

STATE LAND DEPARTMENT STATE OF ARIZONA

Right of Way

R/W No. 18-101258

THIS RIGHT OF WAY ("Right of Way") is entered into by and between the State of Arizona (as "Grantor") by and through the Arizona State Land Department and

LAKE HAVASU CITY

("Grantee"). In consideration of payment and performance by the parties of each of the provisions set forth herein, the parties agree as follows:

EXTENT OF DOCUMENT

"Additional Conditions", "Exhibits", and "Appendixes" are an integral part of this document. In case of a conflict between the printed boiler document and the additional conditions, exhibits, or appendixes, the applicable additional condition, exhibit, or appendix shall be considered the governing document and supersede the printed boiler, but only to the extent necessary to implement the additional condition, exhibit, or appendix, and only if the additional condition, exhibit, or appendix does not conflict with governing state or federal law.

ARTICLE 1 SUBJECT LAND

1.1 Grantor grants to Grantee a Right of Way on, over, through, and across the State lands described in Appendix A attached hereto ("Subject Land").

1.2 Grantee makes use of the Subject Land "as is", and Grantor makes no express or implied warranties as to the physical condition of the Subject Land.

ARTICLE 2 TERM

2.1 The term of this Right of Way commences on January 11, 2016 ("Commencement Date"), and expires on January 10, 2026 ("Expiration Date"), unless sooner canceled or terminated as provided herein or as provided by law.

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ARTICLE 3
RENT

3.1 Rental is due in advance for the term of this Right of Way document.

3.2 If the Grantee should fail to pay rental when due, or fail to keep the covenants and agreements herein set forth, the Commissioner, at his option, may cancel said Right of Way or declare the same forfeited in the manner provided by law.

3.3 There shall be added to the delinquent rental or other monies due, a penalty and delinquent interest. The delinquent interest rate shall be set by the State Treasurer according to law. The penalty shall be the greater of a minimum processing cost as determined by the Commissioner or five (5%) percent. The delinquent rent, penalty and interest shall be a lien on the improvements and property on the land.

ARTICLE 4
PURPOSE AND USE OF SUBJECT LAND

4.1 The purpose of this Right of Way is the location, construction, operation, and maintenance of:

Underground 12" water distribution line

4.2 No material may be removed by Grantee or its contractors without the written approval of the Commissioner.

4.3 Grantee shall not exclude from use the State of Arizona, its lessees or grantees, or the general public the right of ingress and egress over this Right of Way.

4.4 Grantee shall acquire required permits prior to construction, and adhere to all applicable rules, regulations, ordinances, and building codes as promulgated by the local jurisdiction and any applicable State or Federal agencies.

4.5 All use of State land outside the Right of Way must be applied for and authorized in accordance with applicable law.

4.6 Grantee shall not sublet or assign this Right of Way or any portion thereof without the written consent of the Grantor.

4.7 The Grantor retains ownership of the Subject Land. The use of this Right of Way is to be non-exclusive. This Right of Way is sold subject to existing reservations, easements, or rights of way heretofore legally obtained and now in full force and effect.

4.8 When necessary for Grantee's reasonable use of this Right of Way for the purposes for which the grant is made, it shall be deemed to include the rights in, upon, over, and across the described Subject Land to erect, construct, reconstruct, replace, repair, and maintain the facilities authorized by this Right of Way.

4.9 Grantee shall have the right to erect, maintain, and use gates in all fences under the control of the Grantor which now cross or shall hereafter cross said Right of Way, and to trim, cut, and clear away trees or brush whenever in its judgment the same shall be necessary for the convenient and safe exercise of the right herein provided.

4.10 Grantee shall not fence any portion of this Right of Way unless specifically authorized in the attached additional conditions without prior written consent of Grantor, nor shall Grantee exclude from the use of the surface thereof the State of Arizona or its lessees or grantees as reserved in Paragraph 10.1.

ARTICLE 5 **CONFORMITY TO LAW**

5.1 This Right of Way is subject to applicable laws and covenants relating to State lands.

ARTICLE 6 **CANCELLATION, TERMINATION AND ABANDONMENT**

6.1 This Right of Way is subject to cancellation pursuant to A.R.S. § 38-511.

6.2 If at any time the Right of Way ceases to be used for the purpose for which it was granted, it shall become void, and the right to use the Subject Land and all the rights of Grantee hereunder shall revert to the Grantor.

6.3 Upon revocation or termination of the Right of Way, the Grantee shall remove all equipment or facilities and, so far as is reasonably possible, restore and/or rehabilitate the Subject Land to its original condition, and to the satisfaction of the Commissioner.

ARTICLE 7 **INDEMNITY**

7.1 This provision is pursuant to the July 12, 2000 memorandum issued by the Risk Management Section of the Arizona Department of Administration applicable to all political subdivisions of the State.

Each party (as "indemnitor") agrees to indemnify, defend, and hold harmless the other party (as "indemnitee") from and against any and all claims, losses, liability, costs, or expenses (including reasonable attorneys' fees) (hereinafter collectively referred to as "claims") arising out of bodily injury of any person (including death) or property damage, but only to the extent that such claims which result in vicarious/derivative liability to the indemnitee, are caused by the act, omission, negligence, misconduct, or fault of the indemnitor, its officers, officials, agents, employees, or volunteers.

ARTICLE 8
RESERVATIONS; RELINQUISHMENTS

8.1 Grantor reserves the right to grant other rights in, upon, over, and across the described Subject Land for any purpose whatsoever not inconsistent or incompatible with the use allowed by this indenture, and the Grantee agrees not to exclude the Grantor or its lessees or grantees from the use of the Subject Land herein described.

8.2 Grantor reserves all natural resources, timber, and minerals (including oil or gas) in or upon the described Subject Land, and the right to grant leases, permits, easements, and/or rights of way to extract such resources as provided by law and in a manner not inconsistent or incompatible with Grantee rights hereunder. Where inconsistent or incompatible uses exist, the Grantor will require the applicant therefor to indemnify Grantee for loss it might suffer by reason of such use.

8.3 Grantor reserves the right to relinquish to the United States pursuant to the U.S. Act of August 30, 1890, land needed for irrigation works in connection with a government reclamation project.

