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After recording return to:
Chevron Pipe Line Company

OCT 19 2001

651 South Redwood Road
North Salt Lake, UT 84054
Attn.: George Adams

E 1696630 B 2908 P 232
SHERYL L. WHITE, DAVIS CNTY RECORDER
2001 OCT 19 12:07 PM FEE 70.00 DEP MT
REC'D FOR CHEVRON PIPE LINE CO

lots 78 thru 94, 59 Buena Vista #3
lots 34 thru 49 Heather Heights
ENCROACHMENT AGREEMENT
13-100-0078 thru 0094, 0059
13-097-0034 thru 0049

This ENCROACHMENT AGREEMENT is entered into this 30th day of August, 2001, by and between CHEVRON PIPE LINE COMPANY, a Delaware corporation (hereinafter "Chevron"), and Sunset City (hereinafter "City").

WITNESSETH:

WHEREAS, Chevron is the present owner of a right-of-way more particularly described in the grant dated July 18, 1949, recorded on July 27, 1949, in Book 5, Page 95, and the grant dated July 16, 1949, recorded on July 23, 1949, in Book 5, Page 22, Official Records of Davis County, State of Utah (hereinafter "Right-of-Way"); and

WHEREAS, City is currently the owner of the property underlying said Right-of-Way, more particularly described on Exhibit A attached hereto (hereinafter "Property"); and

WHEREAS, City desires permission to construct and maintain a paved asphalt street on said Right-of-Way, more particularly described on Exhibit B attached hereto (hereinafter "Encroachment"); and

WHEREAS, said Right-of-Way grant provides that City shall not construct structures of any kind on said Right-of-Way, and furthermore, that Chevron's present or prospective exercise of any of its rights shall not be impaired or interfered with in any manner without written permission from Chevron; and

WHEREAS, Chevron is willing to grant City permission to construct and maintain the Encroachment, subject to the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the mutual promises contained herein, the parties hereto agree as follows:

1. City shall have the right to construct and maintain the Encroachment as set forth in Exhibit B to this Agreement. City shall not modify or alter said Encroachment, nor construct or permit additional encroachments on said Right-of-Way without Chevron's prior written approval. As used in this Agreement, encroachments include, but are not limited to, buildings, houses, improvements, structures or obstructions of any kind.
2. Except as authorized by this Encroachment Agreement, City shall not interfere with or obstruct Chevron's use of said Right-of-Way or injure or interfere with any person or property on or about said Right-of-Way.
3. As required by Utah Code Ann. §§ 54-8a-1 et. seq., City shall notify Underground Service Alert at (801) 532-5000 and Chevron at (801) 539-7293 at least forty-eight (48) hours in advance of any excavation in the Right-of-Way. Upon receiving such notice from City, Chevron shall plainly mark before any excavations are made and during all times that excavation work is being performed, the exact location of all pipelines or other facilities which may be below the surface of the ground or otherwise not plainly visible. City shall promptly and properly refill all excavations made by or for City on said Right-of-Way.

