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07/25/2018 02:03 PM Pages: 1 of 16 Fees: \$114.00
Skagit County Auditor

SKAGIT COUNTY WASHINGTON
REAL ESTATE EXCISE TAX

JUL 25 2018

Amount Paid \$
By  Skagit Co. Treasurer
Deputy

[Space Above this Line for Recording Office Use Only]

P32991
NW 33/35/02

EASEMENT AGREEMENT

This Easement Agreement ("**Agreement**") is made this 16th day of July, 2018, by Tesoro Refining & Marketing Company LLC whose mailing address is 19100 Ridgewood Parkway, San Antonio, Texas 78259 ("**Grantor**") and Cascade Natural Gas Corporation, having its principal place of business at 8113 W. Grandridge Boulevard, Kennewick, WA 99336 its successors and assigns (collectively, the "**Grantee**"). Grantor and Grantee shall hereinafter sometimes be referred to separately as a "**Party**" and jointly as "**Parties**".

RECITALS

WHEREAS, the Grantor is the legal and beneficial owner of certain land located in the County of Skagit, in the State of Washington, and legally described as the Northwest Quarter (NW1/4) of Section 33, Township 35 North, Range 2 East, herein the "**Grantor's Property**".

WHEREAS, the Grantee is the owner and/or operator of a pipeline and related facilities that are used in transporting oil, natural gas, and associated liquids and substances, and certain communication lines used in connection therewith, herein, the "**Grantee Facilities**".

WHEREAS, the Grantor may have previously granted Grantee an easement across a portion of Grantor's Property for the Grantee Facilities, pursuant to certain terms and conditions contained in an unrecorded prior agreement (the "**Prior Agreement**"), a copy of which neither Party is able to locate in their files.

AND WHEREAS the Grantor and Grantee desire to (i) terminate any Prior Agreement, and (ii) enter into this Agreement for purposes of granting an easement across a portion of Grantor's Property for the Grantee Facilities on the terms and conditions provided in this Agreement.

AGREEMENT

NOW, THEREFORE, for Ten Dollars (\$10.00) and in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby expressly acknowledged, Grantor and Grantee hereby agree as follows:

1. **Prior Agreement.** To the extent the Prior Agreement exists between the Parties, the Prior Agreement is hereby terminated in all respects with no surviving provisions. This Agreement is intended to supersede and replace such Prior Agreement in its entirety and apply to any time in which Grantee has been in use or possession of the Grantor Property.
2. **Grant of Easement.** Grantor does hereby give, grant, and convey to Grantee a right, privilege and non-exclusive right-of-way on, in, through, under and over those portions of the Grantor's Property described on **Exhibit "A"** and depicted on **Exhibit "B"** (the "**Grantee Right-of-Way**"), each attached hereto, subject to the terms and conditions of this Agreement. The Grantee Right-of-Way shall be twenty-five (25) feet wide, being twelve and one-half (12.5) feet on each side of the centerline of the Grantee Right-of-Way.
3. **Use of Grantee Right-of-Way.** The Grantee Right-of-Way shall be used for the sole and limited purpose of laying, repairing, replacing, removing, altering, reconstructing, maintaining, inspecting, operating and abandoning in place the Grantee Facilities (the "**Use**"), subject to the following:
 - a) All construction, installation, or laying of the Grantee Facilities (including any altering or reconstructing of the same) shall be by a method customarily used in the industry and conducted in a prudent and safe workmanlike manner only; and
 - b) The Grantee Facilities shall at time of installation be buried to a minimum depth of 3 feet below the surface of the Grantor's Property.
4. **Accessing the Grantee Right-of-Way; Additional Access Rights.** The Grantee, its contractors, subcontractors, officers, employees, servants and agents shall have a non-exclusive right to have ingress, egress and to pass and repass on the Grantee Right-of-Way either on foot or by means of vehicles or necessary machines, and to remain on the Grantee Right-of-Way for the Use (the "**Access**"), subject to the conditions set forth in Section 6 hereof. In addition, Grantor hereby grants to Grantee, its contractors, subcontractors, officers, employees, servants and agents a non-exclusive license to pass and repass, either on foot or by means of vehicles or necessary machines, on such reasonable portions of the Grantor's Property, as may be reasonably necessary and required for the Use (the "**Additional Access Rights**").
5. **Rights of Grantor.** Grantor may use the surface of the Grantee Right-of-Way but only to the extent such use does not impair or interfere with the full use and enjoyment by the Grantee for the purposes granted. Without limiting the generality of the foregoing, the Grantor shall not erect any structure within the Grantee Right-of-Way or conduct or permit any activities that may impair or interfere the rights granted herein.

