

**RETURN TO:**

Fred P. Petersen  
Crown Pacific Ltd.  
P.O. Box 28  
Hamilton, WA. 98255

**DOCUMENT TITLE:**

CROWN PACIFIC & BLOEDEL HAMILTON  
EASEMENT EXCHANGE AND AGREEMENT

**REFERENCE NUMBER OF RELATED DOCUMENT:**

n/a

**GRANTORS:**

CROWN PACIFIC LIMITED PARTNERSHIP  
BLOEDEL TIMBERLANDS DEVELOPMENT, INC.

**GRANTEES:**

CROWN PACIFIC LIMITED PARTNERSHIP  
BLOEDEL TIMBERLANDS DEVELOPMENT, INC.

**ABBREVIATED LEGAL DESCRIPTION:**

**ASSESSOR'S TAX PARCEL NUMBER(S):** P41032

KATHY HILL  
SKAGIT COUNTY AUDITOR

98 JUN -4 P3:33

RECORDED \_\_\_\_\_ FILED \_\_\_\_\_  
REQUEST OF \_\_\_\_\_

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BK 182 / PG 0490

**CROWN PACIFIC & BLOEDEL  
HAMILTON  
EASEMENT EXCHANGE AND AGREEMENT**

THIS AGREEMENT is made and entered into this 8<sup>th</sup> day of MAY, 1998, by and between CROWN PACIFIC LIMITED PARTNERSHIP, a Delaware limited partnership, hereinafter called "CROWN", and BLOEDEL TIMBERLANDS DEVELOPMENT, INC., a Washington corporation, hereinafter called "BLOEDEL,"

WITNESSETH

- A. BLOEDEL for and in consideration of the grant hereinafter made by CROWN, hereby grants and conveys to CROWN, its successors and assigns, a permanent non-exclusive easement upon, over and along rights-of-way sixty (60) feet in width over and across the lands in Skagit County, Washington, described on the attached "Exhibit A", being thirty (30) feet each side of the centerline of the roads located approximately as shown on the attached "Exhibit B".

Subject as to said lands to all matters of public record.

- B. CROWN for and in consideration of \$414,074 (the "Boot") and no/100 dollars and the grant hereinafter made by BLOEDEL, hereby grants and conveys to BLOEDEL its successors and assigns, a permanent non-exclusive easement upon, over and along rights-of-way sixty (60) feet in width over and across the lands in Skagit County, Washington, described on the attached "Exhibit A", being thirty (30) feet each side of the centerline of the existing roads located approximately as shown on the attached "Exhibit B".

Subject as to said lands to all matters of public record.

It is mutually agreed by the parties hereto that the rights herein granted are subject to the following terms and conditions:

1. One-third (1/3) of the Boot, or more at BLOEDEL's option, shall be paid in cash at Closing by BLOEDEL to CROWN. The balance shall be paid in three annual payments of one third, or more, of the declining balance. Such payments shall be due in each successive year on or before the same month and day as the Date of Closing hereof, until paid in full.
2. If any land exchange or sale of fee title to acreage from Bloedel to Crown, tributary to the easements conveyed herein, is completed by on or before December 21, 1999, then Bloedel shall receive: (a) a credit against the

remaining principal balance of Boot owed to Crown, based on the pro rata number of tributary acres added; or (b) if the Boot has been paid in its entirety by BLOEDEL, then CROWN shall pay to BLOEDEL a sum of money determined *pro rata* by comparing the amount of Boot provided for herein and the amount of acreage of tributary lands owned by BLOEDEL at Closing hereof, with the amount of acreage being conveyed to CROWN at such future date.

