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Document Title:

Easement

Reference Number:

Grantor(s):

☐ additional grantor names on page ____

1. Cascade Timberlands
2. Bloedel Timberlands Dev

Grantee(s):

☐ additional grantee names on page ____

1. Bloedel Timberlands Dev.
2. Cascade Timberlands

Abbreviated legal description:

☐ full legal on page(s) ____

NWSW 1-36-6 etal
Exhibit A

Assessor Parcel / Tax ID Number:

☐ additional tax parcel number(s) on page ____

P51230

**CASCADE TIMBERLANDS (HAMILTON) LLC & BLOEDEL TIMBERLANDS
EASEMENT EXCHANGE AND AGREEMENT**

THIS AGREEMENT is made and entered into this 22nd day of June, 2005, by and between CASCADE TIMBERLANDS (HAMILTON) LLC, a Delaware limited liability company, hereinafter called "CASCADE", and BLOEDEL TIMBERLANDS DEVELOPMENT, INC., a Washington corporation, hereinafter called "BLOEDEL,"

WITNESSETH

- A. BLOEDEL for and in consideration of the grant hereinafter made by CASCADE, hereby grants and conveys to CASCADE, 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. CASCADE for and in consideration of \$600.00 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". In addition, CASCADE grants and conveys to BLOEDEL, its successors and assigns, a permanent non-exclusive easement to build, maintain, and use an extension to the 281 Road located approximately as shown on attached "Exhibit B". Said easement being thirty (30) feet each side of the centerline of the 281 Road as built.

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. 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 forest management, activities.
2. 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.
3. 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.
4. Each party hereto may permit its respective agents, contractors, licensees, lessees, purchasers of timber or other valuable materials, and their agents, he



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"Permittee" and collectively referred to as "Permittees", to exercise the rights granted to it herein; provided, that when 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 CASCADE at least fifteen (15) days prior to the commencement of use of said roads, 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 CASCADE thereof.

5. This Section 5 deals with road maintenance and resurfacing for roads for which CASCADE is the designated maintainer. Under this agreement, BLOEDEL agrees that CASCADE will be the designated maintainer of the 200, and 280 roads. However, should the roads covered under this agreement be sold to someone other than the parent company (CASCADE TIMBERLANDS), 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 Cascade is the designated maintainer, shall be allocated on the basis of respective actual annual use of said roads by Cascade, Bloedel and all others who have used roads or a road (except for *de minimus* users as reasonably defined by Cascade and Bloedel) as determined at an annual meeting between Cascade and Bloedel as herein set forth:

CASCADE 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 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 prorated use (including all road users as described above), the proportionate share for maintenance and resurfacing for CASCADE 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 CASCADE 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.

6. This Section 6 deals with road maintenance and resurfacing for roads which BLOEDEL is the designated maintainer. Under this agreement, CASCADE agrees that BLOEDEL will be the designated maintainer of the 281 Road. BLOEDEL agrees to continually maintain the 281 Road in a manner that will comply with all relevant provisions of the State of Washington existent



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Forest Practices Act and the Forest Practices Act of 1974 (chapter 76.09 RCW) and as they may be amended.

For purposes of the 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, and improvement of said road will likely be governed by applicable regulations of governmental agencies controlling the same.

7. 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 it would cause through normal and prudent use of said road. Should inordinate damages¹ 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.
8. 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 occur 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.
9. Each party reserves to itself all timber now on or hereafter growing within the respective rights-of-way on its said lands.
10. 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.
11. 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:

¹ Inordinate damage includes but is not limited to large slides or road prism failure, large drainage structure replacements (bridges or culverts 48 inches and larger), and drainage structure updates.



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(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.

12. 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.
13. 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 14.
14. 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 shall appoint 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 13, 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.



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BLOEDEL TIMBERLANDS DEVELOPMENT, INC.
A Washington Corporation

By [Signature]
Title: Vice President

CASCADE TIMBERLANDS (Hamilton) LLC
A Delaware limited liability company

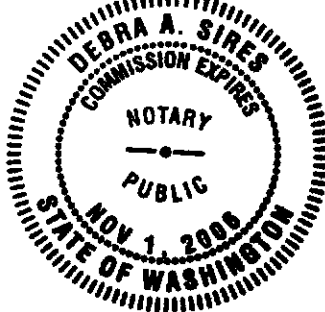
By: Olympic Resource Management
Its Manager

By [Signature]
Thomas M. Ringo
Title: Vice Pres. & CFO

STATE OF WASHINGTON)
)ss
COUNTY OF Whatcom)

On this 24th day of June, 2005, before me personally appeared Ray Bever, to me know to be the, Vice President, of Bloedel Timb, 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.



[Signature]
Notary Public in and for the State of Washington
residing in Bellingham
My appointment expires 11-01-2006

4092
SKAGIT COUNTY WASHINGTON
REAL ESTATE EXCISE TAX

JUL 29 2005

Amount Paid \$ 1628
By [Signature] Skagit Co. Treasurer Deputy

STATE OF WASHINGTON)
)ss
COUNTY OF Kitsap)

On this 5th day of July, 2005, before me personally appeared Thomas Ringo, to me know to be the, VP + CFO, of Olympic Resource Management, 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.

