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GEOHERMAL WATER AND EASEMENT AGREEMENT

THIS AGREEMENT made on the date last signed below by and between Poole's Inc., an Oregon corporation, by and through its authorized officers, hereinafter referred to as GRANTEE; Donald E. Rowlett and Claudia Rowlett, husband and wife; Mark L. Randall and Jeanne Randall, husband and wife; Julie Ann Rowlett; Jennifer L. Rowlett, individually, and collectively known as Greensprings Investment Properties, an Oregon partnership, hereinafter referred to as GRANTORS subject to the terms, conditions and covenants which follow:

1. Purpose of Agreement. The purpose of this agreement is twofold:

(a) A perpetual easement appurtenant in which grantors grant to grantees, their heirs, successors and assigns the right to transfer geothermal water from an existing well located on grantee's real property; to inject the same into a geothermal well located on grantor's real property, subject to the terms and conditions of the easement which follow.

(b) Geothermal water sales agreement which grantee's heirs, successors and assigns agree to sell to grantors certain geothermal water as described in the geothermal water sales agreement which shall benefit and burden the real property.

2. Real Property Subject to Agreement:

Grantor's Property:

A tract of land located in Block 23A of Re-Subdivision plat of Block 23, Industrial Addition to Klamath Falls, Oregon; A strip of land ten (10) feet wide, lying five (5) feet on each side of the following described center line; commencing at the southeast corner of lot 1, block 23A, of said plat, northwesterly along the northerly right of way line of Division Street, a distance of 194.0 feet to the true point of beginning; thence northeasterly and parallel with the property lines common to lots 4 and 5 of said block, a distance of 70.0 feet to the end of said 10 foot wide easement.

Grantee's Property:

A tract of land located in Block 17, lots 52 to 59, Industrial Addition to the City of Klamath Falls, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

3. Easement.

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(a) Conveyance. Grantors convey to grantees, their heirs, successors and assigns, an easement of appurtenant impressed upon lots 1 through 5, block 23A of the resubdivision of block 23, Industrial Addition, to the City of Klamath Falls, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon. Grantee shall have first right to inject into Grantor's well with volume and pressure eliminations as set forth in this agreement. Injection of geothermal water by others must not encumber Grantee's use.

(b) Use of Easement. The purpose of this easement is to permit grantees, their heirs, successors or assigns to excavate, install and maintain at a depth of not less than 24 inches pipes and electrical control wiring, voltage not to exceed 24 VAC, to transmit and control water to the existing hydrothermal well described within said easement and for the injection use of said well and for access and egress of such trucks and other equipment which may from time to time be reasonably needed to effect service or repair to pipelines, controls or the well itself.

(c) Use by Grantors. Grantors expressly reserve for themselves, their heirs, successors or assigns the rights to make use of all real property, above which the easement has been granted, including and right to install walks, driveways, plants, shrubs, lawns and such other landscaping or to install improvements thereon providing grantor allow a suitable route for access and egress to the well head by such vehicles or equipment as would be necessary to effect maintenance or repair, providing that the improvement or use of the real property does not materially interfere with grantees' rights or increase the costs thereof.

(d) Retained Rights by Grantors. Grantee hereby grants the right of beneficial use of all water injected into the well described within, subject to the requirement that grantor's retained use should cause the easement no more than 12 pounds per square inch loss or restriction in their use.

(e) Reinjection Agreement. Grantors agree to accept and reinject into the ground geothermal water from Grantee's well at a rate not to exceed an average daily flow rate of 60 gallons per minute. Grantees will operate the delivery system with a maximum of 30 pounds per square inch pressure if needed to aid reinjection.

(f) Costs Associated with Easement. As long as the Grantor makes a beneficial use of geothermal waters being injected into Grantor's well, Grantor shall be responsible for necessary pumping above 30 pounds per square inch pressure and required well maintenance to comply with the terms of this easement.

Any additional pressure if required will be the responsibility of the Grantor and would be supplied at Grantor's expense. Expenses relating to the installation and operation of equipment at the Grantor's well, to include maintenance of the well in operating condition, would be Grantor's responsibility.