3. The above-referenced respective easements are conveyed for the purpose of use and maintenance of existing roads for the purpose of hauling forest products and other valuable materials from lands now owned or hereafter acquired by the parties hereto, and to provide access to said lands for land management and administrative activities including forest management, educational, and cultural activities.
4. Each party reserves for itself, its successors and assignees, the right at all times for any purpose, to cross and recross at any place on grade or otherwise on the said right of ways on its own lands, and to said rights of ways in a manner that will not unreasonably interfere with the rights granted to the other party herein.
5. Each party hereto may grant to third parties, upon such terms as it chooses, on its own lands, any or all of the rights reserved by it herein; provided, that use by such party shall be subject to the terms and conditions of this agreement and shall not unreasonably interfere with the rights granted to the other party herein.
6. Each party hereto may permit its respective agents, contractors, licensees, lessees, purchasers of timber or other valuable materials, and their agents, hereinafter individually referred to as "Permittee" and collectively referred to as "Permittees," to exercise the rights granted to it herein; provided, that when the BLOEDEL or one of its Permittees plans to use any portion of said roads for the purpose of hauling timber or other valuable materials, BLOEDEL, shall notify CROWN at least fifteen (15) days prior to the commencement of use of said rights, advising of the portion of road to be used, the approximate dates when such use will begin and end, and of the approximate volumes of forest products or other valuable materials to be hauled and forthwith upon completion of such use notify CROWN thereof.
7. This Section 7 deals with road maintenance and resurfacing for roads for which CROWN is the designated maintainer. Under this agreement, BLOEDEL agrees that CROWN will be the designated maintainer of the 100, 110, 140, 160 (to the bridge), 200 and 210 roads. However, should the roads covered

under this agreement be sold to someone other than the parent company (Crown Pacific), BLOEDEL reserves the right to revisit and renegotiate the designated maintainer arrangement under this agreement.

The cost of road maintenance and resurfacing for roads covered by this agreement in which Crown is the designated maintainer, shall be allocated on the basis of respective actual annual use of said roads by Crown, Bloedel and all others who have used roads or a road (except for *de minimus* users as reasonably defined by Crown and Bloedel) as determined at an annual meeting between Crown and Bloedel as herein set forth:

Crown and Bloedel shall meet annually to reconcile the previous year's cost of maintenance and resurfacing, based on the previous year's use by all users as described above. At a minimum, both parties shall bring the following information to the meeting:

- A. Volume of timber hauled and the route thereof;
- B. Volume of rock hauled and the route thereof;
- C. Road maintenance and resurfacing dollars expended and the route thereof.

With the above information, both parties shall reconcile, based on a pro rated use (including all road users as described above), the proportionate share for maintenance and resurfacing for Crown and Bloedel.

To assist in calculations, both parties agree to use a conversion factor of 0.85 thousand board feet of timber per cubic yard of rock.

Only timber and rock hauled by authorized users over authorized routes shall be used in the annual reconciliation of road maintenance and resurfacing costs.

Annual road maintenance and resurfacing costs for the roads under this agreement shall be based on pro-rata log and rock hauling use of individual roads. BLOEDEL agrees to pay CROWN directly any maintenance and resurfacing fee due for the movement of logs and rock over the designated roads under this agreement. If there has been no use of the road during a given year to haul logs or rock, there shall be no fee owed for that year. The annual fee will vary in accordance with the above process, based on the factors listed. For the first year of this Agreement only, the maintenance and resurfacing fee shall be \$1.00 per 1,000 board feet of logs hauled (rock to be converted in accordance with the above), per mile of road used over any

roads on which CROWN is the designated maintainer as listed under this agreement.

8. This Section 8 deals with road maintenance and resurfacing for roads which CROWN is not the designated maintainer. The cost of road maintenance and resurfacing for roads covered by this agreement on which CROWN is not the designated maintainer, shall be allocated on the basis of respective use of said roads. When any party uses a road, that party shall perform or cause to be performed, or contribute or cause to be contributed that share of maintenance and resurfacing occasioned by such as hereinafter provided. During periods when a road is being used solely by one party, such party shall maintain that portion of said road so used to the standards existing at the time use is commenced.

During periods when more than one party is using the same road, or any portion thereof, the parties hereto shall meet and establish necessary maintenance provisions. Such provisions shall include, but are not limited to:

- (a) The appointment of a maintainer, which may be one of the parties hereto or any third party, who will perform or cause to be performed at a reasonable and agreed upon rate the maintenance and resurfacing of the road or the portion thereof being used; and
- (b) A method of payment by which each party using said road or a portion thereof, shall pay its pro rata share of the cost incurred by said maintainer in maintaining or resurfacing said road or portion thereof.

For purposes of this Agreement, maintenance is defined as the work normally necessary to preserve and keep the roadway, road structure, and road facilities as nearly as possible in their present condition or as hereinafter specified to be improved. This definition includes but is not limited to the following; grading, ditching, minor culvert replacement, brush cutting, dust abatement, surface patching, surface rock replacement, asphalt repair and replacement, gate repair, small slide removal, and structure maintenance. In addition, the parties recognize that the construction, maintenance, and improvement of said road will likely be governed by applicable regulations of governmental agencies controlling the same.

