AFN #2012181960 Recorded 11/05/2012 at 02:03 PM DocType: AGLS Filed by:
PACIFICORP Page: 1 of 11 Auditor Timothy O. Todd Skamania County, WA

AFTER RECORDING RETURN TO:

PACIFICORP
Attn: Property Department
825 NE Multnomah, Suite 1700
Portland, Oregon 97232

Grantor: Robert and Christine Huntington
Grantee: PacifiCorp
Legal: LOT 3 F H L SP BK 3/PG 298 -.56 AC ROAD R/W~
Tax Parcel: 03100300022700

Groundwater Well Settlement Agreement, Covenant, and Release

This Groundwater Well Settlement Agreement, Covenant, and Release (the "**Agreement**"), including Addendum A and all Exhibits attached hereto, is by and between PacifiCorp, an Oregon corporation, dba PacifiCorp Energy ("**PacifiCorp**"), and Robert and Christine Huntington (the "**Well Owner**").

Background

A. PacifiCorp owns the Condit Hydroelectric Project (the "**Project**") located on the White Salmon River in Skamania and Klickitat counties, Washington. The Project includes a dam (Condit Dam) and a former reservoir site (Northwestern Lake). PacifiCorp operates the Project under license issued by the Federal Energy Regulatory Commission ("**FERC**"). FERC has authorized PacifiCorp to decommission and remove the Project.

B. Well Owner owns that certain real property known as Skamania County, Washington Tax Lot 03100300022700 located near the Project ("**Well Owner's Property**"). Well Owner's Property includes a ground water well (the "**Well**").

C. On October 26, 2011, PacifiCorp breached Condit Dam and drained Northwestern Lake, all as authorized by FERC order. Well Owner has subsequently developed problems with the Well serving the Well Owner's Property. Well Owner asserts that PacifiCorp's breach of the dam and draining of the reservoir lowered the water table and adversely impacted the Well.

D. Under the terms and conditions of this Agreement, PacifiCorp is willing to provide certain funding mitigation for impacts to the Well and Well Owner is willing to release PacifiCorp from any claim or liability associated with impacts to the Well.

Terms and Conditions

1. **Mitigation for Impacts to Well.** Subject to all of the terms and conditions of this Section 1, the Well Owner may elect one of two mutually exclusive options: A) to modify or re-drill the Well; or B) to obtain domestic water service from the City of White Salmon (the "**City**"). **Addendum A**, which is attached hereto and incorporated herein by this reference, memorializes which of these two options the Well Owner has elected to pursue (if a selection has been made at the time this Agreement is executed), and Addendum A also memorializes the magnitude of the reimbursement agreed to by the parties and any other case specific

details agreed to by the parties. Subject to the limits contained in this Agreement (including Addendum A), PacifiCorp will reimburse the actual, reasonable costs for one of the above two options in the amount specified in Addendum A (the "**Reimbursement**"). The Reimbursement shall be the lesser of options (A) or (B) above, as supported by reasonable estimates acceptable to PacifiCorp.

The Well Owner may retain a well drilling contractor licensed by the State of Washington (the "**Drilling Contractor**") to modify or re-drill the Well as necessary to restore function. Alternatively, the Well Owner may obtain from the City a line extension and service "hook-up" sufficient to allow the Well Owner to obtain domestic water service from the City to the Well Owner's Property. The activities and materials reasonably necessary to accomplish either of these options are referred to in this Agreement as the "**Work**." The Work does not include: 1) ongoing cost to operate or maintain the modified or re-drilled Well; 2) ongoing costs to obtain or maintain domestic water service from the City; or 3) improvements that upgrade, expand the function, or increase capacity of the Well beyond the grade, function or capacity of the Well prior to breach of Condit Dam. The scope of work performed and the costs invoiced by the Drilling Contractor or the City (hereafter the "**Vendor**") must be reasonable. PacifiCorp has no obligation under this Agreement to pay for any Work which is not reasonable in scope or cost. PacifiCorp has the right to have the scope of the work and the rates charged independently reviewed by its hydrologist, groundwater well professional, or other relevant expert. Upon reasonable notice to Well Owner, PacifiCorp or its representative may visit the well or new City water system site before, during and/or after the Work. PacifiCorp or its representative will be given access to inspect the well or new City water system and related equipment. This may involve making water level measurements and conducting a pumping yield test.

