

Recording Requested By and
When Recorded Return to:

464883

SPACE ABOVE THIS LINE FOR RECORDERS USE ONLY

**THIS PROPERTY IS SUBJECT TO AN ENVIRONMENTAL COVENANT IMPOSING
ACTIVITY AND USE LIMITATIONS PURSUANT TO THE UNIFORM ENVIRONMENTAL
COVENANTS ACT, IDAHO CODE § 55-3001, et seq.**

ENVIRONMENTAL COVENANT

This instrument is an Environmental Covenant ("Environmental Covenant") executed by Union Pacific Railroad Company ("UPRR"), the United States Environmental Protection Agency ("EPA"), and the Idaho Department of Environmental Quality ("Department") pursuant to the Uniform Environmental Covenants Act, Idaho Code §§ 55-3001 through 3015. This Environmental Covenant sets forth protective provisions, covenants, restrictions and conditions (collectively referred to as "Activity and Use Limitations") on the Property described below. The Activity and Use Limitations are designed to protect natural resources, human health and the environment. UPRR is a "holder" as defined in Idaho Code § 55-3002(6). UPRR, as the current property owner, grants this Environmental Covenant to Holder and the Department.

Property. This Environmental Covenant concerns real property known as the Wallace Yard and the Hercules Mill Site, located in Section 27, Township 48 North, Range 4 East, Boise Meridian, County of Shoshone, State of Idaho, currently bearing an Assessor's Parcel Number of B-0000-027-8450, and as more particularly depicted on Schedule A attached hereto (hereafter referred to as "the Property").

Property Ownership. UPRR hereby represents and warrants to the other signatories to this Environmental Covenant that it is the sole owner of the Property as of the date this Environmental Covenant is executed, holds fee simple title to the Property, and has the power and authority to enter into this Environmental Covenant.

Reason for Activity and Use Limitations. Historic mine wastes have been identified on the Property. On November 18, 2009 and September 11, 2009, respectively, UPRR and BNSF Railway Company signed a Consent Decree with the United States and the State of Idaho in *United States of America and State of Idaho v. Union Pacific Railroad Company and BNSF Railway Company*, Civil Action No. 2:09-cv-00392-EJL, United States District Court, State of Idaho (the "Consent Decree"), providing for remediation of the Property. The Consent Decree was entered by the Court on April 19, 2010. This Environmental Covenant is required because

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the remedy will leave residual concentrations of lead, arsenic, cadmium and zinc in soil and residual concentrations of lead, cadmium and zinc in groundwater underlying the Property. These concentrations may be at or above risk-based screening levels as determined by the EPA and the Department and for which future use of the Property shall be limited to protect human health and the environment.

Name and Location of Administrative Record. A copy of the administrative record for the Wallace Yard and Spur Lines Site (which includes the Property) can be found at the Wallace Public Library, 415 River Street, Wallace, Idaho 83873 or EPA Field Office, 1910 Northwest Boulevard, Suite 208, Coeur d'Alene, Idaho 83814.

Activity and Use Limitations. By acceptance and recordation of this Environmental Covenant, UPRR, and any successors in interest, are hereby restricted from using the Property, or any portion thereof, now or at any time in the future, as specifically set forth below:

1. A right of access is granted to the EPA, the Department, and their respective representatives for purposes of conducting any activity related to the Consent Decree, including, but not limited to, those activities listed in Paragraph 27.a of the Consent Decree.

2. Groundwater under the Property may not be used for drinking water or other purposes involving direct human contact.

3. The Property is subject to the Basin Institutional Controls Program, codified at IDAPA 41.01.01 and administered by the Panhandle Health Department, including, but not limited to, its requirements for and restrictions or limitations on construction, landscaping, digging or other actions to ensure and protect the integrity of any soil, gravel or vegetated barriers placed on the Property as part of the response action under the Consent Decree.

4. The Property, and any portion thereof, may be used for commercial and industrial uses. The Property shall not be used for residential uses or as a location of a children's school or daycare center.

Each owner of the Property, or any portion thereof, shall be solely responsible for demonstrating that his/her/its use at the time of his/her/its ownership is in conformity with the Activity and Use Limitations. The Activity and Use Limitations are imposed due to conditions resulting from identification of historic mine wastes on the Property.

Amendment by Consent. The Environmental Covenant may be amended by consent pursuant to Idaho Code § 55-3010. Except for an assignment undertaken pursuant to a governmental reorganization, assignment of the Environmental Covenant to a new holder is an amendment.