9. Each party using any portion of a road shall repair, or cause to be repaired, at its sole cost and expense, that damage to said road caused by it which is in excess of what which it would cause through normal and prudent use of said road.

Should inordinate damages<sup>1</sup> to a road occur which is not caused by an authorized user of said road, the parties hereto shall meet to see if they can agree to repair the road, the cost of such repair, the party to undertake the repair, and the share of repair costs to be borne by each party on the basis of each party's proportionate tributary acreage beyond the point of damage at the time the damage occurs. Unless the parties hereto do agree in writing as to each of the foregoing in advance of such repairs being made, then no repairs shall be made, or if such repairs are undertaken by one of the parties, then all costs of such repairs shall be borne solely by that party.

10. Unless the parties hereto agree in writing to share the costs of improvements in advance of such improvements being made, such improvements shall be made solely for the account of the party who pays for the improvements. Improvements include substantial resurfacing, drainage structure upgrades, and other maintenance activities agreed upon in advance by both parties. The costs of such improvements shall be borne by the respective parties and allocated on the basis of each party's proportionate tributary acreage beyond the point where the improvements occurs at the time of improvement. Each party agrees to meet and determine tributary acreage prior to the commencement of any improvement to be cost shared.
11. Each party reserves to itself all timber now on or hereafter growing within the respective rights-of-way on its said lands.
12. Each party specifically and expressly agrees to indemnify and save harmless the other party, to the extent of each respective party's and/or its respective agents or permittees' own negligence, its officers, agents and/or employees from and against any and all suits, claims, actions, losses, costs, penalties, and damages of whatsoever kinds and nature, including attorney's fees, to the "greatest extent" as allowed by law, as set forth in RCW 4.24.115 and any amendments thereto arising out of and in connection with or incident to the respective uses for the respective easements and any and all work and/or maintenance performed on said easements except those caused by the sole negligence of a respective party and/or its employees and agents. In the event of litigation between the parties to enforce the rights under this paragraph, reasonable attorney's fees shall be allowed to the prevailing party.

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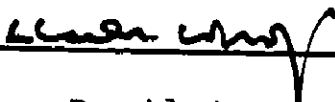
<sup>1</sup> Inordinate damage includes but is not limited to large slides or road prism failures (greater than 100 cubic yards), large drainage structure replacements (bridges or culverts 48 inches and larger), specified road segment drainage structure updates.

- 13. Each party hereto shall require each of its Permittees, before using any of said roads on the lands of the other party hereto for commercial purposes to:**
- (a) Obtain and during the term of such use, maintain a policy of liability insurance in a form generally acceptable in the trade, and customary in the area of said rights of way, insuring said Permittee against liability arising out of its operations, including use of vehicles. Minimum amounts of insurance shall be:**
    - (1) For log haulers, and other miscellaneous users operating heavy trucks (over one (1) ton) Five Hundred Thousand Dollars (\$500,000.00) for injury to one person, One Million Dollars (\$1,000,000.00) for any one occurrence, and Five Hundred Thousand Dollars (\$500,000.00) property damage for any occurrence;**
    - (2) For fern cutters, bough cutters, shake cutters, or other miscellaneous users operating pickup trucks, light trucks (under one (1) ton) or passenger cars for the purpose of transporting miscellaneous forest products, One Hundred Thousand Dollars (\$100,000.00) for injury to one person, Three Hundred Thousand Dollars (\$300,000.00) for any one occurrence, and One Hundred Thousand Dollars (\$100,000.00) property damage for any one occurrence; or**
    - (3) Such other limits as the parties hereto may agree upon in writing from time to time.**
  - (b) Deliver to each party hereto a certificate from the insurer of said Permittee certifying that coverage in not less than the above named amounts is in force and that, in the event of cancellation or modification of such coverage, the insurer will give ten (10) days written notice prior to any cancellation or modification.**
- 14. The Covenants entered into and the easements granted by the parties herein shall be deemed to touch and concern the land, and shall, therefore, run with the land.**
- 15. In the event of a claim hereunder by either party of failure by the other party to comply with or perform any condition or agreement hereof promptly at the time and in the manner specified, the non-prevailing party shall be obliged to pay all costs and expenses, including reasonable attorney fees, incurred by the prevailing party in the enforcement of its rights herein, whether by judicial action, appellate judicial action, arbitration, or other means, except as to arbitrator costs and expenses as provided in the following Section 15.**