Grantees covenant and agree that they shall pay all costs of location, excavation, and installation of the pipes and easement to the Grantor's well head. Grantors covenant and agree that they shall pay all costs associated with the use of the waters at said well head. Grantees covenant that they shall pay all costs reasonably necessary for the repair and maintenance of the pipeline located within the easement above described together with any costs of excavating, landscaping, and repair of grantor's retained property damaged through either excavation or repair.

4. Geothermal Water Supply Agreement.

(a) Water Supply Agreement. For the consideration stated below, grantee agrees to maintain a pump and delivery piping system capable of providing 20 gallons per minute at 30 pounds per square inch pressure upon demand directly from Grantee's well to Grantor's well with a temperature guarantee at Grantor's well of no less than 10 degrees Fahrenheit below the temperature of Grantee's well head. Grantee will deliver a minimum of 20 gallons per minute on demand. Additional water supplied by a separate pipe for reinjection is not guaranteed as to temperature.

(b) Consideration for Geothermal Water Supply Agreement. In consideration for this water supply agreement, Grantor agrees to pay Grantee the sum of \$140 per month for water delivered in conformance with this agreement, plus the metered electrical cost resulting from the pump used to supply the hot water directly from Grantee's well. The monthly water fee will increase \$10.00 as of each anniversary date of this agreement for the first five years. During all subsequent five year periods of this agreement, the Grantors shall be afforded an option to continue under this agreement at a cost not to exceed 50% of the cost of equivalent heat available from natural gas or electricity in the area on a cost per therm used basis, which ever amount is the lesser. Grantor reserves the right to install a therm meter and would be responsible for all installation costs.

(c) Payment Terms. Payment of fees are due by the 15th day of each month and will be subject to a \$10.00 late fee. Fees in arrears for more than 60 days can result in suspension of water supply.

(d) **Disclaimer of Warranties.** Grantors and Grantees acknowledge that seismic hydrologic soil, or other conditions in the future may affect the quantity or quality of the geothermal waters or the heat available therefrom and that Grantee makes no warranties or guarantees express or implied of the continued availability or suitability of the water being supplied and makes no warranty or representations thereto. In addition, Grantees, their heirs or successors or assigns shall not be liable for incidental or consequential damages caused Grantor, for any interruption in delivery of geothermal waters caused by mechanical failure or reasonable maintenance, interruption of supply or conditions relating to well performance beyond Grantee's immediate control in the event of diminishment of quality or quantity thereof. That Grantee's obligation hereinunder may be suspended or terminated under such condition, together with Grantor's obligation of payment therefore where the reasonable needs of Grantors and Grantees cannot be met.

5. General Terms as to Both Agreements.

(a) **Government Regulation.** Both parties to this agreement will comply with all government regulations pertaining to operation of the geothermal resource.

(b) **Binding.** This agreement is binding upon and shall inure to the benefit of the parties thereto, their heirs, grantees, successors and assigns.

(c) **Effective Dates in Termination.**

(i) The easement described above, together with grantee's right to inject water into grantor's well, shall continue in perpetuity, but may be cancelled by grantor or by grantee at the end of the 10th year following the end of the reinjection of water into grantor's well. During said period grantor's right to use the water so described shall remain impressed upon the land as above described.

(ii) The geothermal water sales agreement shall obligate grantee to sell water to grantor under the terms described so long as grantee continues to actively inject water into grantor's well; provided, however, that the geothermal water supply agreement shall terminate upon:

(a) Grantor's election to discontinue the purchase thereof for a period of not less than one year;

(b) Grantee's election to discontinue beneficial use of geothermal water on its retained property for a period of one year; or

(c) The termination of the easement above described.

(d) Attorney's Fees. In the event any suit or action is brought to enforce the terms of this agreement, the prevailing party therein shall be entitled to recover from the losing party such sums as may be adjudged reasonable for attorney's fees in trial or on appeal.

(e) Representative Capacity. Both parties covenant and agree:

(i) That each of them whose names appear below maintain right, title or interest in the subject real property.

