

CITY: Gilchrist
 STATE: Oregon
 COUNTY: Klamath

K-39851

EASEMENT

SECTION 1. CASCADE NATURAL GAS CORPORATION (hereinafter called the "Grantee"), a Washington corporation, its successors and assigns, for and in consideration of the payment of ten dollars, the receipt of which is hereby acknowledged, is hereby granted by GILCHRIST TIMBER COMPANY (hereinafter called the "Grantor"), an Oregon corporation, the nonexclusive right, easement, license, privilege and franchise to select the route for and construct, maintain, inspect, operate, protect, repair, replace, alter and remove an underground pipeline or pipelines for the transportation of gas and the products thereof on, over and through the following described lands in Klamath County, Oregon, including, without limitation, the right to construct, maintain and operate in, through and along the present and future streets, alleys, parkings and public places in the unincorporated community of Gilchrist, Oregon, (hereinafter called the "Town") and in connection therewith to install, operate and maintain underground mains, pipes, reducing and regulating stations, boxes, laterals, conduits and connections, together with all necessary appurtenances for the purpose of supplying gas for heat, power, light or other purposes to the Town and to the inhabitants thereof for the full term of this easement, subject, however, to the limitations as herein set forth and provided across the following described property:

Township 24 South, Range 9 East of the Willamette Meridian

Section 19: All, Except Lots 1, 2, 3, and 4, and further excepting that parcel deeded to Klamath County School District in M-76 on page 11148, more particularly described as follows:

Beginning at a point on the section line common to Sections 19 and 20, Township 24 South, Range 9 East of the Willamette Meridian, from which the 1/4 Section corner common to said Sections 19 and 20 bears North 0°04' East 213.5 feet distant; thence South 89°56' East 375.3 feet to a 5/8" iron pin; thence South 13°05'20" West 839.65 feet to a 5/8" iron pin; thence North 61°54'40" West 278.35 feet to a 5/8" iron pin; thence North 72°38'05" West 665.5 feet to a 5/8" iron pin; thence North 16°46'35" East along a chain link fence 200.8 feet to a fence corner; thence South 77°46'40" East along said fence 94.3 feet to a fence corner; thence North 15°20'15" East along said fence 110.25 feet to a fence corner; thence North 74°36'40" West along said fence 119.2 feet to a fence corner; thence North 15°52'20" East along said fence 250.95 feet to a fence corner; thence South 73°54'25" East along said fence and along the fence line extended southeasterly 524.45 feet to a 5/8" iron pin; thence South 89°56' East 33.9 feet to the point of beginning.

ALSO SAVING AND EXCEPTING that parcel deeded to the Roman Catholic Bishop of the Diocese of Baker, in Deed

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Volume M-78 on page 26694, more particularly described as follows:

Beginning at a point (a two inch iron pipe) on the Easterly right-of-way line of the Dalles-California Highway (U.S. 97) which is South 19°28' West 2571.45' from the corner common to Sections 17, 18, 19 and 20, Township 24 South, Range 9 East; thence South 45°24' East 267.74' to a two inch iron pipe; thence South 15°36' West 130.75 feet to a two inch iron pipe; thence North 74°24' West 234.17 feet to a nail in a stump which is on the easterly right-of-way of the Dalles-California Highway (U.S. 97); thence along the easterly right-of-way of the Dalles-California Highway (U.S. 97) North 15°36' East 260.55 feet to the point of beginning.

ALSO SAVING AND EXCEPTING that parcel deeded to Midstate Electric Cooperative, Inc., in Deed Volume M-69 on page 98, more particularly described as follows:

Beginning at point 2013 feet North 89°18' East and 103.5 feet North 4°28' West of the Section Corner common to Sections 19 and 30, Township 24 South, Range 9 East, and Sections 24 and 25, Township 24 South, Range 8 East, being the true point of beginning of the land herein described; thence North 4°28' West 95 feet; thence North 85°32' East 100 feet; thence South 4°28' East 95 feet; thence South 85°32' West 100 feet to the point of beginning.

And further excepting any portion located within the Dalles-California Highway, and/or the Klamath Northern Railroad.

Section 20: Southwest quarter of the Southwest quarter, Southwest quarter of the Northwest quarter and Northwest quarter of the Southwest quarter, excepting therefrom that parcel deeded to Klamath County School District in M-76 on page 11148, records of Klamath County, Oregon.