ARTICLE 9
LOCATION, CONSTRUCTION AND MAINTENANCE

9.1 Grantee shall ensure full compliance with the terms and conditions of this Right of Way by its agents, employees, and contractors (including sub-contractors of any tier), and the employees of each of them and shall include the terms and conditions in all contracts and sub-contracts which are entered into by any of them.

9.2 Failure or refusal of Grantee's agents, employees, contractors, sub-contractors, or their employees to comply with these terms and conditions shall be deemed to be the failure or refusal of Grantee.

ARTICLE 10
NATIVE PLANTS AND CULTURAL RESOURCES

10.1 (a) Pursuant to A.R.S. §§ 41-841 and 41-842, Grantee, Grantee's employees, and Grantee's guests shall not excavate or collect any prehistoric or historic archaeological specimens on the Subject Land without a permit from the Director of the Arizona State Museum and written approval of Grantor pursuant to the terms of this Right of Way. Grantee shall immediately report any unpermitted excavation or collection of archaeological specimens on the Subject Land to the Arizona State Museum and Grantor.

(b) Pursuant to A.R.S. § 41-844, Grantee shall report to the Director of the Arizona State Museum and Grantor any prehistoric or historic archaeological site, or paleontological site, that is discovered on the Subject Land by Grantee, Grantee's employees, or Grantee's guests, and shall, in consultation with the Director of the Arizona State Museum and Grantor, immediately take all reasonable steps to secure the preservation of the discovery.

10.2 (a) Grantee shall not move, use, destroy, cut or remove or permit to be moved, used, destroyed, cut or removed any timber, cactus, native plants, standing trees or products of the land except that which is necessary for the use of the Subject Land, and then only with the prior written approval of Grantor. For undeveloped land, the Grantee must submit a plant survey prior to the removal of any native plant. If the removal or destruction of plants protected under the Arizona Native Plant Law (A.R.S. § 3-901 et seq., or any successor statutes) is necessary to the use of the Subject Land, Grantee shall also obtain the prior written approval of the Arizona Department of Agriculture. In the event the Grantee removes the native plants, the Grantee must pay a vegetation fee to the Grantor and this fee is not a reimbursable improvement.

(b) Grantee is responsible for treatment of all regulated and restricted noxious weeds listed by the Arizona Department of Agriculture.

ARTICLE 11 GRANTEE SHALL PROTECT AND RESTORE THE SUBJECT LAND

11.1 Grantee shall be required, upon completion of Right of Way construction, to make such rehabilitation measures on the State lands, including but not limited to restoration of the surface, revegetation, and fencing as determined necessary by the Grantor.

11.2 Grantee shall conduct all construction and maintenance activities in a manner that will minimize disturbance to all land values including, but not limited to vegetation, drainage channels, and streambanks. Construction methods shall be designed to prevent degradation of soil conditions in areas where such degradation would result in detrimental erosion or subsidence. Grantee shall take such other soil and resource conservation and protection measures on the Subject Land under grant as determined necessary by the Grantor.

11.3 Costs incurred by the Grantee in complying with restoration and rehabilitation requirements, as determined by the Department, on State lands shall be borne by the Grantee.

11.4 Grantee shall conduct its operations on the Subject Land in such a manner as is consistent with good environmental practices. Grantee shall exert reasonable efforts to avoid damage of protected flora, and restore the surface to its condition prior to the occupancy thereof by Grantee.

ARTICLE 12
MISCELLANEOUS

12.1 The described Subject Land shall be used only for the purpose stated in Paragraph 4.1, and as may be further detailed elsewhere in this document.

12.2 This Document is submitted for examination and shall have no binding effect on the parties unless and until executed by the Grantor (after execution by the Grantee), and until a fully executed copy is delivered to the Grantee.

12.3 In the event of a dispute between the parties to this Right of Way, it is agreed to use arbitration to resolve the dispute, but only to the extent required by A.R.S. § 12-1518. In no event shall arbitration be employed to resolve a dispute which is otherwise subject to administrative review by the Department.

12.4 Insurance provisions are intentionally omitted from this Permit pursuant to the July 12, 2000 memorandum issued by the Risk Management Section of the Arizona Department of Administration to all political subdivisions of the State.

12.5 The Grantor does not represent or warrant that access exists over other State lands which intervene respectively between the above Right of Way and the nearest public roadway.

12.6 If for any reason the State of Arizona does not have title to any of the Subject Land described herein, this Right of Way shall be null and void insofar as it relates to the land to which the State has failed to receive title.

12.7 Every obligation of the State under this Right of Way is conditioned upon the availability of funds appropriated or allocated for the payment of such obligation. If funds are not allocated and available for the continuance of this Right of Way, this Right of Way may be terminated by the State at the end of the period for which funds are available. No liability shall accrue to the State in the event this provision is exercised, and the State shall not be obligated or liable for any future payments or any damages as a result of termination under this paragraph.

12.8 The parties agree to be bound by applicable State and Federal rules governing Equal Employment Opportunity, Non-discrimination and Disabilities, including Executive Order No. 2009-09.

12.9 Within 30 days of project completion, Grantee shall submit a completed certificate of construction (copy attached).

ADDITIONAL CONDITIONS

18-101258-00-004

Page 1 of 19

These Additional Conditions are attached to and made a part of the Right of Way boiler plate form (the "Boiler Plate"). The term "Section" when used in these Additional Conditions shall be deemed to refer to the Section numbers of the text in the Boiler Plate. The term "Paragraph" when used in these Additional Conditions shall be deemed to refer to the Paragraph numbers of the text in these Additional Conditions. The term "Right of Way" shall mean the Boiler Plate as supplemented by these Additional Conditions.

1. LEGAL DESCRIPTION, RENT AND PURPOSE

1.1 A legal description and/or a visual depiction of this Right of Way is/are detailed in EXHIBIT A attached hereto. Subject to Grantor's rules and policies then in place, and as a result of construction-related restrictions, Grantor and Grantee may agree to modify the legal description by the Grantee submitting "as built" or "proposed realignment" legal descriptions, depending on the situation, to Grantor for Grantor's review. If approved by Grantor, and additional acreage is impacted, Grantee agrees to pay an appraised or pro-rated charge as Grantor determines is appropriate. No refund will be made for a reduction in acreage.

