

REIMBURSEMENT AGREEMENT

This Reimbursement Agreement ("Agreement") is made and entered into and effective this _____ day of _____, 2007, by and between **Magellan Pipeline Company, L.P., a Delaware limited partnership** (herein "MPC"), whose mailing address is P O. Box 22186, Tulsa, Oklahoma 74121-2186, and The City of Lawrence, Kansas, a municipal corporation, (hereinafter "Reimburer") whose mailing address is 6 East 6th Street, Post Office Box 708, Lawrence, Kansas 66044-0708. MPC and Reimburer are referred to as "Party" and "Parties" herein.

WITNESSETH:

WHEREAS, MPC is the owner of certain pipeline(s) and appurtenances (herein "Facilities") and related easement rights by virtue of certain right-of-way and easement agreements recorded in Douglas County, State of Kansas as more fully described in attached **Exhibit "A"**.

WHEREAS, Reimburer warrants that it is the fee simple owner of the real property known as the Lawrence Municipal Airport, located in the East Half of the NW/4 of Section 17, Township 12 South, Range 20 East, subject to the easement agreement described in Exhibit A.

WHEREAS, Reimburer desires to improve, alter and/or develop the above-described real property for the purpose(s) described in attached **Exhibit "B"** (herein "Project").

WHEREAS, Reimburer desires that MPC accommodate the proposed Project by consenting to easement encroachment(s) and/or performing certain work on or in connection with MPC's Facilities, as such work is described in attached **Exhibit "C"** (herein "Work").

WHEREAS, MPC, under the terms and conditions herein, is willing to evaluate the proposed Project and existing easement(s), and to perform the Work if feasible to accommodate the proposed Project, subject to Reimburer's agreement herein to fully reimburse MPC for all costs sustained or incurred by MPC in connection with its evaluation and performance of the Work.

NOW, THEREFORE, in consideration of the promises and mutual covenants herein contained, MPC agrees to perform the Work subject to the following terms and conditions:

1. **Scope of Project**

Reimburer agrees that the scope of Project (as reflected in Exhibit "B" and the other attached Exhibits) contain a complete representation of the Work requested of MPC to accommodate the proposed Project.

2. **Performance of MPC'S Work**

Following the execution of this Agreement, the execution of the Encroachment Agreement in the form attached hereto as Exhibit "D" (the "Encroachment Agreement") and MPC's receipt of the

deposit described in Section 5 below, MPC will complete its evaluation of the proposed Project and, if such Project is feasible and upon receipt of all necessary authorizations, permits and surveys required in section 3 below, will proceed with the Work.

3. **Performance of Work and Permitting**

It shall be the responsibility of Reimbursor to apply for and acquire any necessary Wetlands, Corps of Engineers, or other Federal, State, County, or City approvals or permitting required for the Work. However, MPC shall cooperate with Reimbursor as reasonably necessary in regard to obtaining these permits. Reimbursor further agrees to provide all reasonably necessary survey and construction drawings required by MPC to complete the Work.

4. **Inspection**

Reimbursor, at its own expense, shall be solely responsible to inspect the Work, to assure that it is in compliance with the permits and approvals (and related terms and conditions thereof) required pursuant to Section 3 above and with the terms of this Agreement.

5. **Costs of Project Accommodation**

5.1 Simultaneous with the execution and delivery of this Agreement, Reimbursor shall provide to MPC a deposit in the amount of \$106,400.00 as a cost advance to cover MPC's estimated cost of the Work. Such cost estimate will not limit Reimbursor's obligation for the total costs finally incurred hereunder. MPC agrees to provide Reimbursor with additional estimates of any material differences in expected total costs estimated by MPC to be incurred for the Work.

5.2 Reimbursor agrees to bear all costs, both direct and indirect, actually sustained or incurred by MPC in connection with the Work, including, but not limited to, labor, materials, construction damages, contractors' fees, administrative overhead, profits, taxes, engineering fees, legal fees, and document research and preparation fees. Reimbursor recognizes and agrees that MPC may use one or more contractors to perform the Work.