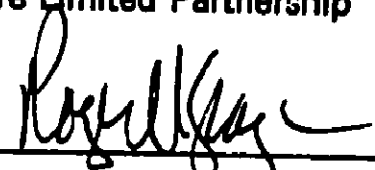
16. At the request of either party, any and all disputes arising under this agreement shall be subject to binding arbitration conducted in accordance with the procedures established by the American Arbitration Association. In such arbitration, each party one arbitrator, and the two arbitrators so appointed shall appoint a third. The dispute to be arbitrated shall be submitted to the three arbitrators for determination within sixty (60) days of written request for arbitration by one party to the other party. The majority decision of the arbitrators shall be binding on all parties, and may be enforced in the manner provided in Chapter 7.04 RCW. Notwithstanding the provisions of Section 14, above, each party shall pay all costs, fees and expenses of the arbitrator appointed by it and shall equally share the costs, fees and expenses of the arbitrator appointed by the other two.

IN WITNESS WHEREOF the parties hereto have executed this instrument in duplicate the day and year first above written.

BLOEDEL TIMBERLANDS DEVELOPMENT, INC.  
a Washington Corporation

By   
Title: President

CROWN PACIFIC LIMITED PARTNERSHIP  
a Delaware Limited Partnership

By   
Title: \_\_\_\_\_

23777  
SKAGIT COUNTY WASHINGTON  
Real Estate Excise Tax

JUN - 4 1998

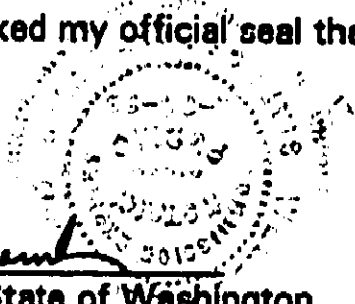
Amount Paid \$ 6,335.34  
By Skagit Co. Treasurer  
W. J. RUTV



STATE OF WASHINGTON )  
 )ss  
COUNTY OF King )

On this 8th day of May, 1998, before me personally appeared  
Charles B. Wright, to me know to be the, President, of  
Bloedel Timberlands Development, Inc., the corporation that executed the within and foregoing  
instrument, and acknowledged said instrument to be the free and voluntary act and  
deed of said persons, for the uses and purposes therein mentioned.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the  
day and year first above written.

  
William L. Lamm  
Notary Public in and for the State of Washington  
residing in Bainbridge Island  
My appointment expires 2-5-99

STATE OF OREGON )  
 ) ss  
COUNTY OF \_\_\_\_\_ )

On this \_\_\_\_\_ day of \_\_\_\_\_, 1998, before me personally appeared  
\_\_\_\_\_, to me known to be the, \_\_\_\_\_, respectively,  
of Crown Pacific, Ltd., a General Partner of Crown Pacific Limited Partnership, the  
partnership that executed the within and foregoing instrument, and acknowledged  
said instrument to be the free and voluntary act and deed of said corporation, for the  
uses and purposes therein mentioned, and on oath stated that they were authorized  
to execute said instrument and that the seal affixed is the corporate seal of said  
corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official  
seal the day and year first above written.

\_\_\_\_\_  
Notary Public in and for the State of Washington  
residing in \_\_\_\_\_  
My appointment expires \_\_\_\_\_

