

After recording, please mail to:
Right of Way Dept.
Olympic Pipe Line Company
2201 Lind Ave SW, Suite 270
Renton, WA 98057



200807240077

Skagit County Auditor

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RIGHT OF WAY ENCROACHMENT AGREEMENT

ROW No. SK-28

THIS AGREEMENT, made and entered into this 16th day of July 2008, by and between Olympic Pipe Line Company, a Delaware corporation, having offices located at 2201 Lind Avenue, SW, Suite 270, Renton, WA 98057, ("OLYMPIC"), and Port Gardner Timber Company, Inc., a Washington Corporation, also known as Bow Hill Mill Company, Federal Tax Identification number 91-1558455 ("OWNER"), owner(s) of the parcel located at 16812 Colony Road, Bow, WA 98232.

Legal Description of OWNER property, Tax Parcel Number P48691, per Skagit County Assessor Information: PTN W1/2 NE1/4 NE1/4 AKA LT 1 OF S/P 30-75 INC M/H OW3686
FOURSEASONS 73 64X12

WITNESSETH

WHEREAS, OLYMPIC AND OWNERS are parties to a certain Right of Way Contract, hereinafter referred to as the "Easement," between Ben Sabado and Carmen Sabado and Mariano Laigo and Genevieve O. Laigo, and OLYMPIC, its successors and assigns, by instrument dated May 18, 1964 and filed for record on June 3, 1964, in Volume 338D at Page 556 as Auditor's file number 651361 and recorded in the Records of Skagit County, Washington. WHEREAS, Easement includes the right to lay, maintain, operate, repair, replace and remove pipelines and all necessary fixtures, equipment and

appurtenances thereto, hereinafter referred to as "PIPELINE FACILITIES", in, over, through and across the following described lands:

That part of the West half of the Southeast quarter of the Southeast quarter, lying South of the Alger-Blanchard Road (Colony Road), Section 26; and the West half of the Northeast quarter of the Northeast quarter, lying South of the Alger-Blanchard Road (Colony Road), Section 35; All in Township 36 North, Range 3 East, W.M., EXCEPT that portion thereof conveyed to Skagit County by deed dated April 27, 1951, recorded April 25, 1952, under Auditor's file No. 474423, said rights of way and easement being a strip of land Fifty (50) feet in width, the centerline of which is described as follows:

Beginning at a point on the North line of the above described property, said line being the Southerly right-of-way line of Colony Road, said point being located 963 feet Westerly along said right-of-way line from the East line of said Section 35;

Thence South 13° 45' West, 144 feet;

Thence South 03° 30' West, 1115 feet to a point on the South line of said property. Said point being located 240 feet Easterly along said South line from the Southwest corner of said property.

WHEREAS, pursuant to the Easement, a pipeline was constructed and installed over, through and across the above described property and is presently maintained and operated as part of the pipeline system of Olympic Pipe Line Company; and

WHEREAS, OWNER claims to be the successor in interest to Ben Sabado and Carmen Sabado and Mariano Laigo and Genevieve O. Laigo's ownership of a portion of the above described property and further represents and warrants that it has the full legal power and authority to enter into this agreement; and

WHEREAS, OWNER desires to make certain improvements to a portion of the Property, including the installation of a 12-inch drain line on the west side of the easement, to be constructed using



corrugated N-12 black pipe and located not closer than 14 feet away from PIPELINE FACILITIES; herein after referred to as IMPROVEMENTS; and,

WHEREAS, a portion of the IMPROVEMENTS encroaches onto OLYMPIC'S Easement by approximately 100 feet along the edge of the easement and OWNER wishes to secure OLYMPIC'S approval of the encroachment, while recognizing OLYMPIC'S rights to access its pipeline for maintenance, service and repair.

NOW THEREFORE, in consideration of the sum of One Dollar (\$1.00) and the mutual agreements contained herein, OWNER and OLYMPIC agree as follows:

1. OLYMPIC acknowledges and does hereby allow OWNER encroachment upon the OLYMPIC Easement as referenced above, without waiving its right to fully access its pipeline for purposes of maintenance, service and repair.
2. All costs and expenses for constructing, operating, maintaining, removing and replacing the Permitted Encroachments shall be borne solely by OWNER its successors and assigns.
3. OWNER further agrees:
 - A. To provide OLYMPIC with a complete set of plans for all permitted Encroachments.
 - B. To utilize the Washington State Utility Underground Locating Services (known as One Call). The phone number is "811" or enter a ticket online at www.callbeforeyoudig.org.
 - C. To first secure the approval of OLYMPIC'S field representative before crossing the Olympic Pipe Line with heavy construction equipment.
 - D. OLYMPIC's field representative must be on site during any excavation within ten (10) feet of the pipeline(s).
 - E. To keep the remaining Easement area clear of all privacy fences, trees, shrubbery, undergrowth and other obstructions.