4. Chevron, or any of its affiliates (as defined in Paragraph 8 hereof), or any designated representative, may, at any time Chevron deems necessary, excavate in, on or under said Right-of-Way for any purpose reasonably necessary to maintain or repair the pipeline ("excavation"). Chevron shall provide reasonable notice to City when circumstances allow; however, in the event of an emergency, Chevron shall not be required to provide such notice to City. If Chevron finds, in its own discretion and in exercising any rights granted to it by the Easement grant, that it must remove any portion of said Encroachment to gain access to its pipelines for excavation purposes, Chevron may remove the Encroachment, and after Chevron has completed the work, City agrees to perform any replacement of the Encroachment necessary at its own sole cost and expense. City acknowledges that Chevron will not be responsible or liable to City for any damage to the Encroachment caused by Chevron during such excavation.
5. This Agreement shall run with the land and be binding on all future Property owners. Prior to a sale by City of all or a portion of the fee Property underlying said Right-of-Way, City shall notify Chevron of its intent to transfer said Property in accordance with Paragraph 9.
6. This Agreement may only be amended in writing signed by both City and Chevron or their successors, legal representatives, assignees or transferees.
7. If City commits a material breach of any of the terms and conditions of this Agreement, and fails to remedy the same within thirty (30) days after written notice from Chevron to do so, then, at the option of Chevron, this Agreement and the rights herein given City shall terminate.
8. City agrees to defend, indemnify and hold Chevron, and its affiliates (as used in this Paragraph, "affiliates" means Chevron Corporation and any company in which Chevron Corporation now or hereinafter owns, directly or indirectly, at least fifty percent (50%) of the shares of stock entitled to vote at a general election of the directors, and their respective officers, directors, employees, successors and assigns (hereinafter "Indemnitee"), and each of them, harmless from and against all liability or claims thereof for loss of or damage to property to whomever belonging (including, but not limited to, Indemnitee's pipelines), or injury to or death of any person (including an employee of City or Indemnitee), for loss or damage arising from attachments, liens or claims of materialmen or laborers, or for environmental damage, including all claims and reasonable attorneys' fees relating to any of the foregoing, resulting from the exercise of the rights herein granted. Such indemnity shall apply whether or not Indemnitee was or is claimed to be passively, concurrently or actively negligent, and regardless of whether liability without fault is imposed or sought to be imposed on Indemnitee. This indemnity shall not apply where such loss, damage, injury, liability or claim is the result of the sole negligence or willful misconduct of Indemnitee.
9. All notices and other communications required under this Agreement shall be in writing, and delivered personally, or sent certified mail or via facsimile to the party set forth below:

Chevron Pipe Line Company
Right-of-Way Specialist
651 South Redwood Road
North Salt Lake Utah 84054-2924

Sunset City
Attn Mayor of Sunset City
85 West 1800 North
Sunset, Utah 84015

801 539-7555 Fax

801 775-0971 Fax

Either party may change its address to which notices are sent pursuant to this Paragraph by giving notice thereof to the other party in the manner set forth in this Paragraph.

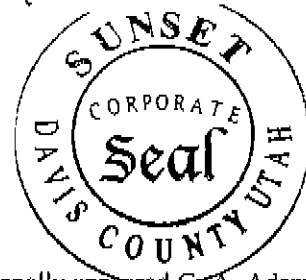
- 10. The rights herein given are permissive only, and no easement or right-of-way is conveyed. City hereby recognizes Chevron's interest in said Right-of-Way and agrees never to assail or resist Chevron's interest therein.
- 11. This Agreement is made subject to all valid and existing licenses, leases, grants, exceptions, reservations and conditions affecting said Right-of-Way.

IN WITNESS WHEREOF, on the date first above written, the parties hereto have executed this Agreement in duplicate.

CHEVRON PIPE LINE COMPANY
 By: *Greg G. Adams*
 Its: *Right-of-Way Specialist*

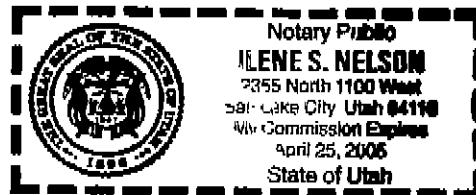
CITY
 By: *Jarice Galbraith*
 Its: *Mayor*

STATE OF UTAH)
) ss:
 COUNTY OF SALT LAKE)



BEFORE ME, the undersigned authority on the 30th day of August, 2001, personally appeared G. A. Adams, to me known to be the Attorney-in-Fact for **CHEVRON PIPE LINE COMPANY**, the corporation that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes herein mentioned, and on oath stated that he is authorized to execute the said instrument.

Steve S. Nelson
 Notary Public



STATE OF UTAH)
) ss:
 COUNTY OF *DAVIS*)

On the 30th day of August, 2001, personally appeared before me *Jarice Galbraith*, who duly acknowledged to me that she executed the foregoing Encroachment Agreement as the Mayor of **SUNSET CITY, UTAH**.

Susan R. Hale
 Notary Public



EXHIBIT A

PROPERTY DESCRIPTION

A public street more commonly known as 475 West Street, also known as Sequoia Drive as situated between 1300 North and 1800 North Streets in Sunset City, Davis County, Utah. Said public street is also located within the S 1/2 of Section 26, Township 5 North, Range 2 West, Salt Lake Base and Meridian and is platted within the official recorded plats of Buena Vista Subdivision No. 3 and Heather Heights Subdivision.

