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**LEASE AGREEMENT
SINGLE TERM**

Vol MOO Page 20964

LEVEL 3 COMMUNICATIONS, LLC ("Tenant") and the other party or parties signatory hereto (individually or collectively "Landlord") hereby agree as follows:

1. Landlord is the owner of certain real property legally described on Exhibit "A" attached hereto (the "Leased Premises") and depicted on Exhibit "B", Record of Survey dated 12/21/99.
2. Landlord hereby leases and rents to Tenant the Leased Premises for **Seventy-Five (75)** year period commencing with the date hereof (the "Term") unless sooner terminated as provided herein. Landlord shall deliver possession of the Leased Premises on the date hereof and Tenant shall have access to the Leased Premises 24 hours per day, 7 days per week.
3. Tenant shall have the right to use the Leased Premises for the construction, installation, repair, maintenance, replacement, use, and operation of Tenant's communications facilities including, without limitation, conduits, innerducts, and fiber optic cables, repeater, amplification, and regeneration stations or facilities, associated communication equipment and facilities, and any other lawful purpose.
4. Landlord represents and warrants to Tenant as follows:
 - (1) Landlord has the authority to enter into this Lease and observe and perform all of its duties and obligations hereunder;
 - (2) Landlord has good and marketable fee simple title to the Leased Premises;
 - (3) the Leased Premises are free from all liens and encumbrances except _____

(the "Relevant Lien(s)");
 - (4) the Leased Premises has access to and from a duly dedicated public street or highway; and
 - (5) to the best knowledge of Landlord, (i) no underground storage tanks or hazardous, toxic or other regulated substances, within the meaning of any applicable federal, state or local statute or regulation, are presently stored or otherwise located upon or within the Leased Premises, and no part of the Leased Premises is contaminated by any such substance, (ii) the Leased Premises have never been used as a landfill, and (iii) the Leased Premises are not in violation of any occupancy permits, fire regulations, building codes, or any other federal, state or local laws, rules, regulations or standards; and the Leased Premises is not impacted by a consent decree in connection with (i), (ii) or (iii) above.
5. Landlord covenants and agrees as follows:
 - (1) Landlord shall not execute or otherwise place any easement, covenant, condition, restriction or other burden upon the Leased Premises without the prior written consent of Tenant, which consent shall not be unreasonably withheld;
 - (2) Landlord shall cooperate and assist Tenant in obtaining any governmental permits or other authorizations necessary in connection with Tenant's permitted use of the Leased Premises, including the execution of any applications and building permits;
 - (3) Landlord shall execute such easements or similar instruments as Tenant may reasonably request in order to insure the provision of any necessary utility services to the Leased Premises; and
 - (4) Landlord shall, within thirty (30) days from the date hereof, deliver to Tenant a non-disturbance agreement from the holder(s) of the Relevant Lien(s) in form reasonably acceptable to Tenant.
6. Tenant shall pay to Landlord a one time payment for the sum of **Seventy Thousand Dollars and no cent (\$70,000.00)**, due on the day following the expiration of the Inspection Period (as hereafter defined). Landlord agrees that so long as Tenant observes and performs all of the other terms and provisions of this Lease, Tenant shall peaceably and quietly enjoy the Leased Premises and Tenant's possession of the Leased Premises shall not be disturbed.
7. Landlord shall be responsible for the payment of all real estate taxes levied or assessed against the Leased Premises. Tenant shall be responsible for the payment of all personal property taxes levied or assessed against Tenant's personal property located at the Leased Premises.
8. Tenant shall be responsible for the payment of all utility costs, charges or fees for utility services provided to Tenant at the Leased Premises.
9. Tenant shall be responsible for the maintenance and repair of any improvements located on the Leased Premises, and to keep the Leased Premises free from trash and rubbish.
10. Except as otherwise provided herein, Tenant agrees that no representations, statements or warranties have been made by or on behalf of Landlord respecting the condition of the Leased Premises and Tenant shall take the Leased Premises in its "as is" condition. Tenant shall, at the termination of this Lease either: (a) remove all of Tenant's improvements and

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surrender the Leased Premises to Landlord in as good a condition as when Tenant took possession thereof, normal wear and tear excepted, or (b) abandon all such improvements in place.

