

When Recorded Return to:  
 Kern River Gas Transmission Company  
 Land and Environment Department  
 P.O. Box 71400  
 Salt Lake City, Utah 84171-0400

Parcel Number(s): 273230011, 2731400012, 2731400014, and 2731400015

10416190  
 05/01/2008 03:33 PM \$46.00  
 Book - 9601 Pg - 9873-9891  
**GARY W. OTT**  
 RECORDER, SALT LAKE COUNTY, UTAH  
 KERN RIVER GAS TRANSMISSION  
 PO BOX 71400  
 SLC UT 84171  
 BY: ZJM, DEPUTY - WI 19 P.

### SPECIFIC ENCROACHMENT AGREEMENT FOR THE RIVERTON CITY 13400 SOUTH ROAD EXPANSION

This Specific Encroachment Agreement ("Agreement") is hereby entered into this 1<sup>st</sup> day of May, 2008, by and between **Kern River Gas Transmission Company**, a Texas general partnership, with offices located at 2755 E. Cottonwood Parkway, Suite 300, Salt Lake City, Utah 84121 ("Kern River"), and Riverton City with offices located at 12830 South Redwood Road, Riverton City, Utah 84065 ("Encroaching Party"). As used herein, Kern River and Encroaching Party shall also include their respective agents, contractors, employees, and representatives. Kern River and Encroaching Party are sometimes jointly referred to as the "Parties."

WHEREAS, Kern River owns, operates and maintains a 16-inch diameter high pressure delivery lateral pipeline generally parallel to the existing 13400 South that transports natural gas from Kern River's interstate pipelines to the Riverton Meter Station located at approximately 13400 South 4200 West; said pipeline is generally buried underground pursuant to easements and rights of way of record.

WHEREAS, Encroaching Party desires to construct, install and maintain a public road including improvements (i.e. asphalt, curb, gutter, sidewalk, underground utilities) (collectively the "Encroachments") over, under and through Kern River's pipeline easement and desires to obtain Kern River's consent therefore.

WHEREAS, the portion of Kern River's right of way within which Encroaching Party proposes to construct and maintain the Encroachments is recorded in the Salt Lake County Recorder's Office on the agreements listed on Exhibit D hereto; the rights of way described in those agreements are collectively herein referred to as the "Easement".

WHEREAS, the Easement within which Encroaching Party proposes to construct and maintain the Encroachments as part of its 13400 South expansion project is located in Section 31, Township 3 South, Range 1 West, SLB&M, Salt Lake County, Utah and is more particularly described on the Vicinity Map and Legal Descriptions labeled Exhibit A.

WHEREAS, Kern River is willing to permit, and Encroaching Party desires to construct, the Encroachments within Kern River's Easement subject to the conditions contained in this Agreement.

THEREFORE, in consideration of the mutual promises and benefits contained herein, the parties agree as follows:

1. REPRESENTATIONS: Encroaching Party hereby represents and warrants that it has or will obtain all appropriate agreements, approvals, authorizations, certificates, licenses, zoning and permits from any and all landowners and agencies, public and private, for the construction activities contemplated herein.

2. AUTHORIZATION: Kern River hereby authorizes Encroaching Party to install, construct and maintain the Encroachments on the Easement(s) in accordance with the terms of this Agreement. This Agreement shall apply only to the Encroachments specifically identified herein. Any additional encroachments are expressly prohibited unless this Agreement is amended in writing or another written encroachment agreement or encroachment permit is entered into by the Parties.

3. NO WARRANTY: Kern River does not warrant the condition of its Easement(s) nor its fitness or suitability for any particular purpose. In addition, Kern River does not warrant its Easement(s) for or against subsidence, compaction, or geotechnical stability of any kind including but not limited to, faults, sinkholes or hydrologic integrity.

4. COSTS: Encroaching Party shall cause all construction activities including, but not limited to, surveying, leveling, grading, compacting, paving, removal, reclaiming, restoration, revegetation, re-contouring, repairing, construction and re-construction of the Encroachments to be completed at no cost or expense to Kern River.

5. CONSTRUCTION OF ENCROACHMENTS: Construction will be performed using only equipment that is approved by the Kern River onsite inspector ("Inspector"). All construction, continued and future use of the Encroachment on the Easement(s) shall meet the Encroachment Specifications set forth in Exhibit B hereto. Any deviation from these Specifications, Scope of Work, drawings and equipment type must receive prior approval in writing from Kern River.

6. INSPECTION AND REIMBURSEMENT: Kern River shall provide at least one Inspector while Encroaching Party is working within Kern River's Easement(s). All of Encroaching Party's work within Kern River's Easement(s) shall be performed to the satisfaction of Inspector. In the event Inspector deems Encroaching Party's work within the Easement(s) to be unsafe, of poor quality or inconsistent with the terms of Exhibit B attached hereto, Inspector is authorized to stop all work within the Easement(s) until the appropriate corrective measures are implemented. The presence or non-presence of Inspector shall not alleviate Encroaching Party from liability or damages arising from its construction of the Encroachments and it shall be Encroaching Party's sole responsibility to perform the construction in a safe and workmanlike manner. Kern River shall not be responsible to Encroaching Party or any third party for the cost of any delays occasioned by a work stoppage ordered by Inspector. Encroaching Party shall reimburse Kern River for the cost of providing Inspector(s) at a rate not to exceed \$500.00/day per inspector. Kern River shall submit a monthly invoice to Encroaching Party until the project is complete. Encroaching Party agrees to pay said invoice within 30-days of each submittal.

