Recording Requested By And When Recorded Mail To:

Noretep Corporation P.O. Box 3366 Arlington, WA 98223

Merrill & Ring P.O. Box 1058 Port Angeles, WA 98362

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ROAD EASEMENT

Reference numbers of related documents: of document on page____

Grantor(s):

Merrill & Ring

Grantee(s):

Noretep

Legal Description (abbreviated): Township 33 North, Range 5 East, Section 16 and 17, additional legal description is on page 1 of document.

> SKAGIT COUNTY WASHINGTON Real Estate Excise Tax PAID

> > Amount Paid S Skagit County Treasurer

Deputy



Ey:

Assessor's Property Tax Parcel Account Number(s): 330516-3-002-0000

ROAD EASEMENT

THIS AGREEMENT, made and entered into the 1st day of January, 2001, between Merrill & Ring, a Washington general partnership, and Noretep, a Washington general partnership, hereinafter called Noretep.

WITNESSETH:

Merrill & Ring, for and in consideration of the grant of one dollar (\$1.00) and other good and valuable consideration received by Merrill & Ring, does hereby grant to Noretep, its successors, permittees and licensees, subject to existing easements and valid rights, a permanent, nonexclusive road easement upon, over and along rights-of-ways forty (40) feet in width upon, over, and across the following described lands in Skagit County, Washington:

In Township 33 North, Range 5 East, Section 16, NW ¼ of the SW ¼.

being twenty (20) feet on each side of the centerline of the road and located approximately as shown in blue on the attached Exhibit A, upon the following terms and conditions:

1. This easement is conveyed for the purpose of ingress, egress, utilities, and maintenance of said road for access to lands now owned by **Noretep** as shown in yellow on the attached Exhibit B, all of which by these references are incorporated herein.

2. Merrill & Ring reserves for itself, its successors and assignees, the right at all times for any purpose to cross and re-cross at any place on grade or otherwise, said road on lands owned by it and to use in a manner that will not unreasonably interfere with the rights granted to the other party hereunder.

3. Merrill & Ring may grant to third parties, upon such terms as it chooses, any or all of the rights reserved by it herein; provided that such use shall not unreasonably interfere with the rights granted to the other party hereunder.

4. The cost of road maintenance and resurfacing shall be allocated on the basis of respective uses of said road. When any party uses the 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 use as hereinafter provided. During periods when the 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 shall not be limited to:



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.

C. 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 hereafter improved.

5. Each party using any portion of the road shall repair, or cause to be repaired, at its sole cost and expense, that damage to said road occasioned by it which is in excess of that which it would cause through normal and prudent usage of said road. Should inordinate damage to the road occur which is not caused by an authorized user of said road, the parties hereto shall meet to agree upon the cost of replacement, the party to undertake the replacement, and the shares of re-placement cost to be borne by each user of said road.

6. Unless the parties hereto agree in writing to share the cost of improvements in advance of such improvements being made, such improvements shall be solely for the account of the party providing the improvement.

7. Merrill & Ring reserves to itself all timber now on or hereafter growing within the easement area on its lands.

8. Each party hereto may permit its respective contractors, licensees, lessees, purchasers of timber or other valuable materials and their agents, hereinafter individually referred to as "Permittees," to exercise the rights granted to it herein; provided, that when a party hereto or one of its Permittees plans to use any portion of said road for purpose of hauling timber or other valuable materials, such party shall notify the other thereof 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 the approximate volumes of forest products or valuable materials to be hauled and forthwith upon completion of such use notify the other party thereof.

9. Noretep and each of its Permittees, before using any of said roads, purposes shall:

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 the location of said road,

insuring said Permittee against liability arising out of its operations, including use of vehicles.

B. Minimum amounts of insurance shall be:

a. One million dollars (\$1,000,000.00) for injury to one person,
b. One million dollars (\$1,000,000.00) for any one occurrence, and
c. One million dollars (\$1,000,000.00) property damage for any one occurrence



C. Deliver to each party hereto a certificate from the insurer of said party or 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 each party hereto ten (10) days written notice prior to any cancellation or modification.

10. Noretep may not assign its rights and obligations under this Easement without the prior written consent of Merrill & Ring; and any such permitted assignment shall provide that the assignee will assume all obligations of the assigning party from and after the effective date thereof. Consent to assign shall not be unreasonably withheld upon transfer of title of lands owned by the parties hereto.

11. Each party agrees to defend, indemnify and save harmless the other party of and from and against all causes of action, litigation, cost, loss, liability, damage and expense (including attorney's fees) for injury or death to persons, whomsoever, and damage to or loss of property, to whosoever belonging, including the respective contractors, agents, employees and representatives of parties hereto, arising out of or in any way connected with the use of its easement area by such party, its respective contractors, agents, employees or representatives; unless such causes of actions, litigation, cost, loss, liability, damage and expense results from the sole negligence of the other party.

12. Noretep shall use only mechanical brush clearing methods on the easement area. If Noretep desires to use any herbicide or pesticide on the easement area, it shall first notify Merrill & Ring and obtain Merrill & Ring's written approval. Such notification shall describe the portion of the easement area to be covered by the herbicide or the pesticide, the type of herbicide or pesticide to be applied, and the dates of application. Each party, in considerations of the rights granted hereunder, hereby agrees to indemnify, defend and hold harmless the other party, its officers, directors, and employees from and against any and all claims, actions, liabilities, damages, losses, penalties, fines, costs, and expenses, including without limitation, reasonable attorney's fees and response and remedial action costs, related to or in any matter arising out of the use by the indemnifying party of herbicides or pesticides on or under the easement area.

IN WITNESS WHEREOF, the parties hereto have executed this instrument, in quadruplicate to become effective as of the day and year first above written.

Merrill & Ring

Noretep

By: Non P.

Vice President Timberlands & Administration, Merrill & Ring Inc.

Managing Agent for Merrill & Ring







EXHIBIT B

Merrill & Ring Lands

The North ¹/₂ of the Southwest ¹/₄ (N ¹/₂ SW ¹/₄) and the Southeast ¹/₄ (SE ¹/₄) of Section 16, Township 33 North, Range 5 East, W.M.

Noretep Lands

Lots A, B, C, D, and E of Survey Vol. 14, pages 153-155, located in the Northeast ¹/₄ (NE ¹/₄) and the Northeast ¹/₄ of the Southeast ¹/₄ (NE ¹/₄ SE ¹/₄) of Section 17, Township 33 North, Range 5 East, W.M.



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