Termination by Consent. The Activity and Use Limitations shall apply to the Property, or any subdivided portion thereof, unless UPRR, or its successors in interest, applies to the EPA and the Department to have this Environmental Covenant terminated pursuant to Idaho Code § 55-3010 and demonstrates that:

1. the Property or any subdivided portion thereof is shown in an EPA- or Department-approved document not to contain contaminated soils or groundwater; or

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2. contaminated soils and groundwater are at levels the EPA and the Department deem in writing to be adequate for the Property to be developed for unrestricted use.

Provisions to Run With the Land. Each and all of the Activity and Use Limitations shall run with the land, and pass with each and every portion of the Property, and shall apply to and bind the respective successors in interest thereof. Each and all of the Activity and Use Limitations are imposed upon the entire Property unless expressly stated as applicable to a specific portion of the Property.

Concurrence of Subsequent Owners Presumed. All purchasers, lessees, or possessors of any portion of the Property shall be deemed by their purchase, leasing, or possession of such Property, to be in accord with the foregoing and to agree for and among themselves, and their successors, that the Activity and Use Limitations as herein established must be adhered to and that their interest in the Property shall be subject to the Activity and Use Limitations contained herein.

Recording/Filing of Environmental Covenant. This Environmental Covenant and any amendment or termination of the Environmental Covenant shall be recorded in the county recorder's office of every county in which any portion of the Property subject to the Environmental Covenant is located. The Environmental Covenant or any amendment or termination shall be recorded by UPRR, or the owner at the time of any amendment or termination, within fifteen (15) days of receipt of this Environmental Covenant signed by all parties. Within thirty (30) days of the recording of this Environmental Covenant, or any amendment or termination, the owner at that time shall provide to the EPA and the Department a copy of this recorded Environmental Covenant, or any amendment or termination of this Environmental Covenant. Upon receipt of the copy of the recorded Environmental Covenant, and any amendment or termination therein, the Department shall post the copy of the fully executed instrument in the Registry as required by Idaho Code Section 55-3012(1). In addition, a copy of the recorded Environmental Covenant, or any amendment or termination, shall be provided by the owner at that time to the following persons: (a) each person that signed the Environmental Covenant; (b) each person holding a recorded interest in the Property; (c) each person in possession of the Property; (d) each municipality or other local government in which the Property is located; and (e) any other person the Department requires. The validity of the Environmental Covenant is not affected by failure to provide a copy of the Environmental Covenant as required under this section. The Activity and Use Limitations set forth herein shall be incorporated by reference in each and all deeds and leases of any portion of the Property.

Enforcement. The EPA, the Department, and any party to the Environmental Covenant shall have authority to enforce the Activity and Use Limitations against the owner(s) at the time of a violation of this Environmental Covenant and any other person(s) then using the Property. Failure to comply with any of the Activity and Use Limitations set forth herein shall be grounds for the EPA, the Department, or their successors, to require that the owner(s) at the time of the violation correct or remove any violations of this Environmental Covenant. Violation of this Environmental Covenant shall be grounds for the EPA, the Department, or their successors, to file civil actions against the owner(s) at the time of the violation as provided by law or in equity, including without limitation, the Uniform Environmental Covenants Act, Idaho Code § 55-3011.

Notice of Conveyance of Property. Within thirty (30) days of the closing of any conveyance of the Property, or part thereof, the conveyor of the Property, shall provide written notice to the EPA and the Department and each municipality or other local government in which the Property

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is located, the name and address of all the then owners and/or occupants of the Property, or part thereof, conveyed. The EPA and the Department shall not, by reason of this Environmental Covenant, have authority to approve, disapprove, or otherwise affect any conveyance of the Property except as otherwise provided by law.

Notices. All notices required or permitted to be given hereunder shall be in writing and mailed in the United States Mail, postage prepaid, by certified or registered mail, return receipt requested, to the appropriate address indicated below or at such other place or places as UPRR or its successors, the EPA or its successors, or the Department or its successors, may, from time to time, respectively, designate in a written notice given to the others. Notices which are deposited in the United States Mail in accordance with the terms of this provision shall be deemed received three (3) days after the date of mailing thereof.

UPRR: Union Pacific - Real Estate
ATTN: Mark Jensen
1400 Douglas Street, Stop 1690
Omaha, NE 68179-1690

EPA: United States Environmental Protection Agency
ATTN: Clifford J. Villa
1200 Sixth Avenue, Suite 900
Seattle, Washington 98101

THE DEPARTMENT: Idaho Department of Environmental Quality
ATTN: Joe Nagel
1410 N. Hilton
Boise, ID 83706

Costs and Expenses. All costs of terminating this Environmental Covenant, including the cost of any remediation or abatement of any environmental condition related to Activity and Use Limitations pertaining to the Property, shall be borne by the party seeking such termination.