7. ONE-CALL NOTICES: Encroaching Party shall notify Kern River through the local One-Call Service a minimum of 48 hours before excavation or grading work commences on or near Kern River's Easement(s).

8. CATHODIC PROTECTION: All metallic utility lines crossing Kern River's pipelines shall have cathodic test leads connecting both the utility and the pipelines. Kern River will install, at Kern River's expense, such test leads on its pipelines if required.

9. STREETS: Any streets and roads constructed over the pipelines for normal traffic shall maintain no less than five and one half feet (5'-6") of cover from top of pipe to the finished grade. Any road or street utilized by large construction type vehicles or other types of heavy equipment that crosses the Easement(s) will be constructed and maintained as directed by Kern River or its Inspector. These crossings shall be reviewed in the field, on an individual basis, by Inspector. Any roads or streets permitted under this Agreement must be approved by Inspector and constructed in accordance with the specifications set forth in Exhibit B.

10. RESTORATION: Encroaching Party shall be responsible for restoration of all disturbed land and damages on Kern River's Easement(s) caused by Encroaching Party, its contractors, agents and employees in any way related to or arising from the construction or maintenance of the Encroachments.

11. EXCAVATION TECHNIQUES: Any excavation within 5 feet of the pipelines shall be performed with hand tools and in the presence of Kern River's Inspector. Mechanical excavation equipment must be positioned so that the equipment cannot reach within 2 feet of the pipelines.

12. FENCES: Kern River may require Encroaching Party to install safety fences to define a corridor surrounding the pipelines. Any fences installed shall be the sole responsibility of Encroaching Party and any costs incurred for fence installation shall be borne by Encroaching Party. The type of fence shall be decided in the field by Inspector after consultation with Encroaching Party. Openings in said fence for road crossings shall be at locations designated by Inspector. Fences shall be continually maintained by Encroaching Party.

13. BLASTING: Should blasting be required for the project, a blasting plan must be submitted thirty days in advance to Kern River for prior review and approval. No blasting may take place without prior written consent from Kern River.

14. PIPELINE MAINTAINANCE: If either pipeline is excavated and exposed as part of activities described herein, or at Kern River's request, Kern River will be given the opportunity to inspect and perform maintenance on the pipelines before they are reburied. This inspection and maintenance will be at Kern River's expense; provided, however, that Kern River shall not be responsible to Encroaching Party or any third party for the cost of any delays occasioned by Kern River's inspection and maintenance.

15. RESERVATION OF RIGHTS: KERN RIVER RESERVES THE RIGHT TO REMOVE ANY OF THE ENCROACHMENTS IF IN KERN RIVER'S JUDGMENT IT IS NECESSARY TO DO SO IN ORDER TO CONSTRUCT, ALTER, INSPECT, MAINTAIN, REPAIR, REMOVE OR REPLACE THE PIPELINES OR APPURTENANCES LOCATED WITHIN KERN RIVER'S EASEMENT(S) OR IN ORDER TO CONSTRUCT, INSTALL OR MAINTAIN NEW FACILITIES OR OTHERWISE ENJOY ITS EASEMENT RIGHTS. KERN RIVER SHALL NOT BE LIABLE TO ENCROACHING PARTY, ANY THIRD PARTIES, OR ANY SUBSEQUENT

OWNER OF THE ENCROACHMENTS FOR ANY DAMAGE TO THE ENCROACHMENTS OCCASIONED BY KERN RIVER'S EXERCISE OF THESE RESERVED RIGHTS. ANY COST TO REPAIR OR REPLACE THE ENCROACHMENTS SHALL BE FOR THE ACCOUNT OF THE OWNER(S) OF THE ENCROACHMENTS AND SUCH REPAIR OR REPLACEMENT SHALL BE COMPLETED AT NO COST OR EXPENSE TO KERN RIVER.

16. **RELATIVE PRIORITY OF RIGHTS:** Kern River, its successors and assigns retain all rights that Kern River enjoys under its Easement(s). Although the Parties foresee the use of the Easement(s) in a mutually agreeable manner, THE PRESENCE OF THE ENCROACHMENTS UNDER THIS AGREEMENT IS SUBORDINATE TO KERN RIVER'S RIGHTS UNDER ITS EASEMENT(S). Encroaching Party agrees to cooperate with Kern River at such times that Kern River accesses the right of way or pipeline facilities. In particular, Encroaching Party agrees to move or cause to be moved any of its or its contractors' personal property including but not limited to equipment, vehicles, and trailers that may prevent Kern River from reasonably accessing said right of way and pipeline facilities in a timely manner. Encroaching Party agrees that its or its contractors' presence on the Easement(s) shall not: a) prevent the timely and easy removal of Encroaching Party's or its contractors' personal property from the Easement(s), or b) prevent Kern River's reasonable reconnaissance of, or access to, the Easement(s) by aerial and/or ground patrol of the area. Except in cases of an emergency, Kern River agrees to give Encroaching Party prior notice of the areas where unrestricted access is required.