11. Tenant may terminate this Lease at any time by notice to Landlord without further liability if Tenant does not obtain all permits or other approvals (collectively, "approval") required from any governmental authority or any easements required from any third party to operate its telecommunications network, or if any such approval is canceled, expires or is withdrawn or terminated, or if Landlord fails to have proper ownership of the property or authority to enter into this Agreement, or if Tenant, for any other reason, in its sole discretion, determines that it will be unable to use the Leased Premises for its intended purpose. Upon termination, any prepaid rent shall be retained by Landlord.

12. All improvements to the Leased Premises by Tenant, and all personal property of Tenant located at the Leased Premises, shall be at the sole risk of Tenant. Landlord shall not be liable for damage caused by any reason whatsoever to any property of Tenant or its agents or employees at the Leased Premises unless caused by Landlord's intentional or willful misconduct.

13. Tenant shall procure and maintain during the Term a policy of commercial general liability insurance providing coverage in a combined single limit per occurrence of at least \$1,000,000.00 for claims, demands or actions for bodily injury, death or property damage related to or connected with the conduct and operation of Tenant's business at the Leased Premises or arising out of and connected with the use and occupancy of the Leased Premises by Tenant. All such liability insurance shall name Landlord as an additional insured.

14. Tenant shall indemnify, hold harmless and defend Landlord from and against any and all costs, expenses, liabilities, losses, damages, suits, actions, fines, penalties, demands or claims of any kind, including reasonable attorney fees, asserted by or on behalf of any person, entity or governmental authority arising out of or in any way connected with (a) any failure by Tenant to perform any of the terms or provisions of this Lease, (b) any failure by Tenant to comply with any laws, statutes, ordinances, regulations or orders of any governmental authority, and (c) any negligent acts or omissions by Tenant resulting in accident, death, personal injury or damage to, or loss of property on or about the Leased Premises.

15. If at any time during the Term the Leased Premises shall be so damaged by fire or other cause, or shall be condemned or taken under power of eminent domain, then Tenant may, at its option, terminate this Lease. In the event of condemnation or taking under power of eminent domain, and Tenant shall not terminate this Lease, the rent shall be proportionately reduced based upon the number of square feet of the Leased Premises taken and the number of square feet of the Leased Premises remaining.

16. This Lease may be assigned, and all or any portion of the Leased Premises sublet, by Tenant without the consent or approval of Landlord; however, any such assignment or sublease shall not release or discharge Tenant of its duties and obligations hereunder.

17. In the event Tenant shall fail to observe and perform the terms and provisions of this Lease, and such failure shall continue for a period of ninety (90) days after written notice from Landlord to Tenant, then Landlord may terminate this Lease, cure any default by Tenant and recover from Tenant all costs and expenses incurred in connection therewith, and/or exercise any and all other remedies provided by law, including specific performance and injunctive relief. In the event Landlord shall fail to observe and perform the terms and provisions of this Lease, and such failure shall continue for a period of ninety (90) days after written notice from Tenant to Landlord, then Tenant may terminate this Lease, cure any default by Landlord and recover from Landlord all costs and expenses incurred in connection therewith, and/or exercise any and all other remedies provided by law, including specific performance and injunctive relief.

18. All notices and other communications which are required or permitted under the terms of this Agreement shall be in writing and shall be sent by either certified United States mail, postage prepaid, return receipt requested, or delivered personally. Notices and communications shall be deemed to have been given on the date so mailed or on the date when personally delivered. Such notices and communications shall be addressed to the parties at their respective addresses set forth below. The notice address of either party may be changed by ten (10) days prior written notice delivered to the other party in accordance with this paragraph.

19. Notwithstanding anything contained in this Lease to the contrary (i) Tenant may, at its option, terminate this Lease at anytime during the sixty (60) day period following the date hereof (the "Inspection Period") if Tenant determines, in its sole discretion, that the Leased Premises are not suitable for Tenant's intended use, and (ii) in the event Landlord shall fail to deliver a non-disturbance agreement to Tenant in accordance with paragraph 5(d), Tenant may, at its option, terminate this Lease.

