

Termination of Well Agreement and
Creation of Well Easement

THIS AGREEMENT AND DECLARATION is made by and between BILLY G. MANN, TRUSTEE OF THE BILLY G. MANN SECOND TRUST DATED AUGUST 6, 1990, herein referred to as the "Second Trust" and BILLY G. MANN, TRUSTEE OF THE BILLY G. MANN TRUST DATED JUNE 12, 1987, herein referred to as the "1987 Trust."

WHEREAS, the Second Trust owns the North Parcel as described in Exhibit "A" attached hereto and the 1987 Trust owns the South Parcel as described in Exhibit "A" attached hereto;

WHEREAS, the real property was subject to well agreement according to the terms of document recorded in Klamath County Records at M76 Pages 10665 and pages following, said document is referred to herein as "Old Well Agreement";

WHEREAS, The well and other items, which was the subject of the Old Well Agreement has been abandoned and a new well and water delivery system has been installed and the parties wish to clarify well agreement and easements between the parties and to memorialize the same.

ABANDON OLD WELL AGREEMENT:

The undersigned are owners of the entire real estate which was the subject of the Old Well Agreement (recorded in Klamath County Records at M76 Pages 10666 and pages following), and it is hereby agreed and declared that such agreement is a nullity and is no longer in force or effect and that any rights, obligations, burdens and benefits are hereby terminated.

CREATION OF WELL EASEMENT:

The following is declared and agreed to be restrictions and benefits on the title to the North Parcel and to the South Parcel and to run with the land:

The well presently being used by the parties is located on the South Parcel to the southwest of the residence located on the South Parcel, and a delivery line runs from said well to the residence located on the South Parcel and the pressure tank is located in said residence and further delivery line from the pressure tank runs under said residence on the South Parcel and is buried from the north side of said residence northerly to the North Parcel.

A mutual easement is created and granted for the use of said well and well casing, for the mutual benefit of both North Parcel and South Parcel. Expenses of well, pump, well casing, delivery line to the pressure tank, and pressure tank maintenance is to be shared equally between owners of the two

parcels. A nonexclusive easement is created to be in favor of North Parcel for water delivery lines from said pressure tank to North Parcel. South Parcel is burdened with easements for such installation and maintenance on the well, pump, electricity delivery and water delivery line. Notwithstanding such easements, the owner of North Parcel shall not enter into or under the residence on South Parcel without first obtaining permission from owner of South Parcel to so enter; owner of South Parcel shall not unreasonably withhold such permission, but may put reasonable restrictions on such entry.

Owners of North Parcel shall be responsible for all costs associated with water delivery lines from said pressure tank to North Parcel, unless damage is caused by the negligence of owners, business invitees, tenants or agents of the owners of South Parcel.

It is agreed that restrictions on such easements shall include water delivery for household use only, and all other uses including lawn and field irrigation shall not be permitted without first obtaining written agreement of owners of both parcels. It is anticipated and agreed that priority to the use of water shall be for one residence per parcel.

The owner of South Parcel shall pay utility charges for running the pump in said well and the owner of North Parcel shall pay \$10.00 per month to the owner of South Parcel, payable on the first day of each month. In the event that such \$10.00 payment is not made by the 10th of any month, then a penalty of \$1.00 shall be added to such payment owing. In the event that either party disputes the fairness of the such \$10.00 per month payment and if the parties are unable to agree on modification of such amount, then the amount of payment may be presented to arbitration as set forth below; until the modification is resolved, the monthly payment amount shall remain at such \$10.00 until final resolution. Notwithstanding other provisions herein, enforcement of the payment of the monthly obligation shall not be subject to terms of arbitration.

It is agreed that the owner of the North Parcel may terminate this agreement at any time by first delivering notice to the owners of South Parcel and by causing to be recorded document that shall clear this well agreement of record.

The parties agree to cooperate and sign any and all documents in the future to effectuate the terms of this agreement.

In the event of dispute, water delivery shall continue, if possible, pending resolution of such dispute.

In the event that a dispute arises as regards the subject matter of this agreement the parties agree to submit such dispute to arbitration where each

party appoints one arbitrator and those two arbitrators choose a third. The three arbitrators shall decide the resolution of said dispute, and the parties shall be bound thereby. The costs of arbitration shall be borne equally by the parties. The parties may agree to other forms of arbitration.

This agreement shall bind and inure to the benefit of, as the circumstances may require, not only the immediate parties hereto but their respective heirs, personal representatives, successors in interest, tenants and assigns as well. This agreement shall run with the land.