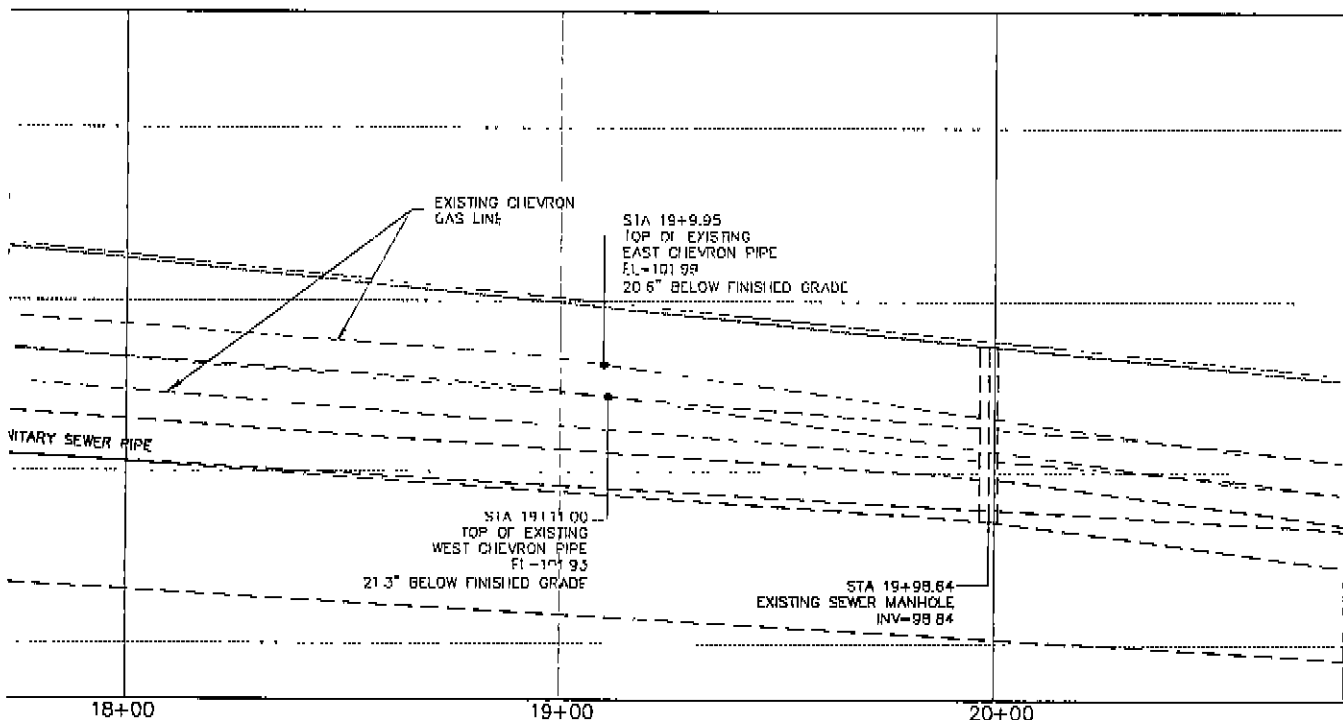
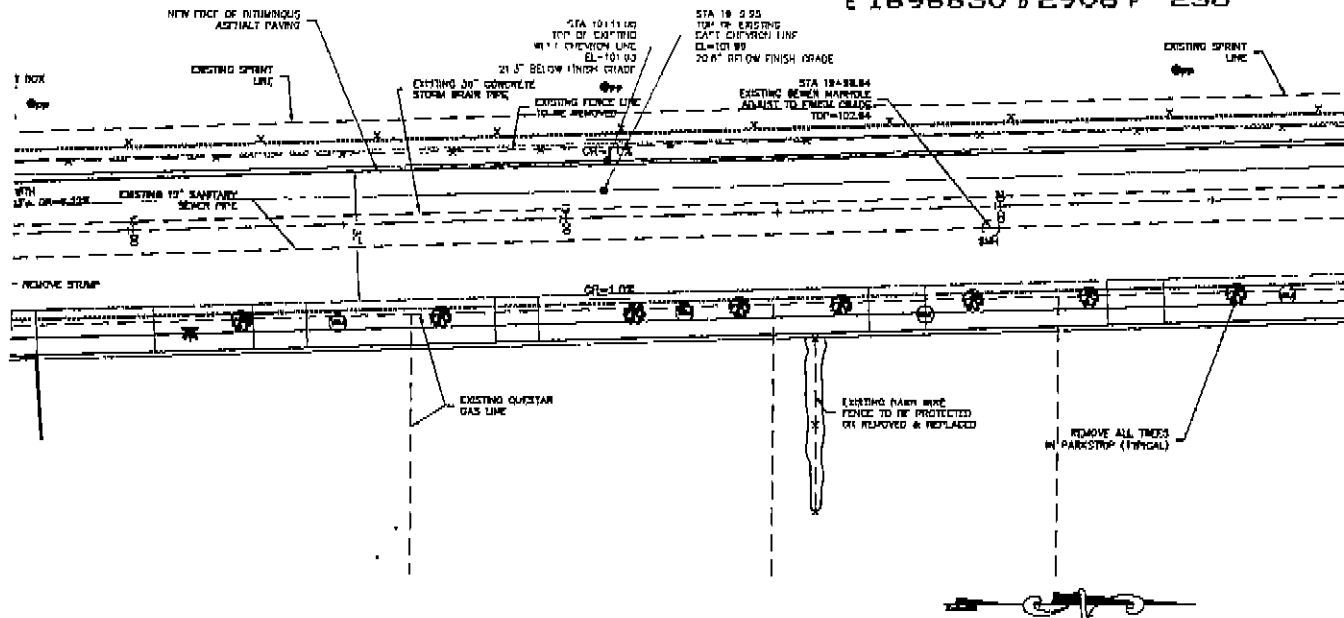
The above described 475 West Street abuts the following lots:

Buena Vista Subdivision No. 3 (Parcel 13-100)

Lots 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94 and 59.

Heather Heights Subdivision (Parcel 13-097)

Lots 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48 and 49.

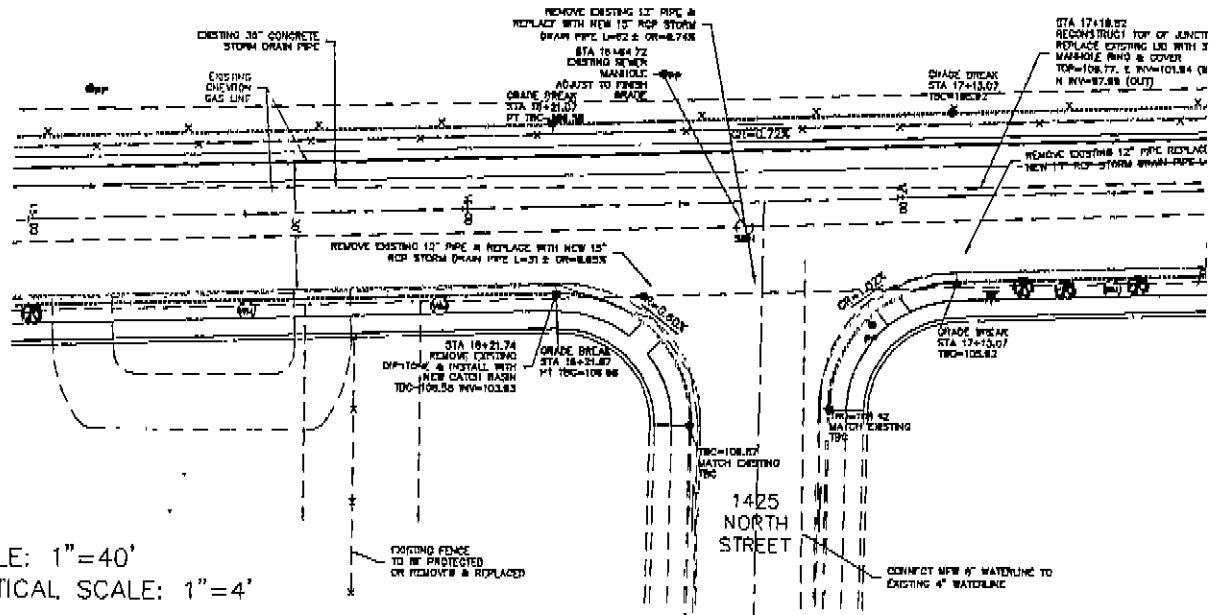


SUNSET CITY, UTAH
 CDBG PROJECT ALONG
 475 WEST STREET
 FROM 1300 NORTH-1800 NORTH
 STA 15+00 - STA 20+80

Gilson Engineering

* Draper, Utah
 (801) 571-9414
 * Riverdale, Utah
 (801) 778-1191

Drawn By J. Overdiek	Checked By N. Scott Nelson, PE	Designed By M. DeCoy	Approved By N. Scott Nelson, PE
Date Feb. 2001	Project Number SUN.111	Sheet Number 111-02	



SCALE: 1"=40'
VERTICAL SCALE: 1"=4'