17. **REVOCABILITY:** This Agreement shall be revocable, in whole or in part, by Kern River in the event of material or substantial noncompliance with the conditions, terms, requirements or specifications of this Agreement or, in Kern River's sole discretion, for safety related reasons. Kern River shall provide prior written notice of such revocation. In the event of such revocation, as applicable, the Encroachments shall be removed at Encroaching Party's expense.

18. **INDEMNITY:** Encroaching Party agrees to protect, indemnify and hold harmless Kern River, its affiliates, parent corporation(s), subsidiaries, officers, agents and employees from and against any and all loss, damage, injury or death to any person or property, including Kern River, which may arise by reason of or incident to Encroaching Party's occupancy, use, installation, maintenance, or continuation of the Encroachments within Kern River's Easement(s), unless such loss, damage, injury or death arises out of the sole negligence of Kern River.

19. **INSURANCE REQUIREMENTS:** Prior to performing any work within Kern River's Easement(s), Encroaching Party shall carry insurance as described in Exhibit C attached hereto and provide Kern River with insurance certificates evidencing such coverage. Encroaching Party shall require its contractors and sub-contractors of any tier to maintain and provide evidence of similar insurance during any construction within Kern River's Easement(s). Kern River does not represent that the required insurance, whether in scope or amounts of coverage, is adequate to protect the obligations of Encroaching Party or its contractors or sub-contractors, and Encroaching Party and / or its contractors and sub-contractors shall be solely responsible for any deficiencies thereof. Nothing in this section shall be deemed to limit Encroaching Party's liability under this Agreement.

20. AS-BUILT DRAWINGS: Within one year following the substantial completion of the Encroachments, Encroaching Party shall provide without charge to Kern River a copy of its "as-built" drawings of the Encroachments.

21. NOTICES: All notices to either party hereto shall be in writing and served personally on, or sent by U. S. postal or commercial delivery service to, the addresses hereinabove given.

22. COOPERATION OF SUBCONTRACTORS: Encroaching Party shall ensure the cooperation of its contractors and agents with Kern River with respect to the terms and conditions of this Agreement and their involvement with the activities described herein.

23. ATTORNEYS' FEES: Kern River shall be entitled to its reasonable costs and attorneys' fees to enforce any provisions of this Agreement, together with interest at twelve percent per annum for any amounts owing to Kern River hereunder.

24. SUBSEQUENT OWNERS OF ENCROACHMENTS: It is the intention of the Parties that the terms of this Agreement shall apply to subsequent owner(s) of the Encroachments and that any subsequent owner(s) shall take ownership of the Encroachments subject to the terms of this Agreement. This Agreement shall run with the land and Easement(s) and shall inure to the benefit of and be binding on the respective successors, assigns, heirs and personal representatives of the Parties and owner(s) of the Encroachments. Nothing contained herein shall be construed to abrogate, diminish, or relinquish any rights granted by the Easement(s) or to waive statutory, common law or other rights that Kern River may have against subsequent owner(s) of the Encroachments.

25. AGREEMENT SUBORDINATE TO EASEMENT(S): This Agreement is subordinate and subject to all terms and conditions of Kern River's Easement(s) with the underlying fee owners and easement holders of record on said lands.

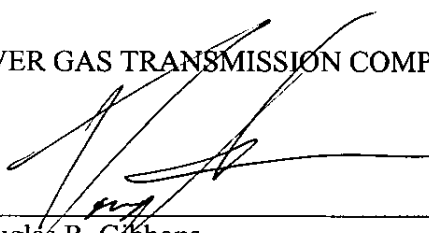

26. ADDITIONAL REQUIREMENTS: The Memorandum of Understanding dated August 3, 2007 and its associated correspondence dated June 15, 2007 are attached as Exhibit E and hereby incorporated into and made part of this Agreement.

AGREED AND ACCEPTED AS OF THE DATE FIRST WRITTEN ABOVE:

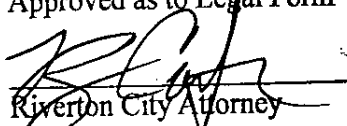
Riverton City  
a Utah Corporation

By:   
 William R. Applegarth, its Mayor

KERN RIVER GAS TRANSMISSION COMPANY

  
By: Douglas R. Gibbons  
Its: Attorney-in-Fact 

Approved as to Legal Form

  
Riverton City Attorney

ACKNOWLEDGMENT

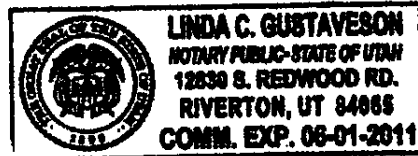
STATE OF UTAH )  
COUNTY OF Salt Lake)§

On the 4 day of January 2008 William R. Apple personally appeared before me and being by me duly sworn did say that s/he is the Mayor of Riverton City, and that the above Specific Encroachment Agreement was signed on behalf of \_\_\_\_\_ and said \_\_\_\_\_ acknowledged to me that s/he, as the \_\_\_\_\_ of \_\_\_\_\_, signed the same.

