

WHEN RECORDED, RETURN TO:

TOWN OF PAYSON
303 NORTH BEELINE HIGHWAY
PAYSON, AZ. 85541

PIPELINE EASEMENT

FOR AND IN CONSIDERATION of the sum of \$10.00 (ten dollars) and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned R&H BOULDER & GRANITE LLC an Az. llc ("Grantor"), whose address is 1900 E HWY 260, PAYSON, AZ. 85541, does hereby grant unto the TOWN OF PAYSON an Az. municipal corp. whose address is 303 N. BEELINE HWY, PAYSON, AZ. ("Grantee"), its successors and assigns, a twenty (20) foot wide non-exclusive easement and right-of-way to construct, install, lay, maintain, alter, repair, operate, replace, change the size of and remove one underground (1) pipeline and appurtenances thereto, including, but not limited to, fittings, tie-overs, valves, taps and meters, thrust blocks, corrosion equipment and other apparatus ("Improvements") below ground, for the transportation of water and to construct meter houses, and install underground appliances, fixtures and other appurtenances within said Easement (defined below), if same shall be found necessary or convenient under certain lands owned by Grantor, situated in the State of Arizona, more particularly described on Exhibit "A" ("Easement Area"), attached hereto and made a part hereof for all purposes.

Grantee shall (a) have the right to use temporary work space as needed for normal construction practices, but shall repair damages, if any, to such extra work areas; (b) have the free right of ingress and egress to and from the Easement Area herein granted, (c) have the duty to dispose of all brush and debris cleared from the Easement Area during construction by removal from the Easement Area such that the Easement Area is left in a clean and orderly condition; (d) have all other rights contemplated, reasonably implied or necessary for the full enjoyment or use of the rights herein granted, including, but not limited to, the right from time to time to cut all trees and undergrowth and remove other obstructions that may injure, endanger or interfere with the use of said pipeline or the Easement; and (e) have the right to transfer and assign this grant in whole or in part without Grantor's consent.

TO HAVE AND TO HOLD the Easement Area unto Grantee, its successors and assigns, as provided by law, subject to taxes and assessments not yet delinquent, reservation in patents and all easements, rights of way, liens, covenants, conditions, restrictions, obligations and liabilities as may appear of record.

Grantor shall have the right to fully use and enjoy the land except for the rights hereinabove granted to Grantee, provided that Grantor shall not construct, plant or place, nor authorize others to construct, plant or place any house, structures trees or other obstructions on or over the Easement Area which would interfere with Grantee's quiet enjoyment of or maintenance of the Easement or the Improvements.

Grantee and Grantee's licensees, invitees, agents, contractors and employees shall comply with all applicable governmental laws, regulations and rules with respect to the construction, use and repair of the Improvements. Grantee shall be responsible for and hereby agrees to indemnify, defend and hold Grantor, its successors and assigns harmless for, from and against all loss, costs, damage, expense, liability, cause of action and suit arising out of Grantee's use, repair, construction and/or maintenance of the Easement Area and Improvements by Grantee and its licensees, invitees, agents, contractors and employees ("Grantee's Acts").

After Grantee's initial construction and any and all subsequent repair to the Improvements, Grantee agrees to use its reasonable efforts to: (a) fill and grade the affected property so as to restore the same to its original

Addendum to: MAY 11 2006 G.2

condition to the fullest extent and as soon as practicable, including, but not limited to, replenishment of the soil nutrients and amendments, correcting subsidence and land leveling; (b) remove from the premises all broken or discarded material, machinery, trash and debris; and (c) replace any fence taken down or removed with a fence of like quality and design.

In the event of any breach, violation or failure to comply with any of the covenants and agreements contained in this document which have not been cured within thirty (30) days after written notice from Grantor to do so, or if any such breach, violation or failure cannot be fully cured within such thirty day period, then upon failure of Grantee to commence such cure within such period and thereafter to diligently and continuously pursue completion of such cure to Grantor's reasonable satisfaction, then Grantor shall be entitled to specifically enforce the performance of the covenants contained herein, including but not limited to the indemnity obligations of Grantee hereunder. Notwithstanding the foregoing, it is agreed that Grantor shall not have the right to terminate this Easement for any such default.

