

RETURN ADDRESS

WILLIAMS PACIFIC CONNECTOR GAS OPERATOR, LLC
3709 CITATION WAY, SUITE 102
MEDFORD, OR 97504

2014-010034

Klamath County, Oregon

09/29/2014 09:50:45 AM

Fee: \$62.00

DOCUMENT TITLE(S): OPTION AGREEMENT FOR PURCHASE OF REAL PROPERTY

Reference Numbers(s) of related documents:

AUDITOR'S FILE NUMBERS:

REFERENCE NUMBERS:

OPTIONOR:

Victor A. Terry and Penelope Terry, as tenants by the entirety

OPTIONEE:

Williams Pacific Connector Gas Operator, LLC, as agent for Pacific Connector Gas Pipeline, LLC, a Delaware limited liability company

Legal Description:

A parcel of land in the N1/2NE1/4, Section 11, Township 41 South, Range 12 East of the Willamette Meridian, Klamath County, Oregon

Assessor's Property Tax Parcel/Account Number: **4112-01100-00400-000.**

W20140R10015

OPTION AGREEMENT FOR PURCHASE OF REAL PROPERTY

This Option Agreement is made this 26th day of September, 2014, by and between Victor A. Terry and Penelope Terry, as tenants by the entirety, whose address is 33909 E. Malin Loop Rd., Malin, OR 97632 ("Optionor"), and Williams Pacific Connector Gas Operator, LLC, as agent for Pacific Connector Gas Pipeline, LLC, a Delaware limited liability company, whose address is P. O. Box 58900, Salt Lake City, UT 84158-0900 ("Optionee").

Whereas, Optionor is the owner in fee simple of certain real properties ("Tract") in Klamath County, State of Oregon more particularly described as follows:

The N 1/2 of the NE 1/4 of Section 11, Township 41 South, Range 12 East of the Willamette Meridian, Klamath County, Oregon, EXCEPTING THEREFROM:

A tract of land in the Northwest quarter of the Northeast quarter of Section 11, Township 41 South, Range 12 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

Commencing at the Northeast corner of said Section 11, thence South 0°11'50" West along the East line of the NE 1/4 NE 1/4 of Section 11, 1290.96 feet to the North right of way line of the Klamath County road known as Rebeck Road; thence North 89°55'25" West along the North right of way line of said road 1437.47 feet to the true point of beginning of this description; thence continuing North 89°55'25" West along said North line 400.0 feet; thence North 17°51'25" West 300.0 feet; thence South 89°55'25" East 400.0 feet; thence South 17°51'25" East 300.0 feet to the true point of beginning of this description, situated in Klamath County, Oregon. All bearings based on Oregon Coordinate System - South Zone Grid.

ALSO EXCEPTING:

A tract of land in the Northwest quarter of the Northeast quarter of Section 11, Township 41 South, Range 12 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

Commencing at the Northeast corner of said Section 11, thence South 0°11'50" West along the East line of the Northeast quarter of the Northeast quarter of said Section 11, 1290.96 feet to the North right of way line of the Klamath County road known as Rebeck Road; thence North 89°55'25" West along the North right of way line of said road 1437.47 feet to the true point of beginning of this description; thence North 17°51'25" West 300.00 feet; thence South 89°55'25" East 200.00 feet; thence South 17°51'25" East 300.00 feet to the Northerly right of way line of said county road; thence North 89°55'25" West along said line 200.00 feet to the true point of beginning of this description, situated in Klamath County, Oregon. All bearings based on Oregon Coordinate System - South Zone Grid.

ALSO EXCEPTING THEREFROM a parcel in the NE 1/4 of the NE 1/4 of Section 11, Township 41 South, Range 12 East of the Willamette Meridian, Klamath County, Oregon, being more particularly described as follows:

Beginning at a point on the line common to Sections 11 and 12, Township 41 South, Range 12 East of the Willamette Meridian, Klamath County, Oregon, and 417 feet South of Section corner common to Sections 1, 2, 11 and 12 of the above named township and range; thence 356 feet West; thence 300 feet South; thence 356 feet East; thence 300 feet North to the point of beginning. ALSO a 60 foot road right of way from county road to above described tract, the center line of which is located as follows:

Beginning at a point in the center of a county road right of way, 326 feet West from the Southeast corner of the Northeast quarter of the Northeast quarter of Section 11, Township 41 South, Range 12 East of the Willamette Meridian; thence 603 feet North at which point said center line intersects South boundary of above described tract.

ALSO EXCEPTING THEREFROM the East 296 feet of the South 603 feet of the NE 1/4 NE 1/4 of Section 11, Township 41 South, Range 12 East of the Willamette Meridian, Klamath County, Oregon. EXCEPTING THEREFROM that portion lying within the County Road right of way.

More commonly known as Klamath County Parcel Number **4112-01100-00400-000**.

Whereas, Optionee is considering the purchase of the above-described Tract of land for the construction of a compressor station and the construction, maintenance, security, operation, repair, replacement, and removal of a pipeline, and related facilities, as Optionee may require, upon, over, under, and across the Tract ("Real Property").