Linda C. Gustavson

My commission expires:

6-1-11



Notary Public in and for  
The State of Utah

ACKNOWLEDGMENT - ATTORNEY-IN-FACT

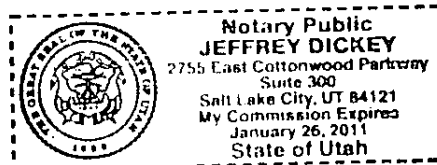
STATE OF UTAH )  
COUNTY OF SALT LAKE )§

On the 22 day of OCTOBER, 2007 personally appeared before me Douglas R. Gibbons and being by me duly sworn, did say that he is the Attorney-in-fact for Kern River Gas Transmission Company, and that the above Specific Encroachment Agreement was signed on behalf of Kern River Gas Transmission Company, and said Douglas R. Gibbons acknowledged to me that he as such Attorney-in-fact executed the same.

Jeffrey Dickey

My commission expires:

JANUARY 26, 2011



Notary Public in and for  
The State of Utah

**EXHIBIT A – Vicinity Map and Legal Description**





The legal description of the right-of-way and easement is as follows:

A parcel of land situate in the Southeast Quarter of Section 31, Township 3 South, Range 1 West, Salt Lake Base and Meridian, Salt Lake County, Utah. Said parcel being more particularly described as follows:

Beginning at a point on the North right of way line of 13400 South Street, said point being North 00°20'55" East 33.00 feet along the East line of the Southeast quarter of said Section 31 from the Southeast corner of Section 31 and running thence along the northerly right of way line North 89°48'47" West 1350.74 to the Southeast corner of a parcel described in Book 8533, Page 1732, of official records; thence along the easterly line of said parcel North 00°14'25" East 50.00 feet; thence leaving said property line South 89°48'47" East and parallel to the North right of way of said 13400 South Street 1350.83 feet to a point on the East line of said Section 31; thence South 89°48'47" East and parallel to the North right of way of said 13400 South Street 326.53 feet to the westerly line of an easement granted to KRG T; thence along said westerly line the following two (2) courses: (1) South 37°46'41" East 40.25 feet; (2) South 40°04'05" East 23.94 feet to a point on the northerly right of way of 13400; thence along said right of way North 89°48'47" West 366.90 feet to the Point of Beginning.

596202.1  
K&M # 1909-551  
CPB # 508-5381

## EXHIBIT B – Encroachment Specifications

KERN RIVER GAS TRANSMISSION COMPANY, hereinafter called "KERN RIVER" is an interstate transporter of natural gas, which is regulated by the U.S. Department of Transportation Office of Pipeline Safety. The following specifications are designed to comply with applicable state and federal regulations to assure the safety of the public and to protect the pipeline.

The following specifications are minimum requirements for most proposed encroachments to avoid conflict with the existing easement rights. These are not the only types of activities permitted. Additional specifications may be required depending upon the proposed encroachments. Please contact the nearest KERN RIVER office to review your individual situation.

### GENERAL REQUIREMENTS FOR SURFACE ALTERATIONS

- A) Most states laws require 48 hours or two working-days notice be given to utility companies prior to beginning excavation. This may be accomplished by contacting a "One Call" or "Dig Alert" system (check your state). In states where advance notification call systems do not exist, please call (800) 272-4817, 48 hours before any work commences.
- B) KERN RIVER'S easement restricts the placement of a structure or any part of a structure within the right of way, except as may be expressly permitted herein.
- C) An authorized KERN RIVER representative must be on site during any work performed on or across the right of way.
- D) The KERN RIVER representative will determine the existing cover over the pipeline.
- E) Any change in the amount of existing cover material (soil) on and over the right of way must be approved in advance and shall be no less than that required by the U.S. Department of Transportation.

### 1) FENCES

- A) Fences shall not be installed parallel to the pipeline within the KERN RIVER easement. For fences installed across the right of way, the first post either side of the pipe shall be set 5 feet from the center of the pipeline in a hand dug hole.
- B) PERMITTEE shall provide access through or around fence(s) crossing the right of way to allow performance of normal right of way maintenance.
- C) Installer shall adhere to provisions A and C of GENERAL REQUIREMENTS FOR SURFACE ALTERATIONS.

### 2) LANDSCAPING (plantings that require excavating deeper than 1 foot)

- A) Flower beds and shrubs are permitted within the right of way, but may be damaged by required annual surveys, if planted directly over the pipeline. Heavy maintenance may require total clearing of the right of way.
- B) No trees or deep rooted shrubs are allowed within the easement.
- C) Lawns and vegetable gardens are acceptable.
- D) Provisions A and C of the GENERAL REQUIREMENTS FOR SURFACE ALTERATIONS pertain to this type of planting.

### 3) STREETS, ROADS AND DRIVEWAYS

- A) Residential driveways intended for light vehicle access to a single family dwelling must have a minimum of 5.5 feet of cover over the pipeline or an alternative engineered solution.
- B) Driveways shall not run lengthwise within the right of way and must cross on an angle, which when measured between the proposed drive and the right of way is not less than 45 degrees.
- C) An opportunity for KERN RIVER to make a pipe inspection must be given prior to the start of any construction.
- D) Provisions A, C, D and E of the GENERAL REQUIREMENTS FOR SURFACE ALTERATIONS pertain to driveway crossings.
- E) Street or road construction may require a specific encroachment agreement from the Right of Way and Land Department, and plans for such crossings shall be submitted 90 days prior to work commencement to allow time for project impact review by the local KERN RIVER office.