1.2 Grantor reserves the right to grant additional access rights, or any other rights not in conflict with the rights granted herein, to other parties at the Grantor's sole discretion.

2. WATER AND MONITOR/PIEZOMETER WELLS

2.1 No wells for the withdrawal of groundwater or for the recovery of stored water are permitted under this Right of Way.

2.2 Monitor Wells are permitted consistent with the following conditions.

2.2.1 Grantee shall be responsible for complying with all Arizona Department of Water Resources (ADWR) rules and regulations pertaining to the construction, use, maintenance, and proper closure (abandonment) of the wells after monitoring is no longer required.

2.2.2 Grantee must comply with Arizona Department of Environmental Quality (ADEQ) guidelines for appropriate monitor well design/construction/site location to insure an accurate reflection of the chemical composition of the water, and that data collected is representative of the physical characteristics of the aquifer.

ADDITIONAL CONDITIONS

18-101258-00-004

Page 2 of 19

2.2.3 Grantee shall submit two (2) copies of a report detailing the hydrologic findings resulting from the drilling of the monitor wells. In addition to these results, the report shall include lithologic descriptions of all drill holes, in 10-foot intervals, and shall be completed by an Arizona registered geologist.

2.2.4 Grantee is required to submit to Grantor copies of: Notice of Intent to Drill a Well (after ADWR has assigned a well registration number); Well drillers Report (log of well filed by driller); Completion Report (if applicable); and Well Abandonment Report, upon finalization of monitoring.

2.2.5 Grantee shall provide all information regarding the monitoring of the wells, including, but not limited to, analytical reports and regulatory correspondences upon Grantor's request. Should analytical testing reveal concentrations of regulated substances above the Maximum Contaminant Level (MCL) in groundwater, the Grantee shall immediately notify Grantor and provide copies of all analytical reports.

2.3 Piezometer Wells are permitted consistent with the following conditions.

2.3.1 Grantee shall be responsible for complying with all Arizona Department of Water Resources (ADWR) rules and regulations pertaining to the construction, use, and proper closure (abandonment) of the piezometer well(s).

2.3.2 Grantee shall submit, to Grantor, a copy of the report describing the hydrologic findings from the drilling of the piezometer well(s). At a minimum, the report shall include lithologic descriptions of all drill holes, and shall be completed by an Arizona registered geologist.

2.3.3 Grantee is required to submit to Grantor's Water Rights Section copies of "Notice of Intent to Drill, Deepen, or Modify a Monitor / Piezometer / Environmental Well" (Form 55-44A), following receipt of a well registration number; and "Well Driller Report and Well Log" (Form 55-55) upon completion of the piezometer well(s). In the event a permanent pump is installed in the piezometer well(s) a "Pump Installation Completion Report" (Form 55-56) shall be also submitted to Grantor. Unless otherwise approved by Grantor, prior to the expiration of this Permit, Grantee shall abandon the piezometer well(s) in compliance with ADWR requirements including submittal of "Notice of Intent to Abandon a Well (Form 55-38) and "55-58 Well Abandonment Completion Report (Form 55-58) to ADWR, with copies to Grantor.

ADDITIONAL CONDITIONS

18-101258-00-004

Page 3 of 19

2.3.4 Grantee shall provide Grantor with copies of all pertinent information regarding the ongoing monitoring of the piezometer well(s), including, water level measurements, and in the event groundwater samples are collected, copies of analytical reports. Should analytical testing reveal concentrations of regulated substances above the Maximum Contaminant Level (MCL) in groundwater, the Grantee shall immediately notify Grantor.

3. WATER WELL(S)

3.1 Prior to drilling a well on the granted premises, Grantee shall obtain permission from the Grantor to do so, and comply with the following conditions:

3.1.1 Grantee is required to follow all applicable Arizona Department of Water Resources ("ADWR") rules and regulations related to well drilling, capping or abandonment.

3.1.2 Grantee must file a Notice of Intention to Drill, Deepen, Replace or Modify a Well Notice of Intent (NOI), ADWR Form 55-40, with the ADWR before commencing drilling.

3.1.3 Grantee shall identify the Arizona State Land Department ("ASLD") as the owner of the land and well on all ADWR forms related to well site.

3.1.4 Grantee is required to submit the following forms, as applicable, to the Grantor's Water Rights Section, which will review and file appropriate documents with the ADWR:

3.1.4.1 Pump Installation Completion Report (ADWR Form 55-56)

3.1.4.2 Notice of Well Capping (ADWR Form 55-39)

3.1.4.3 Notice of Intent to Abandon a Well (ADWR Form 55-38)

3.2 Grantee agrees to meter the well on the granted premises, to record water use on a monthly basis to the Grantor's Water Rights Section, and to report annually to the Grantor the amount of water pumped, unless otherwise directed by the Grantor.

ADDITIONAL CONDITIONS

18-101258-00-004

Page 4 of 19

3.3 Grantee shall pay an assessment to the Grantor each year for the amount of groundwater pumped to conduct the Grantee's onsite business. This assessment is based on reported annual water use multiplied by the appraised value of the water per acre foot. This assessment is subject to annual reappraisals. Additionally, and when applicable, Grantee agrees to pay an annual fee for the use of any State-owned Type II water rights.

3.4 ADWR requires an annual report of groundwater pumped from non-exempt wells within both the Active Management Areas and the Irrigation Non-expansion Areas. If applicable, Grantee shall submit to the ADWR the Annual Water Withdrawal and Use Report, together with the associated fees, within the time period specified by the ADWR.

3.5 Grantee must comply with the Arizona Department of Environmental Quality's ("ADEQ") and/or the Maricopa County Health Department's rules and regulations related to public drinking water systems.

3.6 Groundwater pumped from the well on the granted premises may only be used on State Trust land for domestic and wash water use by the Grantee at its compressor station site(s). With written approval from the Grantor this groundwater may also be used by the Grantee elsewhere on the subject Right of Way for domestic and wash water use. If groundwater is pumped off of State Trust land or is used for any purpose other than is stated herein, unless otherwise approved in writing by the Grantor, Grantee must file an application with the ASLD for a Public Auction Water Sale.

3.7 Grantor, in issuing this Right of Way, makes no guarantee with respect to groundwater availability or quality.

3.8 Prior to vacating the granted premises, Grantee agrees to contact the Grantor to confirm whether the well will be abandoned or capped. If requested by the Grantor, Grantee may be required to conduct a groundwater quality analysis.