1.1 Documents to be Provided to PacifiCorp. Within one (1) year of the date of PacifiCorp's execution of this Agreement, the Well Owner will provide PacifiCorp with: (A) a copy of the Vendor's invoice for the Work; and (B) evidence that Well Owner has paid the Vendor the full amount due. These documents must be in a form reasonably acceptable to PacifiCorp. PacifiCorp has no obligation to pay for any portion of the Work that has not been documented (as required by this Section 1.1) within this one (1) year period.

1.2 Payment. Within sixty (60) days of PacifiCorp's receipt of the documents required by Section 1.1, PacifiCorp will pay to the Well Owner the Reimbursement specified in Addendum A. PacifiCorp may, in its sole discretion, elect to: (A) accept a copy of the Vendor's invoice in satisfaction of the document requirements of Section 1.1; and (B) discharge its above obligation to pay the Reimbursement specified in Addendum A by making such Reimbursement payment directly to the Vendor.

1.3 Responsibility for the Work. By agreeing to pay the Reimbursement specified in Addendum A, PacifiCorp is neither agreeing to be responsible for the Work nor in any way representing or warranting that the Work will satisfactorily restore the function of the Well or facilitate the supply of domestic water service from the City. PacifiCorp has no responsibility for the Well or the Work beyond making the payment required by

Section 1.2. Neither the Well Owner nor the Vendor is an agent or employee of PacifiCorp.

2. **Release; Public Statements.** ***The Parties acknowledge and agree that this Agreement is entered into in full settlement and resolution of a dispute regarding whether PacifiCorp has any obligation to Well Owner with regard to impacts to the Well. In consideration of the obligation undertaken by PacifiCorp under Section 1 of this Agreement, Well Owner releases PacifiCorp (and all related parties, including subsidiaries, affiliates, agents, employees, and successors in interest) from all claims, liabilities, and damages of any kind (whether known or unknown) which are related in any way to the impact of the Project decommissioning on the Well, or newly installed well or water service from the City. This release does not apply to claims that Well Owner may have against PacifiCorp in connection with enforcement of this Agreement. The terms of this release have been completely read and are fully understood and voluntarily accepted for the purpose of making a full and final compromise settlement of any and all claims (disputed or otherwise) arising from the impact of the Project decommissioning on the Well.*** If Well Owner makes any public statement regarding the impact of Project decommissioning on the Well, Well Owner will affirmatively state that it has entered into an agreement with PacifiCorp settling all claims for impacts to the Well and that PacifiCorp has agreed to reimburse certain of the costs to modify the Well or obtain City water service.

3. **Representations and Warranties.**

3.1 Well Owner's Representations and Warranties. Well Owner represents and warrants to PacifiCorp as follows:

(A) Ownership. Well Owner is the owner of Well Owner's Property, the Well and all associated improvements; no other person has any ownership interest in the Well Owner's Property or the Well.

(B) No Liens. Well Owner has not created any encumbrances on or granted any rights in the Well.

(C) No Conflicts. There are no agreements, court or administrative orders, or other limitations that would prevent Well Owner from entering into this Agreement and engaging in the activities and performing the obligations provided for herein.

3.2 PacifiCorp's Representations and Warranties. PacifiCorp represents and warrants to Well Owner as follows:

(A) No Conflicts. There are no agreements, court or administrative orders, or other limitations that would prevent PacifiCorp from entering into this Agreement and engaging in the activities and performing the obligations provided for herein.

4. **Well Owner's Successors in Interest; Recording.** The parties intend that the terms of this Agreement will be binding on the Well Owner's successors in interest to the Well Owner's

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Property and that the release contained in Section 2 above will be treated as a covenant running with the land. Within ten (10) days of the full execution of this Agreement, PacifiCorp will record this Agreement with the relevant county office maintaining title records on the Well Owner's Property. The Well Owner hereby consents to PacifiCorp's recording (and if necessary re-recording) this Agreement. If there is any technical deficiency that prevents effective recording of this Agreement, the parties will cooperate to cure the deficiency such that this Agreement can be recorded no later than twenty (20) days following full execution of this Agreement. Prior to any transfer of the Well Owner's Property, the Well Owner will provide its successor in interest with actual written notice of this Agreement, the release contained in Section 2, and the fact that the release is binding on Well Owner's successors in interest.