20. Landlord and Tenant agree to execute and record a short form notice of this Lease at the request of either party.

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21. References in this Lease to "the date hereof" or similar words shall mean the date of execution by Landlord or Tenant, as indicated below, whichever is later. This Lease applies to and binds the heirs, successors, executors, administrators and assigns of the parties to this Lease. This Lease is governed by the laws of the State in which the property is located. This Lease (including the Exhibits) constitutes the entire agreement between the parties and supercedes all prior written and verbal agreements, representations, promises or understandings between the parties. If any provision of this Lease is invalid or unenforceable with respect to any party, the remainder of this Lease or the application of such provision to person other than those as to whom its is held invalid or unenforceable, will not be affected and each provision of this Lease will be valid and enforceable to the fullest extent permitted by law.

22. Those certain additional terms numbered 1 through 5 as set forth in a letter from Neal G. Buchanan, Attorney At Law, dated October 26, 1999 Exhibit "C" attached hereto which parties heretofore have agreed.

TENANT: LEVEL 3 COMMUNICATIONS, LLC

LANDLORD:

By: Nolan R. LeMaire
Nolan R. LeMaire
Acting Agent for Level 3 Communications, LLC

By: James R. L. Mueller
James R. L. Mueller (SS# 562-96-7397)

By: Carla Lee Mueller
Carla Lee Mueller (SS# 540-76-3940)

Title: FSA Coordinator

Title: Property Owner

Address: 312 S.E. Stonemill Drive, Ste. 145
Vancouver, WA 98684

Address: 16087 Algoma Road
Klamath Falls, OR 97601

Dated: 5/19/00

Dated: JUNE 8, 00

ID# 47-0807040

with a copy of all correspondence to:

Level 3 Communications, LLC
14023 Denver West Parkway, 1st Floor
Golden, Colorado 80401
Attention: Director, Network Development

And: Level 3 Communications, LLC
1450 Infinite Drive
Louisville, Colorado 80027
Attention: General Counsel

when recorded mail to:

Nolan R. LeMaire
Level 3 Communications
312 SE Stonemill Dr. Ste 145
Vancouver WA 98684

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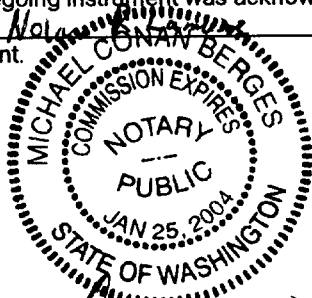
20967

STATE OF Washington
COUNTY OF Clark

)
) ss.
)

Tenant Acknowledgment

The foregoing instrument was acknowledged before me this 19th day of May, 2000, by Notary Michael C. Berges of LEVEL 3 COMMUNICATIONS, LLC, as Tenant.



[SEAL]

Michael C. Berges

Notary Public

STATE OF Oregon
COUNTY OF Klamath

)
) ss.
)

Landlord Acknowledgment

The foregoing instrument was acknowledged before me this 5th day of June, 2000, by JAMES R. L. MUELLER as Landlord.



[SEAL]

Kristil Redd

Notary Public

STATE OF OREGON
COUNTY OF KLAMATH

)
) ss.
)

Landlord Acknowledgment

The foregoing instrument was acknowledged before me this 8th day of June, 2000, by CARLA LEE MUELLER as Landlord.



Kristil Redd
NOTARY PUBLIC FOR OREGON

OPTION AGREEMENT
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EXHIBIT "A"
Legal Description of Property

Jm
cm.

A TRACT OF LAND SITUATED IN THE NORTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 7, TOWNSHIP 37 SOUTH, RANGE 9 EAST, WILLAMETTE MERIDIAN AND BEING A PORTION OF PARCEL 2 OF MINOR LAND PARTITION NO. 81-92, KLAMATH COUNTY, OREGON.