3.9 Grantee shall provide the Grantor's personnel with reasonable access to the well on the granted premises.

4. CONSTRUCTION, MAINTENANCE AND OPERATION

4.1 Grantee is responsible for complying with all federal, state and local guidelines in regards to the construction, maintenance and operation of this Right of Way grant and its associated appurtenances.

ADDITIONAL CONDITIONS

18-101258-00-004

Page 5 of 19

4.2 Grantee shall conduct all construction and maintenance activities in a manner that will minimize disturbance to surface features affecting adjacent land values, including, but not limited to, vegetation, drainage channels and stream banks.

4.3 Grantee shall be responsible for controlling noxious weeds as listed by the Arizona Department of Agriculture for the term of this Right of Way. Grantor recommends Grantee review Arizona Department of Agriculture website for prohibited and restricted noxious weed rules and regulations.

4.3.1 All vehicles and/or equipment entering State Trust land for maintenance of the Subject Land shall be power washed, including the undercarriage, to prevent the spread of noxious weeds.

4.4 Grantee agrees that any rubbish or debris from construction and maintenance work shall be removed and properly disposed of at its expense. Disposal of construction-related and maintenance-related materials on State Trust land is strictly prohibited.

4.5 Specific sites where construction and maintenance equipment and vehicles shall not be allowed (e.g. archaeological sites, areas with threatened or endangered species, or fragile watersheds) shall be clearly marked onsite by the Grantee prior to the beginning of any construction, maintenance or other ground disturbing activities. Grantee shall take any and all steps necessary to ensure that these sites are not touched.

4.6 All equipment shall be removed from the site within seven (7) days of project completion.

4.7 Grantee shall be responsible for weed control on disturbed areas within the limits of this Right of Way, and shall be responsible for consultation with the Grantor and/or local authorities for acceptable weed control methods.

4.8 For construction after January 10, 2016: Prior to commencement of construction Grantee shall submit and receive Grantor approval for a plan to restore and rehabilitate disturbed areas remaining once construction has been completed. The plan shall include, but not be limited to, reseeding, reforestation, erosion control, and watershed protection measures.

4.9 For ground disturbance after January 10, 2016: All rock brought to the surface along with topsoil and overburden from the affected State Trust lands shall be

ADDITIONAL CONDITIONS

18-101258-00-004

Page 6 of 19

salvaged and stockpiled separately in a manner that replacement shall utilize one hundred (100%) percent of the materials upon completion of construction. Excess rock unsuitable for scattering shall be disposed of in a manner and location that is authorized by the Grantor.

4.10 Grantee shall maintain the Right of Way grant area in the manner described above during the term of this easement. Grantee agrees to complete any necessary restoration and rehabilitation to the satisfaction of the Grantor within ninety (90) days of written notification of non-compliance, or such longer period of time as mutually determined to be necessary to restore and/or rehabilitate subject land.

5. ENVIRONMENTAL MATTERS AND INDEMNITY

The following conditions shall supplement the terms and provisions governing environmental matters as set forth in the Right of Way boiler to which these Conditions are stated below.

5.1 For purposes of this Right of Way, the term "Environmental Laws" shall include but not be limited to any relevant federal, state or local environmental laws, and the regulations, rules and ordinances, relating to environmental matters, and publications promulgated pursuant to the local, state, and federal laws and any rules or regulations relating to environmental matters. For the purpose of this Right of Way, the term "Regulated Substances" shall include but not be limited to substances defined as "regulated substance", "solid waste", "hazardous waste", "hazardous materials", "hazardous substances", "toxic materials", "toxic substances", "inert materials", "pollutants", "toxic pollutants", "herbicides", "fungicides", "rodenticides", "insecticides", "contaminants", "pesticides", "asbestos", "environmental nuisance", "criminal littering", or "petroleum products" as defined in Environmental Laws.

5.2 Grantee shall strictly comply with all Environmental Laws, including, without limitation, water quality, air quality; and handling, transportation, storage, treatment, or disposal of any Regulated Substance on, under, or from the Subject Land. Without limiting the foregoing, compliance includes that Grantee shall: (1) comply with all reporting obligations imposed under Environmental Laws; (2) obtain and maintain all permits required by Environmental Laws, and provide a copy to Grantor within ten (10) business days of receipt of the Right of Way; (3) provide copies of all documentation required by Environmental Laws to Grantor within ten (10) business days of Grantee's submittal and/or receipt of the documentation; (4) during the term of Right of Way, provide copies of all information it receives or obtains regarding any and all environmental matters relating to the Subject Land, including but not limited to environmental audits relating to the Subject

ADDITIONAL CONDITIONS

18-101258-00-004

Page 7 of 19

Land regardless of the reason for which the information was obtained or whether or not the information was required by Environmental Laws; (5) prevent treatment, storage, disposal, handling or use of any Regulated Substances within the Subject Land without prior written authorization from Grantor.

5.3 Grantee at all times shall employ or designate an existing employee (the "Designated Compliance Officer") who is responsible for knowing all Environmental Laws affecting Grantee and Grantee's business and monitoring Grantee's continued compliance with applicable Environmental Laws. Upon request by Grantor, Grantee shall make the Designated Compliance Officer available to discuss Grantee's compliance, answer any questions, and provide such reports and confirming information as Grantor may reasonably request.

5.4 At any time, Grantor may request Grantee to provide an environmental audit of the Subject Land performed by an Arizona registered professional engineer or an Arizona registered geologist. Grantee shall pay the entire cost of the audit.

5.5 Hazardous material generated (motor oil, paint, etc.) shall be disposed of properly or used in a way which will minimize impact on vegetation.

5.6 At any time, during the term of the Right of Way, Grantor may require Grantee to obtain one Phase I environmental assessment of the Subject Land performed by an Arizona registered professional engineer or an Arizona registered geologist. If based upon the Phase I environmental assessment or its own independent investigation, Grantor identifies any possible violation of Environmental Laws or the terms of this Right of Way, Grantor may require Grantee to conduct additional environmental assessments as Grantor deems appropriate for the purpose of ensuring that the Subject Land are in compliance with Environmental Laws. The Phase I assessment, or any other assessment required by Grantor, shall be obtained for the benefit of both Grantee and Grantor. A copy of the Phase I report shall be provided both to Grantee and Grantor. Grantor, in its sole discretion, shall have the right to require Grantee to perform additional assessments of any damage to the Subject Land arising out of any violations of Environmental Laws. If Grantee fails to obtain any assessments required by Grantor, Grantee shall pay the entire costs of any and all assessments required by Grantor, notwithstanding the expiration or termination of the Right of Way.

