

THIS AGREEMENT made and entered into this first day of January 1935, by and between OREGON-WASHINGTON RAILROAD & NAVIGATION COMPANY, an Oregon corporation, (hereinafter called the "Lessor"), party of the first part, and CAMAS PRAIRIE RAILROAD COMPANY, an Oregon corporation, (hereinafter called the "Lessee"), party of the second part.

W I T N E S S E T H:

RECITALS:

The Lessor has heretofore leased and delivered to the Lessee the track material hereinafter described, and said material is now in the possession of the Lessee or its sublessee, Craig Mountain Lumber Company, a corporation. Said leases are evidenced by contracts in writing between the parties dated June 2, 1913; October 22, 1913; February 7, 1914; April 23, 1914; June 12, 1916; April 1, 1918 (and supplements thereto dated April 1, 1923; April 1, 1928, and April 1, 1933) and July 5, 1923.

The parties hereto desire to terminate said former agreements of lease and to make a new lease of said track material for the consideration and upon and subject to the terms, provisions and conditions hereinafter contained.

NOW, THEREFORE, it is agreed by and between the parties as follows:

Section 1. The Lessor hereby leases and lets to the Lessee, during and for a period commencing on the date of this agreement and terminating as hereinafter provided, the following personal property, to-wit: 1039.12 gross tons of second-hand relaying railroad rails and angle bars. The property hereby leased is hereinafter referred to collectively as the "track material" and comprises the following material, to-wit:

Railroad Rails		Angle Bars
<u>Weight per lineal yard</u>	<u>Lineal Feet</u>	<u>Number of Pairs</u>
56 pounds	62,363.5	2118
60 pounds	32,638	1128
62 pounds	<u>20,206</u>	<u>667</u>
Total	115,207.5	3913

All of said track material has heretofore been delivered by the Lessor to the Lessee, as evidenced by receipts therefor given by the Lessee to the Lessor, which are hereby referred to and made a part hereof, and all of said track material is now in the possession of the Lessee, or of its sublessee, Craig Mountain Lumber Company, a corporation, within the State of Idaho and the county or counties of Lewis - - - - - therein.

Section 2. The Lessee agrees to pay to the Lessor as rental for said track material a sum equal to six per cent (6%) per annum on the value thereof, computed at the rate of Thirty-one Dollars (\$31.00) per gross ton of said track material, and to make said payments to the Lessor at its office in Portland, Oregon, in equal quarter-annual installments, on the first days of January, April, July and October of each year, for the preceding three-month period, the first of said payments to be made on April 1, 1935.

Section 3. The Lessee also shall and will pay, satisfy and discharge, or cause to be paid, satisfied and discharged, before the same become delinquent, all taxes and assessments of whatsoever kind or nature, levied or assessed upon or against the said

track material, or any part thereof, during the continuance of this agreement of lease, and will not suffer or permit any lien of any kind or character whatsoever to attach to or be enforced against said track material or any part thereof.

Section 4. The Lessee shall not and will not assign this agreement or any interest herein or right hereunder nor let or sublet the whole or any part of said track material without the written consent of the Lessor first had and obtained, except that the Lessee may sublet same to Craig Mountain Lumber Company, a Washington corporation, by written agreement satisfactory to the Lessor, and the Lessee shall and will enforce and require the performance of said sublease by said Craig Mountain Lumber Company.

Section 5. AS between the parties hereto, the track material hereby leased shall be deemed and considered personal property at all times, irrespective of whether or not same be laid or placed in any track or tracks.

Section 6. Upon the expiration or sooner termination of this agreement of lease, the Lessee agrees to and will redeliver said track material to the Lessor, loaded on cars on tracks of the Lessor at Riparia, Washington, in as good state and condition as they were when originally delivered by the Lessor to the Lessee, excepting only reasonable and ordinary wear and tear thereof. If the Lessee shall fail to redeliver to the Lessor all of said track material as in this section provided, the Lessee shall promptly pay to the Lessor the value of any such track material not so

redelivered or repossessed, computed at the rate of Thirty-one Dollars (\$31.00) per gross ton. The Lessee shall and will also pay to the Lessor the amount of any damage to the track material caused by or resulting from improper maintenance or use thereof, not attributable to ordinary wear and tear.

Section 7. This agreement of lease shall be and become effective on the date hereof and shall continue in full force and effect until terminated as herein provided. If and when the sublease of said track material by the Lessee to said Craig Mountain Lumber Company shall expire or be terminated, then the Lessee may terminate this agreement of lease by written notice given to the Lessor on any date therein stated, not less, however, than ten (10) days subsequent to the date on which such notice shall be given.

If at any time the Lessee shall fail, neglect or refuse to do, keep, observe or perform any or all of the terms, provisions, conditions and covenants herein provided by it to be done, kept, observed and performed, the Lessor may immediately or at any time thereafter terminate this agreement and all rights of the Lessee thereunder and require the Lessee to redeliver said track material to the Lessor forthwith, as herein elsewhere provided.

Section 8. The said agreements in writing made and executed by and between the Lessor and the Lessee, dated June 2, 1913; October 22, 1913; February 7, 1914; April 23, 1914; June 12, 1916; April 1, 1918 (and supplements thereto dated April 1, 1923; April 1, 1928, and April 1, 1933), and July 5, 1923, whereby the Lessor leased to the Lessee the aforesaid track material, shall be and

the same are hereby terminated as of the 31st day of December, 1934; provided, however, nothing herein shall operate to release or discharge the Lessee from any debt, duty or obligation which shall have attached or accrued under or by virtue of any of said agreements prior to said termination.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first herein stated.

OREGON-WASHINGTON RAILROAD &
NAVIGATION COMPANY

By *[Signature]*
Executive Vice President

Attest:

C. B. [Signature]
Assistant Secretary

CANADIAN PACIFIC RAILROAD COMPANY

By *D. H. [Signature]*
President

Attest:

Charles E. [Signature]
Secretary

STATE OF NEBRASKA)
 : ss.
County of Douglas)

On this 9th day of February, in the year of
1935, before me, a notary public in and for said county and state,
personally appeared W. M. JEFFERS, known to me to be the Executive
Vice President of OREGON-WASHINGTON RAILROAD & NAVIGATION COMPANY,
the corporation that executed the within and foregoing instrument,
and acknowledged to me that such corporation executed the same.

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

Ja Butterbach
Notary Public for Douglas
County, Nebraska

My commission expires 2-10-1938

STATE OF OREGON)
 : ss.
County of Multnomah)

On this 29th day of January, in the year of
1935, before me, a Notary Public in and for said county and
state, personally appeared F. N. FINCH, known to me to be the
President of CANTON FRANKLIN RAILROAD COMPANY, the corporation
that executed the within and foregoing instrument, and acknowl-
edged to me that such corporation executed the same.

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

R. C. Soule
Notary Public for Oregon

My commission expires May 10, 1936