### 4) TEMPORARY EQUIPMENT CROSSINGS

- A) To protect KERN RIVER'S pipeline from external loading, KERN RIVER must perform an evaluation to determine the effects of any proposed equipment use. KERN RIVER reserves the right to approve or deny the use of certain types of equipment. Mats, timber bridges, or other protective materials deemed necessary by KERN RIVER shall be placed over KERN RIVER facilities for the duration of any loading. Protective materials shall be, purchased, placed, and removed at no cost to KERN RIVER. The right of way must be restored to its original condition.
- B) KERN RIVER may require markings to identify specific areas where equipment use is authorized.

### 5) OPEN WATERWAYS

- A) Open waterways smaller than 3 feet wide at the bottom are defined as "ditches" and must have a minimum of 3.5 feet of cover from the top of the pipe to the bottom of the ditch, or the ditch must be lined using an approved method and material. Larger open waterways are defined as "canals" and are considered on an individual basis.
- B) Anyone altering (clearing, regrading or changing alignment) a waterway must obtain approval from KERN RIVER prior to making changes and shall meet Provisions A and C of the GENERAL REQUIREMENTS FOR SURFACE ALTERATIONS.
- C) An opportunity will be provided for KERN RIVER to install casing and/or other structural protection prior to canal installation.

### 6) EXCAVATION

- A) Plans for any excavation on the right of way must be approved prior to commencing work. Excavating within 3 feet of the pipeline shall be done by hand until the pipeline is exposed and shall be done only in the presence of an authorized KERN RIVER representative. When excavating for crossing a ditch line, after the pipe has been exposed, the excavation equipment must be positioned such that it will not reach within 2 feet of the pipeline. Final stripping on sides and top of the pipeline shall be by hand.

- B) When a backhoe is used, the bucket teeth should be curled under each time it is brought back into the ditch to reduce the chance of teeth contacting the pipe.

### GENERAL REQUIREMENTS FOR BURIED LINE CROSSINGS

- A) All buried lines crossing KERN RIVER'S right of way shall be installed in accordance with all applicable codes and requirements governing such installations.
- B) All foreign lines shall cross KERN RIVER'S right of way at an angle as close to 90 degrees as possible. Parallel occupancy of KERN RIVER'S right of way shall not be allowed unless specifically permitted by KERN RIVER.
- C) All buried lines should cross under the pipeline. However, when obstructions or unfavorable soil conditions are encountered, or when the KERN RIVER pipeline is located at a depth greater than 4 feet, approval to cross over the line may be granted.
- D) To avoid unexpected service interruptions of buried lines crossing over KERN RIVER pipeline, a minimum of 24 inches of cover (or local minimum required depth) must be provided over the crossing line.
- E) All buried lines crossing the KERN RIVER pipeline shall maintain a minimum separation of 24 inches between the two facilities, with the same depth carried across the entire right of way.
- F) A joint trench is the recommended method for multiple utility crossings. Under normal circumstances this requires that only one permit be obtained by the excavating company.
- G) No foreign appurtenances (meters, poles, drop boxes, collection basins, etc.) shall be located on the right of way, except as may be permitted.
- H) A buried warning tape shall be placed 12 to 18 inches above the crossing line and extend across the entire right of way, as a protective measure.
- I) An authorized KERN RIVER representative must be on-site during all excavation and clean-up work performed on the right of way.

### 7) COMMUNICATION LINES TELEPHONE, TV, OTHER DATA LINES

- A) Communication lines shall meet all provisions of the GENERAL REQUIREMENTS - BURIED LINE CROSSINGS
- B) Communication lines shall be encased in a rigid nonmetallic conduit across the full width of the right of way.
- C) Signs shall be placed by the encroaching party at each edge of the right of way to mark the underground cable angle and path of crossing.

### 8) POWER LINES

- A) Power lines shall meet all of the above GENERAL REQUIREMENTS - BURIED LINE CROSSINGS and shall be installed in accordance with the National Electrical Safety code.
- B) Power lines shall have minimum clearances between lines of 24 inches for 0 to 600 volts; 30 inches for 601 to 22,000 volts; 36 inches for 22,001 to 40,000 volts; and 42 inches for 40,001 volts and above.
- C) Power lines shall be encased in rigid nonmetallic conduit.
- D) Signs shall be placed by the encroaching party at each edge of the right of way to mark the underground cable angle and path of crossing. If the underground cable crosses above the pipeline, the signs shall so indicate.
- E) In the event a power line crosses over the pipeline, it will be necessary to cover the crossing in red dye concrete (6 inches thick) across the full width of the right of way.

### 9) SEWER AND WATER LINES

- A) Sewer and water lines shall meet all above GENERAL REQUIREMENTS - BURIED LINE CROSSINGS. Nonmetallic water lines are required.
- B) Sewer line crossings are limited to tight lines only.
- C) Septic tanks and drain fields are not permitted within the right of way.

### 10) SUBSURFACE DRAINAGE TILE (NONMETALLIC)

- A) Drainage tile shall meet provisions A, B, E, G, H and I of GENERAL REQUIREMENTS - BURIED LINE CROSSINGS.