5.7 Prior to the termination of the Right of Way, Grantee shall restore the Subject Land by removing any and all Regulated Substances. In addition, the restoration shall

ADDITIONAL CONDITIONS

18-101258-00-004

Page 8 of 19

include, but not be limited to, removal of all waste and debris deposited by Grantee. If the Subject Land or any portions thereof are damaged or destroyed from the existence or presence of any Regulated Substance or if the Subject Land or any portions thereof are damaged or destroyed in any way relating to or arising out of the removal, treatment, storage, disposition, mitigation, cleanup or remedying of any Regulated Substance, Grantee shall arrange, at its expense, for the repair, removal, remediation, restoration, and reconstruction to the Subject Land to the original condition existing on the date that Grantee first occupied the Parcel, to the satisfaction of Grantor. In any event, any damage, destruction, or restoration by Grantee shall not relieve Grantee from its obligations and liabilities under this Right of Way. Grantee's restoration obligations under this Section shall survive the expiration or the termination of the Right of Way.

5.8 Grantee shall defend, indemnify and hold Grantor harmless from and against any and all liability, obligations, losses, damages, penalties, claims, environmental response and cleanup costs and fines, and actions, suits, costs, taxes, charges, expenses and disbursements, including legal fees and expenses of whatever kind or nature (collectively, "claims" or "damages") imposed on, incurred by, or reserved against Grantor in any way relating to or arising out of any non-compliance with any Environmental Laws, the existence or presence of any Regulated Substance, on, under, or from the Subject Land, and any claims or damages in any way relating to or arising out of the removal, treatment, storage, disposition, mitigation, cleanup or remedying of any Regulated Substance on, under, or from the Subject Land by Grantee, its agents, contractors, or subcontractors.

5.9 This indemnity shall include, without limitation, claims or damages arising out of any and all violations of Environmental Laws regardless of any real or alleged fault, negligence, willful misconduct, gross negligence, breach of warranty, or strict liability on the part of any of the indemnitees. This indemnity shall survive the expiration or termination of this Right of Way and/or transfer of all or any portion of the Subject Land and shall be governed by the laws of the State of Arizona.

5.10 In the event any action or claim is brought or asserted against Grantor which is or may be covered by this indemnity, Grantee shall fully participate, at Grantee's expense, in the defense of the action or claim including but not limited to the following: (1) the conduct of any required cleanup, removal or remedial actions and/or negotiations, (2) the conduct of any proceedings, hearings, and/or litigation, and (3) the negotiation and finalization of any agreement or settlement. Grantor shall retain the right to make all final decisions concerning the defense. Grantee's obligations to participate in the defense under this Section shall survive the expiration or termination of the Right of Way.

ADDITIONAL CONDITIONS

18-101258-00-004

Page 9 of 19

6. CULTURAL RESOURCES AND NATIVE PLANTS

6.1 If any ground disturbing activities associated with this Right of Way are to occur on Arizona State Trust land in areas not previously subjected to cultural resources survey, additional cultural resources inventory will be required PRIOR TO any such disturbance. Ground disturbing activities include, but are not limited to; blading, grading, or widening roads, pole replacement, pull-sites, temporary construction easements, or any other activity that will disturb the topsoil.

6.2 Should previously undocumented cultural resources be identified during any project-related construction or maintenance activities, all such work shall cease in the immediate vicinity of the remains, and pursuant to A.R.S. §41-844, the Director of the Arizona State Museum shall be immediately notified; the Manager of the Cultural Resources Management Program at Arizona State Land Department (ASLD) shall also be notified. Should human remains or funerary objects be identified, the Repatriation Coordinator of the Arizona State Museum shall be notified immediately; the Manager of the Cultural Resources Management Program at ASLD shall also be notified.

6.3 Grantee shall supply Grantor with any documentation required to consult with the State Historic Preservation Office, as required pursuant to the State Historic Preservation Act (A.R.S. § 41-861 et seq).

6.4 Prior to any ground disturbance, and at the request of Grantor, Grantee agrees to conduct and submit a plant inventory/plant salvage plan to the Grantor. Payment will be required prior to any ground disturbance for any flora cut, removed and/or destroyed.

6.5 If vegetation is authorized by Grantor to be removed and/or destroyed, and prior to any ground disturbance, Grantee agrees to file the appropriate Notice of Intent to Clear Land in accordance with A.R.S. § 3-905 Destruction of Native Plants by State.

6.6 Grantee shall preserve or relocate all protected plants, if viable and feasible, on or adjacent to the work site that will not interfere with the work required.

6.7 Grantee shall only remove protected plants when specifically authorized to do so, and avoid damaging vegetation that will remain in place. If the Grantee or its contractors

ADDITIONAL CONDITIONS

18-101258-00-004

Page 10 of 19

are authorized to remove any protected plants from State Trust land for replanting off of State Trust land, a permit from the Department of Agriculture is required.

6.8 Grantee shall contact the Arizona Department of Agriculture for further information or permit requirements related to native protected plants.

6.8.1 A survey may be required to determine if protected plants are present and if plants must be salvaged. Grantee shall contact the Arizona Department of Agriculture at least sixty (60) days before commencement of any salvage work.

6.9 Grantee shall minimize the removal of existing vegetation within the project area to the greatest extent possible.

6.10 Grantee shall salvage or replant cactus and other protected plants.

6.11 Grantee is prohibited to blade, scrape or remove any existing vegetation without authorization from Grantor.

7. SERVICE / ACCESS ROADS

7.1 Grantee shall acquire any permits necessary prior to the construction and maintenance of its service roads. Grantee shall construct new service roads with widths as narrow as possible.

7.2 Material for service road construction and maintenance (i.e. fill dirt, sand and gravel, etc.) may not be acquired from State Trust lands without the proper permits and authorization.