Section 30: East one-half of the East one-half, Southwest quarter of the Southeast quarter, saving and excepting that portion deeded to Crescent Water and Sewer Service in Deed Volume M-66 on page 12571, more particularly described as follows:

Beginning at a point from which the Northeast corner of Section 30, Township 24 South, Range 9 East of the Willamette Meridian bears North 2°17' West 1362.18 feet distant, said point being the center of the following described parcel; thence South 79°41' West 104.35 feet to the true point of beginning thence North 10°19' West 104.35 feet; thence North 79°41' East 208.7 feet; thence South 10°19' East 208.7 feet; thence South 79°41' West 208.7 feet; thence North 10°19' West 104.35 feet, more or less to the true point of beginning.

ALSO SAVING AND EXCEPTING THEREFROM, A parcel deeded to Crescent Water and Sewer Service Association in M-66 on page 12573, more particularly described as follows:

A strip of land 20 feet in width situate in the East one-half of the Northeast quarter of Section 30, Township 24 South, Range 9 East of the Willamette Meridian, and the 10 feet in width on either side of the following described centerline:

Beginning at a point from which the Northeast corner of Section 30, Township 24 South, Range 9 East of the Willamette Meridian bears North 79°41' East

104.35 feet and North 2°17' East 1362.18 feet distant; thence South 79°41' West 1191 feet, more or less, to a point from which the said Northeast corner of the said Section 30 bears South 79°41' West 25.65 feet and North 40°15'40" East 2093.4 feet distant.

ALSO SAVING AND EXCEPTING THEREFROM, A parcel deeded to Crescent Water Association, in M-73 on page 6322, more particularly described as follows:

Beginning at a point on the southerly boundary of the existing right-of-way for the present water line and access road of the Crescent Water Association from which the East one-sixteenth corner on the North boundary of Section 30, Township 24 South, Range 9 East of the Willamette Meridian bears South 79°41' West 289.4 feet and North 0°22' East 1609.5 feet distant; thence N. 79°41' East along said southerly right-of-way boundary 25.0 feet to a point; thence South 10°19' East 25.0 feet to a point; thence South 79°41' West 25.0 feet to a point; thence North 10°19' West 25.0 feet to the point of beginning.

West half of the Northeast quarter lying Westerly of the Easterly line of the Outlots as shown on the plat of Crescent.

Government Lots 1 and 2 and the Northeast quarter of the Northwest quarter, Saving and excepting that portion in Klamath Northern Railroad.

That portion of the Southeast quarter of the Northwest quarter and Northeast quarter of the Southwest quarter lying Westerly of the Easterly line of the Outlots as shown on the plat of Crescent and North of the Crescent Cutoff County Road.

That portion of the Northwest quarter of the Northeast quarter lying Westerly of Dalles-California and Easterly of the Easterly line of the Outlots as shown on the plat of Crescent, EXCEPT any portion lying within the Townsite of Crescent, now vacated; ALSO SAVING AND EXCEPTING that portion deeded to Matt Kegler and Vince Purlott in Deed Volume 326 on page 441, more particularly described as follows:

Beginning at a point marked by an iron pin on the Westerly right of way line of the Dalles-California Highway opposite Engineers Station 1574+80.14 said point being the point of intersection of the Westerly right of way line of U. S. Highway 97 and the section line between Section 19 and Section 30, Township 24 South, Range 9 East of the Willamette Meridian and is 927.56 feet from the one quarter corner between Section 19 and Section 30, thence South 15°34' West 80.10 feet to an iron pin, thence North 74°26' West 80 feet to an iron pin; thence North 15°34' East 58.24 feet to an iron pin; thence South 89°43' East 82.93 feet to the point of beginning.

Beginning at the corner common to Sections 19, 20, 29 and 30, Township 24 South, Range 9 East of the Willamette Meridian, and running thence South 87°41-1/2' West 1722.76 feet more or less, to a point on the Westerly right of way line of the Dalles-California Highway; thence South 15°34' West 450 feet to the point of beginning; thence North 74°26' West 80 feet; thence South 15°34' West 1121.26 feet; thence South 74°26' East 80 feet; thence North 15°34' East 1121.26 feet to the place of beginning.