Partial Invalidity. If any portion of the Environmental Covenant or terms set forth herein is determined to be invalid for any reason, the remaining portion shall remain in full force and effect as if such invalidated portion had not been included herein.

Headings. Headings at the beginning of each section of this Environmental Covenant are solely for the convenience of the parties and are not a part of the Environmental Covenant.

Idaho Code References. All references to the Idaho Code sections include successor provisions.

Reservation of Rights. Notwithstanding any provision of this Environmental Covenant, the EPA and the Department retain all of their access and enforcement authorities under any applicable statute or rule. Nothing in this Environmental Covenant shall affect the EPA's or the Department's ability to enforce the terms of the Consent Decree or any other agreement relating to remediation of the Property entered into between the EPA and the Department, on one hand, and UPRR, on the other hand. Nothing in this Environmental Covenant shall affect

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the obligations of UPRR under the Consent Decree or any other agreement. The EPA's and the Department's acceptance hereunder is based upon the information presently known or available to the EPA and the Department with respect to the environmental condition of the Property, and the EPA and the Department reserve the right to take appropriate action under applicable authorities in the event the EPA and the Department determine new information warrants such action.

Effective Date. The effective date of this instrument shall be the date the fully executed Environmental Covenant is recorded at the county recorder's office.

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Signature and Acknowledgments
Accepted:

United States Environmental Protection Agency

Signature: *Dan Opalski*

Printed Name: Dan Opalski

Title: Director, Office of Environmental Cleanup, U.S. Environmental Protection Agency, Region 10

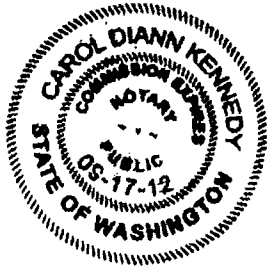
Date: October 28, 2011

State of WA)

County of King) ss.

On this 28th day of Oct., in the year 2011, before me, a Notary Public in and for said County and State, personally appeared Dan Opalski, known or identified to me to be the Director, Office of Environmental Cleanup, U.S. Environmental Protection Agency, Region 10, that executed this Environmental Covenant, and acknowledged to me that the United States Environmental Protection Agency executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.



Notary Public for *Carol Diann Kennedy*
Residing at: Seattle, WA
Commission Expires: 9/17/12

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SCHEDULE A

**Legal Description
Wallace yard**

A parcel of land being on the northeasterly side of the northeasterly right of way line of Interstate 90, Project No. I-IG-90-1(98)60 and I-90-1(47)61 Highway Surveys as shown on the plans on file in the office of the Idaho Transportation Department, and being a portion of Section 27, Township 48 North, Range 4 East B.M., Shoshone County, Idaho, being more particularly described as follows:

Commencing at the witness corner that bears $N77^{\circ}05'27''W$ a distance of 64.35 feet from the southeast corner of Section 27, Township 48 North, Range 4 East B.M.,

Thence $N51^{\circ}25'01''W$ a distance of 1321.31 feet to a point 88.98 feet perpendicularly from centerline station 2047+65.16 of said Interstate 90 Highway Surveys and being the REAL POINT OF BEGINNING;

Thence $N31^{\circ}36'27''W$ a distance of 1311.00 feet to a point;

Thence $N43^{\circ}24'22''W$ a distance of 1735.61 feet to a point;

Thence $S46^{\circ}35'38''W$ a distance of 38.65 feet to a point on the centerline of the main channel of the South Fork of the Coeur d'Alene River;

Thence $N48^{\circ}06'15''W$ along said centerline a distance of 1055.01 feet to a point;

Thence $N38^{\circ}35'14''W$ along said centerline a distance of 323.84 feet to a point;

Thence $N61^{\circ}05'40''W$ along said centerline a distance of 513.59 feet to a point;

Thence $N70^{\circ}42'22''W$ along said centerline (prior to its relocation) a distance of 467.97 feet to a its intersection with the northeasterly right of way line of the relocated Burlington Northern Inc. spur line;

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Thence northwesterly along said relocated right of way line being a non-tangent 1457.39 foot radius curve to the right, a distance of 244.66 feet to a point (chord = N41°14'42"W, 244.37 feet);

Thence N36°26'09"W along said relocated right of way a distance of 359.79 feet to a point;