7.3 Service roads shall be maintained in substantially the same condition as they exist at the time the Right of Way is issued except, if not drivable, they may be made drivable.

7.4 Grantee shall not fence nor gate the service roads without the prior written permission of the Grantor.

7.5 The service roads shall only be used by the Grantee in conjunction with said Right of Way grant and associated appurtenances.

ADDITIONAL CONDITIONS

18-101258-00-004

Page 11 of 19

7.6 Grantee shall avoid using service roads during wet weather or when too soft to travel over. The soil shall be deemed too wet to adequately support equipment if such equipment creates ruts in excess of six (6) inches deep.

7.7 Maintenance of the service roads may include dust control measures for the term of this Right of Way.

8. EXISTING LESSEES

8.1 Any grazing-related improvements removed or damaged due to construction, operation and maintenance of this Right of Way shall be replaced and/or reconstructed immediately. Cost of replacement and reconstruction shall be the responsibility of the Grantee.

8.2 Grantee shall provide Grantor with documentation of the surface lessee's consent prior to making any alterations to existing improvements.

8.3 If construction or maintenance occurs during periods of livestock grazing, Grantee will take necessary measures to insure livestock protection and containment.

8.3.1 Grantee agrees to notify Grazing Lessee(s) 30 days prior to beginning construction or maintenance, and inquire as to the presence/absence of livestock.

9. MISCELLANEOUS

9.1 The Grantee, or its successors or assigns, shall relocate that portion(s) of the overhead 12" water distribution line and any associated appurtenances or portion(s) thereof associated with or affecting Rights of Way (together, the "Rights of Way"), if any Lessee, Grantee and/or Permittee of the Leases, Rights of Way and/or Permits determines in its reasonable discretion that relocation is necessary to effectuate the purpose(s) of Leases, Rights of Way and/or Permits during the term of this Right of Way. Grantee shall be responsible for any costs associated with the relocation of its overhead 12" water distribution line or any associated appurtenances.

9.2 Grantee shall not alter nor cause ponding, nor any damage up or down stream of any water crossing.

ADDITIONAL CONDITIONS

18-101258-00-004

Page 12 of 19

9.3 No altering of existing drainages or drainage structures is authorized under this instrument.

9.4 If any provision or agreement of this Right of Way is found invalid by any tribunal, such invalidity shall not affect the validity of the remaining provisions hereof.

9.5 The following provision shall be deemed added at the end of Section 6.2 of Article 6 of the Right of Way to which these Additional Conditions are attached as if set forth therein verbatim:

“Any violation by Grantee of any of the terms of this Right of Way constitutes a breach. Upon a breach by Grantee which is not cured within sixty (60) days after the date a notice of breach is sent by certified mail to Grantee to the most recent address for Grantee as shown in the files of Grantor, this Right of Way shall become void and the right to use the Subject Land and all of the rights of Grantee hereunder shall revert to Grantor at the expiration of the aforesaid sixty (60) day period.”

9.6 Attached hereto as EXHIBIT B is an insurance rider which shall supplement the terms and provisions governing insurance as set forth in the Right of Way form to which these Additional Conditions are attached. Grantor reserves the right to amend EXHIBIT B as and when the Arizona Department of Administration requires revisions to the insurance requirements applicable to Arizona State Trust Land.

10. EXHIBITS

10.1 The following exhibits are attached to these Additional Conditions and made a part hereof:

<u>EXHIBIT A</u>	Legal Description and/or Visual Depiction of Right of Way
<u>EXHIBIT B</u>	Insurance Rider

[Signature page following]

ADDITIONAL CONDITIONS

18-101258-00-004

Page 13 of 19

**BY SIGNATURE BELOW, ALL TERMS ARE
AGREED TO AND ACCEPTED BY GRANTEE**

✓By: _____

✓Title:_____

✓Date:_____

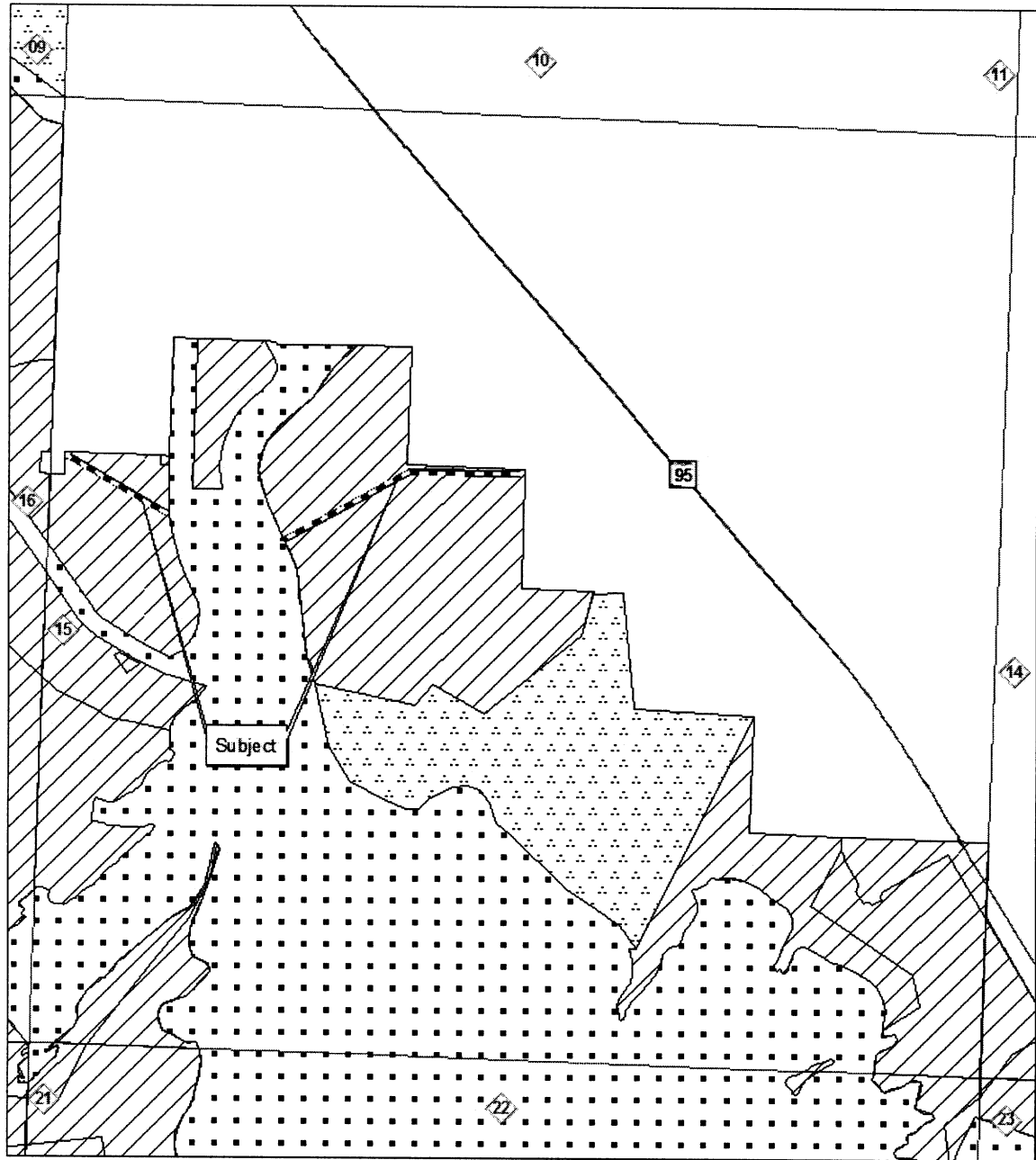
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ADDITIONAL CONDITIONS