SAVING AND EXCEPTING: Beginning at the corner common to Sections 19, 20, 29, and 30, Township 24

South, Range 9 East of the Willamette Meridian, and running South $87^{\circ}41\frac{1}{2}'$ West 1722.76 feet, more or less to a point on the Westerly right of way line of the Dalles-California Highway; thence South $15^{\circ}34'$ West 450 feet along said Westerly right of way line; thence North $74^{\circ}26'$ West 80 feet; thence South $15^{\circ}34'$ West 1121.26 feet to the true point of beginning; thence $74^{\circ}26'$ East 80 feet; thence North $15^{\circ}34'$ East 100 feet; thence North $74^{\circ}26'$ West 80 feet; thence South $15^{\circ}34'$ West 100 feet, to the point of beginning.

ALSO SAVING AND EXCEPTING: Beginning at the corner common to Sections 19, 20, 29 and 30, Township 24 South, Range 9 East of the Willamette Meridian, and running thence South $87^{\circ}41\frac{1}{2}'$ West 1722.76 feet, more or less, to a point on the Westerly right of way line of the Dalles-California Highway; thence South $15^{\circ}34'$ West 450.0 feet along the said Westerly right of way line; thence North $74^{\circ}26'$ West 80 feet; thence South $15^{\circ}34'$ West 1021.26 feet to the true point of beginning; thence South $74^{\circ}26'$ East 80 feet; thence North $15^{\circ}34'$ East 70 feet; thence North $74^{\circ}36'$ West 80 feet; thence South $15^{\circ}34'$ West 70 feet, to the true point of beginning.

That portion of Northwest quarter of the Southwest quarter lying Northeasterly of the Crescent Cutoff County Road.

That portion of the Southwest quarter of the Southwest quarter lying Westerly of Klamath Northern Railroad and Easterly of the extension of the Southeasterly line of Riverview St.

Lot 1, Block 8 Townsite of Crescent, now vacated, and also known as a tract of land situated in Section 30 Township 24 South, Range 9 East of the Willamette Meridian and more particularly described as follows: Beginning at the intersection of the Easterly line of the Plat of Crescent and the centerline of vacated Parker Street as shown on said plat, thence West along said centerline 99.5 feet, more or less, to the centerline of vacated alley, if said centerline was extended Southerly, thence North $39^{\circ}49'$ East 118.5 feet, more or less, to the Easterly line of said plat; thence South $0^{\circ}03'10''$ West 154.82 feet, more or less, to the point of beginning.

SECTION 2. TO HAVE AND TO HOLD said right-of-way and easement unto said Grantee, its successors and assigns, until such first pipeline be constructed and so long thereafter as a pipeline is maintained thereon. Provided that in the event of abandonment or non-use of this easement hereby granted for a continuous period of two (2) years, Grantee or its successors and assigns shall deliver to Grantor or its successors and assigns a recordable instrument surrendering and terminating said easement or the part thereof affected.

SECTION 3. All of the Grantee's gas property and facilities shall be constructed and maintained in good order and condition at all times, and in accordance with standard engineering practices and all lawful governmental regulations. The Grantor shall have the authority at all times to control and further, by appropriate regulations, the safety, convenience and welfare of the inhabitants of

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the Town, and the location, elevation and manner of construction and maintenance of the Grantee's gas property and facilities on the town streets and alleys. Grantee agrees to promptly conform with all such regulations, providing such regulations by the Grantor shall be in conformance with standard engineering practices, reasonable from the standpoint of the Grantor's and the Grantee's operations and facilities,, and that this authority be subject to the provisions of any applicable state laws.

SECTION 4. Prior to the erection of any facilities hereunder, including the excavation or laying of any pipeline, Grantee shall submit to Grantor in writing plans, specifications and drawings showing in detail the proposed location of any facility or facilities, the depth and location of any proposed lines, the estimated time and length of installation and other pertinent details of the proposed work. Grantor shall have 30 days from the date of such submission to either approve, reject or suggest changes in the proposed plans. If Grantor does not make any objections or suggested changes by the expiration of said 30 day period, Grantor shall be deemed to have approved said plans and Grantee thereupon may commence its work or construction. If Grantor objects or suggests changes within said 30 day period, Grantor and Grantee shall make every reasonable effort to adjust their differences. If such adjustment is not accomplished within 90 days from the date of the original submission of the plans and specifications, the dispute shall be submitted to arbitration under the provisions of Oregon Revised Statutes 33.210 et seq.

