

GRANTORS NAME AND ADDRESS: _____

GRANTEES NAME AND ADDRESS: _____

AFTER RECORDING, RETURN TO: _____

UNTIL A CHANGE IS REQUESTED,
SEND TAX STATEMENT TO: _____

Mr. & Mrs. Chapman
PO Box 1083
Hend, OR 97637

WATER WAY EASEMENT
AND WELL AGREEMENT

THIS AGREEMENT made by and between DAVID CHAPMAN and DONNA CHAPMAN, hereinafter called "CHAPMAN", and ERNEST MERLYN HILES and NANCY LAURA HILES, TRUSTEES OF THE ERNEST AND NANCY HILES 1993 REVOCABLE TRUST DATED OCTOBER 26, 1993, hereinafter called "HILES";

R E C I T A L S

A. "HILES" were previously the owner of two certain parcels of real property which are referred to hereinafter, which said parcels of real property jointly utilized waters from a well, located on one specific parcel of property; and

B. As a result of the sale by "HILES" of one of the parcels of property, each of the said parcels of property has passed into the ownership of either "HILES" or "CHAPMAN"; and

C. "CHAPMAN" and "HILES" desire to enter into an agreement to allow for the use and maintenance of the well, pump, pumphouse, pipes, and casings, as well as to enter into an agreement to allow for the maintenance and use thereof; and

D. As a result of sale from "HILES" to "CHAPMAN", "CHAPMAN" has become the owner of certain real property located in the County of Klamath, State of Oregon, legally described as follows:

" Parcel 2 of Land Partition 26-95 being a portion of Lot 15, Block 14, FIRST ADDITION TO KLAMATH RIVER ACRES situated in the NE 1/4 SW 1/4 Section 25, Township 39 South, Range 7 EWM, in the County of Klamath, State of Oregon, "

hereinafter referred to as "CHAPMAN PROPERTY"; and

E. "HILES" retains "HILES" interest in and is owner of that certain real property located in the County of Klamath, State of Oregon, legally described as follows, to-wit:

"Parcel 1 of Land Partition 26-95 being a portion of Lot 15, Block 14, FIRST ADDITION TO KLAMATH RIVER ACRES situated in the NE 1/4 SW 1/4 Section 25, Township 39 South, Range 7 EWM, in the County of Klamath, State of Oregon, "

hereinafter referred to as "HILES' PROPERTY".

A G R E E M E N T

The parties agree as follows:

1. That each party will have an undivided one-half interest in the water, pump, pumphouse, piping and casing of that certain well located on "CHAPMAN PROPERTY" and generally described as follows:

"Beginning at the most northerly corner of the "CHAPMAN

PROPERTY" hereinabove described; running thence in a southerly direction a distance of 168 feet to the point of location of the subject well,"

which said well will be hereinafter referred to as the "WELL".

2. Each party grants to the other an easement to appropriate water from the "WELL" hereinabove described.

3. Each party grants to the other the right of ingress and egress to use and maintain the well, pump, pumphouse, pipings and casings as they are now situated.

4. "CHAPMAN" shall have the duty to maintain that well referred to hereinabove as "WELL" for so long as "HILES", or his successors in interest, shall desire to continue to utilize waters from said "WELL". Each of the parties, and/or their successors in interest, shall pay one-half of all costs to maintain in the present condition the well, pumps, pumphouse, pipings and casings for the "WELL".

5. Any major expense to be incurred shall be agreed on by the parties before such expense are incurred and before work is commenced.

6. In the event that any party of this agreement fails to pay his or her proportionate share of costs upon demand, the other party may terminate the defaulting party's right to use the water during the period of default, and may file a lien upon the real property of the defaulting party by filing a "NOTICE OF LIEN" under this agreement with the County Clerk of Klamath County, Oregon. Any non-defaulting party may foreclose the lien as provided by ORS Chapter 88 and shall be entitled to attorney fees in such foreclosure.

7. "CHAPMAN" further grants an easement over and across "CHAPMAN'S PROPERTY" which said easement or easements shall run from the "WELL" as hereinabove described in a generally southeasterly direction to a point on the easterly property line of "CHAPMAN'S PROPERTY" which is 120 feet from the most northerly corner thereof.

