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ENCROACHMENT AGREEMENT

This Encroachment Agreement ("Agreement") is made and entered into by and between Magellan Pipeline Company, L.P., a Delaware limited partnership, whose address is P.O. Box 22186, Tulsa, Oklahoma, 74121-2186, (hereinafter called "Magellan"), and Landmark Enterprises, Inc., a Nebraska corporation, whose mailing address is 4852 South 133rd Street, Enterprises, Inc., a Nebraska 68137, its heirs, successors, assigns and grantees (hereinafter called "Owner").

WITNESSETH:

WHEREAS, Owner represents and warrants that Owner owns all the certain land (hereinafter "Owner's Land"), described on attached Exhibit "A" and made a part hereof, per the Warranty Deed executed on the 16th day of August, 2004 and recorded in the records of Douglas County, Nebraska on the 20th day of August, 2004 as Document No. 2004111429; and

WHEREAS, Magellan is the owner of certain pipelines, pipeline facilities and appurtenances (hereinafter referred to as the "Magellan Facilities") and easement rights therefor, (hereinafter referred to as the "Easement", whether or not rights were granted in one or more documents or acquired by operation of law). For purposes of this Agreement only, "Magellan's Easement Tract" shall be considered to be any area within Twenty-five (25) feet of any Magellan pipeline or other Magellan-owned or operated facility or appurtenance, unless a different right of way tract width is specifically described in the Easement, in which case such specified width shall define Magellan's Easement Tract. The land referenced in the Easement includes the West half of the East half of Section 30 and the Northeast Quarter of Section 31, both in T-16-N, R-12-E, Douglas County Nebraska, pursuant to those certain instruments recorded in the records of said county and state and described as follows:

 Right of Way Agreement as to a pipe line or pipe lines dated June 3rd, 1941, from Katharine C. Allison, in favor of Socony-Vacuum Oil Company (Magellan's

Drafted by & when filed return to Magellan Pipelline Company, L.P. PO Box 22186, MD 27-4 (S. Guthrle) Tulsa, Oklahoma 74121-2186, 918,574.7350)

Encroachment Agreement EA- C - 9-9-04 - Tract 116-DO-23 & 116-DO-62, Douglas County, NE

Agent JR / JB - Project 04-341

predecessor in title), its successors and assigns, and filed for record in Book 156 at Page 171; and

- 2) Agreement dated July 21st, 1981 from Abner Rubin and Suzy R. Rubin, husband and wife and Ben Rubin (a/k/a Ben Rubin, Jr.) and Debra I. Rubin, husband and wife and filed for record in Book 660, Page 222; and
- 3) Right of Way Agreement dated May January 27th, 1941, from W.W. McCombs and Jennie K. McGowen to Socony-Vacuum Oil Company (Magellan's predecessor in title) it's successor's and assigns, and filed for record in Book 153, Page 401; and
- 4) Agreement dated April 18th, 1950 between Albert Kobs Sr. and Sallie Kobs, and filed for record in Book 252, Page 143; and

WHEREAS, for the purposes of this Agreement an "Encroachment" is defined as any use of the land within Magellan's Easement Tract by someone other than Magellan which could interfere with Magellan's Easement rights or which could create safety concerns related to Magellan's pipelines and/or facilities located on Magellan's Easement Tract, including, but are not limited to placing structures, fences, fixtures, personal property, landscaping, utilities, pipelines, roadways, driveways, parking lots, railroads, waterway crossings, water impoundments, walls, heavy equipment and heavy loads on Magellan's Easement Tract, and also any excavation, digging, drilling, tunneling and addition, removal or disturbance of soil or subsoil within Magellan's Easement Tract; and

WHEREAS, Owner desires to obtain Magellan's consent for one or more Encroachments on Magellan's Easement Tract;

NOW, THEREFORE, in consideration of the covenants and agreements herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Magellan, subject to the following terms and provisions, hereby consents to the Encroachments listed below as "Approved Encroachments" described and limited pursuant to the following-specified plan drawing which was furnished by Owner to Magellan ("Plan Drawing"):

Lot 242-Building Permit Site Utility Plan Drawing Sheet 4, on project number 0312255 by Kirkham Michael Consulting Engineers, dated September 2004

A Reduced photocopy of such Plan Drawing is attached hereto as Exhibit "B".

Terms and Provisions:

- 1. Approved Encroachments. The Approved Encroachments, as further identified, described and limited in the Plan Drawing in Exhibit "B", are limited to the following:
 - (a) 10-inch PVC sanitary sewer crossing Magellan's Easement Tract and under Magellan's Omaha Jct.-Omaha 6-inch high pressure petroleum products pipeline at approximate pipeline station 13+50 as shown on Exhibit "B".

(b) An asphalt road surface crossing Magellan's Easement Tract and Magellan's Omaha Jct.-Omaha 6-inch high pressure petroleum products pipeline at approximate pipeline station 13+50 as shown on Exhibit "B".

(c) A paved alleyway encroaches the Southern boundary of Magellan's Easement Tract for approximately 200 feet with a perpendicular distance of 10 feet from Magellan's Omaha Jct.-Omaha 6-inch high pressure petroleum products pipeline as shown on Exhibit "B".

(d) 4-foot concrete sidewalks 4 inches thick bordering the proposed asphalt road surface as shown on Exhibit "B".

(e) Two concrete driveways 4 inches thick and associated with the units located at the Northeast corner of the proposed development will encroach the Southeastern boundary of Magellan's Easement Tract as shown on Exhibit "B".

