

EXHIBIT 2

FIRST AMENDMENT
PORT OF ANACORTES
NON-PREFERENTIAL REVOCABLE LEASE AGREEMENT

IT IS HEREBY MUTUALLY AGREED, on this 16TH day of July, 1986, by and between "Lessor" the PORT OF ANACORTES, a municipal corporation of Anacortes, Washington and "Lessee", FRONTIER INDUSTRIES INC., of Anacortes Washington, that this Amendment supplements the NON-PREFERENTIAL REVOCABLE LEASE AGREEMENT dated April 1, 1986.

WITNESSETH

In consideration of the mutuality of benefit inherent hereto, the parties hereto do mutually agree as follows:

1. PURPOSE The purpose of this Amendment is to reduce the monthly charge to the Lessee for the "Sorting Yard" as described in the original NON-PREFERENTIAL REVOCABLE LEASE dated April 1, 1986. This reduction in rent is due to non-use of the premises. This Amendment to the Lease shall become effective on August 1, 1986.
2. PREMISES The description of the leased premises as described as the "Sorting Yard" originally set forth in the NON-PREFERENTIAL REVOCABLE LEASE dated April 1, 1986 shall remain the same.
3. TERM The term of this lease is on a month to month basis and began on the 1st day of April 1986.
4. RENT In consideration of the premises described herein Lessee agrees to a rental payment in the amount of one dollar(\$1.00) per month plus applicable leasehold tax, and agrees to supply and maintain on the premises log handling equipment necessary for the Port of Anacortes to remain a viable and competitive log handling facility. The rent set forth herein shall be subject to adjustment at such time the "Sorting Yard" is again used for receipt of logs.
5. ENTIRE AGREEMENT All other terms of the lease dated April 1, 1986 except as modified by this Agreement shall apply to the area as described as the "Sorting Yard". The Lease as hereby supplemented is ratified, confirmed and continued in all respects. This Agreement shall bind and inure to the benefit of the successors and assigns of the Port, and the successors and assigns of Lessee.

IN WITNESS WHEREOF, the said parties hereto have signed this AMENDMENT OF THE NON-PREFERENTIAL REVOCABLE LEASE AGREEMENT as of the day and year first above written.

"LESSOR"

ATTEST:

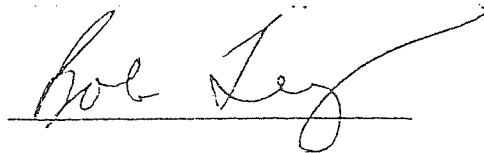
PORT OF ANACORTES

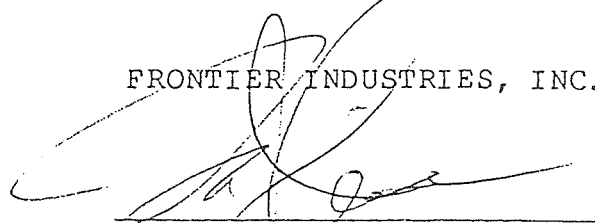

Port Auditor.

BY 
Executive Director

ATTEST:

FRONTIER INDUSTRIES, INC.




President

Owners/Officers are signing individually and as officers of the Lessee Corporation as to responsibilities and obligations of performance herein recited.

ACKNOWLEDGEMENT FOR INDIVIDUAL AGREEMENT

STATE OF WASHINGTON)
 :SS
COUNTY OF SKAGIT)

On this 16TH day of July, 1986, before me personally appeared MUCE JOHNSON and _____ to me known to be the individual(s) described in and who executed the within and foregoing instrument, and acknowledged they signed and sealed the same as their free and voluntary act and deed for the uses and purposes therein mentioned.

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

Karen F Woodring
NOTARY PUBLIC in and for the State of Washington, residing at Anacortes

My appointment expires: 4/01/87

ACKNOWLEDGEMENT FOR MUNICIPAL CORPORATION

STATE OF WASHINGTON)
 :SS
COUNTY OF SKAGIT)

On this 16th day of July, 1986, personally appeared JOSEPH E. BAIER, to me known to be the Executive Director of the PORT OF ANACORTES, a municipal corporation, the corporation that executed the foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said corporation; for the uses and purposes therein mentioned, and on oath stated that he was duly authorized to execute the same, and that the seal affixed is the corporate seal of said corporation.

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

(S E A L) Karen Wooding
NOTARY PUBLIC in and for the State of Washington, residing at Anacortes
My appointment expires: 4/01/89

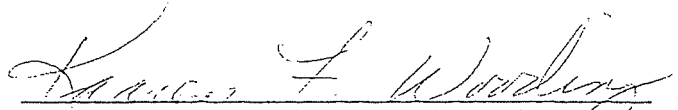
ACKNOWLEDGEMENT FOR CORPORATE AGREEMENT

STATE OF WASHINGTON)
 :SS
COUNTY OF SKAGIT)

On this 16th day of July 1986, personally
appeared before me MIKE JOHNSON and _____
to me known to be the PRESIDENT and _____
respectively, of FRONTIER INDUSTRIES, INC. the corporation
that executed the within and foregoing instrument, and
acknowledged said instrument to be the free and voluntary act and
deed of said corporation, for the uses and purposes therein
mentioned, and on oath stated that they were authorized to
execute said instrument and that the seal affixed is the
corporate seal of said corporation.

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

(S E A L)



Notary Public in and for the State
of Washington, residing at Anacortes.

My Appointment expires: 4/01/87