### 11) METALLIC PIPE CROSSINGS

- A) All 4-inch and larger metallic pipes crossing KERN RIVER'S pipeline, or any metallic pipe transporting hazardous materials (petroleum, natural gas, etc.), shall have two cathodic protection test leads installed on the KERN RIVER pipeline(s) and two on the crossing pipe at the point of intersection.
- B) KERN RIVER personnel must install the leads on KERN RIVER'S pipeline(s) and, if necessary will install the leads on the crossing pipe.
- C) Metallic pipe crossings shall have a permanent protective coating for the full width of the right of way.

### 12) ABOVE GROUND LINE CROSSINGS

- A) Shall maintain a minimum of 30 feet of vertical clearance across the right of way.
- B) Shall have no poles or appurtenances located on the right of way.
- C) Above ground crossings shall not be above or closer than 25 feet horizontally to any gas escape vent (e.g., relief valve vent, station blow down vent, block valve vent, etc.).

### 13) BLASTING

- A) Blasting for grade or ditch excavation shall be utilized only after all other reasonable means have been used and are unsuccessful in achieving the required results.
- B) Blasting plans shall be submitted to KERN RIVER for approval at least four days prior to the anticipated start of any blasting activities.
- C) All blasting shall be done with the KERN RIVER authorized representative present.

### **EXHIBIT C – Insurance Requirements**

A. Workers' Compensation Insurance and Occupational Disease Insurance in accordance with statutory requirements of the state and/or Federal Regulations (FELA, USL&H, Jones Act) and Employers' Liability Insurance with limits of not less than:

Bodily Injury by Accident \$500,000 Each Accident

Bodily Injury by Disease \$500,000 Policy Limit

Bodily Injury by Disease \$500,000 Each Employee

covering location of all work places involved in this Contract.

B. Commercial General Liability Insurance, written on an Occurrence Basis, with limits not less than \$1,000,000.00 per occurrence / \$2,000,000 aggregate Bodily Injury and Property Damage, including the following coverages.

a. Premises and Operations Coverage

b. Independent Contractor's Coverage

c. Contractual Liability covering liabilities assumed under this Contract

d. Products and Completed Operations Coverage

e. Coverage for explosion, collapse, and underground property damage

f. Broad Form Property Damage Liability endorsement

g. Personal Injury Liability

C. Comprehensive Automobile Liability Insurance covering owned, hired and non-owned vehicles with limits not less than \$1,000,000.00 per occurrence Bodily Injury and Property Damage combined single limits

D. Umbrella Liability Insurance with a minimum combined single limit of \$5,000,000.00 each occurrence/aggregate where applicable to be excess of the coverages and limits required in A., B., and C. above.

Encroaching Party shall, on or prior to the effective date of this agreement, deliver to Kern River certificates of insurance evidencing valid coverage in effect as specified by this Exhibit. All of the above described insurance policies shall contain provisions that the insurance companies will have no right of recovery or subrogation against Kern River, its parent, divisions, affiliates, subsidiary companies, co-lessees, or co-venturers, agents, directors, officers, employees, servants, and insurers, it being the intention of the Parties that the insurance as effected shall protect all parties. All required insurance policies shall be endorsed to provide that the policy is primary and will not contribute with any policy carried by Kern River.

Kern River, its parent, divisions, affiliates, subsidiary companies, co-lessees, or co-venturers, agents, directors, officers, employees, and servants shall be named as an additional insured in each of Encroaching Party' insurance policies, except statutory Workers' Compensation. The Commercial General Liability additional insured endorsement shall be ISO Form CG2010 or its equivalent. There shall be no conditions on Encroaching Party' policies restricting defense expenses available to Kern River.

Any and all deductibles in the above-described insurance policies or inadequacy of limits shall be assumed by, for the account of and at the sole risk of Encroaching Party.

All policies providing coverage hereunder shall contain provisions that no cancellation or material changes in the policies shall become effective except on thirty (30) days' written notice thereof to Kern River at Kern River's office originating the agreement. Encroaching Party shall not cancel or make any material change in any such policies without the prior written consent of Kern River. For those insurance coverages whereby Kern River is required to be named as an additional insured, Encroaching Party shall at any time requested by Kern River prior to or during the term of the work or this Contract, deliver to Kern River certified copies of any and all insurance policies so requested. Further, should a loss arise after final acceptance that may give rise to a claim against Encroaching Party, and/or Kern River as additional insured, Encroaching Party shall deliver to Kern River, or shall cause its insurers or agents to deliver, certified copies of the policies maintained during the term of the work or this Contract, if so requested by Kern River.

Should Encroaching Party or its Subcontractors fail to provide or maintain any of the insurance coverages referred to in this Exhibit, Kern River shall have the right, but no obligation, to provide or maintain such coverage, or coverage affording equivalent protection, at Encroaching Party's expense, either by direct charge or set-off.

Kern River does not represent that the insurance coverages specified herein, whether in scope of coverage or amounts of coverage, are adequate to protect the obligations of Encroaching Party, and Encroaching Party shall be solely responsible for any deficiencies thereof. Nothing in this Agreement shall be deemed to limit Encroaching Party's liability under this Agreement.

