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WELL AGREEMENT

AGREEMENT, August 27, 2001, between Victor Hobbs and Marcia J. Hobbs, first parties, and Darryl K. McNair and Peggy L. McNair, second parties.

WITNESSETH:

First Parties are the owners of the following described real property:

Parcel 1 of Land Partition 21-01, situate in the SE $\frac{1}{4}$ NE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 12, Township 40 South, Range 7 East of the Willamette Meridian

Second Parties are the owners of the following described real property:

Parcel 2 of Land Partition 21-01, situate in the SE $\frac{1}{4}$ NE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 12, Township 40 South, Range 7 East of the Willamette Meridian

First Parties have upon their property a well which the parties wish to allow Second Parties to use for their domestic water supply.

The parties wish to enter into an agreement for the operation, maintenance and repair of said well,

NOW, THEREFORE, in consideration of the premises, the parties covenant and agree to and with each other as follows:

- (1) Each of the parties shall be solely responsible for the maintenance, repair and replacement; of the water lines from the shut off valve at the pump house to their own premises, but the cost of all future maintenance, replacements and improvements, and electricity for the pump, of the well and casing shall be born equally by the parties and their heirs and assigns. It is agreed that the cost of the electricity for the pump house shall be at the rate of \$5.00 per month per parcel from the time of execution of this document and parties shall have the right to renegotiate this fee annually based on Pacific Power & Light's calculations.
- (2) First Parties grant to Second Parties, their heirs, grantees and assigns for the benefit of Second Parties' said property, perpetual right in and to said water well and of ingress and egress upon said property of First Parties for

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the sole purpose of replacing the pipes from the shut off valve at the pump house to the Second Parties premises.

- (3) It is mutually covenanted and agreed by all of the parties hereto on behalf of themselves, their heirs, grantees and assigns, that in the event that any owner of either of said parcels of land shall at any time hereafter institute any suit, action or proceeding to enforce any of the covenants or agreements herein contained and/or for damages for the breach of same, that the Court may award the prevailing party in such suit, action or proceeding such sums as it may adjudge reasonable for said prevailing party's attorney's fees therein; in addition to the usual costs and disbursements provided by law.
- (4) This agreement shall bind and inure to each of said parcels of land and be appurtenant thereto and run therewith.

IN WITNESS WHEREOF, the parties hereto have hereunder set their hands and seals the day and year first herein written.

Victor L. Hobbs
Marcia J. Hobbs
 First Parties

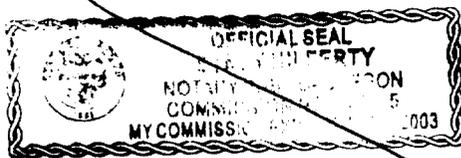
Darryl K. McNair
Reggy L. McNair
 Second Parties

STATE OF OREGON)
) ss
 County of Klamath)

Personally appeared the above named Victor Hobbs & Marcia J. Hobbs first parties and Darryl K. & Reggy L. McNair second parties, and acknowledged the foregoing instrument to be their voluntary act and deed.

Before me:

[Signature]
 Notary Public for Oregon



State of Oregon, County of Klamath
 Recorded 08/27/01 at 2:56 p. m.
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 Linda Smith,
 County Clerk Fee\$ 26⁰⁰