6. **Final Accounting**

6.1 Within 120 days after the completion of the Work, MPC shall make a final accounting of costs for the Work and provide Reimbursor an invoice of the same reflecting a credit for any advances made by Reimbursor. If the final accounting reflects that the sum of the advances deposited by Reimbursor hereunder exceeds the total cost for the Work, MPC will refund such excess with the final accounting invoice. Payment of MPC's invoice shall be due within thirty (30) days after receipt. Full payment of such invoice shall be a condition precedent to the right to exercise the audit rights provided in Section 6.2 below.

6.2 Should the total costs for the Work exceed the sum of the estimate(s) and full payment of MPC's invoice has been made pursuant to Section 6.1, Reimbursor shall be entitled to conduct an audit of such costs. Such audit must be completed within sixty (60) days of the

receipt of MPC's final accounting for the Work. If the audit reveals unsupported charge(s), Reimbursing shall provide MPC with a copy of the audit and MPC will have thirty (30) days to provide supporting documentation for the disputed charge(s). MPC will write off any disputed charge(s) for which it fails or is unable to provide supporting documentation, will provide written notice of same to, and reimburse Reimbursing for, such charges.

7. **Performance of Operations**

The Parties agree to perform all operations and construction activity above or adjacent to the Facilities in a workmanlike and safe manner, in conformance with applicable industry and governmental standards, and with such conditions as may be imposed by MPC from time to time. All construction activity by Reimbursing performed over, across, or adjacent to the Facilities shall be done in accordance to the terms and conditions of the Encroachment Agreement, and such construction activity shall not commence until MPC's Work has been completed.

8. **Notice**

Exclusive of Saturday, Sunday and legal holidays, notice shall be given to MPC (and to the appropriate "One-Call" system) by Reimbursing, at least 48 hours in advance of commencement of any construction activity on or adjacent to the Facilities, excepting only emergencies. Such notice to MPC shall be given to MPC by telephone and concurrent facsimile (with confirmed confirmation thereof) as follows:

Magellan Contact: Donny Vaughan
Phone: (816) 289-1719
Fax: (913) 647-8459

9. **Indemnification**

REIMBURSER SHALL INDEMNIFY, DEFEND AND HOLD HARMLESS, MPC AND ITS AFFILIATES, AND ITS AND THEIR PARTNERS, MANAGERS, DIRECTORS, OFFICERS, EMPLOYEES, REPRESENTATIVES AND AGENTS (COLLECTIVELY, "MPC PARTIES") FROM ANY AND ALL ENVIRONMENTAL AND NON-ENVIRONMENTAL LIABILITIES, LOSSES, DAMAGES, FINES, PENALTIES, COSTS, EXPENSES (INCLUDING, WITHOUT LIMITATION, REASONABLE ATTORNEYS' FEES), CLAIMS, DEMANDS, CAUSES OF ACTION, SUITS AND ADMINISTRATIVE PROCEEDINGS WHICH RESULT FROM OR ARISE, DIRECTLY OR INDIRECTLY, OUT OF MPC'S WORK PERFORMED PURSUANT TO THIS AGREEMENT (EXCEPT TO THE EXTENT CAUSED BY MPC'S SOLE NEGLIGENCE OR WILLFUL MISCONDUCT), OR FROM REIMBURSER'S BREACH OF THIS AGREEMENT OR OF THE ENCROACHMENT AGREEMENT.

10. **Insurance.** In addition to, and without limitation of the indemnity obligations set forth in Section 9 above, Reimbursing and its contractors will, at their sole cost and expense, carry or cause to be carried and maintained in force throughout the entire term of this Agreement insurance coverage as described in paragraph (A) through (C) below with insurance companies

acceptable to MPC. The limits set forth below are minimum limits and will not be construed to limit contractor's liability. Nor shall any provisions of this Section 10 obligate Reimbursing to duplicate any coverages that may be required of it under the Encroachment Agreement.