(ii) That they are signing the same, individually, and in a representative capacity for any and all partnerships, corporations or joint ventures in which they retain an interest.

(iii) That all the signatures attached below are intended to and does bind all partnerships, corporations or joint ventures in which they claim an interest.

(iv) That there are no other persons for which consent is required, either express or implied as to entry into this agreement.

IN WITNESS WHEREOF the parties have hereinto set their hands and seals on the date set opposite below.

GRANTEE

Poole, Inc.
3100 Turner Road S.E.
Salem, Oregon 97302

John Poole
John Poole, Vice President

December 5, 1990
Date

Attest:

Marlene Poole
Secretary

STATE OF OREGON

County of Marion

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This instrument was acknowledged before me on the 5th day of October, 1990, by the Vice President of Poole's, Inc.

Marlene D. Poole
NOTARY PUBLIC FOR OREGON
My Commission Expires: 5-29-94

GRANTORS:

Donald E. Rowlett
Donald E. Rowlett

10/31/90
Date

Claudia Rowlett
Claudia Rowlett

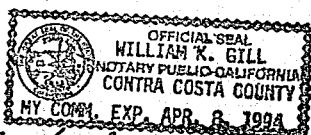
10-31-90
Date

STATE OF CALIFORNIA

County of CONTRA COSTA

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SUBSCRIBED AND SWORN to before me this 31 day of October, 1990, Donald E. Rowlett and Claudia Rowlett, husband and wife, and acknowledged the foregoing instrument to be their voluntary act and deed.



William K. Gill
NOTARY PUBLIC FOR CALIFORNIA
My Commission Expires: Apr 8, 1994

Mark L. Randall
Mark L. Randall

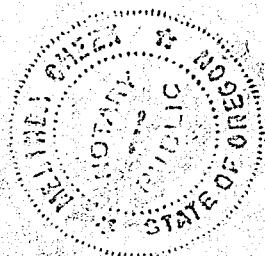
11/15/90
Date

Jeanne Randall
Jeanne Randall

11/15/90
Date

~~11/15/90~~ SUBSCRIBED AND SWORN to before me this 15th day of October, 1990, appeared Mark L. Randall and Jeanne Randall, husband and wife, and acknowledged the foregoing instrument to be their voluntary and deed.

John A. Speck
NOTARY PUBLIC FOR OREGON
My Commission Expires: 9/30/92



State of CALIF

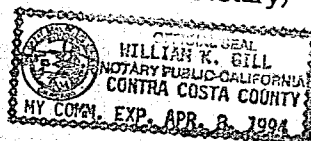
1156

County of CONTRA COSTA SS.

On this 31st day of OCT. in the year 1990 before me (here insert the name and quality of the officer), personally appeared DONALD E. ROWETT personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to this instrument as the attorney in fact of JULIE ANN ROWETT and acknowledged to me that he (she) subscribed the name of JULIE ANN ROWETT thereto as principal, and his (her) own name as attorney in fact.

William K. Gill
(Signature of Notary)

(Seal of Notary)



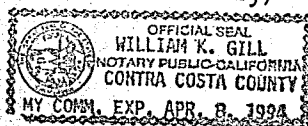
State of CALIF

County of CONTRA COSTA SS.

On this 31st day of OCT. in the year 1990 before me (here insert the name and quality of the officer), personally appeared DONALD E. ROWETT personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to this instrument as the attorney in fact of JENNIFER L. ROWETT and acknowledged to me that he (she) subscribed the name of JENNIFER L. ROWETT thereto as principal, and his (her) own name as attorney in fact.

William K. Gill
(Signature of Notary)

(Seal of Notary)



Return: Poole's Inc.
Paradise Island Park
3100 Turner Rd. SE
Salem, Or. 97302

STATE OF OREGON,
County of Klamath SS.

Filed for record at request of:

Poole's Inc.

on this 17th day of Jan. A.D., 19 91
at 11:17 o'clock A M. and duly recorded
in Vol. M91 of Deeds Page 1150
Evelyn Biehn
By Debra M. Mullins County Clerk

AGREEMENT - PAGE 7

Fee, \$58.00

Deputy.

58.00