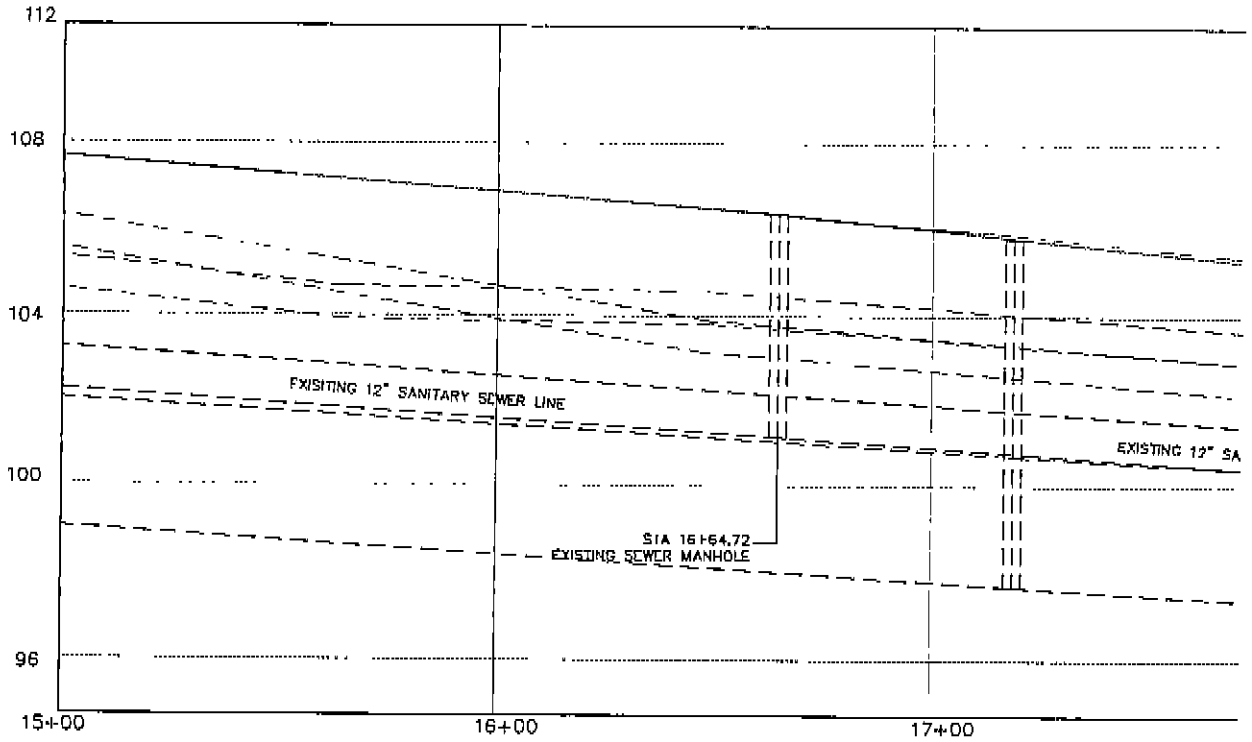