Except for the purposes for which this Easement is granted, and the rights contained herein for the construction of the Improvements and the maintenance, repair, replacement and operation thereof, Grantee shall not engage in any activity that materially interferes with Grantor's (and its successors or assigns) or Grantor's tenants, licensees, agents, contractors, suppliers and employees use and enjoyment of its property, or any portion thereof, outside of the Easement or Grantor's permitted uses of the Easement Area.

All rights and obligations contained herein, including without limitation the indemnity provisions thereof, shall extend to and be binding upon Grantor and Grantee, their respective heirs, devisees, legal representatives, successors and assigns.

The recordation of this Easement in the records of the county in which the Easement Area is located shall constitute an acceptance by the Grantee of all rights and obligations set forth in this agreement.

This Easement may be executed in multiple counterparts, each of which shall be deemed an original. Such counterparts shall together constitute but one single instrument.

IN WITNESS WHEREOF, the Parties have executed and delivered this Pipeline Easement on the 8th day of May, ~~2005~~ 2006.

GRANTEE:

TOWN OF PAYSON
a n AZ. municipal corp.

By: _____

By: _____
Name: _____
Title: _____

GRANTOR:

R&H BOULDER & GRANITE LLC
a n Az. limited liability company

By: RH _____
Member

By: RH _____
Name: ROY HAUGHT
Title: Member

STATE OF ARIZONA)
) ss.
County of _____)

The foregoing instrument was acknowledged before me, the undersigned Notary Public, on _____, 200____ by _____, the _____ of _____, a _____, on behalf of the corporation and company.

WITNESS my hand and official seal.

Notary Public

My Commission Expires:

STATE OF ARIZONA)
) ss.
County of Gila)

The foregoing instrument was acknowledged before me, the undersigned Notary Public, on May 8, 2006 by Roy Haught, the Member of R&H BOULDER & GRANITE, a n Az. limited/ liability company, on behalf of the corporation and company. LLC

Michelle L. Halenar
Notary Public

My Commission Expires:

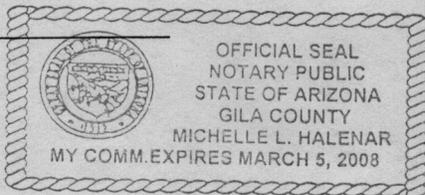


EXHIBIT "A"
(To Pipeline)

This Exhibit "A" is attached to and forms a part of that certain Pipeline Easement by and between and
R&H BOULDER & GRANITE LLC and the TOWN OF PAYSON.

LEGAL DESCRIPTION
EASEMENT NO. 2 – PUBLIC UTILITY EASEMENT

That portion of Government Lots 2 and 3, lying in Section 32, Township 11 North, Range 11 East of the Gila and Salt River Meridian, Gila County, Arizona, more particularly described as follows:

BEGINNING at the WEST Corner of Parcel Three of Record of Survey / Minor Land Division, Map No. 1624, Gila County Records, said Corner being a point on the North line of Parcel One of said Map No. 1624 and being a 5/8" Rebar with brass tag, L.S. #18436;

Thence: S 89° 52' 23" E (Record= S 89° 52' 48" E) along said North line, 20.00 feet;

Thence: S 00° 07' 40" W leaving said North line, 292.02 feet;

Thence: S 89° 52' 20" E, parallel with the South line of said Parcel One and Parcel Three, a distance of 536.76 feet;

Thence: N 00° 07' 40" E, 34.52 feet;

Thence: S 89° 52' 20" E, parallel with the South line of said Parcel Three, a distance of 20.00 feet;

Thence: S 00° 07' 40" W, 54.52 feet to a point on the South line of said Parcel Three, where the SE Corner of said Parcel Three bears S 89° 52' 20" E, 97.85 feet;

Thence: N 89° 52' 20" W, (Record = N 89° 53' 00" W) along the South line of said Parcel Three and Parcel One, a distance of 576.76 feet;

Thence: N 00° 07' 40" E, leaving said South Line, 312.02 feet to the POINT OF BEGINNING. Easement Encloses 18,066. SQ. FT.

All as shown on attached Exhibit "A" made a part hereof by this reference.

(Basis of Bearings = N 01° 16' 00" W, (distance = 1227.90 feet) line between Corner No. 9 of H.E.S. No. 418 and a P.K. nail w/ brass tag #18436 along the East line of said H.E.S. No. 418).

Project No. 02-041PUE / 2005