6. **Covenants.** Unless otherwise prohibited by applicable law, the parties hereby covenant and agree that during the term of this Agreement, they shall strictly observe and comply with the following terms and conditions:

- a) Grantor shall not unreasonably interfere with Grantee's rights granted under this easement. Grantee agrees to use commercially reasonable efforts to avoid unnecessary disturbance to Grantor's Property or operations on Grantor's Property.
- b) At least 48 hours prior to commencing any work on the Grantee Facilities herein contemplated, or, in the case of emergency, with such notice as is reasonably practicable, Grantee shall contact, by telephone, Grantor's representative at the number described in this subsection:

Mark A. Van Pelt, Supervisor, Maintenance Builders
(360) 293-1634

and shall provide details to such representative of the work being conducted. Grantor shall have the right to have its representative observe or inspect any work in the Grantee Right-of-Way conducted by Grantee. *Grantee shall also provide a copy or summary of this notice pursuant to Section 13 herein.*

- c) Grantee shall carry out all work on the Grantee Facilities in a good workmanlike manner in accordance with good engineering and construction practices, and shall maintain the Grantee Facilities in a state of good repair.
- d) Grantee's employees, agents and representatives shall only remain on the Grantee Right-of-Way for such time as is reasonably required to conduct any work contemplated by this Agreement.
- e) Grantee shall, as soon as it is reasonably practical after the completion of any work on the Grantee Right-of-Way, restore the property as closely as is practicable to the condition in which it existed immediately prior to the work being commenced. In the event that any containment berms are disturbed by Grantee in connection with its activities in connection with the Grantee Right-of-Way, Grantee shall ensure that a temporary berm is maintained at all times and that, upon completion of its work, the permanent berm is replaced.
- f) In the event that the Grantor's Property and all buildings, structures, facilities, and property of any type or nature located thereon suffer any damage caused by Grantee, Grantor's representative shall be forthwith orally notified in accordance with subsection 6(b) of this Agreement and shall follow with written notice pursuant to Section 13 of this Agreement.

- g) Except as provided in Section 14, any and all risks and costs associated with the Grantee Facilities, including risks under this Agreement and the cost of constructing, maintaining, operating, repairing, altering or removing the Grantee Facilities, shall be paid and borne solely by Grantee.
 - h) In the event of any actual, threatened or imminent release or rupture of the Grantee Facilities, or in the event of any other actual, threatened or imminent emergency (which includes, without limitation, the release of any substance which is prohibited, controlled or regulated under any law, regulation, order, by-law or other lawful requirement, now or hereafter in force, related in any way to environmental health, occupational health and safety, product liability or transportation of dangerous goods, of any governmental authority having jurisdiction over the Grantor's Property) (collectively, an "**Emergency Event**"), Grantee shall forthwith give oral notice of such Emergency Event to Grantor by telephone at the number described in subsection 6(b) and shall follow with written notice pursuant to Section 13 of this Agreement.
 - i) [Intentionally Omitted.]
 - j) Grantee shall be liable for and shall pay all taxes, rates and assessments of every description whatsoever that may be imposed by any lawful authority by reason of this Agreement, or of anything done by Grantee pursuant to this Agreement and shall indemnify and save harmless Grantor from and against all such taxes, rates and assessments.
 - k) Except as provided in Section 14, Grantee assumes all risks associated with exercising its rights under this Agreement.
 - l) Grantee shall not suffer or permit any lien to be levied against or attach to the Grantor's Property and all buildings, structures, facilities, and property of any type or nature located thereon by reason of any act or omission on the part of Grantee and shall save and hold Grantor harmless from or against any such lien or claim of lien. In the event such lien does attach, or any such claim of lien is made and shall not be released within thirty (30) days thereof, Grantor may, at its option pay and discharge the same, in which event the amount so paid by Grantor shall be immediately due and payable from Grantee to Grantor, with interest thereon at the maximum amount allowed by law.
7. [Intentionally Omitted.]
8. **Compliance with Laws.** Grantee shall at all times comply with any and all codes, statutes, laws, regulations, permits, licenses, orders, approvals and direction of any governmental or other authority having jurisdiction over the Grantee Facilities. The minimum technical standards of the applicable codes, statutes, laws and regulations shall apply to the construction,