(f) Clean fill from 2-foot to 6-foot will be added to Magellan's Easement Tract and over Magellan's Omaha Jct.-Omaha 6-inch high pressure petroleum products pipeline. The cover throughout Magellan's Easement Tract must remain shallower than 8-foot.

- 2. General Encroachment Requirements. Magellan's General Encroachment Requirements are attached as Exhibit "C". Owner agrees to abide by all of the terms and conditions set forth in the General Encroachment Requirements. The General Encroachment Requirements shall not be interpreted to permit any encroachments not specifically defined in this Agreement as Approved Encroachments. In the event of a conflict between the provisions of the General Encroachment Requirements and the specific provisions set forth in this Agreement, the specific provisions of this Agreement shall control.
- 3. Magellan On Site Representative. Exclusive of Saturday, Sunday, and legal holidays, Owner shall notify Magellan a minimum of 48 hours in advance of any Encroachment activities on Magellan's Easement Tract so that Magellan may arrange to have a representative present. At Magellan's option and at Owner's sole cost and expense, Magellan's representative may be on site during all Encroachment activities over or within ten feet (10') of the Magellan Facilities to confirm that no damage occurs to the Magellan Facilities. The presence of Magellan's representative or any verbal instructions given by such representative shall not relieve Owner of any liability under the Easement and this Agreement and will not change the terms of the Easement or this Agreement which may only be changed by written agreement by authorized representatives of Owner and Magellan. If pipeline, coating, cathodic protection and/or any other repair of Magellan Facilities is required by Magellan or if the safety of the Magellan Facilities is jeopardized, in Magellan's sole judgment, Owner shall stop all construction activities on Magellan's

Easement Tract until said repairs are completed or until any unsafe construction practices are resolved to the satisfaction of Magellan's on-site representative. Written notification of such construction activity shall be made to MAGELLAN PIPE LINE COMPANY, Coordinator of Operations & Maintenance, Harold Johnson at 9405 Bennington Road, Omaha, NE 68122, Office: (402) 571-7080, Cell: (402) 677-7108, Fax: (402) 571-4839, or such other representative of Magellan which Magellan may from time to time designate.

- 4. Protection of Magellan Facilities. Owner shall protect the Magellan Facilities if excavating and backfilling become necessary within Magellan's Easement Tract. If deemed necessary by Magellan's on site representative, Owner shall perform any necessary digging or excavation operations by hand digging. Owner shall reimburse Magellan for all costs of having a representative of Magellan on-site during construction activities related to the Approved Encroachments.
- 5. No Other Encroachments. Except for the Approved Encroachments as defined in the Agreement, Owner shall not create, erect, place or construct any other Encroachment on, above or below the surface of the ground on Magellan's Easement Tract, or change the grade or elevation of the ground surface within Magellan's Easement Tract or at any time plant or allow any trees thereon or cause or permit any of these to be done by others, without the express prior written permission of Magellan.
- 6. Breach. If either Owner or Magellan breaches this Agreement and the non-breaching party commences litigation to enforce any provisions of this Agreement, the reasonable cost of attorneys' fees and expenses will be payable to the non-breaching party by the breaching party upon demand, for all claims upon which the non-breaching party prevails.
- 7. Insurance. Owner shall procure or cause its contractors and subcontractors to procure and maintain in force throughout the entire term of this Agreement insurance coverage described below with insurance companies acceptable to Magellan for work performed related to the construction of the Approved Encroachments. All costs and deductible amounts will be for the sole account of the Owner or its contractors and subcontractors. Prior to commencing any activities related to the construction of the Approved Encroachments, the Owner must deliver to Magellan certificate(s) of insurance. Non-renewal or cancellation of policies must be effective only after Magellan receives written notice from the insurance company thirty (30) days in advance of such non-renewal or cancellation. The limits set forth below are minimum limits and will not be construed to limit the Owner's liability:
 - (a) Workers' Compensation insurance complying with the laws of the State or States having jurisdiction over each employee and Employer's Liability insurance with limits of \$1,000,000.

- (b) Commercial or Comprehensive General Liability insurance on an occurrence form with a combined single limit of \$5,000,000 each occurrence and project specific annual aggregates of \$5,000,000. Coverage must include premises/operations, independent contractors, blanket contractual liability, and products/completed operations coverage; such coverage must be maintained for two (2) years following completion of work activities related to the construction of the **Approved Encroachments**, broad form property damage, personal injury and sudden and accidental pollution. **Magellan**, its affiliated companies, and its and their respective directors, officers, partners, members, shareholders, employees, agents and contractors shall be included as additional insureds.
- (c) In each of the above policies, the **Owner** or its contractors and subcontractors agrees to waive and will require its insurers to waive any rights of subrogation or recovery either may have against **Magellan** and its affiliated companies.
- (d) Regardless of the insurance requirements above, the insolvency, bankruptcy, or failure of any such insurance company providing insurance for the Owner or its contractors and subcontractors, or the failure of any such insurance company to pay claims that occur, such requirements, insolvency, bankruptcy or failure will not be held to waive any of the provisions hereof.
- (e) In the event of a loss or claim arising out of or in connection with the construction of the **Approved Encroachments**, the **Owner** agrees, upon request of **Magellan**, to submit a certified copy of its insurance policies for inspection by **Magellan**.
- (f) The Owner shall require all of its contractors and subcontractors for work related to the construction of the Approved Encroachments to provide adequate insurance coverage, all to be endorsed with the Waiver of Subrogation wording referenced in Section (c) above; any deficiency in the coverage, policy limits, or endorsements of said contractors and subcontractors, shall be the sole responsibility of the Owner.
- 8. Indemnification. Owner will indemnify, save, and hold harmless Magellan, its affiliated companies and its and their respective directors, officers, partners, members, shareholders, employees, agents and contractors from any and all environmental and non-environmental liabilities, losses, costs, damages, expenses, fees (including reasonable attorneys' fees), fines, penalties, claims, demands, causes of action, proceedings (including administrative proceedings), judgments, decrees and orders resulting from Owner's breach of this Agreement or caused by or as a result of the construction, use, maintenance, existence or removal of the Approved Encroachments and any other encroachments located on the Magellan Easement Tract. The presence of Magellan's representative or any instructions given by such representative will not relieve Owner of any liability under this Agreement except to the extent that such liability results from Magellan's or its representative's gross negligence or willful misconduct.