Thence N41°07'51"W along said relocated right of way a distance of 28.52 feet to its intersection with the centerline of the main channel of the South Fork of the Coeur d'Alene River (prior to its relocation);

Thence N19°40'34"W along said centerline (prior to its relocation) a distance of 130.91 feet to a point on the west line of Section 27, Township 48 North, Range 4 East B.M., that bears S00°08'29"E a distance of 125.00 feet from the northwest corner of said section;

Thence S00°08'29"E along said section line a distance of 312.84 feet to its intersection with the northeasterly right of way line of Interstate 90, being a line offset 43.00 feet perpendicularly from centerline Station 1988+82.44 of said Highway Surveys;

Thence southeasterly along said right of way line, being a spiral curve to the right, a distance of 50.54 feet to a point of tangency 43.00 feet perpendicularly from centerline Station 1989+32.82 of said Highway Surveys (chord = S39°47'52"E a distance of 50.54 feet);

Thence S39°44'07"E along said right of way line a distance of 155.69 feet to a point of curvature 43.00 feet perpendicularly from centerline Station 1990+88.52 of said Highway Surveys;

Thence southeasterly along said right of way line, being a 5686.53 curve to the left, a distance of 557.32 feet to a point of tangency 43.00 feet perpendicularly from centerline Station 1996+50.05 of said Highway Surveys (chord = S42°32'35"E a distance of 557.10 feet);

Thence S45°21'02"E along said right of way line a distance of 1138.02 feet to a point 43.00 feet perpendicularly from centerline Station 2007+88.08 of said Highway Surveys;

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Thence S48°22'11"E along said right of way line a distance of 512.63 feet to a point 70.00 feet perpendicularly from centerline Station 2013+00 of said Highway Surveys;

Thence S45°21'02"E along said right of way line a distance of 750.00 feet to a point 70.00 feet perpendicularly from centerline Station 2020+50 of said Highway Surveys;

Thence N44°38'58"E along said right of way line a distance of 60.00 feet to a point 130.00 feet perpendicularly from centerline Station 2020+50 of said Highway Surveys;

Thence S53°01'02"E along said right of way line a distance of 787.04 feet to a point 235.00 feet perpendicularly from centerline Station 2028+30 of said Highway Surveys;

Thence S43°20'28"E along said right of way line a distance of 570.35 feet to a point 215.00 feet perpendicularly from centerline Station 2034+00 of said Highway Surveys;

Thence S40°02'14"E along said right of way line a distance of 692.05 feet to a point 150.84 feet perpendicularly from centerline Station 2040+89.67 of said Highway Surveys;

Thence S25°14'55"E along said right of way line a distance of 217.53 feet to a point 68.98 feet perpendicularly from centerline Station 2043+00 of said Highway Surveys;

Thence leaving said right of way line and continuing S50°44'17"E a distance of 31.14 feet to a point 68.98 feet perpendicularly from centerline Station 2043+31.81 of said Highway Surveys;

Thence southeasterly along a 1345.02 radius curve to the left a distance of 275.32 feet to a point 68.98 feet perpendicularly from centerline Station 2046+21.25 of said Highway Surveys (chord = S57°08'21"E, 274.84 feet);

Thence S65°20'40"E a distance of 137.90 feet to a point 68.98 feet perpendicularly from centerline Station 2047+65.16 of said Highway Surveys;

Thence N22°53'15"E a distance of 19.99 feet to the REAL POINT OF BEGINNING.

Said parcel containing 43.820 acres more or less and being subject to easements of view and of record.

Excluding that portion of the right of way of the rail-banked Wallace and Mullan Branches of the Union Pacific Railroad Company (excluding "Carved Out Areas") as described in that certain quitclaim deed from Union Pacific Railroad Company to Idaho Department of Parks and Recreation recorded as Shoshone County Instrument No. 447167 that is included within the above described parcel.

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Instrument # 464883

WALLACE, SHOSHONE COUNTY, IDAHO
11-8-2011 04:17:00 No. of Pages: 12
Recorded for: FIRST AMERICAN TITLE INSURANCE
PEGGY DELANGE-WHITE Fee: \$100
Ex-Officio Recorder Deputy *Jamie*
Index to: ENVIRONMENTAL COVENANT

2011 NOV 8 PM 4 17

STATE OF IDAHO
County of Shoshone

THIS IS TO CERTIFY THAT THE FOREGOING IS A
TRUE COPY OF THE ORIGINAL NOW ON RECORD
IN THIS OFFICE. SEALED ON THIS 8th DAY OF
November, 2011.
PEGGY WHITE, SHOSHONE COUNTY RECORDER
Jamie DEPUTY