operation, maintenance, repair, abandonment and removal of the Grantee Facilities unless more stringent standards are provided for in this Agreement or are imposed by order of any authority having jurisdiction over the Grantee Facilities. If compliance with any provision of this Agreement would violate any applicable code, statute, or regulation, such code, statute or regulation shall prevail, and this Agreement shall be deemed to be amended accordingly.

9. **Covenants Running with the Land.** The terms, conditions, and easement rights contained herein shall be covenants running with the land and shall continue in full force and effect until the termination of this Agreement. The terms and conditions contained herein shall bind, inure to the benefit of, and be enforceable by the Parties hereto and their respective representatives, agents, employees, successors, assigns, and mortgagees.

10. **Abandonment.** In the event the Grantee fails to use all or any part of the Grantee Right-of-Way for an uninterrupted period of three (3) years or fails to transport product through Grantee Facilities in commercial quantities and fails to provide the Grantor reasonable evidence that resumption of use will occur within one (1) year of the end of such three (3) year period, the Grantee shall, within sixty (60) days of receipt of notice from the Grantor file for abandonment of the Grantee Facilities under applicable law. Upon the completion of any requirements relating to the abandonment of the Grantee Facilities this Agreement shall terminate and Grantee shall surrender the Grantee Facilities to Grantor.

11. **Termination of Agreement.** Upon termination of this Agreement, the Grantee shall forthwith quitclaim any interest in the Grantor's Property back to the Grantor, and the Grantee shall, at its own expense, if requested in writing by the Grantor, within six (6) months of the termination of this Agreement, remove the Grantee Facilities and so far as its reasonably practicable, restore the surface of the Grantor's Property to the condition it was in immediately prior to the date of this Agreement. Furthermore, reasonable damages incurred by the Grantor as a result of Grantee's removal of the Grantee Facilities shall be promptly paid by Grantee. If Grantor does not request removal of the Grantee Facilities as provided in this Section, the Grantee Facilities shall be deemed abandoned in place and Grantee shall render the Grantee Facilities clean and safe in accordance with applicable law.

12. **Default; Remedies.** In the case of default by Grantee in carrying out any of the provisions of this Agreement, Grantor may give written notice thereof to Grantee pursuant to Section 12 of this Agreement. If Grantee fails to commence to remedy such default within 30 days after receipt of such notice, or after commencing to remedy such default, fails to diligently complete same in a reasonable time, Grantor may, in its sole discretion:

- a) Seek specific performance of this Agreement;
- b) Seek damages; and/or
- c) Seek any other right or remedy available under this Agreement, at law or in equity.

All rights and remedies of Grantor herein enumerated shall be cumulative and are not intended to be exclusive of any other remedies or means of redress to which Grantor may be lawfully entitled in case of any breach or threatened breach of Grantee of any provision of this Agreement. The failure of Grantor to insist in any one or more cases upon the strict performance of any of the covenants of this Agreement as waiver or relinquishment for the future of such covenant. No waiver by Grantor of any provisions of this Agreement shall be deemed to have been made unless expressed in writing and signed by Grantor. In addition to the other remedies in this Agreement, Grantor shall be entitled to the restraint by injunction of the violation or attempted or threatened violation of the covenants, conditions and provisions of the Agreement.

