, Township 35 North, Range 2 East of the Willamette Meridian described as follows:

Beginning at the Northwest corner of that certain tract conveyed to Bert Swisher by deed dated December 9, 1919 and recorded December 26, 1919, under Auditor's File No. 137915, records of Skagit County Washington;

Thence South 8 rods;

Thence East 38 rods, more or less, to the meander line of Government Lot 2;

Thence Northerly along said meander line 8 rods, more or less, to the North line of said Swisher tract;

Thence West along the North line of said Swisher tract 38 rods, more or less, to the point of beginning;

Except any portion thereof lying within March Point Road.

Situate in Skagit County, Washington

Parcel "G":

Government Lot 1; of Section 27, Township 35 North, Range 2 East, W.M., EXCEPT the County Road right-of-way known as the March's Point Road; ALSO EXCEPT that portion thereof conveyed to William R. Kiesser, et ux, by Deed recorded as Auditor's File No. 547521.



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EXHIBIT A

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Parcel H

That portion of the following described Parcel "A" lying Northerly of the following described line, being a portion of Government Lot 2, Section 34, Township 35 North, Range 2 East W.M.

COMMENCING at the West one quarter corner, said Section 34; thence North 0 degrees 40' 40" East along the West line of said Section 34, a distance of 635.79 feet to the true point of beginning of said line description; thence North 90 degrees 00' 00" East, 690.22 feet to the East line of said Government Lot 2, and the terminus of said described line.

"Parcel A":

That portion of Government Lot 2, Section 34, Township 35 North, Range 2 East, W.M. described as follows:

Beginning at a point on the West line of said Lot 2, 132 feet South of the Southwest corner of the North 5 acres of said Lot 2, (said point being the Southwest corner of that certain tract conveyed to Annabel Erickson by Deed dated March 19, 1930, and recorded April 7, 1930, under Auditor's File No. 232619); thence South along the West line of said Lot 2, to a point 231 feet North of the Northwest corner of the South 6 acres of said Lot 2 (said point being the Northwest corner of that certain tract conveyed to Henry B Myren, et ux Betty Myren, by Deed dated June 3, 1947, and recorded November 10, 1947, under Auditor's File No. 410978); thence East along the North line of said Myren Tract to Padilla Bay; thence Northerly along said Padilla Bay to the South line of the Annabel Erickson Tract; thence West along the South line of said Erickson Tract to the point of beginning.

LESS AND EXCEPTING FROM THE ABOVE DESCRIBED PARCEL H THE FOLLOWING DESCRIBED PARCEL:

AND ALSO that certain tract or parcel of land described in Quit Claim Deed dated April 14, 2002 from Tesoro West Coast Company as Grantor to Edward L Cowgill, et ux Patricia A Cowgill, as Grantee and recorded in Volume ____, Page ____, of the records of Skagit County, Washington, said parcel being more particularly described as follows:

The North 41.79 feet of the following described property:

That portion of Government Lot 2, Section 34, Township 35 North, Range 2 East, W.M. described as follows:



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EXHIBIT A

SKAGIT COUNTY, WA

LEGAL DESCRIPTION CONTINUED

Beginning at a point on the West line of said Lot 2, 132 feet South of the Southwest corner of the North 5 acres of said Lot 2, (said point being the Southwest corner of that certain tract conveyed to Annabel Erickson by Deed dated March 19, 1930, and recorded April 7, 1930, under Auditor's File No. 232619); thence South along the West line of said Lot 2, to a point 231 feet North of the Northwest corner of the South 6 acres of said Lot 2 (said point being the Northwest corner of that certain tract conveyed to Henry B Myren, et ux Betty Myren, by Deed dated June 3, 1947, and recorded November 10, 1947, under Auditor's File No. 410978); thence East along the North line of said Myren Tract to Padilla Bay; thence Northerly along said Padilla Bay to the South line of the Annabel Erickson Tract; thence West along the South line of said Erickson Tract to the point of beginning.

Except any portion thereof lying within March Point Road.

Situate in Skagit County, Washington



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