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701 Fifth Avenue
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RETURN RECORDED DOCUMENT TO:

Union Oil Company of California
376 South Valencia Avenue, AD-315
Brea, CA 92823
ATTN: KAREN BRUTON

COVEN

Recorded at the request of:

LAND TITLE COMPANY

on 12/16/2002 at 11:35

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PEND OREILLE COUNTY, WASHINGTON
ANN SWENSON, AUDITOR

LBLORE

RESTRICTIVE COVENANT

FORMER UNOCAL BULK PLANT 0738 (0528)

This Declaration of Restrictive Covenant is made pursuant to RCW 70.105D.030(1)(f) and (g) and WAC 173-340-440 by Union Oil Company of California (hereafter referred to as "Unocal"), its successors and assigns, and the State of Washington Department of Ecology, its successors and assigns (hereafter referred to as "Ecology").

An independent remedial action (hereafter referred to as "Remedial Action") occurred at the property that is the subject of this restrictive covenant (hereafter referred to as "Restrictive Covenant"). The Remedial Action conducted at the property is described in the following documents:

1. Report of Geotechnical Services - Subsurface Contamination Study, Bulk Plant 0528, Newport, Washington, for Unocal: GeoEngineers, November 15, 1989.
2. Report of Geoenvironmental Services - Subsurface Contamination Study, Unocal Bulk Plant 0738, Newport, Washington: GeoEngineers, February 9, 1995.
3. Report of Site Cleanup - Subsurface Contamination and Soil Stockpiles, Former Unocal Bulk Plant 0738, Newport, Washington: GeoEngineers, September 27, 1999.

These documents are on file at Ecology's Eastern Regional Office (ERO).

This Restrictive Covenant is required because the Remedial Action resulted in residual concentrations of petroleum hydrocarbons at 18 feet below grade in the area of VP-4 (MW-4) which exceed the Model Toxics Control Act Method B Residential Cleanup Levels for soil established under WAC 173-340-740.

The undersigned, Unocal, is the fee owner of the real property in the County of Pend Oreille, State of Washington (hereafter referred to as "Property"), that is subject to this Restrictive Covenant. The Property is legally described in Attachment A of this Restrictive Covenant, attached hereto and incorporated herein by this reference.

Unocal makes the following declaration as to limitations, restrictions, and uses to which the Property may be put and specifies that such declarations shall constitute covenants to run with the land, as provided by law, and shall be binding on all parties and all persons claiming under them, including all current and future owners of any portion of or interest in the Property (hereafter individually and collectively referred to as "Owner").

Section 1. Any activity on the Property that may result in the release or exposure to the environment of the contaminated soil that was contained as part of the Remedial Action, or create a new exposure pathway, is prohibited. Some examples of activities that are prohibited in the area of VP-4 (MW-4) below 5 feet include: drilling, digging, placement of any objects or use of any equipment which deforms or stresses the surface beyond its load bearing capability, piercing the ground with a rod, spike or similar item, bulldozing or earthwork, or any activities that may cause migration of the hazardous substances.

Section 2. Any activity on the Property that may interfere with the integrity of the Remedial Action and continued protection of human health and the environment is prohibited.

Section 3. Any activity on the Property that may result in the release or exposure to the environment of a hazardous substance that remains on the Property as part of the Remedial Action, or create a new exposure pathway, is prohibited without prior written approval from Ecology.

Section 4. The Owner of the Property must give thirty (30) day advance written notice to Ecology of the Owner's intent to convey any interest in the Property. No conveyance of title, easement, lease, or other interest in the Property shall be consummated by the Owner without adequate and complete provision for continued monitoring, operation, and maintenance of the Remedial Action.

Section 5. The Owner must restrict leases to uses and activities consistent with the Restrictive Covenant and notify all lessees of the restrictions on the use of the Property.

Section 6. The Owner must notify and obtain approval from Ecology prior to any use of the Property that is inconsistent with the terms of this Restrictive Covenant. Ecology may approve any inconsistent use only after public notice and comment.

Section 7. The Owner shall allow authorized representatives of Ecology the right to enter the Property at reasonable times for the purpose of evaluating the Remedial Action; to take samples, to inspect remedial activities conducted at the Property, and to inspect records that are related to the Remedial Action.

Section 8. The Owner of the Property reserves the right under WAC 173-340-440 to record an instrument that provides that this Restrictive Covenant shall no longer limit use of the Property or be of any further force or effect. However, such an instrument may be recorded only if Ecology, after public notice and opportunity for comment, concurs.

Dated: 9/6/02

UNION OIL COMPANY OF CALIFORNIA
a California corporation

By: *[Signature]* ²²⁸

Its: Attorney-in-Fact

ATTACHMENT A

Legal Description of the Property

That certain real property situate in the County of Pend Oreille, State of Washington, as follows:

Lots 1,2,3, and 4 in Block 1 of Koch's Addition to Newport, Pend Oreille County, Washington; also the east one-half of the vacated alley running north and south through said Block 1.

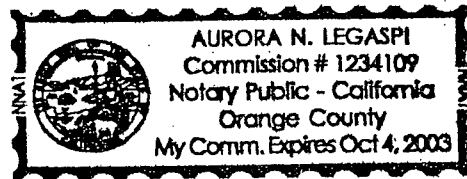
ALL PURPOSE ACKNOWLEDGEMENT

STATE OF CALIFORNIA)
) SS.
COUNTY OF ORANGE)

On September 6, 2002, before me, Aurora N. Legaspi, a Notary Public, personally appeared Brian J. Kelly, personally known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument on behalf of said corporation.

Witness my hand and official seal.

Aurora N. Legaspi
Notary Public



ATTENTION NOTARY: Although the information requested below is optional, it could prevent fraudulent attachment of this certification to unauthorized document.

THIS CERTIFICATE
MUST BE ATTACHED
TO THE DOCUMENT
DESCRIBED AT RIGHT.

Title or Type of Document: Restrictive Covenant (BP#0738)

Number of Pages 5 Date of Document September 6, 2002

Capacity of Signer: Attorney-in-Fact

Signer Represents: Union Oil Company of California

Signer(s) Other Than Named Above : None