Subject to arbitration as above set out, if suit or action is instituted to enforce any of the provisions of this Contract, the party prevailing therein shall be entitled to recover from the other such sum as the Court may adjudge reasonable as attorney's fees therein, including any appeal thereof.

Withdrawal of the rights and obligations of the respective premises or the inclusion of additional premises shall be effective only upon written consent of all parties to this Agreement, or their successors, and upon such terms that are mutually agreeable.

IN WITNESS WHEREOF, the parties have hereunto set their hands this 5 day of FEB., 1998.



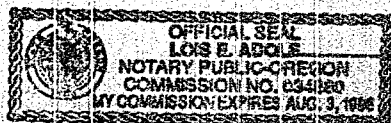
BILLY G. MANN, TRUSTEE OF THE
BILLY G. MANN SECOND TRUST DATED AUGUST 6, 1990

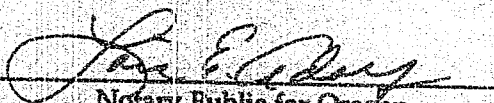


BILLY G. MANN, TRUSTEE OF THE
BILLY G. MANN TRUST DATED JUNE 12, 1987

STATE OF OREGON)
) ss.
County of Klamath)

Personally appeared before me the above named Billy G. Mann, and acknowledged the above instrument to be his voluntary act and deed for himself and on behalf of THE BILLY G. MANN SECOND TRUST DATED AUGUST 6, 1990.



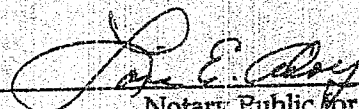

Notary Public for Oregon
My Commission expires:

STATE OF OREGON

| ss.

County of Klamath

Personally appeared before me the above named Billy G. Mann, and acknowledged the above instrument to be his voluntary act and deed for himself and on behalf of THE BILLY G. MANN TRUST DATED JUNE 12, 1987.



Notary Public for Oregon
My Commission expires:

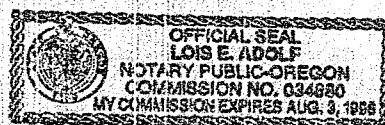


EXHIBIT "A"

North Parcel:

A parcel of land situated in the Northwest quarter of Section 20, Township 39 South, Range 10 East of the Willamette Meridian, Klamath County, Oregon being more particularly described as follows:

Commencing at a bolt at the intersection of the centerlines of Reeder Road and Short Road, county roads, and marking the Southwest corner of said Northwest quarter; thence South 89° 59' 50" East along the South line of said Northwest quarter, 30.00 feet to the Easterly right-of-way line of said Reeder Road; thence North 00° 21' 40" East along said right-of-way line, 158.56 feet to the point of beginning for this description; thence continuing North 00° 21' 40" East along said right-of-way line, 142.76 feet; thence North 89° 56' 43" East, 1307.05 feet to a 5/8 inch iron pin; thence South 00° 17' 02" West along the East line of the Southwest quarter Northwest quarter, 143.42 feet to a 1/2 inch iron pin; thence South 89° 56' 27" West, 1307.24 feet to the point of beginning.

South Parcel:

A parcel of land situated in the Northwest quarter of Section 20 Township 39 South, Range 10 East of the Willamette Meridian, Klamath County, Oregon, being more particularly described as follows:

Commencing at a bolt at the intersection of the centerlines of Reeder Road and Short Road, county roads, and marking the Southwest Corner of said Northwest quarter; thence South 89 degrees 59'50" East along the South line of said Northwest quarter, 30.00 feet to the Easterly right-of-way line of said Reeder Road; thence North 00 degrees 21'40" East along said right-of-way line, 158.56 feet to the point of beginning for this description; thence continuing North 00 degrees 21'40" East along said right-of-way line, 142.76 feet; thence North 89 degrees 56'43" East, 1307.05 feet to a 5/8 inch iron pin; thence South 00 degrees 17'02" West along the East Line of the Southwest quarter Northwest quarter, 143.42 feet to a 1/2 inch iron pin; thence South 89 degrees 56'27" West, 1307.24 feet to the point of beginning.

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Billy Mann the 6th day
of February A.D., 19 98 at 3:44 o'clock P. M., and duly recorded in Vol. M98
of Deeds on Page 4024
Return: Billy Mann
6925 Reeder Rd.
KPO 97603 By Bernetha G. Letsch, County Clerk
Karlene Ross
FEE \$30.00