

'01 NOV 13 PM3:19

MTZ SS3S6-TM  
**GRANT OF EASEMENT AND GEOTHERMAL WELL AGREEMENT**

This agreement made this 7th day of NOVEMBER, 2001 between KENNETH DAVIS  
 AND CHRISTIANNA J. DAVIS , herein referred to as Grantor, and VIRGINIA RUTH  
 MCGAUGHEY. TRUSTEE OF THE E & V MCGAUGHEY CHILDREN'S TRUST, herein referred to as  
 Grantee,

1.) Grantor is the owner of property described as

Lot 9 in Block 14 of DIXON ADDITION to the City of Klamath Falls,  
 according to the official plat thereof on file in the office of  
 the County Clerk of Klamath County, Oregon.

2.) Grantee is the owner of property described as

Lot 10 in Block 14 of DIXON ADDITION to the City of Klamath Falls,  
 according to the official plat thereof on file in the office of the County  
 Clerk of Klamath County, Oregon.

3.) There is a geothermal well located on the above described

Lot 9 in Block 14 of DIXON ADDITION

It is the intent of the parties hereto that said Lots 9 and 10 said DIXON ADDITION  
 shall have equal rights in the ownership of said geothermal  
 well on the above described lot and that the owner(s) of each lot shall  
 shall pay one half of the cost of the well casing, coil and appurtenances relating  
 to the maintenance of said geothermal well.

Therefore, in consideration of the sum of \$1.00, receipt of which is hereby acknowledged, and is subject  
 to the conditions set forth in this instrument:

1.) Grantor does hereby grant, sell and convey to Grantees an undivided one half ownership of the above  
 described geothermal well and conveys to Grantees the right to use the ~~from~~  
 said well for heat and hot water only from the well to Grantees above  
 described real property by pipe, and

2.) Grantor hereby further grants to Grantees an easement across the northerly  
 portion of Lot 9 from the geothermal well located on lot 9 for the installation  
 maintenance and repair of Grantees geothermal delivery system. Said easement  
 shall be perpetual and run with the ownership of the lots described above.

It is mutually covenant and agreed by the parties on behalf of themselves and their respective heirs,  
 successors and assigns, as follows:

A. Grantees, their heirs, grantees and assigns, shall be solely responsible for the maintenance, repair  
 and replacement of the coil, pipes and other equipment which serve their said property and shall repair  
 or pay for, at their sole expense, any damage done to Grantors said premises in such maintenance, repair  
 and replacement, and shall pay one-half of all future costs if maintenance, repair, replacement and  
 improvement of the geothermal well and well casing.

B. Grantor, its successors, grantees and assigns, shall be solely responsible for  
 the maintenance, repair, replacement of the coils, pipes and equipment which serve  
 its said property and shall repair or pay for, at its sole expense, any damage done  
 to Grantees said premises in such maintenance, repair and replacement and  
 improvement of the geothermal well and well casing.

Provided, however, that the parties acknowledge that Grantor intends to sell its  
 said lots and that at the time of sale of its lots Grantor shall require the  
 purchaser(s) of said lots to sign and record a Grant of Easement and Geothermal  
 Well Agreement containing terms and conditions substantially the same as this  
 Agreement. At such time as Grantor has sold its said lot and the Well Agreement  
 have been recorded, Grantor shall have no further liability for the performance of  
 this agreement.

C. The parties interest in the geothermal well is limited to the supply of  
 heat and hot water for domestic use on the above described lots.

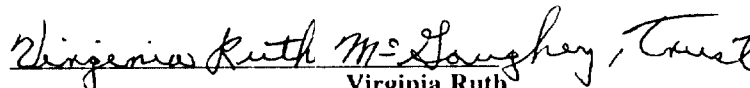
D. In the event that any repair or replacement of the well or well casing or one or more of the pipes in the well, the parties expressly agree to cooperate fully in allowing said repair or replacement to be made as soon as the necessary equipment, equipment operator and supplies can be obtained to make such repair or replacement. The parties further agree to pay for or to arrange for the payment of their respective share of the costs of said repair or replacement as soon as is reasonably possible.

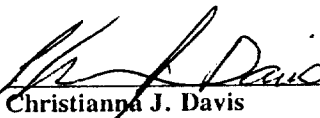
E. In the event that any owner of either of said parcels of land shall at any time hereinafter institute any suit, action or proceeding to enforce any of the covenants or agreements herein contained and/or for damages for the breach of the same, the Courts, including Appellate Courts, shall award the prevailing party in such a suit, action or proceeding such sums as it may adjudge reasonable for said prevailing party's attorney's fees herein, in addition to the costs and disbursements provided by law.

F. 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 have executed this Agreement as of the day and year first herein written.

  
Kenneth Davis

  
Virginia Ruth McGaughey, Trustee

  
Christianna J. Davis

State of Oregon  
County of Klamath

Dated before me November 7, 2001

Personally appeared the above named Kenneth Davis and Christianna J. Davis and acknowledged the foregoing instrument to be their voluntary act and deed.

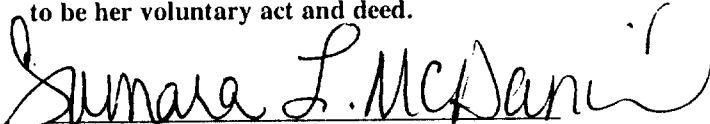
  
Notary Public For Oregon

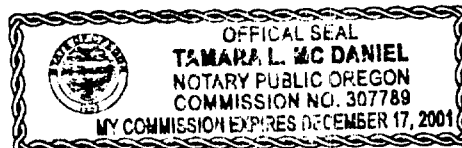


State of Oregon  
County of Klamath

Dated before me November 7, 2001

Personally appeared the above named Virginia Ruth McGaughey as Trustee of the E & V McGaughey Children's Trust and acknowledged the foregoing instrument to be her voluntary act and deed.

  
Notary Public For Oregon



AFTER RECORDING, RETURN TO:

Kenneth and Christianna J. Davis  
129 North Wendling  
Klamath Falls Oregon 97601

State of Oregon, County of Klamath  
Recorded 11/13/01 3:19 p m.  
In Vol. M01, Page 58020  
Linda Smith, County Clerk  
Fee \$ 24.00 # of Pgs 2