#### SUBCONTRACTOR'S INSURANCE

Should Kern River permit Encroaching Party to further sublet or subcontract any portion of the work, Encroaching Party shall, before permitting any of its Subcontractors to perform any work at the site, require each Subcontractor to carry insurance with terms and limits similar to that specified above or provide evidence that such Subcontractors are covered as Named Insureds under Encroaching Party's insurance coverages as required above. Prior to the commencement of work by any Subcontractor, Encroaching Party shall provide to Kern River Certificates of Insurance evidencing that each Subcontractor carries insurance as required above or evidencing that such Subcontractors are named insureds under Encroaching Party's insurance coverages. As with Encroaching Party's insurance coverage, Kern River, its parent, divisions, affiliates, subsidiary companies, co-lessees, or co-venturers, agents, directors, officers, employees and servants shall be named as an additional insured on any Subcontractor insurance required by this section.

# **EXHIBIT D – Recorded Agreements**

| <p align="center"><b>Kern River Gas Transmission Company</b></p> <p align="center"><b>Recorded Agreements for Riverton City Lateral</b></p> |   |                |                                 |                      |                |             |                |
|---|---|----------------|---------------------------------|----------------------|----------------|-------------|----------------|
| <b>Tract ID</b>   | <b>Grantor(s)</b>   | <b>Grantee</b> | <b>Recording Type</b>           | <b>Date Recorded</b> | <b>Entry #</b> | <b>Book</b> | <b>Page(s)</b> |
| N/A   | Questar Gas Company   | KRGT           | Right of Way Easement           | 09/11/07             | 10219081       | 9514        | 430-431        |
| RVUT-003  | Questar Gas Company   | KRGT           | Special Warranty Deed           | 08/27/02             | 8333343        | 8638        | 2288-2289      |
| RVUT-001  | Corporation of the Presiding Bishopric of the Church of Jesus Christ of Latter-day Saints |                |                                 |                      |                |             |                |
| RVUT-002  |   | KRGT           | Right of Way and Easement Grant | 02/25/02             | 8159291        | 8569        | 5709-5715      |

**EXHIBIT E – Correspondence**

Douglas Gibbons  
Land Representative



August 3, 2007

Mike Hutchinson, P. E., City Engineer  
12830 South Redwood Road  
Riverton City, UT 84065

Re: Memorandum of Understanding – 13400 South Road Expansion

Dear Mr. Hutchinson:

Following our conversation of 31 July 2007, Kern River is providing Riverton City with this Memorandum of Understanding that reviews the correspondence between Kern River and Riverton City with regards to the Kern River Riverton Lateral easement and the proposed expansion of 13400 South in Riverton City.

Kern River owns and operates a 16 inch lateral pipeline extending generally parallel to the existing 13400 South between Kern River's mainline right of way and the meter station at approximately 4200 West. Kern River owns and maintains a 50 foot right of way with 35 feet to the south of the pipeline and 15 feet to the north of the pipeline. This easement provides necessary work space for Kern River crews and contractors to safely operate and maintain our facilities. The City's original expansion plans for 13400 South amounted to a taking of Kern River's easement rights as the project would have effectively eliminated Kern River's ability to use the existing easement for access to and maintenance of the pipeline.

During a June 11, 2007 meeting at the Riverton City offices, Kern River discussed the necessity to be made whole by the City for direct loss of easement and/or the ability to safely use portions of the remaining easement. At this meeting Kern River provided two options to the City to compensate Kern River for the proposed taking of the easement, they were as follows; 1) purchase Kern River additional easement to replace the easement taken by the City, or 2) bury the distribution line to the south of the existing Jordan Valley Water Conservancy District pipeline thus preserving the functionality of our existing easement (see attached correspondence – June 15, 2007).

The City notified Kern River that its intention was to bury the distribution line. This distribution line will be a parallel encroachment buried within Kern River's easement. As such, Kern River will require that this encroachment meet its encroachment standards, which have been provided to the City and its consulting engineer. Among other things, these standards require any utility crossings of the pipeline be contained in conduit and red dye concrete for the width of the easement. In areas where the utilities may parallel the pipeline within the Kern River easement the utility must be buried in a non-metallic conduit surrounded by sand and



warning tape. Parallel utilities should not be located within 20 feet of the pipeline. The location of all utilities must be reviewed and approved by Kern River prior to any construction activities.

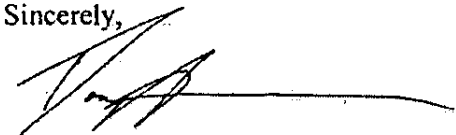
The City's planned road expansion will also affect Kern River's ability to access the meter station facility in a safe manner. Per the conditions set forth in the original conditional use permit issued to Questar Gas on October 11, 2001, the meter station facilities were sited to accommodate a 106 foot future road expansion; the current expansion plans for the road are 150 feet. This change in the road width will compromise Kern River's ability to safely access the meter station site through the existing gate. Kern River has actively worked with Questar Gas to resolve this issue.

The current plan is to access the Kern River meter station through a new gate on the west wall of the existing meter station. However, due to vehicle turning radius constraints and Questar's encroachment standards, additional asphalt paving must be laid down over the existing Questar Gas lines. Consistent with industry standards, Questar has placed vehicle weight limitations on the proposed access road. Kern River anticipates that most routine maintenance activities will be accommodated through the new gate. However, Kern River must maintain access which can reasonably accommodate heavy industrial vehicles which may be necessary for certain types of repairs or maintenance activities. As such, Kern River will maintain the south access gate for vehicles over Questar's weight limitation. Such access through the south gate may require Kern River to shut down one lane of traffic while the equipment is accessing the site.