**EXHIBIT A**

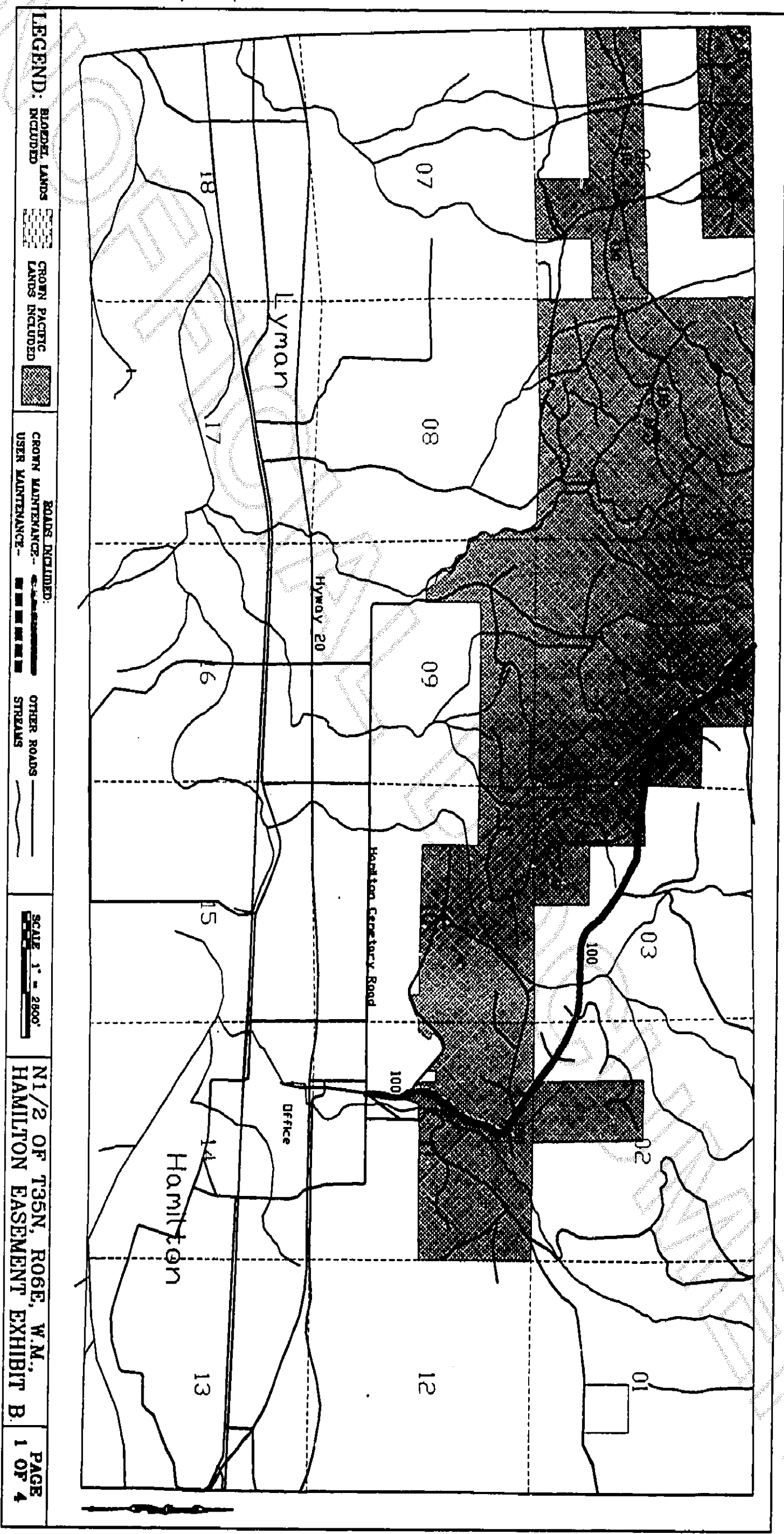
**ACCESS GRANTED ACROSS CROWN OWNERSHIP**

<u>Section</u>	<u>Township</u>	<u>Range</u>	<u>Subdivision</u>
2	35N	6E	SW1/4 SW1/4
3	35N	6E	S1/2
4	35N	6E	NE1/4 SE1/4, NE1/4 NW1/4, S1/2 NE1/4
11	35N	6E	NE1/4 SW1/4, W1/2 NW1/4
1	36N	6E	S1/2 SW1/4
7	36N	6E	U.S. GOVT. LOTS 8, 9, 10, AND 11
12	36N	6E	SW1/4 SE1/4
13	36N	6E	NE1/4 NW1/4
14	36N	6E	U.S. GOVT. LOTS 2, AND 3, NW1/4 SW1/4
15	36N	6E	E1/2 SE1/4
17	36N	6E	N1/2 SW1/4, NW1/4 SE1/4, S1/2 NW1/4
18	36N	6E	U.S. GOVT LOTS 1, 2, 6, 7, 8, 9, 10, 11, 15, 16, AND 17
19	36N	6E	SE1/4 SE1/4, N1/2 SE1/4, SW1/4 NE1/4, E1/2 NW1/4
20	36N	6E	S1/2 SW1/4, S1/2 NW1/4, N1/2 SE1/4, SW1/4 NE1/4
21	36N	6E	U.S. GOVT. LOTS 5, 6, 7, & 8, N1/2 N1/2 NW1/4 SW1/4
22	36N	6E	U.S. GOVT. LOTS 1, 5, 6, AND 7
29	36N	6E	W1/2 SE1/4, NE1/4 SW1/4, E1/2 NW1/4
32	36N	6E	W1/2 NE1/4, NW1/4 NE1/4
33	36N	6E	S1/2 SW1/4, NW1/4 SW1/4, SW1/4 NW1/4
12	36N	5E	U.S. GOVT. LOT 1, N1/2 SE1/4, W1/2 NE1/4