F. IMPROVEMENTS must be completed within two (2) years of execution of this agreement; or permissions to encroach will be revoked.

G. Should IMPROVEMENTS be removed at a future date, full easement rights shall revert to OLYMPIC.

4. It is understood and agreed that OLYMPIC has the express right to perform maintenance or other work (including, but not limited to the operation, repair, replacement, installation of additional pipelines, and removal) on its pipeline(s) and related appurtenances within its easement area, at anytime, in accordance with the terms of the Easement, and it is further understood and agreed that, as Olympic maintains its pipeline(s) and related appurtenances, or performs such other work, Olympic shall have no liability to OWNER , its successors and assigns, for damages to the Permitted Encroachments referred to herein.

5. Except as modified herein, the Easement shall remain in full force and effect.

EXCEPT AS HEREIN PROVIDED, ALL THE TERMS AND PROVISIONS OF THE RIGHT OF WAY CONTRACT SHALL REMAIN IN FULL FORCE AND EFFECT.

THIS INSTRUMENT CONTAINS ALL OF THE PROMISES, TERMS AND PROVISIONS OF THE AGREEMENTS MADE BY THE PARTIES HERETO, AND IT IS HEREBY UNDERSTOOD THAT THE PERSON SECURING THIS AGREEMENT ON BEHALF OF OLYMPIC IS WITHOUT AUTHORITY TO MAKE ANY COVENANT OR AGREEMENT NOT HEREIN EXPRESSED.

IN WITNESS WHEREOF, the parties hereto have caused the agreement to be executed and have affixed their respective signature as of the day and year first, written above.



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Skagit County Auditor

OWNER:

PORT GARDNER TIMBER COMPANY, INC.

AKA Bow Hill Mill Company

By: Shirley Ann Dorsey
Shirley Ann Dorsey, President

By: Howard E. Dorsey Jr.
Howard E. Dorsey Jr., Vice-President

COMPANY:

OLYMPIC PIPE LINE COMPANY,

A Delaware corporation

By: Steven E. Maulding
Steven Maulding, President

Assessment
SKAGIT COUNTY WASHINGTON
REAL ESTATE EXCISE TAX

JUL 24 2008

Amount Paid 00
Skagit Co. Treasurer
By Exxon Deputy

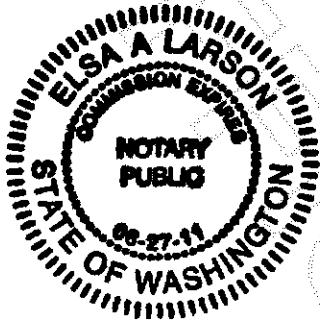


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Skagit County Auditor

STATE OF WASHINGTON)
) SS
COUNTY OF SKAGIT)

This instrument was acknowledged before me on this 16 day of July, 2008, by Shirley Ann Dorsey, as President of Port Gardner Timber Company, a Washington Corporation, on behalf of said corporation.



Elsa Larson
Notary Public in and for the State of Washington

My Commission expires: 6/27/2011

STATE OF WASHINGTON)
) SS
COUNTY OF SKAGIT)

This instrument was acknowledged before me on this 16 day of July, 2008, by Howard E. Dorsey, Jr. as Vice-President of Port Gardner Timber Company, a Washington Corporation, on behalf of said corporation.



Elsa Larson
Notary Public in and for the State of Washington

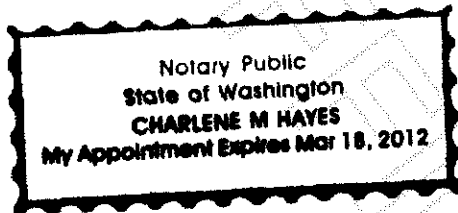
My Commission expires: 6/27/2011



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Skagit County Auditor

STATE OF WASHINGTON,)
) SS
COUNTY OF KING)

This instrument was acknowledged before me on this 21 day of July, 2008, by Steven Maulding, as President, of OLYMPIC PIPE LINE COMPANY, a Delaware corporation, on behalf of said corporation.



Charlene M. Hayes
Notary Public in and for the State of Washington

My Commission expires: 3/18/2012



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