9. Damage or Loss. Owner covenants that:

- a. If at any time, in the sole opinion of Magellan, it becomes necessary for Magellan, to cross, occupy, utilize, move or remove all or portions of the Approved Encroachments placed on Magellan's Easement Tract or constructed pursuant to this Agreement, for any purpose, including but not limited to surveying, constructing new facilities, maintaining, inspecting, operating, protecting, repairing, replacing, removing or changing the size of a pipeline(s) and appurtenances on Magellan's Easement Tract and such activities by Magellan result in damage to or destruction of the Approved Encroachments, then repair, replacement or restoration of such Approved Encroachments shall be at the sole cost and responsibility of Owner.
- If at any time, any encroachments belonging to or permitted by Owner which are not authorized by this or another written agreement ("Other Encroachments") are found to be on Magellan's Easement Tract, Magellan may at any time request Owner to remove such Other Encroachments, and if Owner refuses or fails to do so within a reasonable time, Magellan's may remove them from Magellan's Easement Tract to Owner's Land at Owner's expense, unless they are allowed to remain by a written agreement between Magellan and Owner. Should such removal activities by Magellan result in damage to or destruction of the Other Encroachments, then repair, replacement or restoration of such Other Encroachments shall be at the sole cost and responsibility of Owner, and such Other Encroachments may not be repaired, replaced or rebuilt on Magellan's Easement Tract without a written agreement between Magellan and Owner.
- c. If during the exercise of the rights granted by the Easement or by this Agreement, the Approved Encroachments and Other Encroachments, if any, are damaged, destroyed or suffer loss of value, Owner agrees to release Magellan, its affiliates, and its and their respective directors, officers, members, partners, shareholders, employees, agents and contractors from and against any and all liabilities, and damages or losses which may arise as a result of the damage to or loss of use of the Approved Encroachments and Other Encroachments, if any, caused by Magellan, its employees, agents and contractors.
- 10. Magellan Rights. Magellan and Owner agree that the existence of the Approved Encroachments or this Agreement does not constitute a waiver of Magellan's rights under the Easement. Magellan hereby reserves and Owner hereby grants and confirms all of Magellan's rights, title and estate as set forth in the Easement including, but not limited to, the rights of ingress and egress across Owner's Land and the rights to, lay, maintain, operate, repair, replace, change the size of, protect and remove existing and future pipelines, communication lines and other facilities on Magellan's Easement Tract.

11. The terms and conditions of this Agreement will constitute covenants running with the land and be binding upon and inure to the benefit of the parties hereto, their successors, assigns and grantees. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one instrument. This Agreement shall become effective upon its complete execution by the parties hereto.

IN WITNESS WHEREOF, the parties have set their hands on the dates expressed below.

MAGELLAN PIPELINE COMPANY, L.P.

Name: STEVE FALLER Title: PRESIDENT

Date: 12 - 14, 2004

STATE OF OKLAHOMA SS COUNTY OF TULSA Before me, the undersigned, a Notary Public in and for the county, and state aforesaid, on this Tet day of Abruany, 200 spersonally appeared Richard a Olson, to me personally known to be the Vill-President of MAGELLAN PIPELINE GP, LLC, a Delaware limited liability company, who being duly sworn did acknowledge to me that he executed the foregoing instrument on behalf of said limited liability company as the free and voluntary act and deed, for the uses, purposes and consideration therein set forth. Witness my hand and official seal. My commission expires: SHERRIE L. GUTHRIE **Tulsa County** Note'y Public in and for State of Oklahoma Commission # 03005115 Expires 04/19/07 STATE OF NEBRASKA SS COUNTY OF DOUGLAS

Before me, the undersigned, a Notary Public in and for the County aforesaid, on this day of becaute, 2004, personally appeared STEVE FALLER to me known personally to be the President of LANDMARK ENTERPRISES, INC., a Nebraska corporation, who being duly sworn did acknowledge to me that he executed the foregoing instrument on behalf of said Landmark Enterprises, Inc. as the free and voluntary act and deed of said corporation, for the uses, purposes and consideration therein set forth.

Witness my hand and official seal.

Claudia Danalt

My Commission Expires:

GENERAL NOTARY - State of Nebraska CLAUDIA DAVOLT My Comm. Exp. July 28, 2008

EXHIBIT "A" To Encroachment Agreement

Description of Owner's Land:

Lot 242, Deer Creek, a subdivision in Douglas County, Nebraska.