BEGINNING AT A FOUND 5 / 8" IRON ROD ON THE EASTERLY RIGHT-OF-WAY LINE OF ALGOMA ROAD (COUNTY ROAD 671), BEING LOCATED SOUTH 84° 18' 42" WEST, A DISTANCE OF 2619.51 FROM A FOUND 2" BRASS DISK AT THE NORTHEAST CORNER OF SAID SECTION 7, ALSO BEING ON THE NORTH LINE OF THAT TRACT OF LAND CONVEYED TO JAMES R. L. AND CARLA LEE MUELLER IN VOLUME M86, PAGE 19295-96, RECORDED OCTOBER 23, 1986, KLAMATH COUNTY DEED RECORDS, THENCE SOUTH 88° 11' 59" EAST ON SAID NORTH LINE, A DISTANCE OF 350.00 FEET, THENCE SOUTH 01° 34' 52" WEST LEAVING SAID NORTH LINE, A DISTANCE OF 436.00 FEET, THENCE NORTH 88° 11' 59" WEST, A DISTANCE OF 350.00 FEET TO THE EASTERLY RIGHT-OF-WAY LINE OF SAID ALGOMA ROAD, THENCE NORTH 01° 34' 52" EAST ON THE SAID EASTERLY RIGHT-OF-WAY LINE, A DISTANCE OF 436.00 FEET TO THE POINT OF BEGINNING.

Unofficial Copy

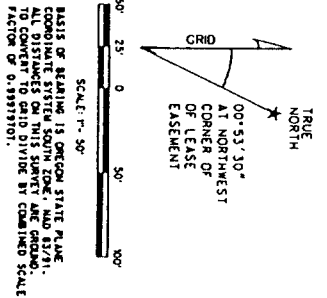
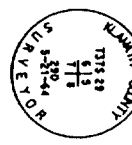
EXHIBIT "B"
Record of Survey

Jan C. Miller

LEASE LOCATED IN A PORTION OF PARCEL 2 OF MINOR LAND PARTITION NO. 81-92
LOCATED IN THE NW 1/4 OF THE NE 1/4 OF SECTION 7, TOWNSHIP 37 SOUTH, RANGE 9 EAST,
WILLAMETTE MERIDIAN, KLAHATH COUNTY, OREGON
DECEMBER 21, 1999

COLLEEN L. RAMBO
TAX LOT 200

FOUND 2" DIA. BRASS DISK ON
1" DIA. GALVANIZED PIPE
36" LONG LYING ON GROUND.
SEE DETAIL "A" BELOW.