(A) Worker's Compensation insurance complying with the laws of the State or States having jurisdiction over each employee, whether or not Contractor is required by such laws to maintain such insurance, and Employer's Liability 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 annual aggregates of \$5,000,000, including coverages for premises/operations, independent contractors, blanket contractual liability, products/completed operations, broad form property damage, personal injury, sudden and accidental pollution, and when applicable the explosion, collapse and underground exclusion will be deleted.

(C) Automobile Liability insurance with a combined single limit of \$1,000,000.00 each occurrence for bodily injury and property damage to include coverage for all owned, non-owned, and hired vehicles.

In each of the above described policies, Reimbursing and its contractors agree to waive and will require their insurers to waive any rights of subrogation or recovery they may have against the MPC Parties.

Under the policies described in (B) and (C) above, MPC and its affiliated companies will be named as additional insureds on a primary basis as respects any Work performed under this Agreement.

Non-renewal or cancellation of policies described above will be effective only after written notice is received by MPC from the insurance company thirty (30) days in advance of any such non-renewal or cancellation. Prior to the commencement of the Work hereunder, Reimbursing and/or its contractors will deliver to MPC certificates of insurance on an Accord 25 or 25S form evidencing the existence of the insurance required above.

In the event of a loss or claim arising out of or in connection with the work performed under this Agreement, Reimbursing and/or its contractors agree upon request to submit the original or a certified copy of its insurance policies for inspection by MPC.

11. **Force Majeure**

MPC shall not be liable for any losses or damages due to delay or failure to perform its obligations in this Agreement if such delay or failure (a) is caused by circumstances that are beyond its reasonable control, (b) is unavoidable or (c) makes performance impossible or impracticable. Such circumstances shall include, without limitation, acts of God, acts of war, riots, strikes, lockouts, acts of landowners, acts of government in sovereign or contractual capacity, shortages of or delays in delivery of necessary supplies or materials, accident, fire, water damages, flood, earthquake, tornado or any other natural catastrophes.

12. **Miscellaneous**

12.1 Except as and to the extent expressly provided in the Encroachment Agreement, nothing in this Agreement reflects or shall be deemed to constitute any release, relinquishment, abandonment, modification or subordination of any right, title or interest it may have in the above-described land or the above-described right-of-way and easement agreements.

12.2 This Agreement, including its exhibits, constitutes the entire agreement of the Parties with respect to the subject matter hereof, replacing and superseding all oral and/or written prior discussions, representations and agreements.

12.3 If any term or other provision of this Agreement is deemed invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Agreement shall remain in full force and effect. Upon such determination, the Parties shall negotiate in good faith to modify this Agreement so as to give effect the original intent of the parties, as closely as possible and in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the extent possible.

12.4 Reimbursing is duly authorized to execute this Agreement, having obtained any and all necessary approvals, through its authorized signatory hereto.

12.5 This Agreement shall not be amended or modified in any manner, including the conduct of the Parties, except in writing and duly signed by the Parties hereto.

12.6 The paragraph headings contained in this Agreement are inserted for convenience of reference only and will not affect the meaning or interpretation of this Agreement.

12.7 This Agreement was fully-negotiated by the Parties, with each having been afforded the right to legal counsel, and shall be deemed to have been drafted by both of the Parties.

12.8 Neither Party may assign this Agreement without the prior written consent of the other Party, which such consent shall not be unreasonably withheld. Any such attempted assignment in conflict with the previous sentence shall be void and of no effect. Subject to the foregoing, this Agreement shall be binding upon and shall inure to the benefit of the Parties and their respective successors and assigns.

12.9 This Agreement shall be governed by and enforced in accordance with the laws of the State of Kansas.

12.10 The following exhibits are attached to and incorporated in this Agreement:

- | | | |
|-------------|---|---|
| Exhibit "A" | - | Magellan right-of-way and easement agreements |
| Exhibit "B" | - | Description of the Project |
| Exhibit "C" | - | Description of the Work |
| Exhibit "D" | - | Encroachment Agreement |

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first set forth above.

