

**OPTION AGREEMENT FOR EASEMENT**

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<b>Property Address (the "Property")</b>	_____, Vermont Tax Parcel ID No. _____
<b>Title Reference (Fee Interest)</b>	Deed dated _____ at Book ____, Page ____ of the _____ Town/City Land Records.

This Option Agreement for Easement ("Agreement") is made by and between Vermont Gas Systems, Inc., a Vermont corporation with its principal place of business at 85 Swift Street, South Burlington, Vermont ("VGS"); and \_\_\_\_\_ [SELECT: as [enter ownership type for individuals, e.g., tenants in common]; a [enter entity information, e.g., Vermont corporation]; [as trustees of the [enter trust information] ([collectively] "Grantor"), effective as of the date signed by VGS (the "Effective Date").

**I. PRELIMINARY STATEMENT**

- A. VGS provides natural gas service to Vermonters via a network of approximately 750 miles of underground transmission and distribution pipelines, systems and related appurtenances located in northern Vermont.
- B. VGS intends to expand its network by installing new underground transmission and distribution pipeline and related facilities in order to extend natural gas service to additional Vermont Communities.
- C. VGS seeks to compensate Grantor for constructing, installing, maintaining, and operating its natural gas service utility corridor on a portion of Grantor's "Property" (as referenced above), and to establish the terms and conditions for use of the utility corridor on the Property.
- D. This Agreement will be superseded and replaced by a permanent easement at such time that VGS delivers to Grantor an easement and associated transaction documents to be signed. The easement and transaction documents will define the parties' rights and obligations consistent with this Agreement.

**II. OPTION AGREEMENT**

- 1. Grant of Option. Grantor hereby grants and conveys to VGS the exclusive option and right to acquire a permanent, exclusive deed of easement for a utility corridor encumbering Grantor's Property, all subject to and in accordance with the terms and conditions of this Agreement, including those set forth in Exhibit A (the "Easement").
- 2. Location of Corridor. The location of the area(s) of the Property to be conveyed to VGS by Grantor in the Easement are set forth on the plat attached to this Agreement as Exhibit B, and are collectively referred to as the "Corridor."
- 3. Option Payment. VGS shall pay to Grantor the option price of \_\_\_\_\_ U.S. Dollars (\$\_\_\_\_\_.00) (the "Option Payment") by no later than thirty (30) days following receipt by VGS from Grantor of the following documents to be prepared by VGS and delivered to Grantor: this Agreement, together with a completed Form W-9, payment direction form, all fully



completed, executed and acknowledged by a notary public where indicated, and otherwise in form satisfactory to VGS.

4. Term of Exercise. This Agreement shall remain in full force and effect until it expires on December 31, 201 \_\_, unless extended (the "Option Period"). VGS, in its discretion, may extend the expiration of the Option Period to December 31, 201 \_\_, by providing written notice of such extension to the Grantor on or before December 31, 201 \_\_, accompanied by a second Option Payment in the amount described in Section 3 above. VGS may terminate this Agreement at any time and for any reason during the Option Period, provided such termination shall not entitle VGS to a refund of the Option Payment. This Agreement shall automatically terminate at closing (as described in Section 9, below) upon receipt by VGS of the fully executed and acknowledged Easement and related documents from Grantor, in form satisfactory to VGS.
5. Scope of Easement for Corridor. The Easement for the Corridor as described in Section 1 shall include the following:

*the perpetual, exclusive right to construct, reconstruct, maintain, move, relocate, alter, inspect, repair, replace, remove, and change the size of, an operating pipeline to be used by VGS for the transportation of gaseous energy products, together with the right to temporarily install a second pipeline in connection with repairs, alterations, and/or relocations, and the right to abandon such pipeline(s) in place. As used herein, the term "pipeline" shall include such surface or subsurface appurtenances and facilities as reasonably deemed necessary or convenient by VGS for its operation or maintenance.*

*The lands and premises where the pipeline will be located is referred to herein as the "Corridor", and consists of a portion of the real property conveyed to Grantor by \_\_\_\_\_ dated \_\_\_\_\_, recorded \_\_\_\_\_ in Book \_\_, Page \_\_ of the \_\_\_\_\_ Land Records, said real property being presently designated by the municipality as \_\_\_\_\_, Parcel ID: \_\_\_\_\_ (the "Property"). The location of the Corridor on the Property is depicted on the plan attached hereto as Exhibit B.*