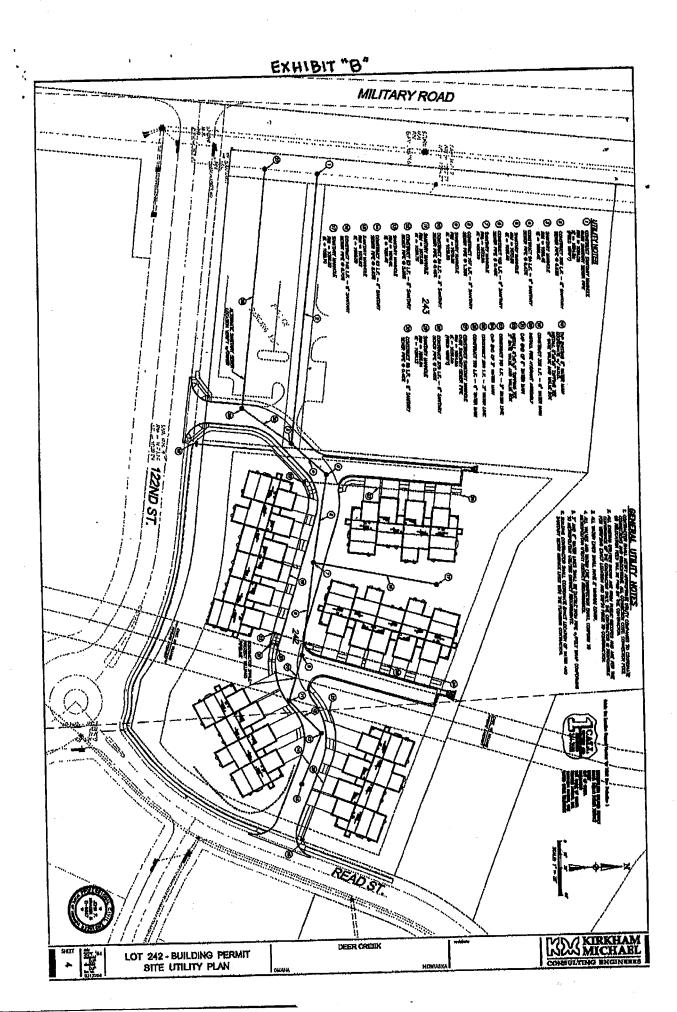


EXHIBIT "C" TO ENCROACHMENT AGREEMENT, 1 of 3

MAGELLAN PIPELINE COMPANY, L.P.

General Encroachment Requirements

GENERAL - These requirements define the minimum standards of quality for encroachments by a landowner (including any developer, business entity, utility company or individual working for, or on behalf of, or with permission of landowner) of, or with permission of landowner) (herein referred to collectively as "Owner") to pipeline corridors and rights of way "Negelian's Basement Treet") ownted or operated by Magellan Pipeline Company, L.P. ("Magellan"). Upon written request by Owner, a copy of these minimum requirements must be provided to any statement with large ratios will fire. developer, business entity, utility company or individual working on behalf of Owner or with the ermission of Owner within Megellan's Easement Tract. Magellan's Easement Tract for purposes of these General Encroachment Requirements shall be considered to be any area within fifty
(50) feet of any Magellan pipelins or
other Magellan-owned or operated
facility unless a different right of way
width is specified by one or more within is specified by one at more recorded right of way or easement documents (herein collectively called "Easement", whether one or more) in which case such specified width shall dofino Magellan's Easement Tract.

- 1. Eneroschment Definition. An "encroschment" is uny use of the land within Magellan's Essement Tract which could interfere with tract which could interfere with Magellan's Easement rights or which could create safety concerns for Magellan pipelines and/or facilities located on Magellan's Easement Tract. Encroactments include, but are not limited to characters. Software are not limited to structures, fixtures, personal property, landscaping, foreign utilities, foreign pipelines, roadways, railroads, waterway crossings, water impoundments, walls, heavy equipment and heavy loads on Magellan's Essement Tract, and also any excavation, digging, drilling, tunneling and addition, removal or disturbance of soil or subsoil within Magellan's Easement
- 2. Magellan Renresentative Required On-Site, Mageilan pipelina systems operate at high pressures, and for safety reasons, Magellan requires its company representatives to be on-site while Owner is performing work on Magellan's Easement Tract A Magellan representative will be made available upon 48 hours notice to determine the location and cetemine the location and approximate depth of any Magellan pipelines. No excavation shall be commenced without prior approval from Magellan and verification by Magellan and verification by Magellan of the location and approximate depth of its pipelines

3. Magellan's Facilities.
Magellan's facilities include, but are not limited to, Easement, rights of way, pipelines, meter and valve sites, aboveground piping manifolds and cathodic protection systems.

4. Land Use Chango - Nolification, The landowner and tenant, if any, must notify Magellan at any and every time when the land use will be changed for land on or adjacent to Magellan's Easemont Tract. Examples of such land use changes

·Change from pasture to cultivation
Change in depth of tilling (e.g. plowing deeper or deep-breaking the land) Change in that terraces will be cut or re-cut
-Change from agricultural use to
residential, commercial or ndustrial use.

·Change from residential to commercial or from commercial to

5. Governmental Regulations and Industry Guidelines. Owner must comply with governmental regulations and guidelines outlined in governing industry codes and standards, as well as with Magellan policies.

