November 9, 2010

Jason S. Spadaro, President
SDS Lumber Company
P.O. Box 266
Bingen, WA 98605

RE: Conservation Easement

Dear Mr. Spadaro:

The Board of County Commissioners understands that SDS Lumber Company proposes to establish a conservation easement on approximately 100 acres of land owned by SDS Lumber in Klickitat County. The easement would be within a portion of the SE ¼ of Section 10, Township 3 North, Range 12 East W.M. and would mitigate for impacts associated with the proposed Whistling Ridge Energy Project, if it is constructed. SDS Lumber proposes to grant the conservation easement to Klickitat County, but retain ownership and management responsibility, including continuing payment of taxes.

We understand that the purpose of the easement would be to assure that the property will be retained in a natural, scenic, habitat and open space condition. Use of the property would be limited to activities consistent with said purpose. Please note that the Board believes livestock grazing to be among the allowed activities proposed, as it would be consistent with the stated purpose.

Please consider this letter as a non-binding statement of our intent to enter into discussions with SDS Lumber Company for the purpose of developing a conservation easement agreement. It is our expectation that the County will be reimbursed for any and all costs associated with negotiating, establishing and implementing the proposed conservation easement.

Sincerely,

BOARD OF COUNTY COMMISSIONERS
Klickitat County, Washington

[Signature]
Rex F. Johnston, Chairman

[Signature]
David M. Sauter, Commissioner
Absent

Ray Thayer, Commissioner

Cc: Travis Nelson, WDFW