*The Corridor shall be fifty (50) feet in width, and shall extend twenty-five (25) feet on each side of the centerline of the pipeline as installed, except where the pipeline is otherwise depicted on the plan attached as Exhibit B. If the pipeline is relocated at a future date, said pipeline shall remain within the fifty (50) foot wide Corridor easement as established by the original installation.*

*Grantor shall reserve the right to fully use and enjoy the Property in any manner that will not prevent, or interfere with, VGS's use of the Corridor, and except as otherwise limited herein. Grantor shall covenant and agree not to construct, install or permit the construction or installation of any structures or objects of any kind upon or under the surface of the ground in the Corridor, not to store or place any objects within the Corridor, and not to change the elevation of the ground within the Corridor, without the prior written consent of VGS, which VGS may withhold or condition in its reasonable discretion. To the extent the location Corridor overlaps with any pre-existing easement for electrical transmission lines and related appurtenances, the grant of easement hereunder shall be deemed non-exclusive only to the extent of such overlap.*

*VGS shall have the right to engage in all actions and activities consistent with the use of the rights and easements hereby granted including, but not limited to, (i) the right, during and in preparation for the construction, installation or maintenance of the pipeline and related facilities or any of their appurtenances, to place and store materials and equipment on the Property proximate to the Corridor, provided that VGS shall return any lands used for such purposes to their previous condition as soon as practicable after the completion of such construction, installation or repair; (ii) the right to cut down, remove and keep cleared by such means as VGS deems desirable, at any and all times, trees, underbrush*



*and vegetation as in the judgment of VGS may interfere with or endanger the operation or maintenance of said pipeline, facilities or appurtenances; and (iii) the right to install and maintain both within and proximate to the Corridor, such erosion prevention and sediment control measures as in the judgment of VGS are reasonable and necessary to maintain and operate the pipeline facilities.*

*VGS shall have the right of ingress and egress over the Property at convenient points determined by VGS for the exercise of the rights and easements herein granted, provided, however, that said rights and easements must be exercised in a careful manner and any damages to such other property of Grantor caused by VGS, other than as contemplated herein, shall be borne by VGS. In exercising ingress and egress rights, VGS shall use reasonable judgment to minimize inconvenience to Grantor.*

6. Consideration. The purchase price for the Easement shall be \_\_\_\_\_ U.S. Dollars (\$ \_\_\_\_\_ .00) (the "Purchase Price"), payable by VGS. The Option Payment shall be applied as a credit to the Purchase Price in the event VGS exercises the option. If the Option Period is extended as described in Section 4 above, only the second Option Payment shall be applied as a credit to the Purchase Price.
7. Taxes: VGS shall pay any Vermont Property Transfer Tax due on account of the permanent easement for the Corridor. Payment of any applicable Vermont Land Gains Tax is the responsibility of Grantor. VGS shall withhold and remit to the Vermont Commissioner of Taxes ten percent (10%) of the Purchase Price unless Seller provides a Commissioner's certificate of reduced or no withholding, or evidence that the Property is otherwise exempt from Land Gains Tax. If Grantor is a nonresident of Vermont, unless a reduced withholding certificate is issued by the Vermont Commissioner of Taxes in advance of delivery of the Transaction Documents (as described below), VGS shall withhold two and one-half percent (2.5%) of the Purchase Price and file a Withholding Tax Return to the Vermont Department of Taxes. If conveyance of the Easement subjects Grantor to the payment of federal tax under the Foreign Investment in Real Property Tax Act (FIRPTA), unless a withholding certificate is issued by the Internal Revenue Service, VGS shall withhold ten percent (10%) of the Purchase Price and file a Withholding Tax Return with the Internal Revenue Service. VGS shall have the right to reasonably request evidence that Grantor is exempt from payment of non-resident withholding taxes in the form of a certificate of residence or non-foreign status. In the event VGS is determined to be liable for the payment of either tax due to Grantor's erroneous information, Grantor shall indemnify and hold VGS harmless from all such liability, together with any interest, penalties and reasonable expenses, including attorneys' fees, incurred by VGS.
8. Option Notice. VGS will provide Grantor written notice of its intent to exercise the option at any time after the Effective Date and on or before 11:59 p.m. (ET) on the last day of the Option Period (the "Option Notice"). The Option Notice must be delivered to Grantor's mailing address and email account set forth on the payment direction form.. Where requested by VGS, Grantor shall review and assist with a property questionnaire to prepare documents for the "Closing" as defined below.
9. Transaction Documents; Timing of Payment. VGS and Grantor may complete the transaction at any time up to sixty (60) days following the date of the Option Notice, at a date, time and place to be mutually agreed upon by Grantor and VGS's representatives (the "Closing"). At its sole cost and expense, VGS shall prepare and provide the following to Grantor at Closing: (i) the Easement in executable form and incorporating the terms and conditions of Exhibit A, if any, together with the plat shown on Exhibit B; (ii) a Vermont Property Transfer Tax Return, Vermont Land Gains Tax Return, and any other tax-related documents (where required); (iii) an Act 250 Disclosure Statement (where required); (iv) a payment direction form (including to confirm the previous

