

UTILITY EASEMENTS
(Overhead Powerlines)

HANSON NATURAL RESOURCES COMPANY, a Delaware general partnership ("Grantor"), in consideration of the payment of \$500.00, the receipt of which is hereby acknowledged, does hereby grant, sell and convey to **MIDSTATE ELECTRIC COOPERATIVE, INC.**, an Oregon cooperative corporation ("Grantee"), whose post office address is P.O. Box 127, LaPine, Oregon 97739 the permanent, assignable, non-exclusive easements described herein, fifteen (15) feet in width, for the installation, operation, maintenance, repair and rebuilding of and essential services to electric transmission and/or distribution lines or systems ("Powerlines") over and across lands of the Grantor; the first being in Section 31, Township 29 South, Range 8 East, and Section 36, Township 29 South, Range 7 East, and the second being in Section 25, Township 30 South, Range 7 East and Section 30, Township 30 South, Range 8 East, W.M., Klamath County Oregon, more particularly described as follows:

See Exhibit A attached hereto and made a part hereof.

Together with the right to use existing roads for access, ingress and egress upon, over, and across Grantor's lands to provide reasonable access to said property for installation, maintenance, repair, rebuilding, inspection of and essential services to the Powerlines.

TERMS, CONDITIONS AND COVENANTS:

The rights herein shall be subject to the following special conditions:

1. The easements granted herein shall be for the right to construct, operate and maintain primary distribution lines on or under the above-described lands and/or in, upon or under all streets, roads or highways abutting said lands; to inspect and make such repairs changes, alterations, improvements, removals from, and substitutions and additions to its facilities as Grantee may from time to time deem advisable, including by way of example and not by way of limitation, the right to increase or decrease the number of conduits, wires, cables, handholds, manholes, connection boxes, transformer enclosures; to cut, trim and control the growth by machinery or otherwise of trees and shrubbery located within five (5) feet of the center line of said lines or systems, or that may otherwise interfere with or threaten to endanger the operation and maintenance of said lines or systems (including any control of the growth of other vegetation in the rights-of-way which may incidentally and necessarily result from the means of control employed); to keep the easements clear of all buildings, structures or other obstructions; and to license, permit or otherwise agree to the joint use or occupancy of the lines, system or, if any said system is placed underground, of the trench and related underground facilities, by any other person, association or corporation.

Return: Pacific Gas Transmission
Attn: Michael Soulis
48 Hawthorne Street
Medford, OR 97504

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2. Grantee shall obtain and pay for all permits and licenses, if any, required for the installation of the Powerlines and associated improvements, and shall give all notices, pay all fees and comply with all laws, ordinances, rules and regulations bearing upon the easements granted herein.
3. Grantee shall indemnify, save-and hold harmless Grantor, its officers, employees and agents, against any and all loss and liability which may result to Grantor from any negligent act or omission of Grantee, its officers, employees and agents, invitees or guests, in the exercise of rights granted hereunder.
4. Grantee shall pay Grantor the reasonable amount of actual damages to crops, timber, livestock, fences, buildings, private roads and other improvements caused by it on said lands in the construction or reconstruction of Grantee's facilities or in the exercise of the right of ingress or egress.
5. In the event Grantee assigns its rights under this instrument, it or its assignee shall notify Grantor in writing of such assignment within a reasonable time after the assignment is effective. For purposes of this instrument, "Assignment" shall not include transfer of any part or all of the corporate shares of Grantee by sale, assignment, bequest, inheritance, operation of law or other disposition so as to result in a change in the present control of Grantee.
6. Grantor makes no warranty or guarantee of the stability, condition or trafficability of any portion of the easement areas including roadways and shall not be responsible for conditions or changes resulting from normal, careful operating methods on its adjoining timberlands.
7. Grantee shall use special care not to cut or damage any young growth or merchantable timber growing outside the easement areas. No debris from the easement areas shall be deposited outside the easement areas except as approved in writing by Grantor.
8. Grantee shall comply with all applicable laws, regulations, rules and orders relating to health, safety, noise, environmental protection, waste disposal, and water and air quality with respect to the use of the easements granted hereunder, and should Grantee cause or discharge, leak, spill, emit, or otherwise pollute the premises, Grantee shall be obligated to clean said premises to the satisfaction of any governmental body having jurisdiction thereover, and shall indemnify, hold harmless and defend Grantor against all liability, costs and expenses, fines, penalties, judgments, litigation costs and reasonable attorneys' fees incurred by Grantor as the result of such discharge, leakage, spillage, emission or pollution by Grantee. Grantee does not assume any responsibility for any violation of or discharge, leakage, spillage, emission or pollution on the property which existed or occurred prior to Grantor's grant of these easements to Grantee nor for any discharge, leakage, spillage, emission, pollution, liability, costs and expenses, fines, penalties, judgments, litigation costs or attorneys' fees not caused by Grantee or its officers, agents, employees, invitees or guests. Grantee shall not keep on or about the premises

any substances now or hereafter designated as, or containing components now or hereafter designated as hazardous, toxic, dangerous, or harmful by any federal, state or local law, regulation, statute or ordinance, now in existence or as may be subsequently enacted or amended.