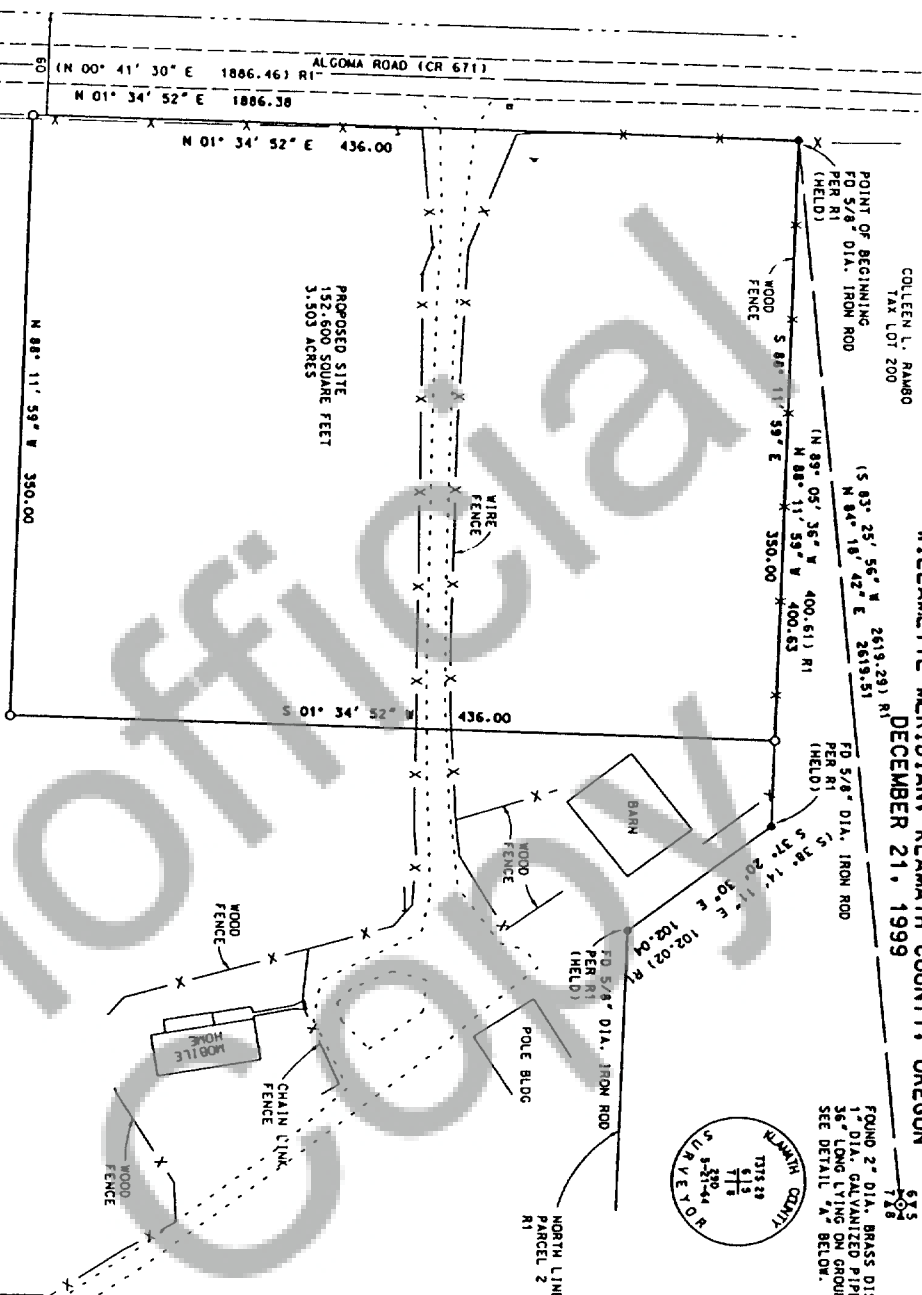


REFERENCE SURVEYS:

- R1 MINOR LAND PARTITION
- R2 CORNER RESURVEY
- RECORD 37 03, E-5 DATED 5-21-64

LEGEND

- FOUND MONUMENT AS NOTED
- SET 5/8" DIA. IRON ROD
- STAMPED "D.E.A. INC."
- POST
- LIGHT
- SECTION CORNER
- DIA.
- CENTERLINE
- EDGE OF GRAVEL
- EDGE OF PAVEMENT
- FENCE LINE
- RIGHT-OF-WAY
- PROPOSED PROPERTY LINE
- SECTION LINE



PROVIDED BY: DAVID EVANS AND ASSOCIATES, INC.
DUE TO THE POTENTIAL THAT THE ELECTRONIC FILE
INFORMATION ON THIS DRAWING CAN BE MODIFIED,
THE USE OF THIS ELECTRONIC INFORMATION SHALL
BE AT THE SOLE RISK AND LIABILITY OF THE USER.
THIS DRAWING IS FOR GRAPHIC PURPOSES ONLY AND
SHALL NOT BEAR THE DEED LOAD.