8. Inasmuch as the electrical service for the pump is connected on "CHAPMAN'S PROPERTY", the parties agree that "CHAPMAN" shall be entitled to receive reasonable reimbursement for the use of such electricity to pump water to "HILES' PROPERTY." Therefore, until such time as the pump is separately metered, "HILES" shall be required to pay to "CHAPMAN" the sum of TWENTY and no hundredths DOLLARS (\$20.00) for each month or any portion thereof (including as little as one day) that "HILES" shall utilize the pump to provide water to "HILES' PROPERTY."

9. At such time as the parties shall provide for a separate meter for the pump, each party shall be responsible to pay one half of the electrical service billed for the pump.

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10. The rights created by this Agreement shall run with the land and in the event any party sells the land subject to the above-mentioned well, water rights, or easements, the purchaser shall be bound by this agreement.

IN WITNESS WHEREOF the parties have set their hands and seals this ____ day of _____, 1998.

David Chapman
DAVID CHAPMAN

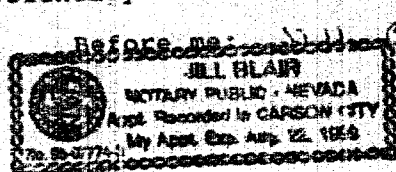
ERNEST MERLYN HILES

Donna Chapman
DONNA CHAPMAN

NANCY LAURA HILES

STATE OF OREGON Newberg
County of Klamath) ss.
Carson

PERSONALLY appeared the above-named DAVID CHAPMAN and DONNA CHAPMAN, and acknowledged the foregoing instrument to be their voluntary act and deed.



Will Blair
NOTARY PUBLIC FOR OREGON NEVADA
My Commission Expires: Aug 22, 1999

STATE OF CALIFORNIA, County of _____) ss.

On _____, 1998, before me, the undersigned, a Notary Public in and for said State, Personally appeared ERNEST MERLYN HILES and NANCY LAURA HILES, personally known to me or _____ proved to me on the basis of satisfactory evidence to be the persons whose names are subscribed on the within instrument and acknowledged that they executed the same.

WITNESS my hand and official seal

NOTARY PUBLIC FOR CALIFORNIA
My Commission expires: _____

10. The rights created by this Agreement shall run with the land and in the event any party sells the land subject to the above-mentioned well, water rights, or easements, the purchaser shall be bound by this agreement.

IN WITNESS WHEREOF the parties have set their hands and seals
 this 25 day of OCTOBER, 1998.

 DAVID CHAPMAN

Ernest Merlyn Hiles
 ERNEST MERLYN HILES

 DONNA CHAPMAN

Nancy Laura Hiles Trustee
 NANCY LAURA HILES

STATE OF OREGON)
 County of Klamath) ss.

PERSONALLY appeared the above-named ERNEST MERLYN HILES and DONNA CHAPMAN, and acknowledged the foregoing instrument to be their voluntary act and deed.

Before me:

Sandra Wilks
 NOTARY PUBLIC FOR OREGON

My Commission Expires: 6/24/2001

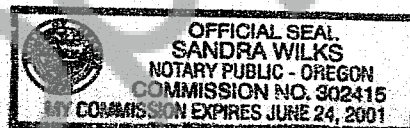
STATE OF CALIFORNIA, County of Klamath) ss.

On Oct 25, 1998, before me, the undersigned, a Notary Public in and for said State, Personally appeared ERNEST MERLYN HILES and NANCY LAURA HILES, ✓ personally known to me or ✓ proved to me on the basis of satisfactory evidence to be the persons whose names are subscribed on the within instrument and acknowledged that they executed the same.

WITNESS my hand and official seal

Sandra Wilks
 NOTARY PUBLIC FOR CALIFORNIA

My Commission expires: 6/24/2001



STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Aspen Title & Escrow the 27th day
 of October A.D., 19 98 at 11:37 o'clock A. M., and duly recorded in Vol. M98
 of Deeds on Page 39242

FEE \$45.00

By Bernetha G. Leisch, County Clerk
Kristina Ross