**ACCESS GRANTED ACROSS BLOEDEL OWNERSHIP**

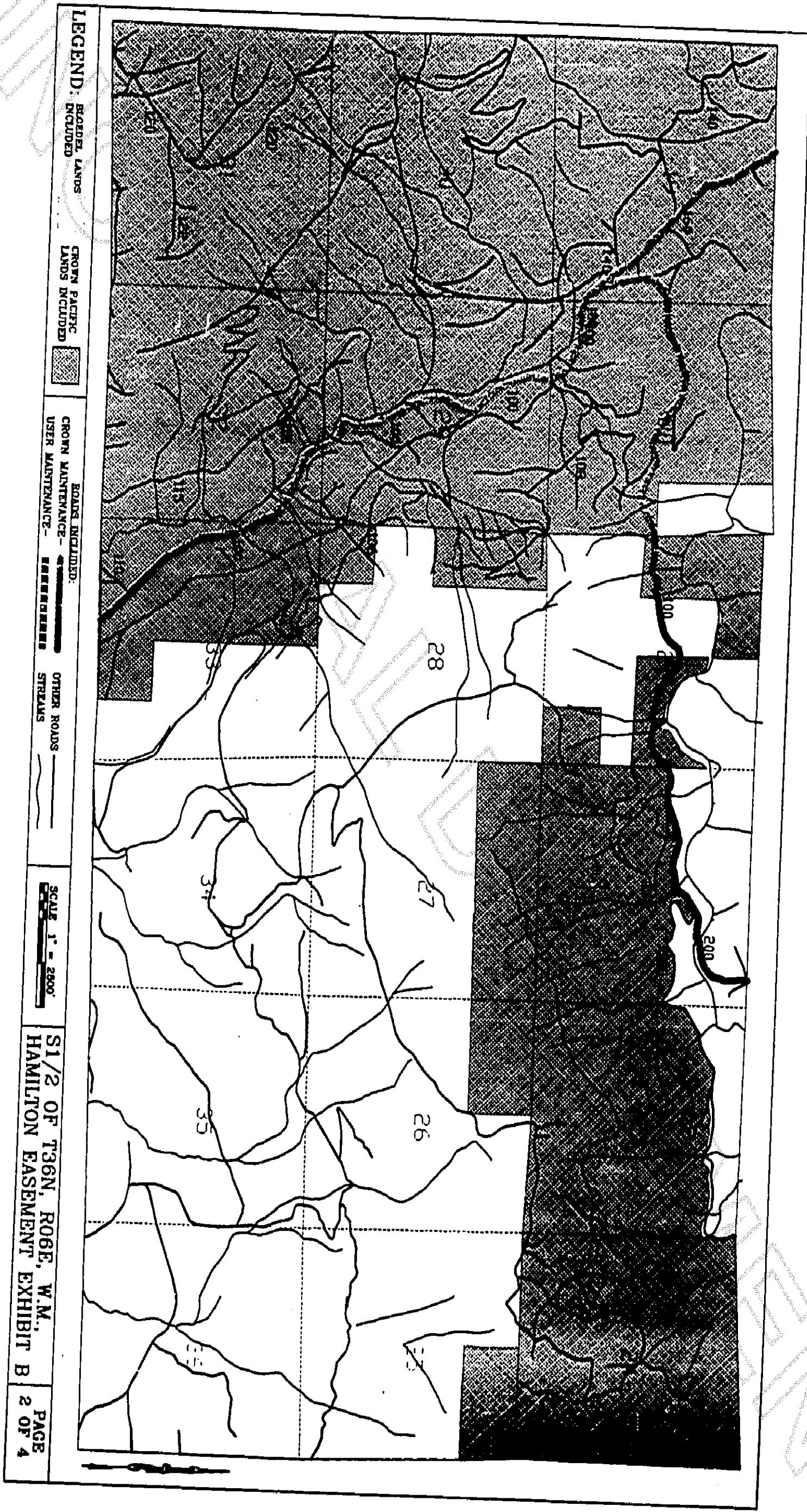
<u>Section</u>	<u>Township</u>	<u>Range</u>	<u>Subdivision</u>
1	36N	5E	U.S. GOVT. LOT 10
12	36N	6E	S1/2 SW1/4, N1/2 S1/2, N1/2
13	36N	6E	NW1/4 NW1/4
14	36N	6E	S1/2 NE1/4, NE1/4 NE1/4