All pipelines of the Grantee shall be laid in a manner that will not interfere with any present public or private irrigation or drain ditches, drains, sewers, water mains, conduits, sidewalks, paving or other improvements. All required repairs thereto or replacements thereof shall be accomplished as provided in Section 5.

The Grantor reserves the right to construct, change or repair any public or private improvements, and to change the grades of any streets, alleys or sidewalks. The Grantee shall first be given written notice of such intention where any part, or parts, of the Grantee's distribution system may be involved. If any changes or repairs are required, Grantee promptly shall, at its own expense, lower, change or alter those pipelines or appurtenances involved accordingly and in accordance with standard engineering practices and any regulations pertaining thereto. Grantee shall not interfere with the conduits, water lines, drains, sewers, sidewalks, paving or other improvements or public utilities or Grantor-operated utilities therein. If practicable, no pipeline shall be laid closer than 2 feet to any water mains or other pipe or conduit of other utilities.

SECTION 5. All earth, materials, sidewalks, paving, crossings, or improvements of any kind that are disturbed, injured or removed by the Grantee shall be fully repaired or replaced properly and promptly by the Grantee, and the Grantee shall protect and save harmless the Grantor for any loss or damage thereon. The Grantee shall further be required to conform to any requirements of the Grantor with reference to cutting any streets or sidewalks and the replacement thereof. Should the Grantee fail or refuse to restore and replace the Grantor's property to its approximately original condition within a reasonable period after completion of Grantee's construction, laying, removal, operating and maintaining work, then the same may be restored by the Grantor at the expense of the Grantee.

SECTION 6. The Grantee shall, at all times during the term of this easement, install and maintain at its own expense such service devices, street services, regulating and measuring devices (exclusive of meters), as may be necessary for supplying service to the consumers, such requirement extending only to the property line along the line of the main where the main is in the street, and to the abutting property line where the main is in the alley.

All reasonable extensions for supplying service to the consumers who are inhabitants of the Town shall be made, supplied and furnished by the Grantee, under such reasonable rules and regulations as may be prescribed by the body or authority having jurisdiction thereover, in accordance with the provisions herein contained.

SECTION 7. The gas to be supplied to the inhabitants of the Town shall be merchantable gas. Said gas shall be supplied to the customer's meters at such reasonable pressure as may be prescribed by the Public Utility Commissioner. The rates, rules and regulations in respect to the condition, character, quality and standards of services to be furnished by the Grantee, and all such matters shall be that which is lawfully prescribed by the Public Utility Commissioner of the State of Oregon.

SECTION 8. The Grantee shall, at all times, keep maps and records showing the locations and sizes of all gas mains laid or owned by it in the Town, and such maps and records shall be available to the Grantor at all reasonable times.

SECTION 9. The Grantee, its successors and assigns, may make such reasonable rules and regulations for the protection of its property, the service to its customers and charges for said service, the prevention of loss and waste, safety measures, the conduct and operation of its business in respect to the sale or distribution of gas as may be advisable or necessary from time to time, all in

accordance and conformity herewith and with existing laws and regulations.

SECTION 10. In case of failure on the part of the Grantee, its successors and assigns, to comply with any of the provisions of this instrument, or if the Grantee, its successors or assigns, do or cause to be done, any act or thing in violation of, or prohibited by this instrument, the Grantee, its successors or assigns, shall forfeit all rights and privileges granted herein and all rights hereunder shall cease; provided, such forfeiture shall not occur nor take effect until the Grantor shall carry out the following proceedings:

Before the Grantor may proceed to terminate the rights granted herein, it shall serve upon the local manager of the Grantee, its successors or assigns, by registered mail, a written notice setting forth clearly and in detail the failure or violation complained of.

The Grantee, its successors or assigns, shall have 90 days thereafter in which to comply with the conditions of this agreement of easement. Should the failure or violation continue beyond the said 90 days, the Grantor, at its sole discretion, shall have the right to forthwith determine that this easement is terminated.

