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COVER SHEET

ORS: 205.234

07/12/2007 01:54:09 PM

Fee: \$36.00

This cover sheet has been prepared by the persons presenting the attached instrument for recording. Any errors in this cover sheet DO NOT affect the transaction(s) contained in the instrument itself.

After recording, return to:

Albert + Lynne Schmuck
1965 Leisure World
Mesa, AZ 85206

The date of the instrument attached is July 9, 2007.

1) NAMES(S) OF THE INSTRUMENT(S) required by ORS 205.234(a)

Easement + Geothermal Well Use Agreement

2) PARTY(IES)/GRANTOR, required by ORS 205.125(1)(b) and ORS 205.160:

Albert V. Schmuck

Lynne E. Schmuck

3) PARTY(IES)/GRANTEE, required by ORS 205.125(1)(b) and ORS 205.160

Albert V. Schmuck

Lynne E. Schmuck

4) TRUE and ACTUAL CONSIDERATION (if any), ORS 93.030

\$ n/a

5) FULL OR PARTIAL SATISFACTION ORDER or WARRANT FILED IN THE COUNTY CLERK'S LIEN RECORDS, ORS 205.121(1)(c)

n/a

6) RE-RECORDED to correct: _____
Previously recorded as: _____

EASEMENT AND GEOTHERMAL WELL USE AGREEMENT

ALBERT V. SCHMECK and LYNNE E. SCHMECK, Grantors, are the owners of the following-described real property:

Lots 6 and 7 in Block 5 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.

ALBERT V. SCHMECK and LYNNE E. SCHMECK, Grantees, are the owners of the following-described real property:

Lot 5 in Block 5 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.

Grantors convey to Grantees, their heirs, successors, and assigns, a perpetual exclusive easement over Lots 6 and 7 for the purpose of laying and maintaining a line to the hot water well located on Lots 6 and 7. The line running over Lots 6 and 7 to the southerly line of Lot 5 shall run due north from the well located on Lots 6 and 7 to the southerly line of Lot 5.

Grantees, their heirs, successors, and assigns, may use said easement for the purpose of access to and from the hot water well and the well line located thereon for the purpose of maintenance and repair.

This easement is appurtenant to the real property owned by Grantors and hereinabove described.

This easement shall be perpetual, however, in the event it is not used by Grantees for a period of five years, or is otherwise abandoned, the easement shall automatically expire.

Grantors and Grantees each agree that this agreement shall bind their respective heirs, successors and assigns.

Grantors grant to Grantees the right to extract heat from the geothermal well to heat

structures located on Grantees' property.

In the event of necessary repair or maintenance to the geothermal well or the pumps and transmission lines that are common to all parties, the parties shall share the same on a 75 percent/25 percent basis. Grantees shall pay 25 percent of the cost of maintenance and repair, and Grantors shall pay 75 percent of the cost of maintenance and repair. Each party shall be responsible for the repair and replacement of any transmission lines that serve the individual structures on the respective lots.

Neither party hereby warrants the chemical composition of the water; temperature of the water; quality of the water; nor the quantity of the water. .

In the event either party fails to fulfill their obligations under this agreement, the other party may perform on behalf of the defaulting party and make claim for any and all expenditures made on behalf of the defaulting party.

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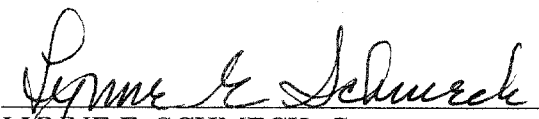
In the event suit or action is instituted by either party, the prevailing party shall be awarded attorney fees in such suit or action or upon appeal.

DATED this 9 day of July, 2007.


ALBERT V. SCHMECK, Grantor

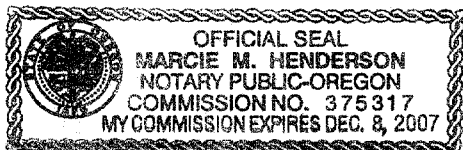

LYNNE E. SCHMECK, Grantor



ALBERT V. SCHMECK, Grantee


LYNNE E. SCHMECK, Grantee

STATE OF OREGON)
) ss.
County of Klamath)

This instrument was acknowledged before me on July 9, 2007, by ALBERT V. SCHMECK and LYNNE E. SCHMECK.




NOTARY PUBLIC FOR OREGON
My Commission Expires: 12-8-07