**9806040086**



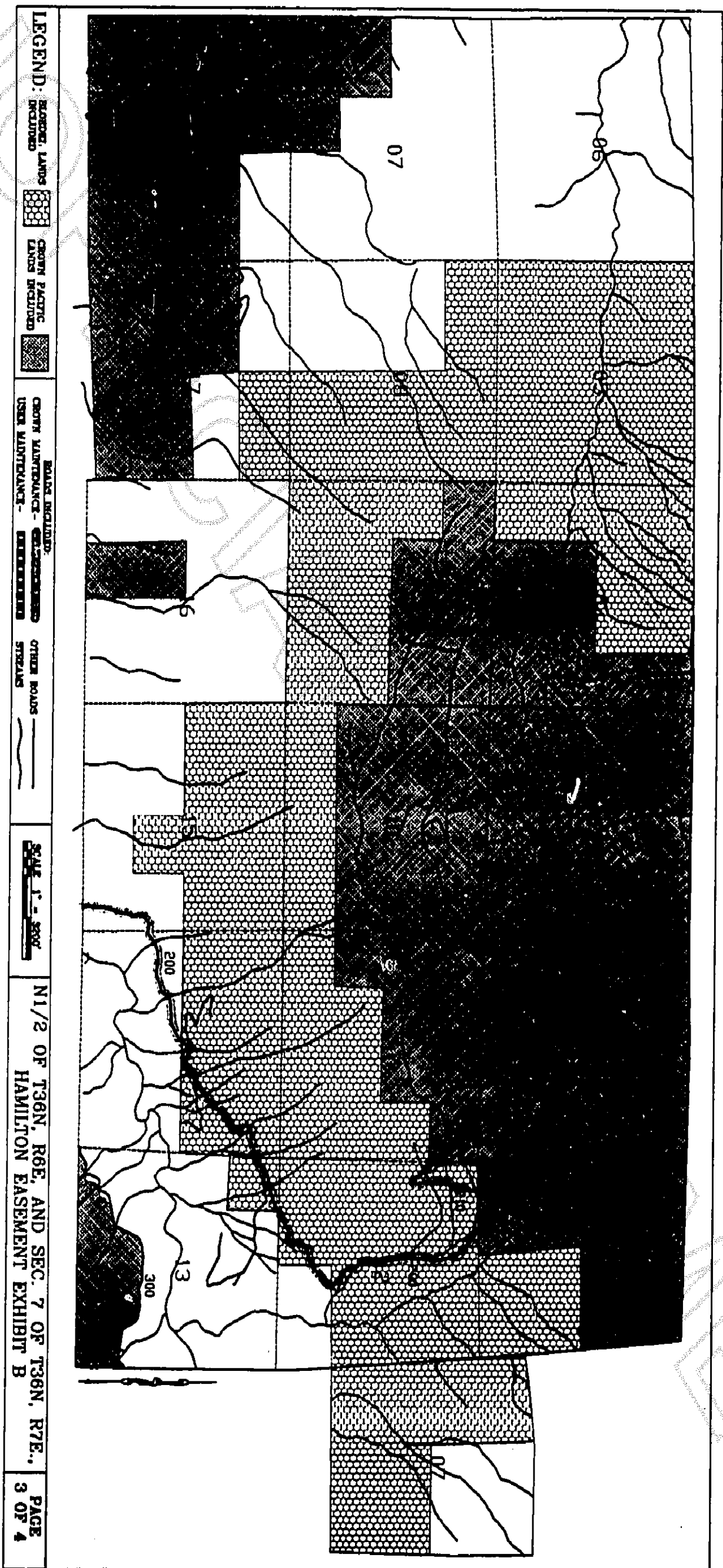
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