Provided, however, such failure, default or violation shall not constitute grounds for forfeiture of this easement if due materially, substantially and reasonably to the act of God, fire, flood, storm or other element or casualty, theft, war, disaster, strike, lockout, boycott, prevailing war or war-induced conditions, war preparation, or bona fide legal proceedings beyond the control of the Grantee, its successors and assigns.

SECTION 11. The Grantee hereby agrees at all times, for itself, its successors and assigns, to protect and save harmless the Grantor from all claims, actions, suits, liability loss, expense or damage of every kind and description, which may accrue to or be suffered by person or persons arising out of the ownership, construction, or operation of said gas system or by reason of any infringement of any patent of any article or system used in the construction or use of said gas distribution system. Grantee agrees that during the life of its easement, and/or renewal hereof, it will maintain in full force and effect, with a carrier or carriers satisfactory to the Grantor the following:

A. Compensation insurance complying with all the workmen's insurance and safety laws of the State of Oregon and amendments thereto;

B. Bodily injury liability insurance with limits of not less than \$100,000 each person and \$200,000 each occurrence;

C. Property damage liability insurance with limits of not less than \$200,000 each accident and \$500,000 aggregate; and nothing herein contained shall ever be held or construed so as to obligate the Grantor for the responsibility of the Grantee.

SECTION 12. The Grantor shall not be liable for any damage to the pipes or mains of the Grantee, its successors or assigns, done by Grantor's agents, employees, or contractors, in grading or improving streets, alleys, avenues, highways or other places when the Grantee has been given written notice that such grading or improvement is to be undertaken in accordance with the provisions contained in Section 4 hereof.

SECTION 13. The Grantee shall have the right to assign this easement in whole or in part including, without limitation, the right of assignment under any presently outstanding or future mortgage or mortgages, given to secure any bonds or other bona fide indebtedness of the Grantee.

SECTION 14. If Grantee breaches any term of condition of this easement and Grantor brings legal action or other proceeding against the Grantee to enforce the terms and conditions hereof or to recover damages for such breach, the Grantor shall be entitled to recover a reasonable attorney's fee as well as its costs and disbursements incurred in such proceeding.

DATED this 20th day of May, 1988.

GILCHRIST TIMBER COMPANY

By Charles F. Scott
President

By Wayne H. Ernst
Secretary

CASCADE NATURAL GAS CORPORATION

By A. R. Mitchell
A. R. Mitchell, President

By D. E. Bennett
Assistant Secretary

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STATE OF WASHINGTON)
) ss.
 COUNTY OF KING)

On this 6th day of JUNE, 1988, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn personally appeared A. R. MITCHELL and D. E. Bennett to me known to be the President and Assistant Secretary respectively, of CASCADE NATURAL GAS CORPORATION, the corporation that executed the foregoing instrument, and acknowledged the 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 are authorized to execute the said instrument.

WITNESS my hand and official seal hereto affixed the day and year in this certificate above written.

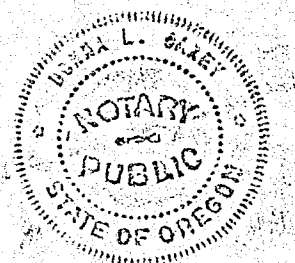


James M. Swan
 Notary Public in and for the State of Washington, residing at Redmond.

STATE OF OREGON)
) ss.
 COUNTY OF KLAMATH)

On this 20th day of May, 1988, before me, the undersigned, a Notary Public in and for the State of Oregon, duly commissioned and sworn personally appeared Charles F. Shotts and Wayne G. Ernst to me known to be the President and Secretary, respectively, of the corporation that executed the foregoing instrument, and acknowledged the 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 are authorized to execute the said instrument.

Witness my hand and official seal hereto affixed the day and year in this certificate above written.



Donna L. Carey
 Notary Public in and for the State of Oregon, residing at Crescent
 Expires: 6-5-90

Return: Cascade Natural Gas Corp.
 P.O. Box 2446
 Seattle, WA 98124
 Attn: James Swan

STATE OF OREGON, ss.
 County of Klamath

Filed for record at request of:

-- Klamath County Title

on this 17 day of June A.D., 19 88
 at 10:59 o'clock a M. and duly recorded
 in Vol. M. 88 of deed Page 9373

Evelyn Biehn, County Clerk

By Donna L. Carey Deputy.

Fee, 45.00