13. **Notice.** Any notice required or permitted to be given under this Agreement, or any notice which Grantee or Grantor may desire to give to the other, shall be in writing and shall be deemed to have been received upon receipt thereof if sent by hand delivery or via overnight delivery, or upon the seventh day following the posting thereof if sent by mail, provided such notice is addressed as follows:

If to Grantor:

Tesoro Refining & Marketing Company LLC
19100 Ridgewood Parkway
San Antonio, Texas 78259
Attention: Right of Way Department

With a copy to:

Tesoro Refining & Marketing Company LLC
19100 Ridgewood Parkway
San Antonio, Texas 78259
Attention: Legal Department (Real Estate)

If to Grantee:

Cascade Natural Gas Corporation
8113 W. Grandridge Blvd.
Kennewick, WA 99336
Attention: Engineering / Right of Way

If either party elects to change its address or phone number, such Party shall provide notice to the other Party in accordance with this Section.

14. **General Indemnification.** Each Party agrees to protect, defend, indemnify and hold harmless the other Party, its directors, officers, affiliates, agents, employees, and their respective shareholders from and against any and all losses, claims, liens, expenses, damages and demands

arising out of, or in connection with, any personal injuries or death to persons, or damage to property occurring as a result of, or in any way incident to, the willful misconduct or negligent act by, or omission of, such Party, or its employees, agents, contractors, subcontractors, and/or any other person for whom such Party is responsible at law, in performing its obligations under this Agreement.

15. **Indemnification Notice.** In the event a claim, demand, action, or threat is filed, asserted or brought against either Party for which the other Party is obligated to indemnify such Party under the terms of this Agreement, such Party will promptly notify the other Party of such claim, demand, action, or threat and will not settle such matter without prior consent of the other Party, which will not be unreasonably withheld. Participation by either Party in the defense of any claim or suit for which the other Party shall be found liable shall not constitute waiver of such Party's rights to indemnification hereunder.

16. **Limitation of Liability.** Neither Party shall be liable to for special, indirect, punitive, or consequential damages resulting from or arising out of any act or omission related to its performance of this Agreement, including without limitation, loss of profit or business interruption, however the same may be caused, whether by the sole, joint or concurrent negligence, fault or liability without fault of any Party.

17. **Term of Agreement.** The term of this agreement shall be perpetual from the date hereof, unless earlier terminated as provided herein.

18. **Survey.** No later than twelve (12) months following completion of construction of the Grantee Facilities on Grantor's Property, Grantee shall provide Grantor with a survey (the "**Survey**") identifying ***all*** of its facilities located within Grantor's Property. Within thirty (30) days of Grantor's receipt of such Survey, the Parties shall commence to work together to execute an amendment to this Agreement.

19. **General Provisions.**

- a) If any term, provision, or condition of this Agreement shall, to any extent, be invalid or unenforceable, the remainder of this Agreement shall not be affected thereby, and each term, provision, and condition of this Agreement shall be valid and enforceable to the fullest extent permitted by law.
- b) Neither Party shall be considered in default of performance of its obligations under this Agreement, to the extent that the performance of such obligations, or any of them, is delayed by circumstances, existing or future, which are beyond the reasonable control of the Parties.
- c) This Agreement shall be governed by and construed and interpreted in accordance with the laws of the State where the Grantor Property is located. The Parties hereby agree that any legal proceedings pertaining to this Agreement or the

subject matter hereof shall be commenced in the State where the Grantor Property is located.


