

AGREEMENT

1 THIS AGREEMENT made this 13 day of July, 1988, between Theodore H.
 2 Gehrman and Muriel F. Gehrman, husband and wife, hereinafter referred to as
 3 sellers, and Richard J. Chase and Rowina Chase, husband and wife, hereinafter
 4 referred to as buyers.

RECITALS

I.

5 Sellers are the owners of a parcel of real property located in Klamath County,
 6 Oregon, and more fully described as:

7 Lots 1 and 2 of Block 12, Hillside
 8 Addition to the City of Klamath Falls,
 9 Klamath County, Oregon.

II.

10 Buyers are the owners of a parcel of real property located in Klamath County,
 11 Oregon, and more fully described as:

12 Lot 7, Block 12, Hillside Addition
 13 to the City of Klamath Falls, Klamath
 14 County, Oregon.

III.

15 Sellers have developed and now own a geothermal hot water well, 273 feet
 16 in depth and not less than eight inches in diameter, on sellers' real property
 17 described above.

IV.

18 Sellers wish to sell and buyers wish to purchase an undivied one-half
 19 interest in the above-described well.

20 The parties agree:

SECTION ONEDESCRIPTION OF PROPERTY TRANSFERRED

22 For and in consideration of the sum of Five thousand five hundred dollars
 23 (\$5,500.00) to be paid by buyers to sellers as provided in this agreement, sellers
 24 hereby sell to buyers and buyers hereby purchase from sellers:

- 25 a. An undivided one-half interest in sellers' eight-inch geothermal hot
 26 water well located on sellers' property at 1436 Eldorado Street and more fully
 27 described above; and
- 28 b. The casing and black pipe heating coil used in connection therewith; and
- 29 c. A perpetual right and easement for ingress and egress for the purpose of
 30 maintaining and repairing or replacing the pipes which serve the Chase property,
 31 together with an easement for the installation and maintenance of such pipes as
 32 are required to convey hot water from the said well in a direct line running
 from the said well perpendicular to the property line between sellers' and
 purchasers' respective properties.

SECTION TWOPAYMENT OF PURCHASE PRICE

Agreement - Page 1.

1 The purchase price of Five thousand five hundred dollars (\$5,500.00) shall
2 be paid by buyers to sellers upon delivery and signing of this agreement by
sellers.

3 SECTION THREE

4 INSTALLATION AND MAINTENANCE

5 The well shall be connected with buyers' domestic water system and heating
6 system by subsurface pipes laid along the easement described above. The
7 surface pipes shall run in a direct line from the well to the nearest access
8 point on buyers' property. Buyers agree to remedy any damage done to sellers'
property or landscaping caused by the excavation for and installation of such
pipes. Buyers agree to install at their expense any pipes, valves or connections
necessary to deliver water from the well to buyers' premises.

9 Each of the parties agree to be responsible for maintaining the delivery
10 lines from the well to their respective homes. Each of the parties agree to
11 maintain the heating system within their respective homes. Parties further
12 agree that all the maintenance costs of the well, casing and loop shall be
13 shared equally. In the event that any repair or replacement of the well casing
14 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.

15 SECTION FOUR

16 WARRANTY

17 The parties recognize that the heat and water which are produced in a
18 geothermal well such as is the subject of this agreement, is the product of a
19 natural phenomenon and that accordingly, neither party has any substantial
20 control over the resource. Each party agrees to cooperate fully with the other,
21 however, to maximize the beneficial use and enjoyment of the well by both
22 parties to the agreement. The sale of the interest in the well as aforesaid
23 is made by sellers to buyers on an "as is" basis. Sellers make no represen-
24 tations nor warranties of any kind, including but not limited to guarantees
25 about the serviceability, duration, temperature, or quality of the well or the
26 water therein. Sellers agree to rely exclusively upon their own inspection
27 and upon the inspection of consultants retained by buyers to determine the true
28 current condition of the well.

29 SECTION FIVE

30 It is the intention of the parties that the well which is the subject of
31 this agreement shall be used by the parties to supply the respective single-
32 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.

33 In the event that at any future time there is insufficient heat, water or
34 temperature, to heat on the parties' properties, then and in that event, the
35 heating requirements of the sellers' homes shall have priority. In such event,
36 if there is insufficient heat or water to heat both parties' property and in
37 the further event that the exercise of the sellers' priority rights as set
38 forth herein results in insufficient heat for buyers and as a result, buyers
are unable to continue use of the well, then a prorated cash payment will be

Agreement - Page 2.

made to buyers in compensation. In that event, all rights of buyers to the well as granted hereunder shall cease. If the parties cannot agree on an equitable amount as compensation due from buyers to sellers, 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.

Theodore H. Gehrman
Theodore H. Gehrman

MURIEL F. GEHRMAN
Muriel F. Gehrman By M. Gehrman

Richard J. Chase
Richard J. Chase

Rowena Chase
Rowena Chase

Subscribed and Sworn to before me this 13 day of July, 1988.

William L. Sisemore
Notary Public for Oregon

(SEAL)

My Commission Expires: Oct 8, 1990

STATE OF OREGON,
County of Klamath ss.

Filed for record at request of:

William L. Sisemore

on this 15th day of July A.D., 1988
at 10:18 o'clock A.M. and duly recorded
in Vol. M88 of Deeds Page 11190

Evelyn Biehn County Clerk

By Pauline Mullens

Deputy.

Fee, \$18.00

WILLIAM L. SISEMORE
Attorney at Law
540 Main Street
KLAMATH FALLS, ORE.
97601

503/882-7229

O.S.B. #701336

Return to
+ Theodore Gehrman
72 Eulonia Ct
Klamath Falls Oregon - 97601

Agreement - Page 3.

18.00