5. **No Admission of Causation or Liability.** This Agreement is not an admission that PacifiCorp's actions in draining Northwestern Lake caused any impact on Well Owner's Property or the Well. PacifiCorp reserves any and all defenses against all claims.

6. **Notices.** Any notice or other communication required by this Agreement must be in writing and must be delivered personally or sent by certified or registered mail, or by express courier, postage prepaid, to the following addresses:

If to PacifiCorp:	If to Well Owner:
PacifiCorp Property Management	Robert and Christine Huntington
825 NE Multnomah Street, Suite 1700	P.O. Box 2021
Portland, Oregon 97232	White Salmon, WA 98672
Phone: 503-813-5700	Phone: 509-493-4065

A notice is considered as having been given (1) on the day of personal delivery, or (2) two days after the date of mailing.

6.1 Payment Address. Payment to Well Owner shall be made to the above address.

7. **Miscellaneous.**

7.1 Choice of Law. This Agreement is governed by the internal laws of Washington, without regard to its conflict-of-laws provisions.

7.2 Entire Agreement; Modifications. This Agreement (including Addendum A and any Exhibits hereto) constitutes the entire agreement between the parties pertaining to the impact of the Project decommissioning on Well Owner's Well and supersedes all prior and contemporaneous agreements, representations, and undertakings. No supplement, modification, or amendment of this Agreement will be binding unless it is in writing and signed by both parties.

7.3 Waiver. No waiver of any term of this Agreement constitutes a waiver of any other provision, whether similar or dissimilar. No waiver of any term constitutes a continuing waiver of that term. No waiver is binding unless signed in writing by the waiving party.

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7.4 Severability. If any term of this Agreement is for any reason invalid or unenforceable, the rest of this Agreement remains fully valid and enforceable, ***except*** that if the release of liability in Section 2 of this Agreement is found to be invalid, this Agreement will terminate and Well Owner will repay PacifiCorp any funds PacifiCorp has provided Well Owner or Vendor for the Work. This Section 7.4 will survive termination of this Agreement.

7.5 Binding Effect; Assignment. This Agreement binds and inures to the benefit of both the parties and their successors and assigns. But the Agreement cannot be assigned without the prior written consent of the other party.

7.6 Headings. The headings in this Agreement are for convenience of reference only and do not constitute a part of it. The headings do not affect its interpretation.

7.7 Interpretation. Both parties have had the opportunity to negotiate this Agreement and to seek the advice of legal counsel prior to entering into this Agreement. The provisions of this Agreement shall not be construed against the drafter. Unless the context requires otherwise:

(A) The term "including" contemplates "including but not limited to".

(B) The phrase "Project decommissioning" contemplates all actions associated with the decommissioning and removal of the Project including breach of the dam, draining of the reservoir, sediment transport, re-contouring and re-vegetation of the former reservoir area, dam removal and any and all projects related to decommissioning including work on Northwestern Lake Bridge and the relocation of the City of White Salmon's water transmission line.

(C) The term "City" includes any contractors or agents of the City of White Salmon involved in any way in a line extension or domestic water service "hook-up" between the City and Well Owner.

(D) The term "modify" when used with regard to the Well means to deepen or otherwise modify the existing Well. The term "re-drill" when used with regard to the Well means to drill a replacement well at a new location on the Well Site.

7.8 Counterparts. This Agreement may be signed in counterparts, each one of which is considered an original, but all of which constitute one and the same instrument.

7.9 Waiver of Jury Trial. ***To the fullest extent permitted by law, the parties waive any right to a trial by jury respecting litigation directly or indirectly arising out of, under or in connection with this Agreement. Each party further waives any right to consolidate any action in which a jury trial has been waived with any other action in which a jury trial cannot or has not been waived.***

Agreed:

PacifiCorp

Mark Sturtevant,
Managing Director, Hydro Resources

Well Owner

Robert Huntington

Christine Huntington

STATE OF OREGON)
COUNTY OF Multnomah) :ss.

The foregoing instrument was acknowledged before me this 23 day of October 2012 by Mark Sturtevant representing PacifiCorp.

