

WATER SERVICE AGREEMENT

THIS AGREEMENT made, dated, and signed this 4th day of March, 1996, by and between Powder Horn Ranch, L.L.C., (hereinafter referred to as "Developer"), and the Sheridan Area Water Supply Joint Powers Board (hereinafter referred to as "Board").

WITNESSETH:

WHEREAS, Developer is the owner of those lands described in Exhibit A to this agreement, said lands comprising the proposed Powder Horn Ranch Subdivision - Phase II (hereinafter referred to as "the Subdivision") of Sheridan County, Wyoming; and,

WHEREAS, Developer desires to obtain domestic water service from Board for said lands described in Exhibit A.

NOW, THEREFORE, IT IS HEREBY AGREED AMONG THE PARTIES AS FOLLOWS:

1. Developer shall install all necessary water mains, service lines, and related appurtenances to provide domestic water service to the Subdivision. All work shall be constructed in accordance with plans and specifications prepared by a professional engineer registered to practice in the State of Wyoming. The plans and specifications must be approved by the Board, or its duly-authorized agent or successor in interest, and the Wyoming Department of Environmental Quality prior to commencement of construction of the domestic water system. Prior to acceptance of the work by the Board, its duly-authorized agent or successor in interest, a professional engineer registered to practice in the State of Wyoming shall certify that the work was performed in accordance with the approved plans and specifications. Developer shall provide full-time inspection of all underground facilities to assure that the work was in fact performed in accordance with the approved plans and specifications.

Upon acceptance of the work, all water mains and related appurtenances shall become the property and responsibility of the Board, or its successor in interest. Similarly, all water meters shall become the property and responsibility of the Board, or its successor in interest. All service lines and related appurtenances shall become the property and responsibility of the owners of the respective lots receiving domestic water service, in accordance with the Board's rules and regulations.

2. Developer shall provide to the Board, or its successor in interest, any and all easements necessary for the purveyance of domestic water service, at no cost to the Board or its successor in interest.

3. Developer shall make application for service and pay to the Board, or its successor in interest, the then-current water tap installation fees for each lot or property to be served at the time of receipt of a building permit from Sheridan County, or upon commencement of construction of the residential dwelling unit upon the individual lot to be served, whichever occurs first. Billing for domestic water service shall commence at the time of connection to the Board's domestic water system. Once connection has been made to the Board's domestic water system, the owner of the property to be served shall be obligated to henceforth pay all fees in compliance with the rate schedule as established by the Board.

4. The Board, its duly-authorized agent, or successor in interest, shall have the right to inspect all water main and water service line construction. Construction of any residential dwelling unit shall not begin until the domestic water system serving the respective lot has been completed and accepted by the Board, its duly-authorized agent, or successor in interest.

5. All water meters shall be obtained from the Board, its duly-authorized agent, or successor in interest, and installed according to the regulations of the Board or its successor in interest.

6. Developer agrees to abide by the rules and regulations of the Board or its successor in interest.

7. It is recognized by both parties to this agreement that the current capacity of the Board's domestic water system in the area of the Subdivision is limited. Therefore, Developer agrees to perform the following in order to reduce the demands placed upon the Board's domestic water system as a result of the development of the Subdivision.

- A. Developer shall not exceed one hundred (100) 3/4" residential connections, or equivalent. Connections shall be for residential dwelling units only (as opposed to commercial use). No connections for commercial use are allowed unless specific written permission is otherwise granted by the Board.
- B. Developer shall install at its own cost an irrigation system within the Subdivision that utilizes a source of water separate and distinct from that of the Board's. This irrigation system shall be utilized for the purpose of supplying irrigation water for any and all exterior lawns, gardens, greenbelts, golf courses and landscaping. It shall not be physically connected in any manner to the Board's system.

The irrigation system serving each property or lot shall be fully operational prior to the receipt of domestic water service for the respective property or lot from the Board.
- C. Developer shall include within the covenants of the Subdivision language prohibiting the use of domestic water supplied by the Board for the purpose of irrigating any and all exterior lawns, gardens, greenbelts, golf courses and landscaping. Developer further agrees to establish a homeowners association within the Subdivision which shall, among other items, be responsible for the assurance that domestic water from the Board's system is not being utilized for irrigation purposes.

Developer agrees that under no circumstances will domestic water from the Board's system be utilized for the purpose of

supplying irrigation water for any and all exterior lawns, gardens, greenbelts, golf courses and landscaping within the Subdivision.

8. The domestic water system to be constructed by Developer shall meet fire flows as required by the Board of County Commissioners of Sheridan County.

This Agreement shall be binding upon all heirs, successors in interest, and assigns.

IN WITNESS WHEREOF, the parties to this agreement execute it as of the date first above written.

Attest:

SHERIDAN AREA WATER SUPPLY
JOINT POWERS BOARD

By:

Garey E. Ketcham
Secretary

Della M. Herbst
Chairman

DEVELOPER

Horns Ranch, L.L.C.

STATE OF WYOMING)
 : ss.
COUNTY OF SHERIDAN)

The foregoing instrument was acknowledged before me this 4th day of March, 1996, by the Chairman of the Sheridan Area Water Supply Joint Powers Board.

Witness my hand and official seal.



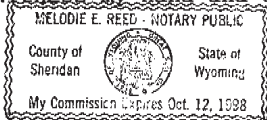
Robert James Wyatt
Notary Public

Commission Expires: 19 MAR 99

STATE OF WYOMING)
 : ss.
COUNTY OF SHERIDAN)

The foregoing instrument was acknowledged before me by _____
Della Herbst _____, personally know to me as the
Chairman _____ of the Sheridan Area Water Supply Joint Powers Board
this 12th day of March, 1996.

Witness my hand and official seal.



Melodie E. Reed
Notary Public

My Commission Expires: October 12, 1998

"EXHIBIT A"

LEGAL DESCRIPTION
POWDER HORN RANCH - PHASE TWO

Two tracts of land situated in the Northwest quarter of the Northwest quarter (NW¼ NW¼) of Section 3 and the Northeast quarter of the Northeast quarter (NE¼ NE¼) of Section 4, Township 54 North, Range 84 West, and in the Southeast quarter of the Southeast quarter (SE¼ SE¼) of Section 33 and the Southwest quarter (SW¼) of Section 34, Township 55 North, Range 84 West, of the Sixth Principal Meridian, Sheridan County, Wyoming, said tracts being more particularly described as follows:

Beginning at a point located N84°16'28"E, 682.91 feet from the East one-sixteenth corner between said Section 33 and Section 4; thence N86°52'07"E, 50.00 feet; thence along a curve to the right having a radius of 642.36 feet, a central angle of 7°00'29", and an arc length of 78.57 feet, with chord bearing and distance S0°22'21"W, 78.52 feet; thence S84°16'35"E, 194.02 feet; thence S6°38'24"E, 305.54 feet; thence S69°34'05"W, 209.55 feet; thence S8°29'59"W, 222.85 feet; thence S62°58'20"W, 203.32 feet; thence S17°03'03"W, 109.50 feet; thence S47°03'21"W, 232.96 feet; thence N71°31'11"W, 182.88 feet; thence N89°07'57"W, 50.00 feet; thence along a curve to the right having a radius of 469.24 feet, a central angle of 49°15'04", and an arc length of 403.35 feet, with chord bearing and distance of N25°29'35"E, 391.05 feet; thence N50°07'07"E, 184.74 feet; thence N40°49'24"W, 69.54 feet; thence N25°42'44"E, 390.00 feet; thence N23°40'14"E, 123.07 feet; thence N84°55'07"E, 75.44 feet; thence along a curve to the right having a radius of 592.36 feet, a central angle of 0°32'30", and an arc length of 5.60 feet, with chord bearing and distance S3°24'08"E, 5.60 feet to the point of beginning, containing 9.065 acres, more or less,

AND

Beginning at a point located S79°56'53"E, 804.65 feet from the quarter corner between said Section 33 and Section 34; thence S71°57'34"E, 78.51 feet; thence S64°31'32"E, 195.05 feet; thence N85°51'45"E, 264.48 feet; thence S11°55'05"E, 1144.01 feet; thence S9°49'55"W, 17.28 feet; thence S17°50'01"E, 67.75 feet; thence S6°10'00"W, 129.22 feet; thence S38°19'27"W, 321.50 feet; thence S51°40'33"E, 117.27 feet; thence S14°41'24"W, 104.77 feet; thence S45°18'28"W, 160.06 feet; thence S87°21'12"W, 168.69 feet; thence N29°38'10"W, 744.61 feet; thence along a curve to the left having a radius of 204.16 feet, a central angle of 4°18'22", and an arc length of 15.34 feet, with chord bearing and distance S81°01'30"W, 15.34 feet; thence S11°07'41"E, 164.74 feet; thence S21°13'43"E, 169.25 feet; thence S43°09'12"E, 182.47 feet; thence S3°58'28"E, 125.04 feet; thence S24°21'20"W, 113.70 feet; thence S67°01'55"W, 372.48 feet; thence N48°08'10"W, 136.21 feet; thence S41°53'50"W, 126.94 feet; thence along a curve to the left having a radius of 125.00 feet, a central angle of 90°45'23", and an arc length of 198.00 feet, with chord bearing and distance of S3°28'52"E, 177.94 feet; thence along a curve to the right having a radius of 175.00 feet, a central angle of 90°19'04", and an arc length of 275.86 feet, with chord bearing and distance S3°42'01"E, 248.17 feet; thence S41°27'31"W, 152.51 feet; thence along a curve to the right having a radius of 425.00 feet, a central angle of 13°02'24", and an arc length of 96.73 feet, with chord bearing and distance S47°58'43"W, 96.52 feet; thence S54°29'55"W, 112.71 feet; thence N35°30'05"W, 50.00 feet; thence N64°55'25"W, 98.75 feet; thence N12°37'54"W, 503.24 feet; thence N17°36'20"E, 135.90 feet; thence N81°29'00"E, 84.65 feet; thence along a curve to the right having a radius of 930.00 feet, a central angle of 37°45'48", and an arc length of 612.96 feet, with chord bearing and distance N10°21'54"E, 601.92 FEET; thence S60°45'12"E, 60.00 feet; thence N29°14'48"E, 474.01 feet; thence N80°45'18"E, 527.56 feet; thence N48°21'10"E, 60.00 feet; thence along a curve to the right having a radius of 595.00 feet, a central angle of 11°03'22", and an arc length of 114.81 feet, with chord bearing and distance N36°07'09"W, 114.64 feet; thence N59°24'32"E, 33.03 feet; thence N 5°37'17"E, 87.34 feet; thence N32°01'22"W, 313.53 feet; thence N25°44'09"E, 303.12 feet; thence N54°20'17"W, 193.23 feet; thence North, 155.14 feet to the point of beginning, containing 44.555 acres, more or less,

Said tracts totaling 53.620 acres.