

RETURN TO: Public Utility District No. 1 of Skagit County 1415 Freeway Drive P.O. Box 1436 Mount Vernon, WA 98273-1436

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PUD UTILITY EASEMENT

THIS AGREEMENT is made this _______ day of _______, 2003, between HP LIMITED LIABILITY COMPANY, hereinafter referred to as "Grantor", and PUBLIC UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY, WASHINGTON, a Municipal Corporation, hereinafter referred to as "District". Witnesseth:

WHEREAS, Grantors are the owners of certain lands and premises situated in the County of Skagit, and

WHEREAS, the District wishes to acquire certain rights and privileges along, within, across, under, and upon the said lands and premises.

NOW, THEREFORE, Grantors, for and in consideration of mutual benefits and other valuable consideration, receipt of which is hereby acknowledged, conveys and grants to the District, its successors or assigns, the perpetual right, privilege, and authority enabling the District to do all things necessary or proper in the construction and maintenance of a water and communication, lines or other similar public services related facilities, including the right to construct, operate, maintain, inspect, improve, remove, restore, alter, replace, relocate, connect to and locate at any time a pipe or pipes, line or lines or related facilities, along with necessary appurtenances for the transportation and control of water and electronic information on facilities over, across, along, in and under the following described lands and premises in the County of Skagit, State of Washington, to wit:

P26228 - See Map, Attachment "A"

That portion of the Northeast Quarter of Section 18, Township 34 North, Range 4 East, W.M., described as follows:

Beginning at the Northeast corner of the East 160 feet of that portion of the South Quarter of the North half of the Northeast Quarter of the Northeast Quarter of said Section 18, lying West of the State Highway right-of-way as conveyed to the State of Washington by deed dated June 30, 1937, recorded December 3, 1937 in Volume 173 of deeds, page 390; thence North 88°19'45" West along the North line thereof a distance of 10.50 feet; thence South 1°01'14" West 105.62 feet; thence South 88°58'46" East, 10.50 feet to the West line of said highway right-of-way; thence North 1°01'14" East along said West line, 105.50 feet to the point of beginning;

SUBJECT TO easements, reservations, restrictions, covenants, liens, leases, court causes and other instruments of record.

together with the right of ingress to and egress from said lands across adjacent lands of the Grantor; also, the right to cut and/or trim all timber, trees, brush, or other growth standing or growing upon the lands of the Grantor which, in the opinion of the District, constitutes a menace or danger to said line or to persons or property by reason of proximity to the line. The Grantor agrees that title to all brush, other vegetation or debris trimmed, cut, and removed from the easement pursuant to this Agreement is vested in the District.

Grantors, their heirs, successors, or assigns hereby conveys and agrees not to construct or permit to be constructed structures of any kind on the easement area without written approval of the General Manager of the District. Grantors shall conduct their activities and all other activities on Grantor's property so as not to interfere with, obstruct or endanger the usefulness of any improvements or other facilities, now or hereafter maintained upon the easement or in any way interfere with, obstruct or endanger the District's use of the easement.

The Grantors also agree to and with the District that the Grantors lawfully own the land aforesaid, has a good and lawful right and power to sell and convey same, that same is free and clear of encumbrances except as indicated in the above legal description, and that Grantors will forever warrant

Page 1 of 3 C.O. 3285 W.O. 00-2686 and defend the title to said easement and the quiet possession thereof against the lawful claims and demands of all persons whomsoever.

Any mortgage on said land held by a mortgagee is hereby subordinated to the rights herein granted to the District; but in all other respects the mortgage shall remain unimpaired. In Witness Whereof, the Grantor hereunto sets his hand and seal this 2003. George Eusterman HP LIMITED LIABILITY COMPANY STATE OF WASHINGTON COUNTY OF SKAGIT I certify that I know or have satisfactory evidence that George Eusterman is the person who appeared purposes mentioned in the instrument. 03 Washington SKAGIT COUNTY WASHINGTON Real Estate Excise Tax

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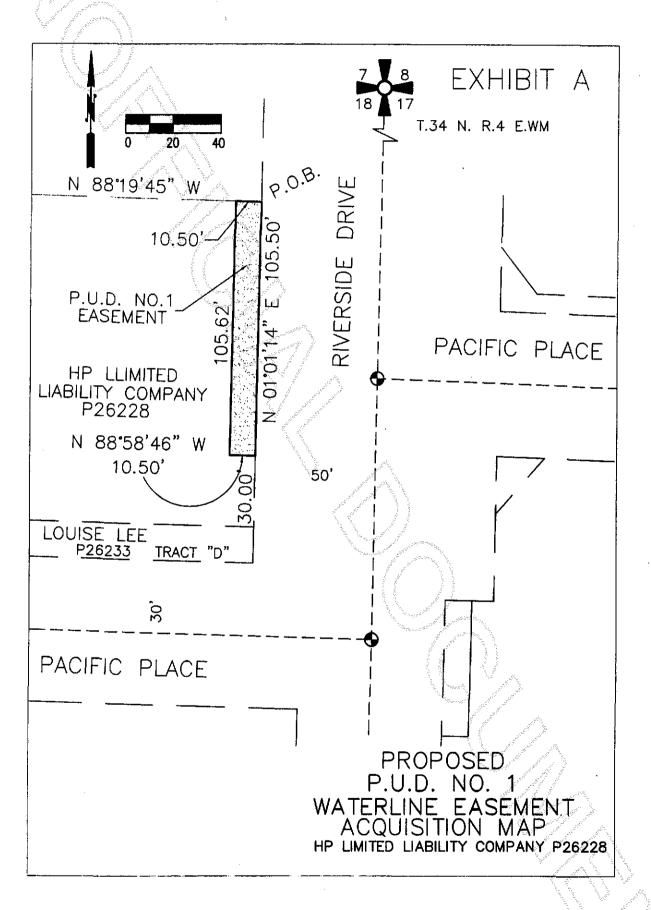


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EXHIBIT "A"

(NTS)





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