Arianne Poindexter
NOTARY PUBLIC

OFFICIAL SEAL
ARIANNE N POINDEXTER
NOTARY PUBLIC - OREGON
COMMISSION NO. 448433
MY COMMISSION EXPIRES APRIL 18, 2014

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ADDENDUM A

to the Groundwater Well Settlement Agreement,
Covenant and Release between PacifiCorp and Robert and Christine Huntington

1. This Addendum A is intended to supplement the terms and conditions of that certain Groundwater Well Settlement Agreement, Covenant and Release ("Agreement") between PacifiCorp and Robert and Christine Huntington.

2. This Addendum A has been incorporated by reference as part of the Agreement (*see* Section 1 of Agreement). Unless otherwise specifically stated, all of the terms and conditions of the Agreement will apply to the interpretation and implementation of this Addendum A. Undefined terms with initial capitalization shall have the meaning assigned in the Agreement. The terms and condition of this Addendum A shall apply during the full term of the Agreement. Any modification of the terms of this Addendum A must be made in writing and signed by both Parties.

3. Section 1 of the Agreement provides that Well Owner may elect one of two mutually exclusive options: a) to modify or re-drill the Well; or b) to obtain domestic water service from the City. The Parties hereby acknowledge and agree that Well Owner has elected to retain a Drilling Contractor to modify or re-drill the Well. Well Owner will not change this selected option unless PacifiCorp has agreed in writing to such a change.

4. Subject to all of the requirements of the Agreement, the Parties have agreed that the Reimbursement referred to in Section 1 of the Agreement and required to be paid by PacifiCorp under Section 1.2 of the Agreement will be as follows:

(A) Reimbursement for Authorized Work.

- PacifiCorp will reimburse Well Owner eleven thousand one hundred fifty-seven and 70/100 dollars ($11,157.70) for the Work described on the Statement from MK Drilling Co. dated August 15, 2012 (a copy of which is attached hereto as **Exhibit 1**).

- PacifiCorp will reimburse Well Owner six thousand two hundred fifty-eight and 13/100 dollars ($6,258.13) for the Work described on the Statement from MK Drilling Co. dated August 15, 2012, (a copy of which is attached hereto as **Exhibit 2**).

(B) Reimbursement for Completed Work.

- PacifiCorp will reimburse Well Owner one thousand one hundred nineteen and 85/100 dollars ($1,119.85) for the Work described on the Statement from MK Drilling Co. dated August 8, 2012, (a copy of which is attached hereto as **Exhibit 3**).

(C) Reimbursement for Additional Work. If the Vendor performs the Work described in Section 4(A) above and finds the Well is not sufficiently restored, the Well Owner shall provide PacifiCorp with an estimate of what additional Work is necessary prior to any additional Work being performed on the Well. PacifiCorp will pay up to Three Thousand and 00/100 ($3,000) of the Vendor's subsequently invoiced actual and reasonable cost of such additional Work if such additional Work is necessary to modify the Well so that it is sufficiently restored (this obligation is subject to the limitations found in Section 1 of the Agreement). However, PacifiCorp's obligation to pay for additional Work under this Section 4(C) will only apply to additional Work performed on or before December 31, 2012. After such date, PacifiCorp will not be obligated under this or any other Agreement to contribute payment of any further costs related to modification or restoration of Well Owner's Well.

(D) No Further Reimbursement. Except as provided in Section 4(A), Section 4(B) and Section 4(C) of this Addendum A, PacifiCorp will not be obligated under this or any other Agreement to contribute payment of any further costs related to modification or restoration of Well Owner's Well.

5. The Parties acknowledge and agree that for purposes of Section 1.2 of the Agreement PacifiCorp has elected to accept a copy of Vendor's invoices in satisfaction of the document requirements of Section 1.1 of the Agreement, and has elected to discharge its Reimbursement obligation by making the Reimbursement payment directly to the Vendor. The Well Owner acknowledges and agrees that such payment by PacifiCorp directly to the Vendor will discharge PacifiCorp's duty to reimburse costs under the Agreement and that PacifiCorp will thereafter owe Well Owner no further compensation under the Agreement.