18-101258-00-004

Page 14 of 19

EXHIBIT A - LEGAL DESCRIPTION AND/OR VISUAL DEPICTION OF RIGHT OF WAY



Legend

-  18-101258 Subject
- Public Land Ownership
-  Private
-  BLM
-  Other
-  State Trust



Township 13 North
Range 20 West
Section 15
Mohave County
Arizona

ADDITIONAL CONDITIONS

18-101258-00-004

Page 15 of 19

EXHIBIT B

INSURANCE RIDER TO STATE LAND DEPARTMENT

This Rider is attached to and made a part of the above-referenced Right of Way as if set forth therein verbatim.

R-1 Indemnity. Each party (as "Indemnitor") agrees to indemnify, defend, and hold harmless the other party (as "Indemnatee") from and against any and all claims, losses, liability, costs, or expenses (including reasonable attorney's fees) (hereinafter collectively referred to as "Claims") arising out of bodily injury of any person (including death) or property damage, but only to the extent that such Claims which result in vicarious/derivative liability to the Indemnatee are caused by the act, omission, negligence, misconduct, or other fault of the Indemnitor, its officers, officials, agents, employees, or volunteers.

In addition, Grantee shall cause its contractor(s) and subcontractors, if any, to indemnify, defend, save and hold harmless the State of Arizona, any jurisdiction or agency issuing any permits for any work arising out of this Agreement, and their respective directors, officers, officials, agents, and employees (hereinafter referred to as "Indemnatee") from and against any and all claims, actions, liabilities, damages, losses, or expenses (including court costs, attorneys' fees, and costs of claim processing, investigation and litigation) (hereinafter referred to as "Claims") for bodily injury or personal injury (including death), or loss or damage to tangible or intangible property caused, or alleged to be caused, in whole or in part, by the negligent or willful acts or omissions of Grantee's contractor or any of the directors, officers, agents, or employees or subcontractors of such contractor. This indemnity includes any claim or amount arising out of or recovered under the Workers' Compensation Law or arising out of the failure of such contractor to conform to any federal, state or local law, statute, ordinance, rule, regulation or court decree. It is the specific intention of the parties that the Indemnatee shall, in all instances, except for Claims arising solely from the negligent or willful acts or omissions of the Indemnatee, be indemnified by such contractor from and against any and all claims. It is agreed that such contractor will be responsible for primary loss investigation, defense and judgment costs where this indemnification is applicable.

R-2 Insurance Requirements for Any Contractors Used by a Party to this Right of Way. *(Note: this applies only to Contractors used by a governmental entity, not to the governmental entity itself.)* The insurance requirements herein are minimum requirements and in no way limit the indemnity covenants contained in this Right of Way. The State of Arizona in no way warrants that the minimum limits contained herein are sufficient to protect the governmental entity or Contractor from liabilities that might arise out of the performance of the work under this Right of Way by the Contractor, his agents, representatives, employees or subcontractors, and Contractor and the governmental entity are free to purchase additional insurance.

ADDITIONAL CONDITIONS

18-101258-00-004

Page 16 of 19

A. **Minimum Scope and Limits of Insurance.** Contractor shall provide coverage with limits of liability not less than those stated below.

1. **Commercial General Liability - Occurrence Form.**

Policy shall include bodily injury, property damage, personal and advertising injury and broad form contractual liability.

General Aggregate:	\$2,000,000.00
Products-Completed Operations Aggregate:	\$1,000,000.00
Personal and Advertising Injury:	\$1,000,000.00
Each Occurrence:	\$1,000,000.00
Blanket Contractual Liability-Written and Oral:	\$1,000,000.00
Damage to Rented Premises:	\$ 50,000.00
Each Occurrence	\$1,000,000.00

The policy shall be endorsed to include the following additional insured language: "The State of Arizona, its departments, agencies, boards, commissions, universities and its officers, officials, agents, and employees shall be named as additional insureds with respect to liability arising out of the activities performed by or on behalf of the Contractor." Such additional insured shall be covered to the full limits of liability purchased by the Contractor, even if those limits of liability are in excess of those required by this Right of Way.

Policy shall contain a waiver of subrogation endorsement in favor of the State of Arizona, its departments, agencies, boards, commissions, universities and its officers, officials, agents, and employees for losses arising from work performed by or on behalf of the Contractor.

2. **Business Automobile Liability.** Bodily Injury and Property Damage for any owned, hired, and/or non-owned vehicles used in the performance of this Right of Way.

- Combined Single Limit (CSL) \$1,000,000

a. The policy shall be endorsed to include the following additional insured language: "The State of Arizona, its departments, agencies, boards, commissions, universities and its officers, officials, agents, and employees shall be named as additional insureds with respect to liability arising out of the activities performed by or on behalf of the Contractor, involving automobiles owned, leased, hired or borrowed by the Contractor". Such additional insured shall be covered to the full limits of liability purchased by the Contractor, even if those limits of liability are in excess of those required by this Right of Way.