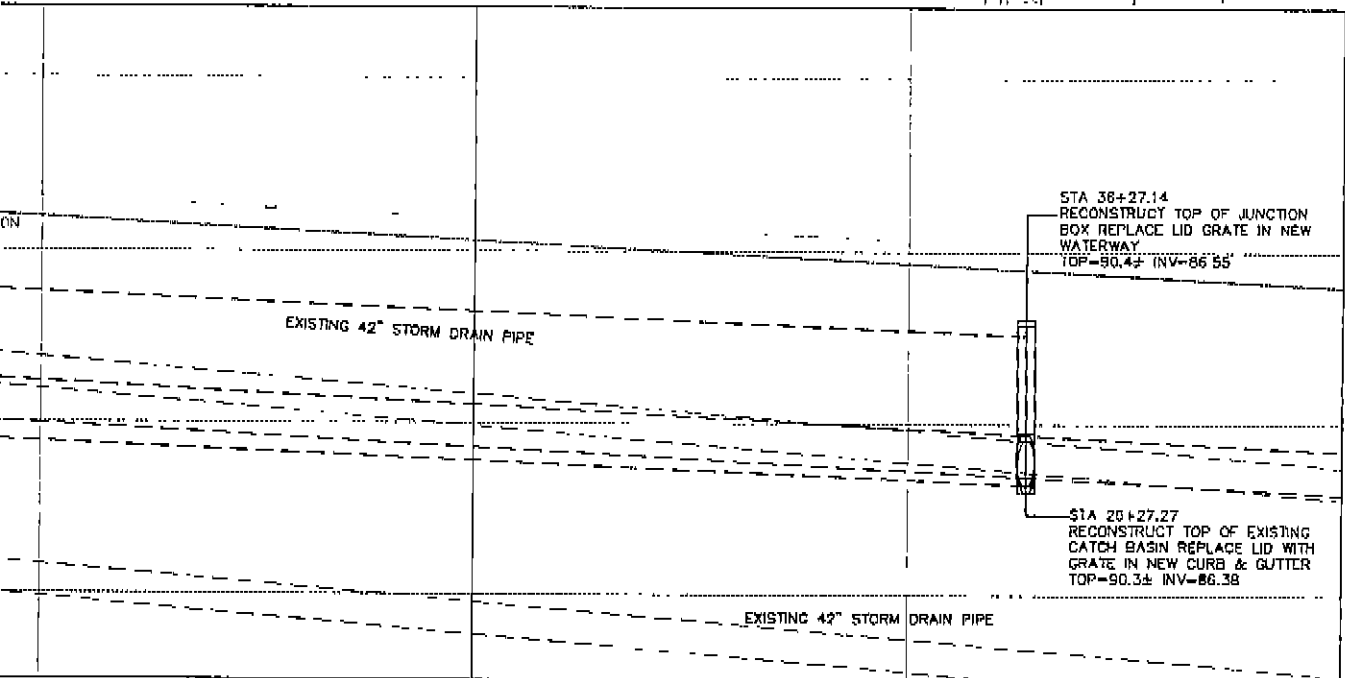
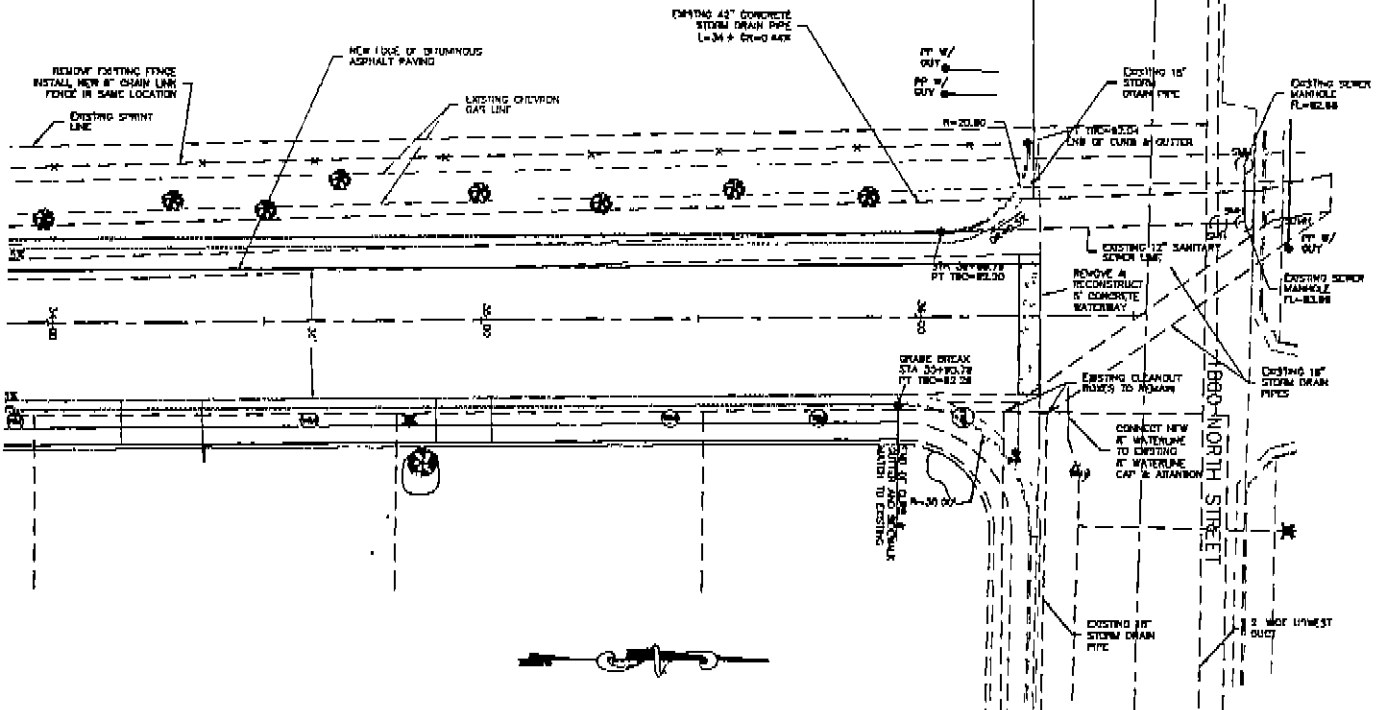