payment direction form); (v) a partial release of mortgage (where deemed necessary by VGS); and (vi) such other instruments as may be required in VGS's reasonable discretion to convey the Easement for the Corridor (collectively the "Transaction Documents"). In the absence of a Closing being agreed upon by Grantor following reasonable efforts of VGS, VGS may forward the Transaction Documents to Grantor at Grantor's mailing address for execution, providing Grantor with advance notice of same. The Purchase Price shall be paid to Grantor within ten (10) business days of VGS's receipt of the Transaction Documents in fully-executed form, using the directions contained in the payment direction form.

10. Confidentiality of Negotiations. VGS hereby agrees not to disclose the Option Payment, the Purchase Price, and any other aspect of negotiations of the terms and conditions of this Agreement with any third parties (including those owning property adjacent to Grantor's Property), except for VGS's personnel, agents, consultants, counsel, and assignees, on a need-to-know basis. VGS shall take reasonable precautions to at all times maintain the confidentiality of the negotiations with Grantor; provided, however, that the restrictions in this Section 10 shall not apply to the extent VGS is required to disclose the terms of negotiations to a court of law, regulatory agency or other lawful tribunal pursuant to a valid order or directive compelling disclosure.
11. Recovery of Costs and Fees. In the event that Grantor fails to execute and deliver to VGS the Transaction Documents within thirty (30) calendar days of receipt (with additional time to be granted only by prior written permission of VGS for good cause), VGS shall have the right to judicial relief, including an order of specific performance or for the recovery of all fees (including the Purchase Price, Option Payment, and any recording fees), costs and expenses incurred in reasonable reliance upon Grantor's execution of this Agreement (including but not limited to attorneys' fees and costs in preparing documents and enforcing the option, together with title search fees, engineering and design costs, and any pre-construction expenses), without any right of offset by Grantor. Commencement of such an action for judicial relief shall not in any way preclude VGS from exercising other available legal or equitable rights with respect to its interest in the Corridor.
12. Assignment. This Agreement shall be binding upon and inure to the benefit of the parties, their respective heirs, legal representatives, successors and assigns. This Agreement is solely for the benefit of said parties and their respective successors and assigns and may not be enforced by, nor shall it be construed for the benefit of, any third party.
13. Disclosure Notice. This Agreement is a binding agreement that affects the legal rights of Grantor with respect to Grantor's property. By signing below, Grantor agrees and acknowledges that (i) Grantor has been advised to consider retaining an attorney in negotiating the Agreement; and (ii) Grantor has either contracted the services of an attorney, or has waived its right to involve an attorney in review of this Agreement.
14. Governing Law. This Agreement shall be governed by the laws of the State of Vermont as to all matters, including but not limited to matters of validity, construction, effect, and performance.
15. Miscellaneous. This Agreement may be executed in multiple counterparts, each of which shall have the force and effect of an original and all of which together shall constitute but one and the same document. A signature or notice sent by facsimile or via email file shall have the same force as an original signature or a physical written notice. If any term, provision, covenant, or condition of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the rest of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated. In the event that either party should discover and notify the

STATE OF VERMONT, ss. \_\_\_\_\_  
COUNTY OF \_\_\_\_\_

I, \_\_\_\_\_  
do hereby certify that \_\_\_\_\_

is the \_\_\_\_\_ of \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_ / \_\_\_\_\_ / 20\_\_\_\_\_ : \_\_\_\_\_ / \_\_\_\_\_

\_\_\_\_\_

: \_\_\_\_\_ / \_\_\_\_\_

\_\_\_\_\_ )ss.:

\_\_\_\_\_

\_\_\_\_\_ [and the free act and deed of the entity shown above]

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