Agreed:

PacifiCorp

Mark Sturtevant,
Managing Director, Hydro Resources

Well Owner

Robert Huntington

Christine Huntington

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EXHIBIT 1
MK Drilling Co. Statement Dated August 15, 2012

M-K DRILLING CO

Water Well Drilling

PO BOX 470
DALLESPORT WA 98617

509-767-1342
509-767-1997 FAX
EMAIL

FORD HUNTINGTON

Statement

ADDRESS: PO BOX 2021
WHITE SALMON, WA 98672
HOME: 541-806-0112
WORK:
CELL: 541-806-0028
PROPERTY: 6372 LITTLE BUCK CREEK RD
NORTHWESTERN LAKE

Date: AUG 15, 2012
Well Log# 01081

	**********REINSTALL NEW PUMP ESTIMATE ONLY**********			
1	GRUNDFOS 5 H.P. PUMP & 3-PHASE MOTOR	18 GPM@ PSI		3,029.00
1	5 H.P. VFD CONTROLLER			2,899.28
210'	1 1/4" GALV PIPE			667.80
651'	6-4 SUBMERSIBLE FLAT WIRE			2,538.90
8 HR	LABOR @ $125.00/HR + TRAVEL			1,000.00
5 HR	MINI EXCAVATOR @ $85.00/HR			425.00
		SUB TOTAL	$	10,559.98
		7.7% SALES TAX	$	797.72
		TOTAL DUE	$	11,157.70

PAYMENT DUE UPON RECEIPT
12% INTEREST STARTS IN 30 DAYS

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EXHIBIT 2
MK Drilling Co. Statement Dated August 15, 2012

M-K DRILLING CO

Water Well Drilling

PO BOX 670
DALLESPORT WA 98617

509-767-1342
509-767-1987 FAX
EMAIL

Statement

FORD HUNTINGTON

ADDRESS: PO BOX 2021
WHITE SALMON, WA 98672
HOME: 541-666-0112
WORK:
CELL: 541-666-0026
PROPERTY: 6372 LITTLE BUCK CREEK RD
NORTHWESTERN LAKE

Date: AUG 15, 2012
Well Log# 01081

	********DEEPEN WELL ESTIMATE ONLY********		
	PULL PUMP, REMOVE PITLESS ADAPTER,		
	5 HR PREP SITE FOR DRILL RIG		625.00
	MOBILIZATION		2,000.00
100'	6" DRILLING @ $30.00/FT		3,000.00
	DEPT OF ECOLOGY PERMIT $200.00		
		SUB TOTAL	$ 5,625.00
		7.7% SALES TAX	$ 433.13
		TOTAL DUE	$ 6,058.13

PERMIT: 200.00
TOTAL 6,258.13

Terms: 30 days

PAYMENT DUE UPON RECEIPT
12% INTEREST STARTS IN 30 DAYS

6,258.13

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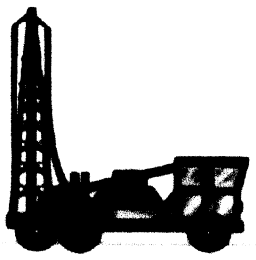
EXHIBIT 3
MK Drilling Co. Statement Dated August 8, 2012

PO BOX 470
DALLESPORT WA 98617
509-767-1342
509-767-1907 FAX
EMAIL

M-K DRILLING CO

Water Well Drilling

FORD HUNTINGTON



Statement

Date AUG 8, 2012
Well Log #01081

ADDRESS: PO BOX 2021
WHITE SALMON, WA 98672
HOME: 541-806-0112
WORK:
CELL: 541-806-0028
PROPERTY: 6372 LITTLE BUCK CREEK RD
NORTHWESTERN LAKE

8-7-12	CHECK WATER LEVEL:			
	SERVICE CALL			125.00
8-8-12	LOWER PUMP:			
6T	1 1/4" GALV PIPE			200.34
6T	6-4 SUBMERSIBLE FLAT CABLE			245.70
3.75 HR	LABOR @ $125.00/HR + TRAVEL FROM SHOP			468.75
		SUB TOTAL	$	1,039.79
		7.7% SALES TAX	$	80.06
		TOTAL DUE	$	1,119.85

Terms: 30 days

PAYMENT DUE UPON RECEIPT
12% INTEREST STARTS IN 30 DAYS

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