- d) No Assignment of this Agreement, or any right or obligation hereunder, shall be made without prior notice to, and written consent of, the other Party (which consent shall not be unreasonably withheld), except that any Party shall have the right to assign this Agreement to any affiliate without the prior written consent of the other Party.
- e) The term “this Agreement”, “hereof”, “herein”, “hereunder”, and similar expressions refer, for greater certainty, to this Agreement and not to any particular article, section, subsection, clause, subclause, paragraph or subparagraph hereof.
- f) The term “including” or “includes”, as used herein, shall mean “including, without limitation,” and “includes, without limitation”.
- g) If the Grantor’s Property is hereafter divided into two or more parts by separation of ownership, each successive owner shall enjoy the benefits and be subject to the burdens, as applicable, of this Agreement.
- h) The rule of strict construction does not apply to this Agreement. This Agreement shall be given a reasonable construction in accordance with the intention of the Parties to confer a commercially useable right of enjoyment to Grantee with respect to the Grantee Right-of-Way as provided herein and further subject to the terms and conditions of this Agreement.
- i) This Agreement may be executed in several counterparts, each of which shall be deemed an original; further, the signature of the Parties hereto on this agreement may be executed and notarized on separate pages, and when attached to this Agreement shall constitute one complete document.
- j) None of the terms and provisions of this Agreement shall be deemed to create a partnership, joint venture, or other association between or among the Parties hereto in their respective businesses.

[SIGNATURES APPEAR ON FOLLOWING PAGE]

WHEREFORE, Grantor and Grantee have executed this Easement Agreement as of the date first written above.

GRANTOR:

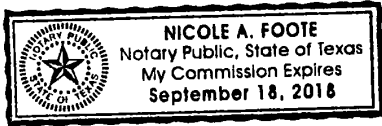
TESORO REFINING & MARKETING COMPANY LLC

By: 
 James R. Sanford
 Authorized Signatory



STATE OF TEXAS)
)
 COUNTY OF BEXAR)

This instrument was acknowledged before me on July 16, 2018 by James R. Sanford, the authorized signatory of Tesoro Refining & Marketing Company LLC, a Delaware limited liability company, on behalf of said limited liability company.




 Notary Public, State of Texas

GRANTEE:

CASCADE NATURAL GAS CORPORATION

By: _____

Ryan Privratsky

Director of System Integrity

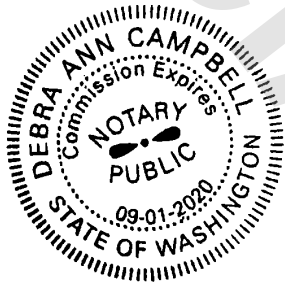
STATE OF WASHINGTON)

)

COUNTY OF BENTON)

)

This instrument was acknowledged before me on July 20th, 2018 by Ryan Privratsky, the Director of System Integrity of Cascade Natural Gas Corporation, a Washington corporation, on behalf of said corporation.



Debra Ann Campbell
Notary Public, State of Washington

EXHIBIT "A"

To

Easement Agreement

(See following pages)

EXHIBIT A
GAS LINE EASEMENT LEGAL DESCRIPTION
(P32991/350227-0-007-0009)

A 25 FOOT WIDE GAS LINE EASEMENT LOCATED IN THE NORTHWEST QUARTER OF SECTION 33, TOWNSHIP 35 NORTH, RANGE 2 EAST, WILLAMETTE MERIDIAN, SKAGIT COUNTY, WASHINGTON BEING 12.50 FEET ON EACH SIDE OF THE FOLLOWING DESCRIBED CENTERLINE:

COMMENCING AT THE SOUTHWEST CORNER OF SAID NORTHWEST QUARTER SECTION 33; THENCE NORTH 02°17'07" EAST ALONG THE WEST LINE OF SAID NORTHWEST QUARTER A DISTANCE OF 666.00 FEET TO THE SOUTHWEST CORNER OF THE NORTH ONE-HALF OF THE SOUTHWEST QUARTER OF SAID NORTHWEST QUARTER OF SECTION 33; THENCE SOUTH 87°07'09" EAST ALONG THE SOUTH LINE OF SAID NORTH ONE-HALF SAID LINE ALSO BEING THE NORTH LINE OF NORTH TEXAS ROAD A DISTANCE OF 320.35 FEET TO THE TRUE POINT OF BEGINNING OF THE HEREIN DESCRIBED CENTERLINE:

THENCE ALONG SAID CENTERLINE THROUGH THE FOLLOWING FIVE (5) COURSES:

- 1) NORTH 02°06'11" EAST A DISTANCE OF 46.62 FEET;
- 2) SOUTH 87°35'14" EAST A DISTANCE OF 46.87 FEET;
- 3) SOUTH 87°05'21" EAST A DISTANCE OF 754.38 FEET;
- 4) NORTH 02°58'12" EAST A DISTANCE OF 169.12 FEET;
- 5) SOUTH 87°04'40" EAST A DISTANCE OF 199.73 FEET;
TO A POINT ON THE EAST LINE OF THE WEST ONE-HALF OF THE NORTHWEST QUARTER SECTION 33 AND THE END OF THE HEREIN DESCRIBED CENTERLINE.

THE SIDELINES OF SAID EASEMENT BEING EXTENDED OR SHORTENED TO INTERSECT SAID SOUTH LINE AND EAST LINE.

CONTAINING 30,414 SQUARE FEET MORE OR LESS

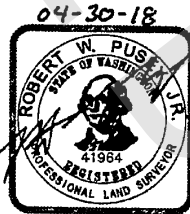


EXHIBIT A
GAS LINE EASEMENT LEGAL DESCRIPTION
(P32990/350227-0-004-0002)

A 25 FOOT WIDE GAS LINE EASEMENT LOCATED IN THE NORTHWEST QUARTER OF SECTION 33, TOWNSHIP 35 NORTH, RANGE 2 EAST, WILLAMETTE MERIDIAN, SKAGIT COUNTY, WASHINGTON BEING FURTHER DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF SAID NORTHWEST QUARTER SECTION 33; THENCE NORTH 02°17'07" EAST ALONG THE WEST LINE OF SAID NORTHWEST QUARTER A DISTANCE OF 666.00 FEET TO THE SOUTHWEST CORNER OF THE NORTH ONE-HALF OF THE SOUTHWEST QUARTER OF SAID NORTHWEST QUARTER OF SECTION 33; THENCE SOUTH 87°07'09" EAST ALONG THE SOUTH LINE OF SAID NORTH ONE-HALF SAID LINE ALSO BEING THE NORTH LINE OF NORTH TEXAS ROAD A DISTANCE OF 1322.55 FEET TO A POINT ON THE WEST LINE OF THE EAST ONE-HALF OF SAID NORTHWEST QUARTER; THENCE NORTH 02°25'35" EAST ALONG SAID WEST LINE A DISTANCE OF 215.58 TO THE TRUE POINT OF BEGINNING OF THE HEREIN DESCRIBED EASEMENT AREA:

THENCE NORTH 02°25'35" EAST ALONG SAID WEST LINE A DISTANCE OF 12.50 FEET; THENCE SOUTH 87°04'40" EAST A DISTANCE OF 231.22 FEET; THENCE SOUTH 03°00'00" WEST A DISTANCE OF 227.91 FEET TO A POINT ON SAID NORTH LINE TEXAS ROAD; THENCE NORTH 87°07'09" WEST ALONG SAID NORTH LINE A DISTANCE OF 25.00 FEET; THENCE NORTH 03°00'00" EAST A DISTANCE OF 202.93 FEET; THENCE NORTH 87°04'40" WEST A DISTANCE OF 205.97 FEET TO A POINT ON SAID WEST LINE; THENCE NORTH 02°25'35" EAST ALONG SAID WEST LINE A DISTANCE 12.50 FEET TO THE TRUE POINT OF BEGINNING.

CONTAINING 10,850 SQUARE FEET, MORE OR LESS.



EXHIBIT "B"

To

Easement Agreement

(See following pages)

