

EASEMENT AGREEMENT

JOHN C. McDOUGAL *JTUROS*
(Common Ownership)

WHEREAS, *E.H. McDOUGAL* ("GRANTOR") is the owner of the following two lots (or parcels) of real property located in KIAMATH County, Oregon, To-wit:

Lot I: *R-3512-035C-3500*
Lot 2 Sprague River Valley Area
Lot 3 Sprague River Valley Area

Lot II: *R-3512-035C-3400*
Township 35, Range 12 Section 35 SW 4
Please see: Continuation Request Filed 02/19/03;
NEW ACCT. # ISSUED: 3512-35C-3500
FINISHED 03/13/03

WHEREAS GRANTOR has applied to the State of Oregon through its Department of Environmental Quality ("State" or "GRANTEE") for a report of site evaluation for the proposed construction of an individual on-site sewage disposal system ("Report") on Lot I intended to serve Lot II; and

WHEREAS Oregon Administrative Rules, 340-71-130(11)(b) and 340-71-150(4)(a) require GRANTOR to execute an easement and covenant in favor of the State as a condition precedent to issuance of a favorable report concerning the construction of a system on one lot intended to serve another lot;

NOW THEREFORE, in consideration of the issuance of the report to GRANTOR by the State, and other good and valuable consideration, receipt of which is hereby acknowledged, GRANTOR hereby conveys to the State ("GRANTEE"), Its successors and assigns, a perpetual, non-exclusive, appurtenant easement in, upon, and running with Lot I allowing the GRANTEE'S officers, agents, employees and representatives to enter and inspect, including by excavation, the on-site sewage disposal system on Lot I serving Lot II.

GRANTORS, for themselves and their heirs, successors and assigns, covenant and agree:

1. To grant or reserve, and record a utility easement, in a form approved by the GRANTEE, in favor of the owner of Lot II upon severance of the above described lots; and
2. That Lot I shall not be put to any use which would be detrimental to the permitted system or contrary to any law (including an administrative rule) applicable to the permitted system.

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IN WITNESS WHEREOF, the GRANTOR executed this easement on this 19th day of Aug, 2003

OC:

[Signature]
[Signature]

(Grantors)

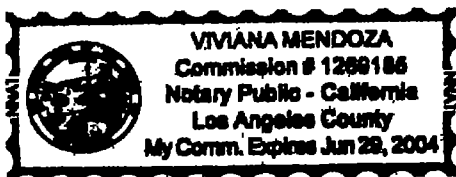
STATE OF ~~OREGON~~ California)

County of Los Angeles) ss.

August 25, 2003)

Personally appeared the above-named Elizabeth M. Mcbugal and
John C. McDugal — and acknowledged the foregoing instrument to be
their voluntary act.

Before me:



[Signature]
Notary Public For Oregon - California
My commission expires: 6/29/2004