

AFTER RECORDING RETURN TO:

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

Grantor: Joan Thomson and Janet C. Corsale
Grantee: PacifiCorp
Legal: LOT 1 VERLEY SP BK 3/PG 52
Tax Parcel: 03100200030300

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 Joan Thomson and Janet C. Corsale, jointly and severally (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 included a dam (Condit Dam) and a 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 03100200030300 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.** PacifiCorp reviewed cost estimates submitted by Well Owner which evidenced costs for both construction of a new well on Well Owner's Property and costs to obtain domestic water service from the City of White Salmon (the **"City"**) for Well Owner's Property. PacifiCorp determined construction of a new well on Well Owner's Property would sufficiently restore Well Owner's domestic water supply to Well Owner's

Property and agreed to pay one hundred percent (100%) of such costs; however, Well Owner has elected instead to obtain domestic water service from the City rather than to have a new well constructed on the Well Owner's Property. As a result and subject to all of the terms and conditions of this Agreement, the parties have agreed PacifiCorp will reimburse Well Owner an amount equal to the total estimated cost for new well construction and the decommissioning of the existing Well and Well Owner will use such payment toward the Well Owner's cost to establish a domestic water supply connection to the City at Well Owner's Property. Well Owner acknowledges such amount is only a portion of the total actual cost to have a connection to the City water supply established and Well Owner is responsible to pay for any costs above and beyond the amount PacifiCorp has agreed to reimburse to Well Owner.

- (A) Reimbursement Amount. PacifiCorp will reimburse Well Owner eighteen thousand seven hundred eighty and 85/100 dollars (\$18,780.85) for the quoted estimate of reasonable costs to drill and establish a new well and to decommission the existing Well on Well Owner's Property and for the reasonable costs incurred by Well Owner to date all as described in the following estimates and statements (which have been attached hereto as exhibits and are incorporated herein by this reference): (i) September 12, 2012 estimate from MK Drilling Co. for \$2,634.80 (Exhibit 1); (ii) September 12, 2012 estimate from MK Drilling for \$9,893.00 (Exhibit 2); (iii) September 21, 2012 estimate from MK Drilling Co. for \$5,782.84 (Exhibit 3); (iv) November 17, 2011 invoice from MK Drilling Co. for \$133.75 (Exhibit 4); (v) August 16, 2012 invoice from Person Pump & Well Drilling, Inc., for \$262.15 (Exhibit 5); and (vi) October 8, 2012 invoice from Pronto Plumbing Service for \$74.31 (Exhibit 6).
 - (B) No Further Reimbursement. Except as provided in Section 1 (A) of this Agreement, PacifiCorp will not be obligated under this or any other agreement to contribute payment of any further costs related to impacts to Well Owner's Well or restoration of a domestic water supply for Well Owner's Property.
2. **Payment.** Within thirty (30) days of mutual execution of this Agreement, PacifiCorp will pay to the Well Owner the amount specified in Section 1(A) above.
 3. **Responsibility for Well Owner's Domestic Water Supply.** By agreeing to pay the reimbursement specified in Section 1(A) above, PacifiCorp is neither agreeing to be responsible for any work Well Owner has performed to establish a domestic water supply to the Well Owner's Property nor is PacifiCorp in any way representing or warranting that establishing a connection to the City water supply will satisfactorily restore or facilitate a supply of domestic water service to Well Owner's Property. PacifiCorp has no responsibility for the Well, the decommissioning of the Well, the connection to the City water supply or any other work beyond making the payment required by Section 1.(A). The Well Owner is not an agent or employee of PacifiCorp.
 4. **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, or newly installed well or water service from the City.. 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 make a payment to Well Owner to offset 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 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:
 PacifiCorp Property Management
 825 NE Multnomah Street, Suite 1700
 Portland, Oregon 97232
 Phone: 503-813-5700

If to Well Owner:
 Joan Thomson and Janet C. Corsale
 312 Lakeview Road
 White Salmon, WA 98672
 Phone: 541-308-6738

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.
- 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.

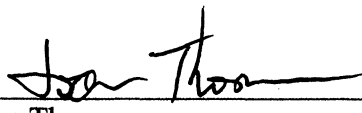
7.9 Waiver of Jury Trial. *To the fullest extent permitted by law, the parties waive any right to a trial by jury respecting litigation directly or indirectly arising out of, under or in connection with this Agreement. Each party further waives any right to consolidate any action in which a jury trial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

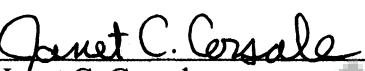
Agreed:

PacifiCorp

Well Owner


Mark Sturtevant,
Managing Director, Hydro Resources

 1/22/13
Joan Thomson


Janet C. Corsale

STATE OF OREGON)
COUNTY OF Multnomah) :ss.

~~2012~~ 2013 The foregoing instrument was acknowledged before me this 28 day of January
by Mark Sturtevant representing PacifiCorp.



NOTARY PUBLIC



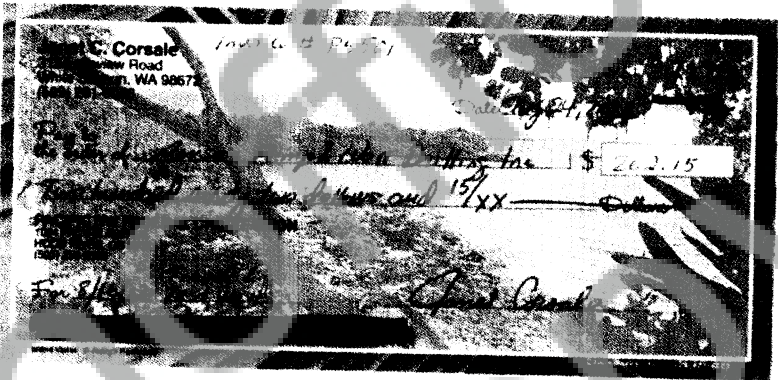
EXHIBIT 5
Person Pump & Well Drilling Inc. Invoice dated August 16, 2012

Person Pump & Well Drilling Inc.
Person Pump & Well Drilling
1015 E. Broadway
Goldendale, WA 98620

Invoice
Date 8/16/2012 Invoice # P5501

Bill To
Joanie Thomson
312 Lakeview Rd
White Salmon, WA 98672

Description	Qty	Rate	Amount
TRAVEL & TEST WELL	3.5	70.00	245.00



Sales Tax (7.0%) \$17.15
Total \$262.15
Payments/Credits \$0.00
Balance Due \$262.15

Phone # 509-773-1083

E-mail personpump@blacksilver.net

Web Site www.personpumpdrilling.com