MAGELIAN RIGHT OF WAY PRACTICES

- 1. Personal Property and Fixtures
 To Be Kept Off of Magellan's
 Exement Tract, In order to keep
 Magellan rights of way clear for Magellan rights of way clear for operations, maintenance, fuspection and emergency access, personal property and fixtures shall not be placed, stored or maintained on Magellan's Easement Tract. Personal property and fixtures include, but are not limited to, storage sheds, automobiles, trailers, mobile homes, above-ground awimming pools, business equipment, product inventory, serap metal, boulders, large rocks, debris, junk and piles of materials.
- 2. Encroachments Subject to Being Cleaned from Macellan's Easement Tract, Subject to the terms of its Basement (including right of way Basement (including right of way agreements), Magelian may keep Magelian's Easement Tract olear of items that may hinder the exercise of Magelian's rights to construct, operate, inspect, maintain, repair and access its pipolines and other facilities Clearing of the Magelian's Easement Tract shall include, but not be limited up to following removal. be limited to the following: removal of trees, brush, crops, other vegetation and non-permitted encroachments located on or overhanging all or part of any Magellan's Essement Tract, Trees or other vegetation overhanging Magellan's Basement Tract may be ide-trimmed.

ENCROACHMENT PLANNING.

- Plan Review Required by Magellan, Magellan must review plans for any encroachment prior to the encroachment occurring.
- 2. Submission of Complete Plant. Owner must submit complete plans to Magellan for review, Incomplete plans could delay Magellan's engineering impact study and insufficient information could result In Increased costs, Plans must

·A plan view of the project with the pipeline(s) location included.

An illustration in profile of the existing surface elevations, the proposed surface elevations and the elevation of the Magellan

the elevation of the Magellan pipeline(s).

A comprehensive utility/structure/ grading plan depleting the relationship to the pipeline(s).

A proper legal description of the project location.

Complete landscaping plans.

Complete plans for backfilling and compaction of backfill material.

Plans Must Show Magellan's Fatement Tract, Pipelines and Fatilities. All construction plans (prins) showing lands where all or any part of Magellan's Easement Tract, any Magellan pipeline or facility is located must contain the

facility is recommended in the following:
'Location and depth of all Magelian pipelines and facilities
'The width of Magelian's Easement

 A standard warning statement conspicuously displayed containing the following ianguage

WARNING HIGH-PRESSURE PIPELINE(S)
Excavation and/or
Construction Prohibited Without compliance with State One-Call, AND Without Written

Permission From MAGELLAN PIPELINE COMPANY, L.P.

i. Written Energachment Agreement Regulard, A written fully executed Engroachment Agreement must be in place between Magallan and Owner before Owner commences work on any encroachment.

4. Cosis. Unless otherwise agreed in writing, all costs to Magellan that result from any encroachment should be paid by Owner. Such costs shall include, but not be limited to: modification, replacement, lowering, and protection of pipelines, including engineering avaiuation and design, field labor and real estate research

and document preparation and

- 5. Pipeline Integrity Inspection.
 Prior to the installation of any
 structure, parking lot, roadway or
 other facility which might interfere
 with or hinder Magellan's inspection
 of any pipeline or facility, Magellan
 will perform an integrity review of its
 the bits and any other states which will perform an integrity teview of its pheline and any other susets which may be affected by the proposed structure, parking fot, rotdway or other encroaching facility in order to determine that Magellan's usets comply with integrity requirements.
- 6, Soil On Magailan's Easement Tract Removing and Adding. No soil shall be removed from or added to Megellan's Easement Tract without written authorization from Magelian. Any soil added must be clean (without contaminants, trash or debris) fill dirt and must be limited in amount so that the resulting cover amount so that the resulting cover (vertical distance from the surface of the land to the top of Magellan's pipeline) is not greater than eight feet (8').
- 7. Erosion Control Meterials. Emalon-control materials may be allowed on Magallan's Basement Tract for temporary periods of construction and restoration.
- 8. Proof of Title to Property. 8. Proof of Title to Property.
 Magellan may require Owner to
 provide proof of current ownership of
 the land where the proposed
 encroachment is to be located. Such
 proof may be in the form of a Title
 Commitment, Title Polley, or a copy
 of a recorded Warranty Deed.
- 9. <u>Subdivision Plat.</u> Magellan requires a copy of the Subdivision Plat, if applicable. If the plat has been recorded, Magellan requires a copy indicating the book and the page of the recording.
- 10. Location and Approximate Penth of Pipelines. A Magellan representative is available with 48 hours notice to determine the location and approximate depth of the pipoline(s). No excavation on Magellan's Essement Tract shall take without approval by Magellan.
- 11. Vertical Senaration Between Marcina Pipeline or Facility and an Borroachine Object or Structure, Vertical separation is defined in this document as the vertical distance between the outermost part of a Magellan plpaline, facility or appurtenance (for example, the outside of the pipe [for

uncased pipe) or the outside of the pipe casing [for cased pipe]) and the outermost part of the encroaching object (for example, the outside of the encroaching pipeline or the outside of its conduit).

12. Construction Equipment information. Owner shall provide to Magellan information as to the type, size, and weight of construction equipment that will be used in the whether the state of the state. vicinity of the pipeline(s).