“MPC”

Magellan Pipeline Company, L.P.
By it's General Partner,
Magellan Pipeline GP, LLC

By: _____
Bill Klein
Supervisor, Real Estate Services

Date: _____

“Reimbursing”

The City of Lawrence, Kansas

By: _____

Printed Name: _____

Title: _____

Date: _____

RIGHT OF WAY AGREEMENT

Vol 187
Page 320
54761 Book 187

EXHIBIT A

For and in consideration of the sum of FIVE AND NO/100 Dollars (\$ 5.00)
to them in hand paid by GREAT LAKES PIPE LINE COMPANY, a corporation, of Kansas City,
The State Board of Regents for
Missouri, the receipt of which is hereby acknowledged, The University of Kansas, acting through Karl
Klooz, Bursar, Lawrence, Kansas,

hereinafter styled Grantor, ~~their~~ ^{successors} ~~heirs~~ or assigns, do hereby grant to GREAT LAKES PIPE LINE
COMPANY, hereinafter styled Grantee, its successors or assigns, the right at any time or times to construct,
maintain, inspect, operate, protect, repair, replace, change the size of and remove a pipe line or pipe lines
and appurtenances for the transportation of oil or oil products, gas and water and, if necessary, to construct,
maintain, operate, repair, remove and replace communication and control facilities along a route to be se-
lected by Grantee with the right of ingress and egress at convenient points to and from said facilities or
any of them for the purposes aforesaid on, over and through certain lands situate in the County of

DOUGLAS, and State of KANSAS, and described as follows:
EAST HALF OF THE SOUTHEAST QUARTER (E $\frac{1}{2}$ -SE $\frac{1}{4}$) OF SECTION 8; AND THE NORTH HALF (N $\frac{1}{2}$)

in Section 17 — All in Township 12 S, Range 20 E

The said Grantor, ~~their~~ ^{successors} ~~heirs~~ or assigns may use and enjoy the said premises except as inconsistent
with the rights herein given Grantee, its successors and assigns. Grantors agree not to build, create or con-
struct any obstructions, engineering works, or other structures over said pipe line or pipe lines, nor per-
mit it to be done by others.

Grantee, for itself and its successors or assigns hereby covenants, insofar as it is practicable so to do,
to bury said pipe line or pipe lines so as not to interfere with the ordinary cultivation of that part of said
premises which at the time of construction has been under cultivation, except that, at the option of Grantee,
said pipe lines may be placed above any stream, ravine, ditch or other water course.

All damage to crops and timber and fences, buildings, drain tile and other improvements on said prem-
ises which Grantor may sustain by reason of Grantee's exercise of aforesaid rights shall be paid for within
a reasonable time after such damage is sustained. In addition to this, there shall be paid upon the laying
of the first line of pipe an additional compensation at the rate ONE DOLLAR per rod for each lineal
rod or fraction thereof of pipe laid on the above described premises. Thereafter, upon the laying of each
additional line there shall be paid \$1.00 per lineal rod, or fraction thereof, of said additional lines so laid.
It is agreed that any payment due hereunder may be made direct to said Grantors as their interests appear
of record or to any one of them for the benefit of all by depositing to the credit of such Grantors or such one
of them in Bank of and payment
so made shall be deemed and considered as full and complete payment to Grantors. If the amount of dam-
ages to fences, crops or buildings, drain tile and other improvements and timber which may be sustained
by reason of Grantee's exercise of aforesaid rights cannot be mutually agreed upon, the same shall be ascer-
tained and determined by three disinterested persons, one thereof to be appointed by the owner of the prem-
ises, one by GREAT LAKES PIPE LINE COMPANY, its successors or assigns and the third by the two so
appointed by the aforesaid, the award of two of such persons being final and conclusive. Communication
and control facilities, if constructed above ground, shall be located along the property or fence lines.

The herein granted rights may be assigned in whole or in part.

Grantors hereby release and waive all rights under and by virtue of the dower and homestead exemp-
tion, if any, of said state.