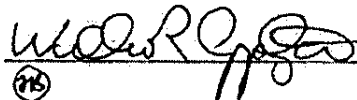
It is Kern River's understanding that Riverton City will pay the direct costs associated with, 1) relocation of the utilities along 13400 South in accordance with Kern River encroachment specifications, 2) acquisition of the easement from Questar Gas for access to the meter station, and 3) paving the new access road and constructing the new access gate into the meter station facility per Kern River's specifications.

As I mentioned in my e-mail of 31 July 2007, Kern River is requesting an acknowledgement of these conditions from Riverton City. Please sign and return this document in the enclosed self addressed envelope to verify that Riverton City understands and accepts the stipulations identified herein. If you have any questions regarding this memorandum please feel free to give me a call.

Sincerely,



Douglas Gibbons  
Land Representative



William R. Applegarth, Mayor

ATTEST: *Virginia Proden*

cc: Mike Tase, Russ Harmon, project file



8/9/07 {date}

Approved as to Legal Form

  
Riverton City Attorney



Douglas Gibbons, Land Representative  
2755 E. Cottonwood Parkway, Suite 300  
P.O. Box 71400  
Salt Lake City, UT 84171-0400  
(801) 937-8347 Office  
(801) 209-7261 Cellular  
(801) 937-6312 Fax

June 15, 2007

Frederick Lutze, P. E., City Engineer  
12830 South Redwood Road  
Riverton City, UT 84065

**COPY**

Re: Proposed widening of 13400 South; conflicts with Kern River easement

Dear Mr. Lutze:

Pursuant to our meeting on 11 June 2007, Kern River is providing Riverton City with the rationale for and estimate of the area required for operation and maintenance of our 16 inch lateral in Riverton City.

Kern River currently maintains a 50 foot right of way with 35 feet to the south of the pipeline and 15 feet to the north of the pipeline. This easement provides the necessary work space for Kern River crews and contractors to safely operate and maintain our facilities. As we discussed in the meeting, the expansion plans for 13400 South would effectively eliminate Kern River's ability to use the existing easement for access to and maintenance of the pipeline. Kern River discussed the necessity to be made whole by the City for direct loss of easement or the ability to safely use portions of the remaining easement. Kern River is providing two options to you and requests that each be evaluated in detail; 1) purchase additional easement for Kern River to replace the easement taken by the City, and 2) bury the 12.5 KV distribution line to the south of the existing Jordan Valley Water Conservancy District pipeline thus preserving the functionality of our existing easement. These two options are discussed below.

*Option 1 – Riverton City Purchase Additional Easement for Kern River*

The project as proposed materially interferes with Kern River's express easement rights, including its rights to maintain, operate, repair, inspect, protect, and replace its facilities. Specifically, 26 feet of easement is directly impacted, leaving approximately 10 feet of usable easement to the south of the pipeline (the 10 usable feet is limited in use to excavation space required by safety standards). The impacts include road improvements, relocation of distribution poles and potential blow-out of the electrical conductors. Currently, there is approximately 5 feet of blow-out on the existing electrical distribution lines. Accounting for this unusable area in the

existing easement, Kern River will request approximately 21 feet of additional easement abutting the northern boundary of its existing easement. The total area of the requested easement is 35,473 ft<sup>2</sup> or approximately 0.81 acres. Kern River would relinquish all rights to the southernmost 14 feet of its easement.

*Option 2 – Bury the Distribution Line*

Kern River would support the burial of the 12.5kV distribution line to the south of the Jordan Valley Water Conservancy District pipeline at the cost of the City. This would allow Kern River to use the existing easement and would not interfere with future maintenance activities. The buried power line could, however, interfere with Kern River's operation of its pipeline. Accordingly, any additional cathodic protection required for Kern River facilities arising from the burial of the distribution line would need to be addressed at the time they are manifest and costs reimbursed to Kern River accordingly.

Additionally, the expanded road will compromise the ability of Kern River to safely access the existing tap site and will affect Kern River's ability to access the meter station facility in a safe manner. Per the conditions set forth in the original conditional use permit (October 11, 2001), Questar Gas located the meter station facilities to accommodate a 106 foot future road expansion; the current expansion plan for the road is 150 feet. This change in road width will compromise Kern River's ability to safely access the meter station site through the existing gate. Kern River is currently working with Questar Gas to resolve this issue by accessing Kern River's facilities through a new gate that will use Questar's access road. These access issues remain unresolved and in the event additional costs associated with resolving this issue arise, Kern River will request that Riverton City assume those costs.

Kern River appreciates your cooperation in working to identify a mutually agreeable solution to this issue. Please notify Kern River as soon as Riverton City identifies its preferred approach. As I mentioned during our meeting, I will be out of town until June 25, 2007. In the interim you may contact Brent Arnold at 937-6257 or Sheldon Byde at 937-6163. If you have any questions or concerns regarding this letter please feel free to give me a call.

Sincerely,



Douglas Gibbons  
Land Representative

cc: Mike Tase, Russ Harmon, Steve Hansen, project file