ENCROACHMENT DESIGN REQUIREMENTS & STANDARDS

- 1. Risk of Loss and Damage, Owner shall bear the risk of loss, damage and/or destruction to any damage analor destruction to any structure, ferroe, fendscaping or improvement placed within the boundaries of Magellan's Essement Tract and shall hold Magellan harmless for damages, destruction of structures and for any consequential damages which may arise out of Magellan or its designess exercising Magelian's Easement rights or arising out of accessing Magelian's Basement Tract, pipelines or facilities
- 2. Buildings, Structures and Pences.
- a. Buildings and Structures. No buildings, houses, barns, garages, pailos, playhouses, sheds, septic systems or drain fields, swimming pools, reinforced concrete slabs or pools, reinforced concrete state other similar structures will be permitted on the Magellan's
- Essement Tract, b. Septic System not permitted, No sentic system, including any lateral lines will be permitted on Magellan's Easoment Tract. Retaining Walls, Retaining walls
- are not permitted on Mugellan's Easement Tract
- d. Pences. No fence shall be constructed or maintained on Magellan's Easement Track without a written agreement. Requirements for Fences. If
- Requirements of received the fencing on Magellan's Essement Tract is authorized by a written agreement with Magellan, the fencing must comply with the
- following:

 1) Not Parallel to Pipeline, No. fence shall be allowed to be constructed parallel closer than 10 feet to any Magellan pipeline, within the boundaries of Magellan's Basement Tract. 2) Fence Posts Location. No
- 2) Pence Pasts Location. No fence posts will be allowed to be within five (5) Bett of any Magellan pipeline or facility.

 3) Gates Required, Magollan may require any fence constructed within the boundaries of Magellan's Fence of the control of t Basement Tract to have gates of such size and sulfability as is necessary or convenient for Magellan to access its pipelines and/or facilities for its operations, including

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EXHIBIT "C" TO ENCROACHMENT AGREEMENT, 2 of 3

inspections, at each poin vhere the fence crosses s Magellan pipeline or facility boundary, Magellan shall be allowed to put a Magellan lock on such gates, which will allow access to Magellan's Easement Tract and/or facilities through such gates

4) Angle of Fence Crossing. It is preferred that fence crossings be as close to 90 degrees as possible.

3. Landscaping, Elevation Changes and Water,

- Landscaping Definition.
 Landscaping shall include, but not be limited to, trees, simbs, underground irrigation or sprinkler systems, sidewalks or other paths, retaining walls, terraces or other land grade changes, within Magellan's Easement Tract.
- b. General Landscaping Requirements. The following are the general rules for landscaping on Magellan's Essement Traci:
 - i) Written Approval.
 Landscaping proposed to be done on Magellan's Easement Tract must be approved by Magellan in a written encroachment agreement. Among other terms, the encroachment agreement will release Magellan from any liability for damages to the landscaping from the exercise of Magellan's Easement
 - rights.
 2) Trees Not Permitted. Trees are not permitted on Magellan's Ensement Tract.
 - 3) Shrubs, Shrubs exceeding 3 feet in height and/or obstructing the view of any Magellan pipeline marker posts are not permitted on Magellan's Easemont Tract.
 - 4) Irrigation Systems, Field Drain Lines, and Sidewalks. Irrigation systems, field drain lines and aidewalks that are to cross a Magellan pipeline must cross such pipeline at an angle as close to 90 degrees as possible, but in no event at an angle less than 45 degrees and must comply with other applicable provisions of this
- document. c. No Water Bodies on Magellan's Ensentent Tract. Retention of water, including but not limited to, Livestock ponds, lakes, retention ponds, or wellands may not be constructed or formed on Magellan's Easement Tract
- Surface Grade and Elevation Changes, Surface grade or clevation changes must be reviewed and approved in writing by Magellan,

4. Foreign Pipeline & Utility Crossings.

 Minimum Angle for Pipeline/Utility Crossing. Any foreign pipeline or utility that is proposed to cross a Magelian pipeline must cross the Magellan pipeline at an angle as close to 90 degrees as possible, but in no event at an angle less than 45

- degrees. Vertical Separation Vertical Separation
 Requirements for Crossing,
 Foreign pipeline(s), willtites
 (except high-vokage lines – seo
 below) or flow lines should cross
 Magellan pipeline(s) with at least
 24 inches of vertical separation.
 Special written authorization must be given in the event vertical separation is less than that specified in these General Encroschment Requirements The preferred method for a foreign pipeline or utility to cross a
 Magellan pipeline is to cross
 below the Magellan pipeline.

 O. Warning Tape Required. When
- any foreign pipeline or utility line is proposed to cross a Magelian pipeline, Owner must place 6" wide McMaster-Cart No. 8288T12 or equal within Magellan's Easement Tract in the following
 - () the tage must be placed directly over (parallel to) and at least 15 Inches above the foreign line for the entire distance that Into for the entry distance that it occupies Magellan's Easement Truch, Additionally, the tape must be placed directly over (parallel to) and at leas! 15 inches above each Magellan pipeline that is crossed for a minimum distance of 20 feet on each side of the Magellan pipeline.
- 2) The placement of warning tapo on each side of Magellan pipeline(s) will not be required for utility using the directional
- initalled using the directional drill or jacking method.
 d. Crossings By Metal Pipelines or Conduits, Metallia pipe crossing Magellan pipeline(s) may require Magellan to perform a cathodic, protection interference survey; to interference with Magellan's cathodic protection system is detected and remediation is protected to the conduit of the conduits of the condui necessary, Owner agrees to cooperate with Magellan and to make necessary adjustments in Owner's interfering metallic pipe or other remediation to correct such interference problem insure that the Magellan cathodic protection system is operating
- properly. Low-Voltage Crossing Requirements. Low voltage electrical, fiber optic, local service communication, long distance carrier telephone, and low-voltage (12 - 24 volt) utility cable should cross Magellan pipeline(s) with 24 -inches of vortical separation. Such cables shall be encased in a rigid, ron-metallic conduit when crossing Magelian pipeline(s).

 f. High-Voltage Crossing
- Requirements. High-voltage electrical cable (alternating current with voltage of 110 volts and higher) must cross Magellan pipeline(s) with a minimum pipeline(s) with a minimum vertical separation as follows: 24-inches for 0 to 600 volts; -30-inches for 601 to 22,000 volts; -36-inches for 22,001 to 40,000 volts; 42-inches for 40,001 volus and
- In the event a high-voltage electrical cable crosses over a

in red concrete across the full width of Magellan's Easement Tract.
Utility Poles and Guy Anchors.

