

When Recorded Return To:
Adelstein, Sharpe & Serka
400 North Commercial Street
Bellingham, WA 98225



200307220054

Skagit County Auditor

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Document Title: Deed of Trust
Grantor: Alger Shell Real Estate, LLC, a Washington Limited Liability Company;
Grantee: McEvoy Oil Company, Inc., a Washington corporation
Abbreviated Legal Description: Ptn of Gvt Lots 3 and 4, S7, T36N, R4E
Assessor's Tax/Parcel Number: P48989
Reference No.: 360470-3-006-0001

DEED OF TRUST

(For Use in the State of Washington Only)

THIS DEED OF TRUST, made this 15th day of July, 2003, between Alger Shell Real Estate, LLC, a Washington Limited Liability Company, GRANTOR, whose address is 219 Friday Creek Road, Bellingham, WA 98228; Chicago Title Company, a corporation, TRUSTEE, whose address is 1616 Cornwall Avenue, Suite 115, Bellingham, WA 98225; and McEvoy Oil Company, Inc., a Washington corporation, BENEFICIARY, whose address is Post Office Box 28400, Bellingham, WA 98228-0400.

WITNESSETH: Grantor hereby bargains, sells and conveys to Trustee in Trust, with power of sale, the following described real property in Skagit County, Washington:

See attached **Exhibit A**

which real property is not used principally for agricultural or farming purposes, together with all the tenements, hereditaments, and appurtenances now or hereafter thereunto belonging or in any wise appertaining, and the rents, issues and profits thereof.

This deed is for the purpose of securing performance of that certain Conversion Agreement dated July 15, 2003, and all renewals, modifications and extensions thereof.

To protect the security of this Deed of Trust, Grantor covenants and agrees:

1. To keep the property in good condition and repair; to permit no waste thereof; to complete any building, structure or improvement being built or about to be built thereon; to restore promptly any building, structure or improvement thereon which may be damaged or destroyed; and to comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting the property.

2. To pay before delinquent all lawful taxes and assessments upon the property; to keep the property free and clear of all other charges, liens or encumbrances impairing the security of this Deed of Trust.

3. To keep all buildings now or hereafter erected on the property described herein continuously insured against loss by fire or other hazards in an amount not less than the total debt secured by this Deed of Trust. All policies shall be held by the Beneficiary, and be in such companies as the Beneficiary may approve and have loss payable first to the Beneficiary, as its interest may appear, and then to the Grantor. The amount collected under any insurance policy may be applied upon any indebtedness hereby secured in such order as the Beneficiary shall determine. Such application by the Beneficiary shall not cause discontinuance of any proceedings to foreclose this Deed of Trust. In the event of foreclosure, all rights of the Grantor in insurance policies then in force shall pass to the purchaser at the foreclosure sale.

4. To defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee, and to pay all costs and expenses, including cost of title search and attorney's fees in a reasonable amount, in any such action or proceeding, and in any suit brought by Beneficiary to foreclose this Deed of Trust.

5. To pay all costs, fees and expenses in connection with this Deed of Trust, including the expenses of the Trustee incurred in enforcing the obligation secured hereby and Trustee's and attorney's fees actually incurred, as provided by statute.

6. Should Grantor fail to pay when due any taxes, assessments, insurance premiums, liens, encumbrances or other charges against the property hereinabove described, Beneficiary may pay the same, and the amount so paid, with interest at the rate set forth in the note secured hereby, shall be added to and become a part of the debt secured in this Deed of Trust.

IT IS MUTUALLY AGREED THAT:

1. In the event any portion of the property is taken or damaged in an eminent domain proceeding, the entire amount of the award or such portion as may be necessary to fully satisfy the obligation secured hereby, shall be paid to Beneficiary to be applied to said obligation.

2. By accepting payment of any sum secured hereby after its due date, Beneficiary does not waive its right to require prompt payment when due of all other sums so secured or to declare default for failure to so pay.



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3. The Trustee shall reconvey all or any part of the property covered by this Deed of Trust to the person entitled thereto on written request of the Grantor and the Beneficiary, or upon satisfaction of the obligation secured and written request for reconveyance made by the Beneficiary or the person entitled thereto.

4. Upon default by Grantor in the payment of any indebtedness secured hereby or in the performance of any agreement contained herein, all sums secured hereby shall immediately become due and payable at the option of the Beneficiary. In such event and upon written request of Beneficiary, Trustee shall sell the trust property, in accordance with the Deed of Trust Act of the State of Washington, at public auction to the highest bidder. Any person except Trustee may bid at Trustee's sale. Trustee shall apply the proceeds of the sale as follows: (1) to the expense of the sale, including a reasonable Trustee's fee and attorney's fee; (2) to the obligation secured by this Deed of Trust; (3) the surplus, if any, shall be distributed to the persons entitled thereto.

5. Trustee shall deliver to the purchaser at the sale its deed, without warranty, which shall convey to the purchaser the interest in the property which Grantor had or had power to convey at the time of his execution of this Deed of Trust, and such as he may have acquired thereafter, Trustee's deed shall recite the facts showing that the sale was conducted in compliance with all the requirements of law and of this Deed of Trust, which recital shall be prima facie evidence of such compliance and conclusive evidence thereof in favor of bona fide purchaser and encumbrances for value.

6. The power of sale conferred by this Deed of Trust and by the Deed of Trust Act of the State of Washington is not an exclusive remedy; Beneficiary may cause this Deed of Trust to be foreclosed as a mortgage.