Dated this 4th. day of January, 19 55

THE UNIVERSITY OF KANSAS

BY Karl Klooz BURSAR

(SEAL)

(SEAL)

(SEAL)

(SEAL)

Check No. 5585

7934

Serial No. 1-9330

STATE OF Kansas,
COUNTY OF Douglas, } ss.

Before me, the undersigned, a Notary Public in and for the County aforesaid on this 4th. day
of January, 1955, personally appeared The State Board of Regents for
The University of Kansas, acting
through Karl Klooz, Bursar, Lawrence, Kansas,
to me known to be the identical person who executed the within and foregoing instrument and acknowl-
edged to me that he executed the same as his free and voluntary act and deed, for the uses
and purposes set forth.

Witness my hand and official seal.

Frank S. Owen

Notary Public.

~~My Commission Expires~~
My Commission Expires Nov. 5th, 1955

NO. 54761 ✓
INDEXED ✓
NUMERICAL INDEX ✓
Line
Seal

County

Right of Way

FROM

The University of Kansas

TO

**Great Lakes Pipe Line
Company**

Kansas City, Missouri

State of Kansas, Douglas County, ss.
Filed and Entered in Vol. 187
Page 320 at 9:10 o'clock A. M.

JAN 24 1955

Harold A. Beck

Register of Deeds

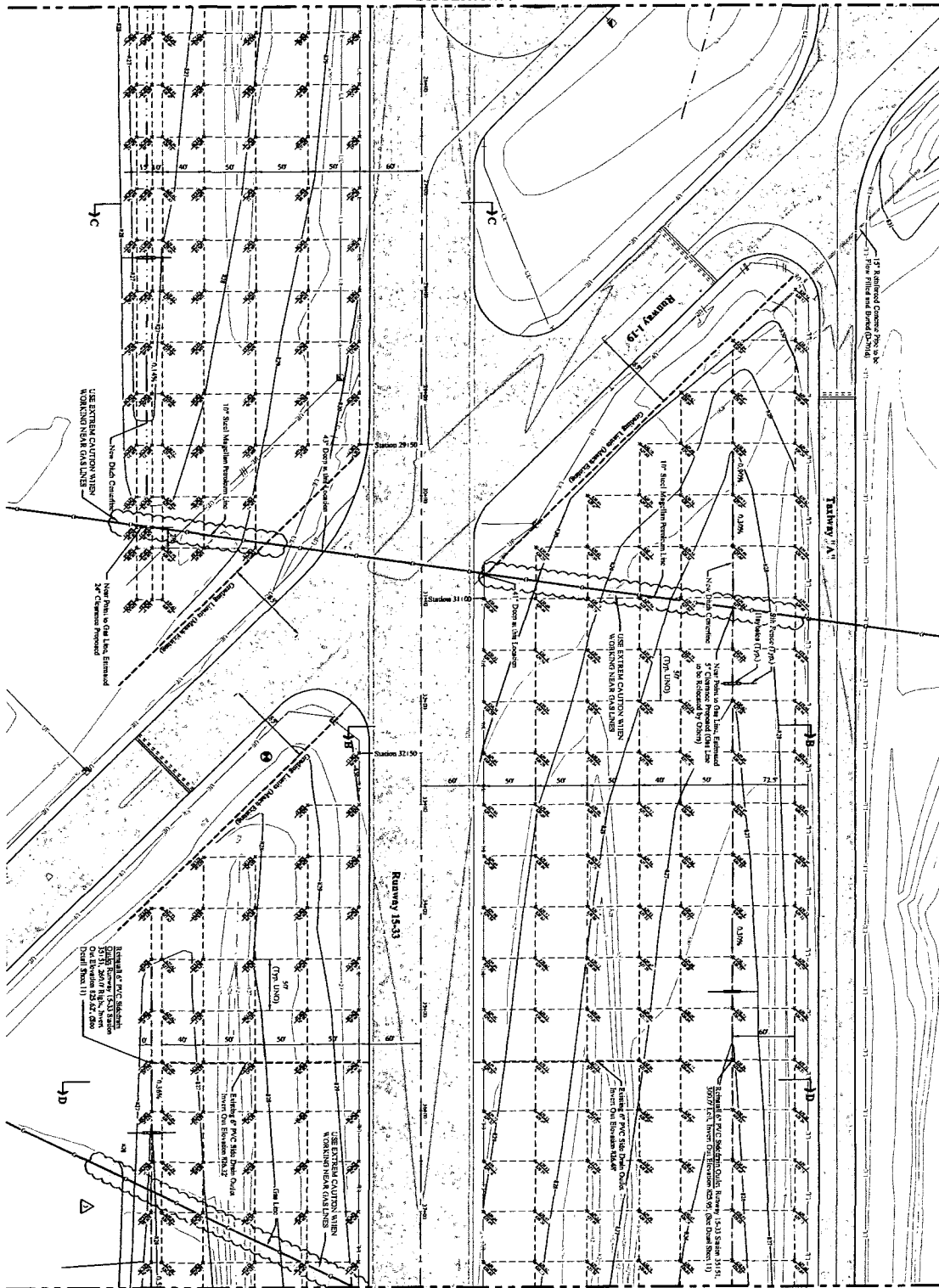
By

Deputy

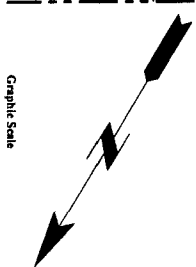
RETURN TO
GREAT LAKES PIPE LINE CO.
P. O. DRAWER 2239
KANSAS CITY 42, MO.

1,92 Original compared with record

Match Line Station 25+25
See Sheet No. 7



Match Line Station 37+75
See Sheet No. 9



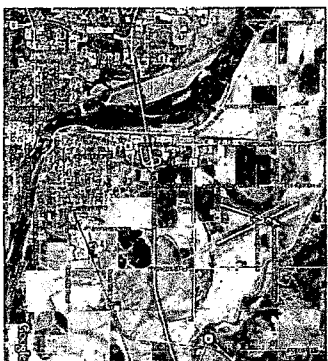
- General Notes:**
1. The contractor shall be responsible for securing all permits, fees, and taxes required for the construction of the project.
 2. The contractor shall be responsible for obtaining all necessary easements and rights-of-way for the project.
 3. The contractor shall be responsible for obtaining all necessary permits and licenses for the construction of the project.