Utility poles and guy anchors shall not be placed on Magellan's Easement Tract without a written agreement. With a written agreement, poles and anchors may be placed no closer than 20 feet to any Magellan pipeline.

5. Roadway, Driveway, Railroad and Equipment Crossines.

- Pigeline Integrity Inspection. Prior to any road, driveway, sail bed or equipment crossing construction,
 Magellan will perform an integrity
 review of its pipeline assets that
 may be affected by the proposed
 construction in order to determine that the pipeline assets comply with integrity requirements.
 b. Load Bearing and Stress Limit
- Requirements. Prior to any road, driveway, rail bed or equipment crossing construction, Magellan's engineer must determine whether engineer must determine whether the proposed compacted cover meets load-bearing requirements and provides adequate protection to limit stress on Magellan's pipeline or other facilities and must advise Owner of any additional requirements necessary to provide adequate protection.
- c. No Crossing Over Pipeline
 Bend, Payed surfaces or rail beds
 shall not be allowed to cross a
- pipeline bend (point of inflection).

 Minimum Angle of Crossing.

 Crossings should be as close to 90 degrees to Magellan pipeline(s) as possible, but not less than 30
- e. Pipeline Casing Issues. Mayellan prefers that cased roudway and railroad crossings no longer be installed. If the carrier pipe under roudways and railroads requires adjustment or relocation, then instead of using casing, the carries pipe will consist of extra strength material or heavier wall thickness to accommodate the additional longitudinal stress due to external loads, If a road or railroad crossing currently uses easing and the road or railroad is being widened and no other adjustment or relocation of the other adjustment of relocation of the carrier pipe is required, then Magellan may elect to extend the casing pipe on the existing crossing(s) to accommodate additional road surface. If casing is used, it must not end under the toadway surface or track atructure, but must extend across the entire length of the roadway or reliroad right of way. f. Railroad Grossing
- Requirements. Railroads shall be installed with a minimum compacted cover over the carrier pipe, as measured from the base of the rail to the top of the pipe, as follows (see Figures 1 and 3):

Compacted Cover

·Under track structure proper -

6.0 feet

Under all other surfaces within the Essement Tract or from the bottom of ditches

3 Offeet

g. Roadway and Driveway Crossings, Roadways and driveways, shall be installed with a minimum compacted cover over the carrier pipe, as measured from the top of the roadway surface to the top of the pipe, as follows (see Figures 2 and 4): atton Minimum Location Compacted Cover

·Under roadway surface prope

4.0 Fcet

·Under all other surfaces within the Easement Tract (Including parking lots) or from the bottom of ditches

3.0 feet

Crossing Pipelines Transporting Highly Volatile Liquids. For Magellan pipelines transporting highly volatile liquids, minimum cover for a crossing at a drainage dkch must be 4.0 feet

- dkch must be 4.0 reet. When Additional Depth Required, Depth greater than the minimum depths stated above may be required for a pipeline due to the combined stress of Internal pipeline pressure and Internal pipeline pressure and external loading pressure. Magellan will inadyze each proposed crossing based on information provided by Owner to determine any additional depth that may be required for the pipeline for safe operation.
- Temporary Roads and Equipment Crossings, Any such road or crossing must meet the following requirements:

 -Must be located at a site approved by a Magellan field
 - representative. Must provide adequate protection for Magellan's pipeline and other facilities, as determined by the appropriate Magellan engineer, so that the compacted cover meets loadbearing requirements and provides adequate protection to limit atress on the pipeline
- or other facilities. k. Owner Required to Protect Magelian Pipelines. Mayelian may require Owner to put in place additional cover and/or stabilization (timbers, steel

plate, crushed rock, concrete slab, etc.) at any approved equipment crossing in order to protect Magellan pipelines, taking into account possible effects of weather, pipuline depth, and type of vehicles proposed to cross the pipelines, Magalian will analyze each proposed crossing based on information provided by Owner to determine any additional depth or protection that may be required for the pipeline operates at a safe

Heavy Equipment - Definition and Requirements Heavy and requirements reavy
equipment shall be defined as
vehicles having a gross weight in
excess of 80,000 pounds. Heavy
equipment shall be prohibited from
working directly on top of the working unevery on top to the active pipeline. For vehicles having a gross weight of 80,000 pounds or less, the pipeline must have a minimum of 4 feet of cover. Magelian must analyze the additional longitudinal stress due to external loads if the vehicles have a gross weight in excess of 80,000 pounds in order to determine required pipaline depth for safe operation

6. Parking Lots and Other

- Parking Lot and Pavement Requirements. All parking lots and other pavement installed on Magellan's Easement Tract shall consist of a flexible surface such as asphalt. No reinforced concrete
- will be allowed.
 Pipeline Depth Under Parking Lot. The depth of Magelian's pipelines under a parking lot must meet or exceed compacted cover requirements listed in the previous "Roadway, Driveway, Raikoad, and Equipment Crossings" section