ANNETTE GIARDE
Notary Public, Kitsap County, Washington
My Commission Expires March 1, 2009

[Signature]
Notary Public in and for the State of Washington
residing in Port Orchard
My appointment expires 3/1/2009



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EXHIBIT A

ACCESS GRANTED ACROSS CASCADE OWNERSHIP

<u>Section</u>	<u>Township</u>	<u>Range</u>	<u>Subdivision</u>
1	36N	R6E	NE ¼, NW ¼, SW ¼
2	36N	R6E	NE ¼

ACCESS GRANTED ACROSS BLOEDEL OWNERSHIP

<u>Section</u>	<u>Township</u>	<u>Range</u>	<u>Subdivision</u>
1	36N	R6E	SE ¼



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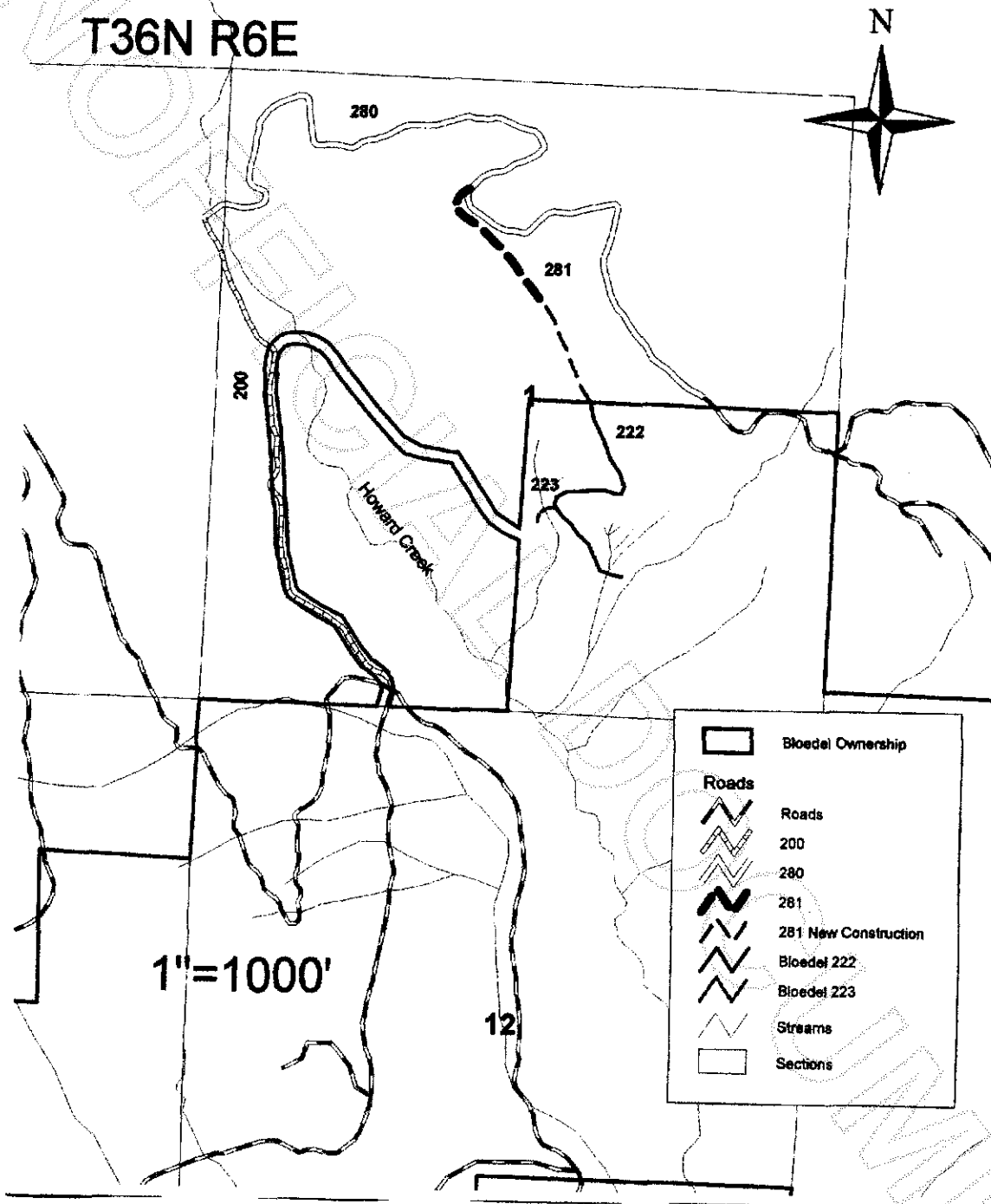
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EXHIBIT B

T36N R6E



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