PARCEL 2 MINOR LAND PARTITION 81-92

JAMES R. L. AND CARA LEE MUELLER
TAX LOT 300

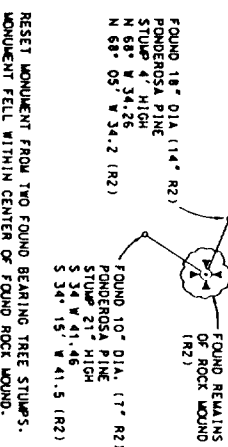
FO 5/8" DIA. IRON ROD
PER R1
(HELD)

LEVEL 3 COMMUNICATIONS
KIEWIT CONSTRUCTION COMPANY
312 E. STONEMILL DR.
SUITE 145
VANCOUVER WASHINGTON
98684

LEVEL 3 COMMUNICATIONS
MODOC POINT
ILA SITE

RECORD OF SURVEY
FOR LEASE
FOR
KIEWIT CONSTRUCTION COMPANY
LOCATED IN THE NW 1/4
OF THE NE 1/4
OF SECTION 7, TOWNSHIP 37 SOUTH,
RANGE 9 EAST, WILLAMETTE MERIDIAN
KLAMATH COUNTY, OREGON

DETAIL A:



SHEET 1 OF 2
SCALE 1" = 50'

SURVEY
FIELD BOOK
DRAWN GJA/LMC
CHECKED CRG
FILE PK3X0023

Level 3
October 26, 1999
Page 2

*J. M.
C. M.*

3. Perimeter Fence: Level 3 would be required to construct a perimeter fence around the improvements anticipated to be constructed in the easement area, and would be responsible (for so long as the improvements were located there) to "fence out" all livestock (irrespective of whether the area wherein the easement is located is or is not in a livestock district).

4. Planning and Zoning Approvals: Level 3 would be responsible to prepare and process all Planning and Zoning applications, and to obtain any necessary approvals, at level 3's cost. Mueller would be required only to cooperate in such application process or processes.

5. Property Tax: In conjunction with any Planning or Zoning application procedure, a separate tax account shall be established such that the real property upon which Level 3's improvements are located as well as all improvements located on the easement shall be assessed and any tax levied. Muellers shall not be responsible to pay the said tax, and should Mueller be billed for any tax on property encompassed by the easement, or improvements located thereon, Level 3 shall promptly reimburse Muellers for such tax assessed (before the same becomes due).

Thank you for your immediate attention to this matter.

Sincerely,

NEAL G. BUCHANAN

NGB:mc
cc: client

*Not acknowledged -
Howard Anderson
10-30-99*

State of Oregon, County of Klamath
Recorded 06/09/00, at 11:22 a.m.
In Vol. M00 Page 20964
Linda Smith,
County Clerk Fee\$ 56⁰⁰

EXHIBIT "C"
Additional Terms

*Jm.
C.M.*

NEAL G. BUCHANAN
Attorney at Law
435 Oak Avenue
Klamath Falls, Oregon 97601
Phone (541) 882-6607 - Fax (541) 882-2029

October 26, 1999

Level 3 Communications, LLC
312 SE Stonemill Dr., Suite 145
Vancouver, WA 98684

Re: James and Carla Mueller easement acquisition
16081 Algoma Rd., Klamath Falls, Oregon

Gentlepersons:

This office has been contacted with reference to the above matter, particularly with a request to review what appears to be a draft of an Option Agreement. Although the draft contemplates the use along with an Easement Agreement, that format was not provided to my clients.

Please also consider this letter as consent for your representatives to contact the Muellers directly, as I understand that your firm may be desirous of an expeditious processing of the matter.

At least with reference to the Option Agreement, there appear to be a few areas that were discussed as between the Muellers and your representative, which should be incorporated into the terms of that agreement. These include the following:

1. **Survey Cost:** Although the Option Agreement can be interpreted to so provide, it would be preferable if it were specifically noted that the survey cost is also to be at Level 3's cost.

2. **Driveway Construction:** Muellers indicate to me that there was discussion about the relocation of their driveway, as the anticipated location of the easement displaces their existing driveway. Toward that end, it would be suggested that the Option provide that Level 3 will relocate their driveway to a location further South on their property (I understand that they discussed construction of a driveway at the South end of their property, away from the easement) which would entail a somewhat longer driveway). The location and elevation of the replacement driveway would be at Mueller's election, to be constructed at Level 3's cost. In addition to the relocation of the driveway, Level 3 would also be required to either relocate (and extend) the fence located along the existing driveway to a location adjacent to the relocated driveway, or simply construct fencing of like material along that relocated driveway.