 4. The contractor shall be responsible for obtaining all necessary approvals and permits for the construction of the project.
 5. The contractor shall be responsible for obtaining all necessary permits and licenses for the construction of the project.
 6. The contractor shall be responsible for obtaining all necessary approvals and permits for the construction of the project.
 7. The contractor shall be responsible for obtaining all necessary permits and licenses for the construction of the project.
 8. The contractor shall be responsible for obtaining all necessary approvals and permits for the construction of the project.
 9. The contractor shall be responsible for obtaining all necessary permits and licenses for the construction of the project.
 10. The contractor shall be responsible for obtaining all necessary approvals and permits for the construction of the project.

In Douglas County, Kansas

- COVER
- PLAN AND PROFILE

[illegible]

1. THE LOCATION OF BARRED AND ARMED UNLITERS SHALL BE APPROPRIATELY LIT, SHOWN BY SIGNAGE, AND BE EASILY ACCESSIBLE TO ALL UNLITERS. THE LOCATION OF THE BARRED AND ARMED UNLITERS SHALL BE EASILY IDENTIFIABLE BY THE COMPANY'S EMPLOYEES, CONTRACTORS, OR SUBCONTRACTORS TO BE ASSIGNED TO AND COMPLETED BY THE BARRED AND ARMED UNLITERS.
2. BARRED AND ARMED UNLITERS SHALL BE IDENTIFIED BY SIGNAGE, AND PROTECTION ARE THE SOLE RESPONSIBILITY OF THE CONTRACTOR.
3. REMEDIATION, DEMOLITION, PROTECTION, ETC. OF ANY UTILITIES MUST BE COORDINATED BETWEEN THE CONTRACTOR AND THE UTILITIES COMPANY. THE CONTRACTOR SHALL BE RESPONSIBLE FOR THE HAZARDOUS ASSOCIATED WITH BARRED AND ARMED/UNARMED UNLITERS, REMAINS THE SOLE RESPONSIBILITY OF THE CONTRACTOR.
4. CONTRACTOR MUST CONTACT KANSAS ONE CALL SYSTEM INC. 1-800-244-7233.









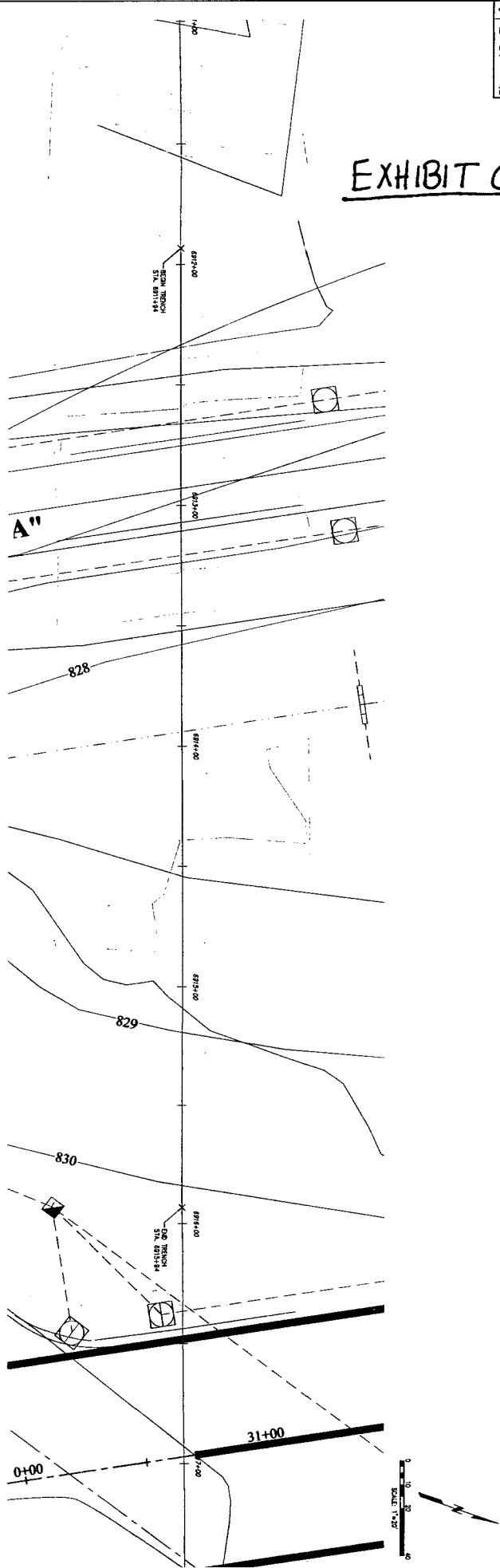
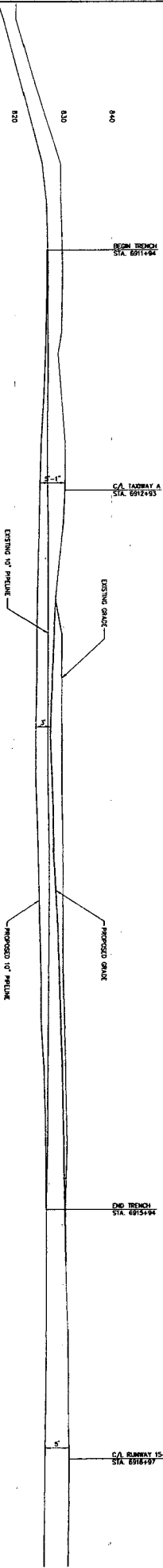
<div>CALL BEFORE YOU DIG!  Dig Safely. 1-800-344-7233 VICINITY MAP MAINTAIN ONE-CALL BY 10/15/97, INC.</div>	DESIGN DATA DESIGN CODE: CLASSIFIED LUNCH TOTAL: _____ DESIGN FEATURES:	CROSSING PIPE SPECIFICATIONS EXISTING PIPE: _____ 1/2" 0.0, 0.007, 1.1, 3-46	LEGEND 1" = _____ 10" = _____  PROPOSED PIPELINE  PROPOSED PIPELINE  PROPOSED PIPELINE  PROPOSED PIPELINE	NOTES: 1. THE COMPANY DOES NOT GUARANTEE THE ACCURACY OF THE INFORMATION SHOWN ON THIS DRAWING NOR DOES IT ACCEPT ANY LIABILITY FOR ANY LOSS OR DAMAGE TO PERSONS OR PROPERTY ARISING OUT OF SUCH FACILITIES. 2. CONTRACTOR TO LOCATE AND VERIFY EXISTENCE OF ALL UNDERGROUND UTILITIES PRIOR TO BEGINNING CONSTRUCTION. 3. A MINIMUM CLEARANCE OF 2 FEET BETWEEN THE PROPOSED PIPELINE AND ANY EXISTING FACILITY SHALL BE MAINTAINED. 4. CONTRACTOR TO INSTALL WARNING TAPE 7" ABOVE PIPELINE IN TRENCHES. 5. THE EXISTENCE WILL BE MAINTAINED THROUGH THE RIGHT-OF-WAY OF THE PROJECT. THE EXISTENCE WILL BE MAINTAINED THROUGH THE RIGHT-OF-WAY OF THE PROJECT.	DESIGNED BY:  MAHILLAN PIPELINE COMPANY, L.P. SURVEYOR: SANDERS SCOTT
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EXHIBIT C



PLAN
SCALE 1"=20'



PROFILE
SCALE 1"=20'

<p>REPORT YOU DIG Dig/Safety 1-800-344-7233 MOBILE, KY 40341 NARADA ONE-CALL SYSTEM, INC.</p>	<p>DESIGN DATA DESIGN LENGTH: 10.75' O.A. 0.307' R.T. 1'-6"</p>	<p>CROSSING PIPE SPECIFICATIONS EXISTING PIPE: 10.75' O.A. 0.307' R.T. 1'-6"</p>	<p>LEGEND PROPOSED EXISTING</p>	<p>NOTES 1. CONTRACTOR SHALL NOT GUARANTEE THE ACCURACY OF THE INFORMATION SHOWN ON THIS DRAWING AND DOES IT ACCEPT ANY RESPONSIBILITY FOR THE LOCATION OR FOR FAILURE TO LOCATE OR FOR FAILURE TO LOCATE AND VERIFY ELEVATION OF ALL UNDERGROUND UTILITIES PRIOR TO BEGINNING CONSTRUCTION. 2. A MINIMUM CLEARANCE OF 2 FEET BETWEEN THE PROPOSED PRELINE AND ANY EXISTING FACILITIES SHALL BE MAINTAINED. 3. CONTRACTOR TO INSTALL WARNING TAPES 2' ABOVE PRELINE IN PROPOSED TRENCH. 4. THE PRELINE SHALL BE PLACED TYPICAL OVER THE 30"-48" DIA. TRENCH LINE. LOCATING HAS BEEN COMPLETED. COULD BE SHOWN TO CONDUIT TRENCH. WILL NOT BE REQUIRED.</p>	<p>ENGINEERS ARCHITECTS SURVEYORS SCIENTISTS Farnsworth FARNSWORTH GROUP 10000 W. 100th St. Overland Park, KS 66213-3100</p>	<p>MAGELLAN PIPELINE COMPANY, L.P. PROPOSED LOWERING OF EL DORADO TO KANSAS CITY #6-10" LAWRENCE, KANSAS KANSAS 10/10/07 C. SMITH Plan and Profile</p>
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