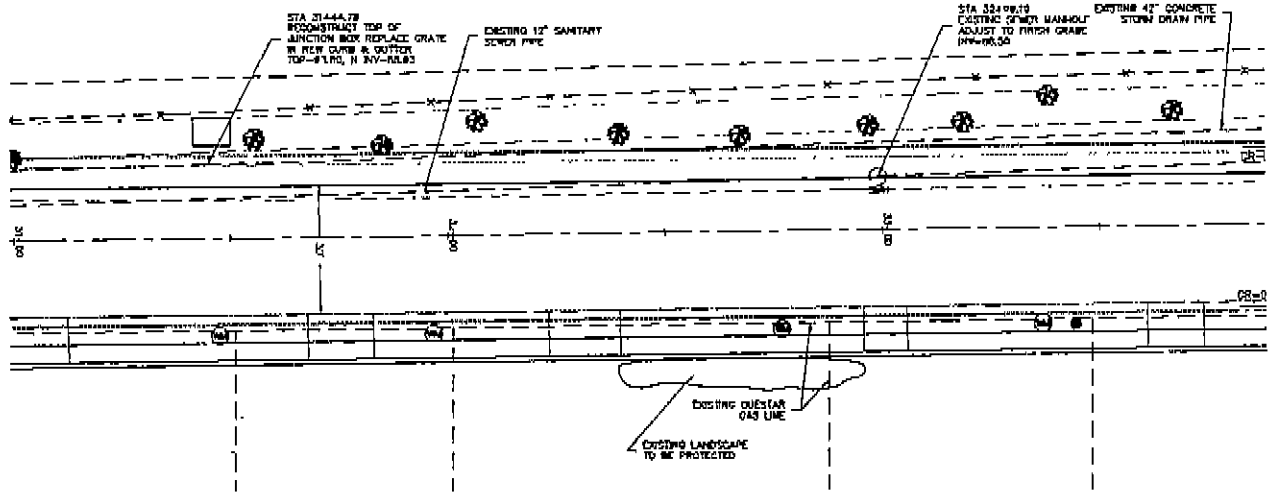


