

shall
/be subject to the approval of the Lessor.

5. The Lessee represents that it has acquired and owns, free and clear of lien, that certain mill site of approximately 40 acres on the Greenville & Northern Railway line at Cleveland, South Carolina, formerly owned by Saluda River Lumber Company and I. D. Hodgens and J. Harvey Cleveland, Sr., Receivers of said Company, together with the plants and operating facilities and equipment formerly so owned and located on and near said site. The Lessee covenants that it will keep said mill site, plants and operating facilities and equipment free of all liens and unencumbered during the term of this Lease; maintain the same in condition and capacity for the production on a forty-hour week of at least 6 million feet of sawn lumber in each calendar year; and use the same exclusively for the manufacture of timber removed from the leased lands herein described, except in those cases where the purchase of other lots of timber and its manufacture at said mill are approved by the Lessor.

6. The Lessee covenants and agrees that it will follow a definite and workmanlike program in its logging operations upon the leased lands referred to herein; that it will remove all the sound timber held by the Lessor on the lands described in the second part of the schedules before the expiration of the time indicated therein for the expiration of the right of removal; that it will fell all trees containing sound logs, on each of the various parcels of land as described in said schedules measuring ten inches and more in diameter (thirteen inches and more in diameter as to white oak and chestnut oak) at a point thirteen feet above the ground, and produce therefrom and remove all sound logs down to small end diameter of ten inches; that it will conduct its operations in units covering the different watersheds involved and will complete the logging of each watershed before operations in that watershed cease ~~and before logging-~~ R.B.P.
~~facilities are removed therefrom;~~ F.G.H.
that it will exercise due diligence to protect trees not felled, 1-31-44
as well as due diligence to avoid forest fires and to extinguish those which occur, and the Lessee will exercise due diligence to remove all fire-damaged timber as promptly as practicable to avoid deterioration therein. "Sound logs" as used in this paragraph shall be interpreted to include logs containing rot or other defects which would not render them unmerchantable under current usage and practice, and which contain a sufficient percentage of sound merchantable material to saw into lumber having a market value of no less than the current direct operating costs. Lessee may remove unsound logs, wormy chestnut, and timber of smaller diameter than that above specified, at its option, but all such timber that may be removed is to be paid for. Should it develop that certain trees stand upon cliffs or other adverse logging ground which because of topographic location cannot be logged by generally accepted logging methods without entailing unreasonable expense, Lessee may notify Lessor of such condition and with Lessor's consent leave such trees standing, without being obligated to make payment of stumpage therefor to Lessor; and if Lessor withholds such consent, Lessee may request arbitration of the dispute as provided in paragraph 21 hereof.

The tracts described in the schedules hereto attached include some areas heretofore logged by Saluda River Lumber Company. Lessee shall not be obligated to cut and remove any sound logs within the line of cutting by Saluda River Lumber Company which may have been left in its operations, but at its option may do so; and any such timber removed shall be paid for.

7. The Lessee will pay to the Lessor 75% of all real estate taxes that the Lessor shall be required to pay on the properties referred to in the schedules hereof which are attributable to the year 1944 and such percentage of taxes shall be reduced in 1945 in proportion that the quantity of logs cut in 1944 bears to thirty million feet, and in each subsequent year such percentage shall be similarly reduced in the proportion that the cumulative total of logs cut by Lessee to the end of each next preceding year bears to thirty million feet. All necessary tax returns will be made by the Lessor, and notice of the amount of taxes assessed furnished to the Lessee, who shall thereupon pay over the funds required to pay the 75% of such real estate taxes within thirty days after such notice has been so furnished.

Within thirty days after the end of each calendar year, Lessee shall notify Lessor in writing of any and all of the several parcels described in the schedules from which all timber has been cut and removed during said year, and shall relinquish its right ~~its right~~ to operate further thereon, but such relinquishment shall not affect the Lessee's right to continue the use of the right of way located on such released land necessary or convenient to the operation of the timber on other leased lands. Such relinquishment shall be subject to the Lessor's being satisfied that Lessee has removed all timber that should properly be removed from such parcels as provided herein. When Lessee has so notified Lessor of the completion of the cutting and removal of timber from all the tracts described in the schedules hereto attached, and Lessor has accepted relinquishment thereof, as above provided, this Lease shall terminate and all Lessee's rights hereunder shall be at an end, notwithstanding the provisions as to the term of this Lease elsewhere set forth herein, but the Lessee shall be accorded ninety days from said date or from the date of the final termination of this Lease to remove from the properties referred to herein any and all equipment, buildings, or facilities previously constructed or used by it under the