9. Should Grantee or a successor abandon all or any portion of the easement areas for three (3) years, then the rights herein shall no longer apply to that portion or interest so abandoned, and all rights herein granted shall revert to Grantor without further action by Grantor.
10. Grantor shall have the right to use the Property for all purposes not inconsistent with the uses and purposes of the easements granted herein, except Grantor shall not build or erect any structure or improvement, except roads and drainage structures, upon, over or under the Property without the prior written consent of Grantee. Prior notice to Grantee shall be given by Grantor when maintenance of existing roads, drainage structures or similar new work or excavation of any kind or for any purpose is scheduled in or adjacent to the easement areas.
11. The Grantor warrants that it has marketable title to the Property and that Grantee may peaceably enjoy the rights and benefits of the easements granted herein.
12. All poles, wires and other facilities, including any main service entrance equipment, installed in, upon or under the above-described lands at the Grantee's expense shall remain the property of the Grantee, removable at the option of the Grantee.

The terms, conditions and covenants herein shall extend to and be binding upon and inure to the benefit of the successors and assigns of the parties hereto.

IN WITNESS WHEREOF, the Grantor, HANSON NATURAL RESOURCES COMPANY, has caused this instrument to be executed this 8th day of AUGUST, 1994.

GRANTOR:

HANSON NATURAL RESOURCES COMPANY

By: David E. Harris *HE*Its: VP-CFO

GRANTEE:

MIDSTATE ELECTRIC COOPERATIVE, INC.

By: John W. DawmyIts: PRESIDENT OF THE BOARD OF DIRECTORS

STATE OF OREGON)

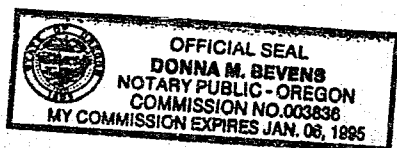
) ss.

County of Multnomah)

Hanson Natural Resources Company
Cavenham Forest Industries Division

This instrument was acknowledged before me on August 8, 1994, by David E. Harris, the VP-CFO of Hanson Natural Resources, a Delaware General partnership on behalf of the partnership, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose names is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacities, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.



Donna M. Bevins

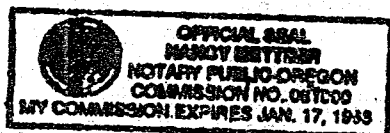
Notary Public in and for the
State of Oregon

My commission expires January 6, 1995

STATE OF OREGON)
) ss.
 County of Deschutes)

This instrument was acknowledged before me on August 9, 1994, by Glenn W. Downey, the PRESIDENT OF THE BOARD OF DIRECTORS of Midstate Electric Cooperative, Inc., an Oregon cooperative corporation, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacities, and that by his/her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.



Nancy Metteer
 Notary Public in and for the
 State of Oregon
 My commission expires 1-17-98

EXHIBIT "A"

Exhibit "A" attached hereto and made a part hereof that certain Overhead Utility Easements document between Hanson Natural Resources Company and Midsate Electric Cooperative, Inc..

Site 1: Chiloquin Camp Road - MP 535
Segment A - Highway 97 to Railroad Tracks

A strip of land 15 feet in width, measured at right angles, situated in Section 31 T29S R08E WM and the East 1/2 of Section 36 T29S R07E WM, of which the centerline is more particularly described as follows:
Commencing at a brass cap monument marking the SE corner of said Section 31, thence N64 27 05W 6058.41 feet to a point on the East R/W of Highway 97 and the "TRUE POINT OF BEGINNING" for this description, thence N89 11 22E 1679.12, thence N88 09 30E 381.90, thence S89 27 19E 1785.68 feet to a point on the west R/W line of the Southern Pacific Railroad and the end of this description.

Segment B - Highway 97 to Rectifier Site

A strip of land 15 feet in width, measured at right angles, situated in the East 1/2 of Section 36 T29S R07E WM, of which the centerline is more particularly described as follows:
Commencing at a brass cap monument marking the SE corner of Section 31 T29S R08E WM, thence N64 27 05W 6058.41 feet to a point on the East R/W of Highway 97, thence S89 11 22W 300.09 feet to a point on the West R/W of Highway 97 and the "TRUE POINT OF BEGINNING" for this description, thence S89 11 22W 30.00 feet to a point and the end of this description.

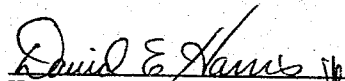
Site 2: United States Forest Service Road 70 - MP 539
Segment A - Highway 97 to Railroad Tracks

A strip of land 15 feet in width, measured at right angles, situated in the Southeast 1/4 of Section 25 T30S R07E WM and the Southwest 1/4 of Section 30 T30S R08E WM, of which the centerline is more particularly described as follows:
Commencing at a brass cap monument marking the SE corner of said Section 25, thence N23 01 50W 1188.38 feet to a point on the East R/W of Highway 97 and the "TRUE POINT OF BEGINNING" for this description, thence S64 44 29E 1613.02 feet, thence S65 52 41E 889.32 feet to a point on the West R/W line of the Southern Pacific Railroad and the end of this description.

Segment B - Highway 97 to Rectifier Site

A strip of land 15 feet in width, measured at right angles, situated in the Southeast 1/4 of Section 25 T30S R07E WM, of which the centerline is more particularly described as follows:
Commencing at a brass cap monument marking the SE corner of said Section 25, thence N23 01 50W 1188.38 feet to a point on the East R/W of Highway 97, thence N62 55 27W 330.14 feet to a point on the West R/W of Highway 97 and the "TRUE POINT OF BEGINNING" for this description, thence N62 55 27W 21.54 feet to a point and the end of this description.

SIGNED FOR IDENTIFICATION:



Hanson Natural Resources Company


Midstate Electric Cooperative, Inc.

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Pacific Gas & Transmission the 14th day of November A.D., 19 94 at 9:04 o'clock A.M., and duly recorded in Vol. M94 of Deeds on Page 34781.

FEE \$35.00

Evelyn Biehn
By  County Clerk