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K. 36484
AGREEMENT

DVA
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THIS AGREEMENT made this 14/10 day of October, 1983, between Gary L. Hedlund and Mary E. Hedlund, husband and wife, of 1960 Painter Street, Klamath Falls, Oregon, hereinafter referred to as seller, and Jon C. Elliott and Patricia A. Elliott, husband and wife, of 1940 Painter Street, Klamath Falls, Oregon, hereinafter referred to as buyer.

RECITALS

I.

Seller is the owner of a parcel of real property located in Klamath County, Oregon, and more fully described as:

Lots 7 and 8 of Block 18, Hillside Addition to the City of Klamath Falls, Klamath County, Oregon.

II.

Buyer is the owner of a parcel of real property located in Klamath County, Oregon, and more fully described as:

Lot 9 and the easterly 15 feet of Lot 10 of Block 18, Hillside Addition to the City of Klamath Falls, Klamath County, Oregon.

III.

Seller has developed and now owns a geothermal hot water well, 500 feet in depth and not less than eight inches in diameter, on seller's real property described above.

IV.

Seller wishes to sell and buyer wishes to purchase an undivided onehalf interest in the abovedescribed well.

The parties agree:

SECTION ONE

DESCRIPTION OF PROPERTY TRANSFERRED

For and in consideration of the sum of Seven Thousand Dollars (\$7,000.00) to be paid by buyer to seller as provided in this agreement, seller hereby sells to buyer and buyer hereby purchases from seller:

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a. An undivided one-half interest in seller's eight-inch geothermal hot water well located on seller's property at 1960 Painter Street and more fully described above; and

b. An undivided one-half interest in the casing and downhole heat exchanger used in connection with the well; and

c. A perpetual right and easement for ingress and egress for the purpose of maintaining and repairing or replacing the pipes which serve the Elliott property, together with an easement for the installation and maintenance of such pipes as are required to convey hot water from the said well in a direct line running from the said well to the nearest practical access point on buyer's property.

SECTION TWO

PAYMENT OF PURCHASE PRICE

The purchase price of Seven Thousand Dollars (\$7,000.00) shall be paid by buyer to seller upon delivery and signing of this agreement by sellers.

SECTION THREE

INSTALLATION AND MAINTENANCE

The well shall be connected with buyer's domestic water system and heating system by subsurface pipes laid along the easement described above. The subsurface pipes shall run in a direct line from the well to the nearest practical access point on buyer's property. Buyers agree to remedy any damage done to seller's property or landscaping caused by the excavation for and the installation of such pipes. Buyer agrees to install at his expense any pipes, valves or connections necessary to deliver water from the well to buyer's premises.

Each of the parties agree to be responsible for maintaining the delivery lines from the well to their respective homes. Each of the parties agree to maintain the heating system within their respective homes. Parties further agree that all the maintenance costs of the well, casing and loop shall be shared equally. In the event that any repair or replacement of the well casing or of the coil is required, the parties expressly agree to cooperate fully in making such repair or replacement to insure that the necessary equipment, operator and supplies, can be obtained

to make such repair or replacement as soon as practical. The parties further agree to pay for or to arrange for the payment of their respective shares of the costs of said repair or replacement as soon as is reasonably possible.

SECTION FOUR

WARRANTY

The parties recognize that the heat and water which are produced in a geothermal well such as is the subject of this agreement, is the product of a natural phenomenon and that accordingly, neither party has any substantial control over the resource. Each party agrees to cooperate fully with the other, however, to maximize the beneficial use and enjoyment of the well by both parties to the agreement. The sale of the interest in the well as aforesaid is made by seller to buyer on an "as is" basis. Seller makes no representations nor warranties of any kind, including but not limited to guarantees about the serviceability, duration, temperature, or quality of the well or the water therein. Sellers agree to rely exclusively upon their own inspection and upon the inspection of consultants retained by buyer to determine the true current condition of the well.

SECTION FIVE

It is the intention of the parties that the well which is the subject of this agreement shall be used by the parties to supply the respective single-family dwellings of each of the parties with hot water for domestic use in space heating and other domestic requirements. Neither party shall expand the use of the well, water and heat, other than as set forth without the consent of the other. The consent of both parties shall, however, be readily given to contemplated expanded uses so long as the serviceability of the well, water and heat produced therein, is not impaired by such expanded use. In no event, however, shall any expanded use of the well occur off the respective parcels of the parties described above.

In the event that at any future time there is insufficient heat, water or temperature, to heat both homes, then and in that event, the heating requirements of the seller's home shall have priority. In such event, if there is insufficient heat or water to heat both homes and in the further event that the exercise of the seller's priority rights as set forth herein results in insufficient heat for buyer and as a result, buyer is unable to continue

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use of the well, then a prorated cash payment will be made to buyer in compensation. In that event, all rights of buyer to the well as granted hereunder shall cease. If the parties cannot agree on a equitable amount as compensation due from seller to buyer, such amount shall be established by an impartial arbitrator selected by the parties.

SECTION SIX

ASSIGNMENT

This agreement shall bind and inure to each of the parcels of land described above, be appurtenant thereto and run therewith. The agreement shall bind the heirs, successors and assigns of each of the parties.

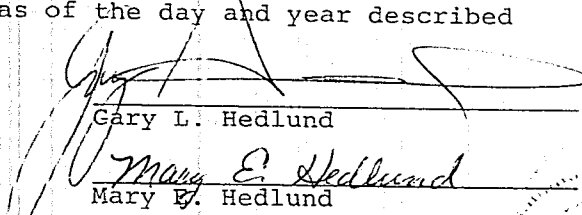
SECTION SEVEN

ATTORNEY'S FEES

In the event that any owner of either of the said parcels of real property described herein, shall at any time hereafter, institute any suit, action or proceeding to enforce any of the covenants or agreements contained herein or for damages for the breach of same, then, and in that event, the courts in which such proceedings are instituted may award the prevailing party in such suit, action or proceeding, such sum as it may adjudge reasonable for said prevailing party's attorney's fees, costs and disbursements incurred herein.

IN WITNESS WHEREOF, the parties have executed this agreement in triplicate as of the day and year described above.

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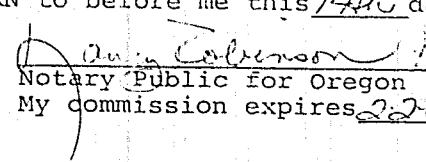


Gary L. Hedlund



Mary E. Hedlund

SUBSCRIBED AND SWORN to before me this 14th day of October, 1983.



Notary Public for Oregon

My commission expires 2-28-87

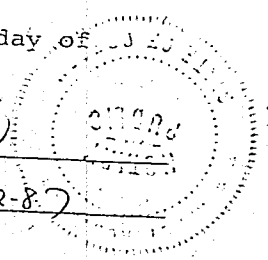
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Jon C. Elliott
Jon C. Elliott

Patricia A. Elliott
Patricia A. Elliott

SUBSCRIBED AND SWORN to before me this 14th day of October, 1983.

Dancy Tolson
Notary Public for Oregon
My commission expires 2-2-87



STATE OF OREGON,)
County of Klamath)
Filed for record at request of

on this 21 day of Nov A.D. 19 83
at 1:51 o'clock P M, and duly
recorded in Vol. M83 of Deeds
page 19939

EVELYN BIEHN, County Clerk

By Sam Smith Deputy
Fee 20.00