ADDITIONAL CONDITIONS

18-101258-00-004

Page 17 of 19

b. Policy shall contain a waiver of subrogation endorsement in favor of the State of Arizona, its departments, agencies, boards, commissions, universities and its officers, officials, agents, and employees for losses arising from work performed by or on behalf of the Contractor.

c. Policy shall contain a severability of interest provision.

IF GRANTEE HAS CERTIFIED IN THE APPLICATION ADDENDUM FOR THIS RIGHT OF WAY THAT GRANTEE WILL NOT BE ENGAGED IN THE CONDUCT OF BUSINESS WITHIN THE SUBJECT LAND GRANTEE SHALL NOT BE REQUIRED TO CARRY THE FOREGOING BUSINESS AUTOMOBILE LIABILITY INSURANCE.

3. Worker's Compensation and Employers' Liability.

Workers' Compensation	Statutory
Employers' Liability	
Each Accident	\$ 500,000
Disease – Each Employee	\$ 500,000
Disease – Policy Limit	\$1,000,000

a. Policy shall contain a waiver of subrogation endorsement in favor of the State of Arizona, its departments, agencies, boards, commissions, universities and its officers, officials, agents, and employees for losses arising from work performed by or on behalf of the Contractor.

b. This requirement shall not apply to: Separately, EACH contractor or subcontractor exempt under A.R.S. § 23-901, AND when such contractor or subcontractor executes the appropriate waiver (Sole Proprietor/Independent Contractor) form.

GRANTEE HAS CERTIFIED IN THE APPLICATION ADDENDUM FOR THIS RIGHT OF WAY THAT GRANTEE WILL NOT BE ENGAGED IN THE CONDUCT OF BUSINESS WITHIN THE SUBJECT LAND GRANTEE SHALL NOT BE REQUIRED TO CARRY THE FOREGOING WORKER'S COMPENSATION AND EMPLOYERS' LIABILITY INSURANCE.

B. Additional Insurance Requirements. The policies are to contain, or be endorsed to contain, the following provisions:

1. The Contractor's policies shall stipulate that the insurance afforded the Contractor shall be primary insurance and that any insurance carried by the Department, its agents, officials, employees or the State of Arizona shall be excess and not contributory insurance, as provided by A.R.S § 41-621 (E).

2. The Contractor's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability. Coverage provided by the Contractor shall not be limited to the liability assumed

ADDITIONAL CONDITIONS

18-101258-00-004

Page 18 of 19

under the indemnification provisions of its Contract with the other governmental entity(ies) party to this Right of Way.

C. Notice of Cancellation. With the exception of (10) day notice of cancellation for non-payment of premium, any changes material to compliance with this Right of Way in the insurance policies above shall require (30) days written notice to the State of Arizona. Such notice shall be sent directly to the Arizona State Land Department, 1616 W. Adams, Phoenix, Arizona 85007, and shall be sent by certified mail, return receipt requested.

D. Acceptability of Insurers. Contractors insurance shall be placed with companies duly licensed in the State of Arizona or hold approved non-admitted status on the Arizona Department of Insurance List of Qualified Unauthorized Insurers. Insurers shall have an "A.M. Best" rating of not less than A- VII or duly authorized to transact Workers' Compensation insurance in the State of Arizona. The State of Arizona in no way warrants that the above-required minimum insurer rating is sufficient to protect the Contractor from potential insurer insolvency.

E. Verification of Coverage. Contractor shall furnish the State of Arizona with certificates of insurance (ACORD form or equivalent approved by the State of Arizona) as required by this Right of Way. The certificates for each insurance policy are to be signed by an authorized representative.

All certificates and endorsements are to be received and approved by the State of Arizona before work commences. Each insurance policy required by this Right of Way must be in effect at or prior to commencement of work under this Right of Way and remain in effect for the duration of the project. Failure to maintain the insurance policies as required by this Right of Way, or to provide evidence of renewal, is a material breach of contract.

All certificates required by this Right of Way shall be sent directly to the Arizona State Land Department, 1616 W. Adams, Phoenix, Arizona 85007. The Right of Way number and project description are to be noted on the certificate of insurance. The State of Arizona reserves the right to require complete, certified copies of all insurance policies required by this Right of Way at any time.

F. Subcontractors. Contractor's certificate(s) shall include all subcontractors as insureds under its policies or Contractor shall furnish to the State of Arizona separate certificates for each subcontractor. All coverages for subcontractors shall be subject to the minimum requirements identified above.

G. Approval. Any modification or variation from the insurance requirements in this Right of Way must have prior approval from the State of Arizona Department of

ADDITIONAL CONDITIONS

18-101258-00-004

Page 19 of 19

Administration, Risk Management Division, whose decision shall be final. Such action will not require a formal Right of Way amendment, but may be made by administrative action.

H. Exceptions. In the event the Contractor or sub-contractor(s) is/are a public entity, then the Insurance Requirements shall not apply. Such public entity shall provide a Certificate of Self-Insurance. If the contractor or sub-contractor(s) is/are a State of Arizona agency, board, commission, or university then none of the above shall apply.

APPENDIX A

STATE OF ARIZONA LAND DEPARTMENT
1616 W. ADAMS
PHOENIX, AZ 85007

RUN DATE: 14 July 2016
RUN TIME: 10:38 AM
PAGE: 1

KE-LEASE# 018-101258-00-004 APPTYPE: RENEWAL
AMENDMENT#: 0

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LAND#	LEGAL DESCRIPTION	AUS	ACREAGE
13.0-N-20.0-W-15-08-513-9014	M&B THRU LOTS 2 AND 4 SWSNW INCLUDES 20FT EASEMENT FROM BOOSTER STA A TO ROTARY PARK	0.00	1.850
	TOTALS	0.00	1.850

IN WITNESS HEREOF, the parties hereto have signed this Right of Way effective the day and year set forth previously herein.

STATE OF ARIZONA, GRANTOR
Arizona State Land Commissioner

LAKE HAVASU CITY
GRANTEE

By: _____ Date _____

(SEAL)

✓Authorized Signature ✓Date

✓Printed Name ✓Title

✓Address

✓City ✓State ✓Zip