7. Waterway Crosslags.

- a. Pipeline Denth Requirements, If Owner proposes to cross a Magellan pipeline with a waterway river, stream, creek, irrigation canal, or drainage ditch), such crossing must result in Magellan's pipelines meeting or exceeding the minimum depth below the bottom of the waterway for compliance with then current pipeline construction standards and federal,
- state, and local regulations. b Requirements for Waterway
- b Requirements for Waterway
 Crossings should be so close to
 Minimum Angle or Crossing,
 Crossings should be as close to
 90 degrees to Magellan
 pipeline(s) as possible, but not
 less than 45 degrees.
 2) Vertical Separation
 Requirements for Waterway
 Crossing, Pipelines to be
 crossed must have a minimum
 vertical separation of live (5)
- vertical separation of five (5) feet, as measured from the bottom of the waterway to the outermost part of a Magellan pipeline, facility or
- appurtenance
 3) Adding Weight to Pipeline for Negative Buoyancy. Owner shall bear the cost of Magellan adding sufficient weight or mechanical

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EXHIBIT "C" TO ENCROACHMENT AGREEMENT, 3 of 3

devices to any Magellan pipeline crossed by a waterway in order to create negative buoyancy for such pipeline.

- Magelian Written Approval Required Plan
 To Be Submitted, Magelian must approve any
 proposed blasting operations that could affect its
 pipelines or facilities. Should blasting be necessary, a comprehensive plan must be submitted to Magellan for review and written
- b. Safety Considerations Damage Prevention Plan. For safety and preservation of Magelian assets, all blasting shall be in accordance with federal, state, and local governing sgendes and the Magelian's "Damage Prevention Plan for Blasting Near Company Facilities". A copy of said plan will be made available upon request.

EXCAVATION NEAR MAGELLAN

- t. STATE "ONE-CALL" REQUIRED. No excavation or activity listed in "OBNERAL 1. Encroschment Definition" above shall be performed by Owner in the vicinity of Magellan's facilities or within Magellan's Easement Tract until proper telephone notification has been made to the telephone notification has been made to the appropriate "One Call" system and a Magellan representative is on-site to monitor excavation activities. All of the states in which Magellan conducts pipeline aperations have "One Call" laws, which require 84-72-hours notification prior to any excavation related activities. After making a One-Call, the state One-Call agency will notify Magellan to mark accurately, in a reasonable and timely manner, the location of the Magellan's pipeline facilities in the vicinity of the proposed agency acknowledge.
- 2. ONE-CALL NOTIFICATION, The following list is provided for convenience, but is not warranted by Magellan to be complete or accurate (telephone numbers were copied from each state's web lite on 1/5/2004). Owner is required to acquire and call the appropriate One-Call number(s) for its location of activity.

Current "ONE-CALL" numbers and information can be found on each state's "ONE-CALL" website:
Arkansas - http://www.arkonecall.com/

- 800 482-8998 Illinois - www lilinois Icali.com/ - 800 892-0123
- Iowa www.iowaonecall.com/ 800 292-8989
- Kansas www.kansasonecall.com/
- 800 344-7233)
- Minnesota www.gopherstateonecall.org/ 800 252-1166
- Missouri www.molcali.com/ 800 344-7483

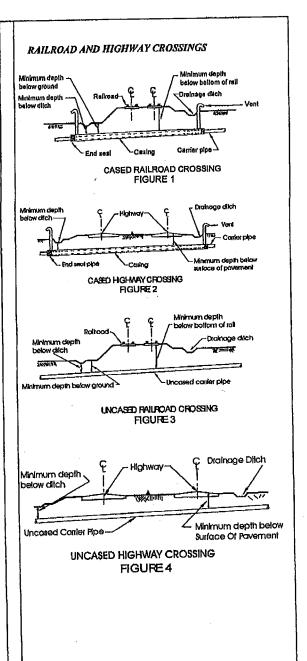
Nebraska - www.ne-diggers.com/ 800 331-5666

- North Dakota www.ndonecall.com/ 800 795-0555
- Oklahoma www.callokie.com/ 800 522-6543
- South Dakota -www.sdonecall.com/index.asp 800 781-7474
- Texas www.texasonecall.com/ 800 245-4545

Wisconsia - www.diggershotline.com/ 800 242-8511

Alternatively, the National One-Call number— (888) 258-0808 - may be used to register a proposed excavation and to subsequently notify underground utility operators with assets in the vicinity.

- 3. <u>Excavation Fine Approval</u>, Plans for any excavation on Magellan's Essement Tract must be approved prior to commencing the work and must be in compliance with the Common Ground WE III COMPINENCE With the Common Ground Alliance Best Practices which can be found on the web site; www.commongoundellisnee.com (See "Program Information" I "Common Ground Best Practices").
- 4. Marchan Representative On-Site for Excavation. A Magellan representative must be on-site when an excavation is occurring on Marchest Programmers. Magalian's Easement Tract.
- 5. Removal of Side-Cutting Teeth from Equipment. Side-cutting teeth shall be removed from buckets of excavating equipment.
- 6. Parallel Excavating Required. When, in preparation for crossing any Magellan pipuline with any other pipeline or with electric line, communication line, roadway or any other structure or facility, Owner needs to locate a Magellan pipeline by use of mechanical means. Owner must perform such locating activity by excavating parallel to the Magellan pipeline with such mechanical means, but shall cease using the mechanical means, but that cease using the mechanical means when it reaches a point within two feet of the Magellan pipeline (see next provision).
- 7. Ennosing Pipeline by Hand, Excavating within 2 feet of any Magellan pipeline shall be done by hand digging until the pipeline is exposed and its location is accurately known. Then, Owner must postion the excavation equipment so that from the point of operations the equipment will not reach within 2 feet of any Magelian pipeline.



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