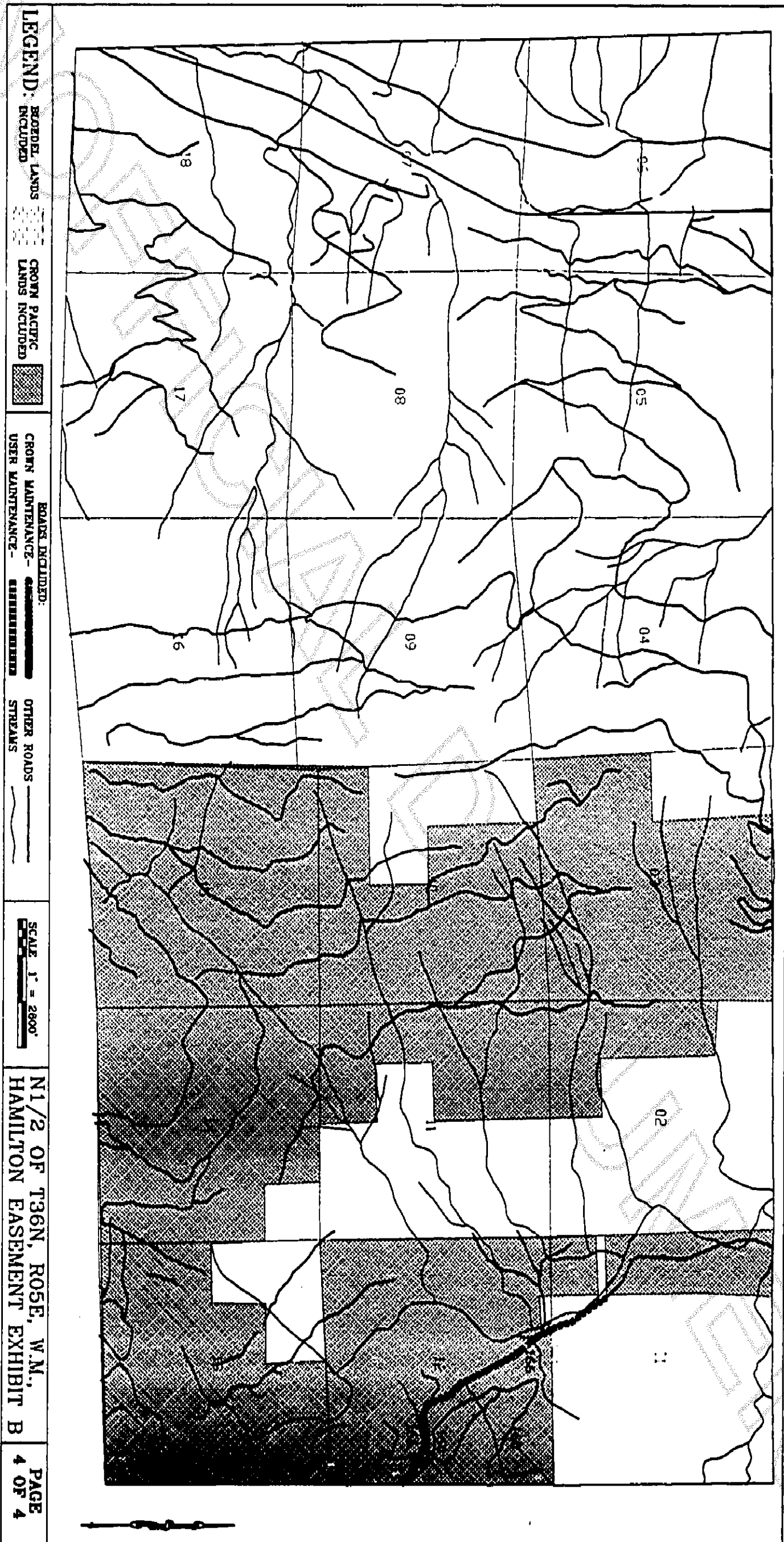
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