7. In the event of the death, incapacity, disability or resignation of Trustee, Beneficiary may appoint in writing a successor trustee, and upon the recording of such appointment in the mortgage records of the county in which this Deed of Trust is recorded, the successor trustee shall be vested with all powers of the original trustee. The trustee is not obligated to notify any party hereto of pending sale under any other Deed of Trust or of any action or proceeding in which Grantor, Trustee or Beneficiary shall be a party unless such action or proceeding is brought by the Trustee.

8. This Deed of Trust applies to and inures to the benefit of, and is binding not only on the parties hereto, but on their heirs, devisees, legatees, administrators, executors and assigns. The term Beneficiary shall mean the holder and owner of the note secured hereby, whether or not named as Beneficiary herein.



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By: Paul Given
Paul Given, Manager

By: James Evans
James Evans, Manager

STATE OF WASHINGTON)
) ss.
COUNTY OF WHATCOM)

I certify that I know or have satisfactory evidence that **Paul Given** is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as a **Manager of Alger Shell Real Estate, LLC, a Washington Limited Liability Company** to be his free and voluntary act of such corporation for the uses and purpose mentioned in the instrument.



Susan L. Vaughan
Printed Name: Susan L. Vaughan
NOTARY PUBLIC in and for the State of
Washington residing at Everson
My commission expires: 12-25-06

STATE OF WASHINGTON)
) ss.
COUNTY OF WHATCOM)

I certify that I know or have satisfactory evidence that **James Evans** is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as a **Manager of Alger Shell Real Estate, LLC, a Washington Limited Liability**

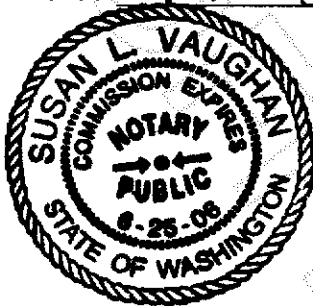


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Company, to be his free and voluntary act of such corporation for the uses and purpose mentioned in the instrument.

Dated: 7-15-03



Susan L. Vaughan
Printed Name: Susan L. Vaughan
NOTARY PUBLIC in and for the State of
Washington residing at Everson
My commission expires: 6-25-08

REQUEST FOR FULL RECONVEYANCE

Do not record. To be used only when note has been paid.

TO: TRUSTEE

The undersigned is the legal owner and holder of the note and all other indebtedness secured by the within Deed of Trust. Said note, together with all other indebtedness secured by said Deed of Trust, has been fully paid and satisfied; and you are hereby requested and directed, on payment to you of any sums owing to you under the terms of said Deed of Trust, to cancel said note above mentioned, and all other evidences of indebtedness secured by said Deed of Trust delivered to you herewith, together with the said Deed of Trust, and to reconvey, without warranty, to the parties designated by the terms of said Deed of Trust, all the estate now held by you thereunder.

DATED: _____



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Exhibit A
Legal Description

That portion Of Government Lots 3 and 4, Section 7, Township 36 North, Range 4 East of W.M., Skagit County, Wa., described as follows:

Commencing at the Southwest corner of said Government Lot 4; thence South 89°01'34" East 1451.78 feet to the Southeast corner of said Government Lot 4, being the Southeast corner of Skagit County S.P. No. 11-85, as filed under A. F. No. 8603110018; thence North 00°18'56" West along the East line of said Government Lot and said Short Plat a distance of 1201.82 feet to the Southerly line of Alger-Lake Samish Road; thence North 70°55'30" West along said Southerly line a distance of 261.41 feet to the centerline of Patrick Lane as shown upon said Short Plat; thence South 03°20'47" East along said centerline a distance of 22.10 feet; thence South 25°41'33" West along said centerline, a distance of 215.99 feet; thence South 03°03'26" West along said centerline a distance of 123.31 feet; thence North 89°01'34" West 290.00 feet; thence North 17°57'08" East 104.49 feet; thence North 43°30'13" East 130.86 feet; thence North 06°09'34" West 3.66 feet to the POINT OF BEGINNING; thence continuing North 06°09'34" West 162.24 feet; thence North 39°24'04" East 95.90 feet to the said Southerly line of Alger-Lake Samish Road; thence North 70°55'30" West along said Southerly line a distance of 26.01 feet; thence South 19°04'30" West along said Southerly line a distance of 15.00 feet; thence North 70°55'30" West along said Southerly line a distance of 299.97 feet to the Easterly line of Interstate Hwy. No. 5; thence South 19°04'31" West along said Easterly line a distance of 95.97 feet; thence South 12°27'14" West along said Easterly line a distance of 236.65 feet; thence departing therefrom South 89°01'34" East 351.98 feet to the POINT OF BEGINNING.

Containing 2.05 Acres.

TOGETHER WITH AND SUBJECT TO an easement for ingress, egress and utilities, described as follows:

Beginning at the intersection of the Southerly line of Alger-Lake 60 feet Easterly of said Easterly line; thence North 12°27'14" East parallel to said Easterly line a distance of 221.00 feet; thence North 19°04'31" East parallel to said Easterly line a distance of 32.50 feet; thence North 66°21'56" East 88.46 feet to said Southerly line of Alger-Lake Samish Road; thence North 70°55'30" West along said Southerly line a distance of 125.00 feet to the POINT OF BEGINNING.

ALSO an easement for ingress, egress, and utilities over that portion of the above described Patrick Lane lying North of the Easterly projection of the South line of the 20-foot wide portion of the above-described easement.

mcevoy oil/alger shell real estate/deed of trust



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