EXHIBIT B



<p>SUNSET CITY, UTAH CDBG PROJECT ALONG 475 WEST STREET FROM 1300 NORTH-1800 NORTH STA 31+00 - STA 37+00</p>	<p>Gilson Engineering</p> <p>• Draper, Utah (801) 571-8414 • Riverdale, Utah (801) 773-1181</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%;">Drawn By: <i>J Overdiek</i></td> <td style="width: 25%;">Checked By: <i>N. Scott Nelson, PE</i></td> <td style="width: 25%;">Designed By: <i>M. Barry</i></td> <td style="width: 25%;">Approved By: <i>N. Scott Nelson, PE</i></td> </tr> <tr> <td>Date: Feb. 2001</td> <td colspan="2">Project Number: SUN.111</td> <td>Sheet Number: 111-05</td> </tr> </table>	Drawn By: <i>J Overdiek</i>	Checked By: <i>N. Scott Nelson, PE</i>	Designed By: <i>M. Barry</i>	Approved By: <i>N. Scott Nelson, PE</i>	Date: Feb. 2001	Project Number: SUN.111		Sheet Number: 111-05
Drawn By: <i>J Overdiek</i>	Checked By: <i>N. Scott Nelson, PE</i>	Designed By: <i>M. Barry</i>	Approved By: <i>N. Scott Nelson, PE</i>						
Date: Feb. 2001	Project Number: SUN.111		Sheet Number: 111-05						



SCALE: 1"=40'
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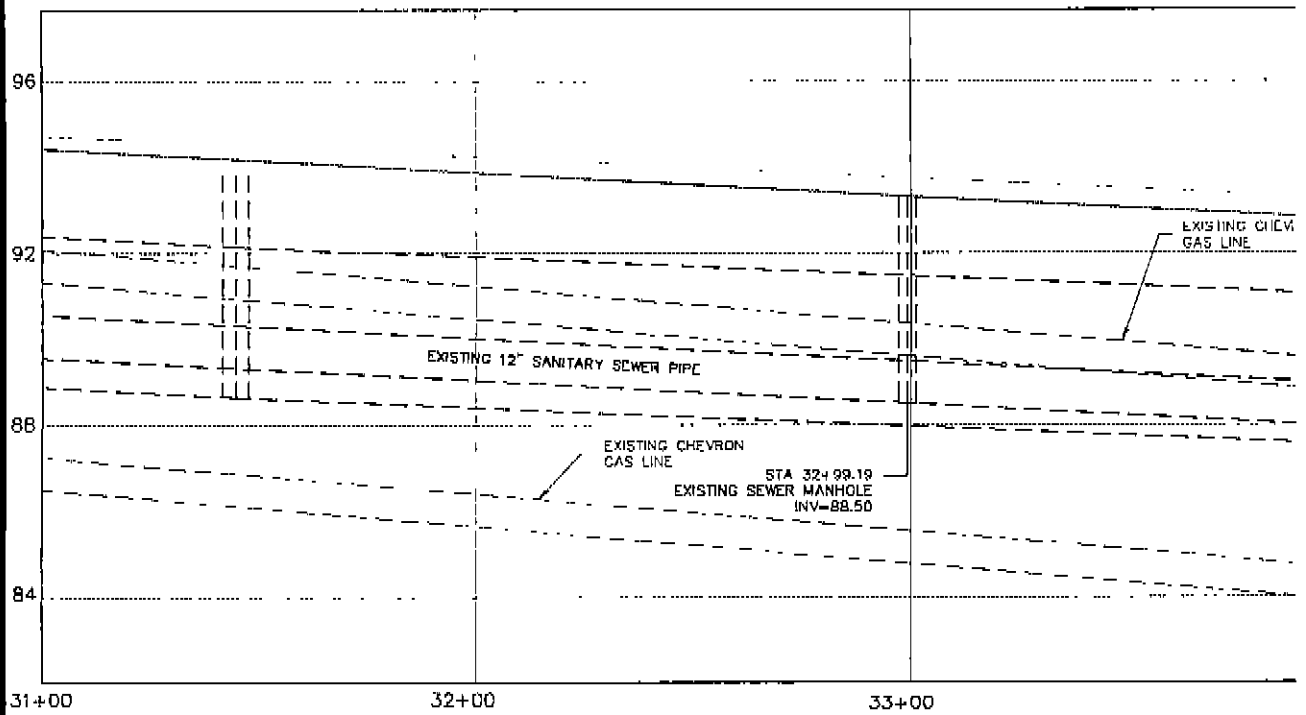


EXHIBIT B