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein, it is mutually agreed by and between the parties hereto as follows:

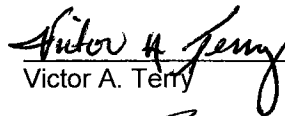
1. **Grant of Option:** Optionor grants to Optionee the sole and exclusive right and option to purchase the Tract upon the terms and conditions set forth herein ("Option").
2. **Option Price:** Optionee hereby agrees to pay Optionor the sum of **\$115,000** Dollars to secure the Option ("Option Price") for one year with an option to renew for an additional year at Optionee's discretion for an additional **\$115,000**. The first Option payment will be for **\$80,000** payable upon execution of this Option Agreement. The remaining Option amount of **\$35,000** will be payable upon Optionee's completion of additional environmental and geotechnical analysis but no later than 90 days following the execution date of this Agreement.
3. **Grant of Access and Permission:** Optionor agrees, immediately upon execution of this Agreement, to grant access to Optionee and its contractors for the purposes of completing the environmental and geotechnical analyses and agrees to cooperate fully in this investigation. Optionor also agrees to provide consent to Klamath County as required and support to Optionee in processing its application for a Conditional Use and/or Zoning Permit.
4. **Purchase Price:** The full purchase price of the Tract is **\$525,000** Dollars ("Purchase Price"). If Optionee purchases the Real Property, the Option Price shall be subtracted from the Purchase Price, leaving a balance ("Balance"), which Optionee shall pay as hereinafter provided. The Optionee agrees that the Purchase Price is for the property 'as is', except for any defect in Title, payment of liens or back payment of taxes, and the Optionor will not be responsible for any other remedy of defect on the property.
5. **Option Period:** The Option shall commence on the date of this Agreement and extend for one year from the execution date, unless extended on or before said date for an additional year. ("Option Period"). If extended for an additional year, Optionee shall pay the additional sum of **\$115,000** immediately upon execution of the extension. Such additional Option payment shall be subtracted from the Purchase Price, reducing the Balance by an amount equal to the additional Option payment.
6. **Exercise of Option:** Optionee may exercise the Option by serving Optionor with written notice of exercise at any time during the Option Period. The notice may be served by delivery to Optionor personally or by mailing the same to Optionor at the address set forth

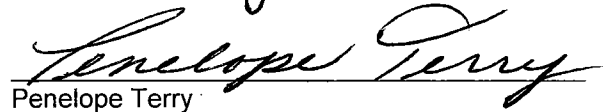
above by certified or other receipted mail. The date of service, if service is by mail, shall be the date that the notice was deposited in the United States Mail with postage fully prepaid. Optionor shall then execute and deliver to Optionee a Statutory Warranty Deed for the Tract. Optionee shall then pay to Optionor a sum equal to the Balance. Optionor shall have one year from the date of exercise to vacate the property understanding, however, that Optionee shall have the right to enter upon and have full use of said property at any time following the exercise of the Option. Optionor shall carry and maintain adequate insurance to cover liabilities for negligence, damages, claims, losses, etc. during their occupation of the property.

7. **Failure to Exercise:** If Optionee does not exercise or extend the Option as provided herein within the Option Period, the Option and the rights of Optionee shall immediately terminate without notice and Optionor shall retain the Option Price.
8. **Failure to Deliver:** If the Optionor fails to execute and deliver the Statutory Warranty Deed for the Tract after Optionee exercises the Option, Optionee may, at its sole discretion, elect to recover the Option Price or to seek specific performance of this Agreement.
9. **Binding Effect:** This Agreement shall be binding upon the heirs, executors, administrators, successors and assigns of the parties hereto and the rights herein granted may be leased or assigned, together or separately and in whole or in part.

IN WITNESS WHEREOF, The parties have caused this Agreement to be executed as of the date written above.

OPTIONOR:


Victor A. Terry


Penelope Terry

OPTIONEE: Williams Pacific Connector Gas Operator, LLC, as agent for Pacific Connector Gas Pipeline, LLC, a Delaware limited liability company


Lenore C. Komatar, Manager
Land, GIS & Permits

ACKNOWLEDGMENT

STATE OF OREGON

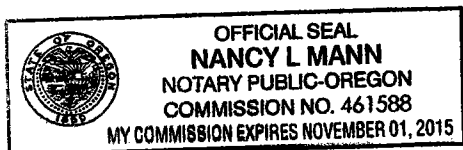
COUNTY OF

Klamath

)
)ss.

BEFORE ME, the undersigned authority, on this 18 day of September, 2014, personally appeared Victor A Terry and Penelope Terry, to me known to be the individuals described in and who executed the foregoing instrument, and acknowledged to me that they signed the said instrument at their free and voluntary act and deed for the uses and purposes therein mentioned.

WITNESS my hand and official seal hereto affixed the day and year in this certificate above written.



Nancy L Mann

Notary Public in and for the
State of Oregon

My Commission Expires: 11-1-15

ACKNOWLEDGMENT ATTORNEY-IN-FACT

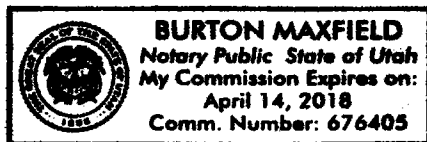
Utah
STATE OF ~~OREGON~~

COUNTY OF

Salt Lake

)
)ss.

On the 26th day of September, 2014, Lenore Komatar personally appeared before me and being by me duly sworn, did say that she is the Attorney-in-Fact of Williams Pacific Connector Gas Operator, LLC, as agent for Pacific Connector Gas Pipeline, LLC, and that the Agreement was signed on behalf of Williams Pacific Connector Gas Operator, LLC, as agent for Pacific Connector Gas Pipeline, LLC, and said acknowledged to me that as such Attorney-in-Fact executed the same.



Burton Maxfield

Notary Public in and for the
State of Oregon Utah

My Commission Expires: 4-14-18

LNUM: