

WATER LINE EASEMENT

This easement is entered into between P K Ranch, LLC, formerly known as Murdock, LLC ("Grantor"), whose address is Box 208, Clearmont, WY 82835 and Sheridan Area Water Supply Joint Powers Board (SAWSJPB) ("Grantee"), whose address is 224 South Main Street, Suite B8, Sheridan, WY 82801.

Grantor grants to Grantee an easement to survey, design, construct, install, inspect, operate, maintain, tap, repair and replace one (1) underground water line not to exceed twenty (20) inches in diameter and associated service lines and air vents over and across the real property described on attached Exhibits A and B.

This easement is subject to the following terms and conditions.

1. Duration. This easement shall be perpetual; provided, however, if Grantee ceases to use the pipeline to transport water for a period of two consecutive years, then this easement shall terminate, and Grantee shall have no further rights hereunder, and Grantee shall file a release of this easement in the Office of the County Clerk of Sheridan County, Wyoming. Provided however the pipeline will be considered to be in use if Grantee, while not actually conveying water, designates the pipeline as a redundant or backup means of conveying water, by written notice to Grantor.
2. Weed Control and Reclamation. Grantee will keep the easement area free from weeds. As soon as reasonably practicable, and in any event within eight (8) months after the disturbance, weather permitting, Grantee will rehabilitate, reseed and restore to its original condition, as near as reasonably possible, all areas disturbed by Grantee. Topsoil will be kept separate from subsoil wherever there is any disturbance, and topsoil will be spread back over the subsoil. Grantee will be responsible for seeding (with seed of Grantor's choice), fertilizing, watering, and weed control to establish a sustainable growing ground cover. Grantee will control erosion on the easement area. This obligation to rehabilitate, reseed and restore shall apply each time the easement area is disturbed by Grantee's operations. In all rehabilitation and restoration, Grantee will be responsible for reseeding all disturbed areas until a growing ground cover is established to the reasonable satisfaction of Grantor. Any surface damage done by Grantee accessing the pipeline easement will be reclaimed and reseeded within eight (8) months after the disturbance, whether original construction or subsequent activities of Grantee, weather permitting. Any boulders and coarse gravel not on the surface of the easements at the time of this agreement shall be removed by Grantee from the surface.
3. Operations on the Easement. Grantee may not fence the easement area. Grantee will not allow any trench or ditch on the easement area to remain open for more than 24 hours and, when such trench or ditch is open, shall take all necessary precautions to prevent Grantor's livestock from being injured by such open trench or ditch. And, wherever grantee's activities are adjacent to, through or across any of Grantor's fences, Grantee shall replace the fence with similar fence as directed by Grantor.
4. Access to Easement. Grantee shall access the easement only through a gate to be installed and maintained at Grantee's expense at approximately the location of Station 374 + 04. The gate shall be constructed to Grantor's specifications and will be kept locked at all times. Grantee shall provide Grantor with a key to the lock. The northerly half of the easement shall be used as the access corridor along the pipeline, no road is to be constructed. No upgrading of the easement area, such as blading, graveling or shaling, shall be done for the corridor other than sloping and

leveling, during initial construction as required for safe access to the easement area, provided that the corridor will be seeded and reclaimed as other areas to attain re-growth of grass.

5. Debris. Grantee will not allow any debris to be discarded on the easement, and Grantee will be responsible to clean up debris along the easement for which Grantee or Grantee's invitees are responsible.

6. Buried Lines. The pipeline shall be buried at least 48 inches between the surface of the ground and the top of the pipe. No above ground facilities shall be placed on the easement area except two air vents and protective fencing, which shall be painted earth tones and shall be installed to the minimum height necessary, to protect from livestock rubbing and scratching, provided that the protective fencing must be approved by Grantor. All such above ground vents shall be on the premises at the sole risk of Grantee.

7. Nonexclusive Use. This easement is nonexclusive and shall not preclude Grantor from using the easement area or from granting the right to other persons and parties to use the easement area or the access road provided that such use will not unreasonably interfere with Grantee's use of the easement area and will not cause Grantee to be in violation of any federal, state or local rule, regulation or law.

8. No Warranty. Grantor does not warrant title to the property, and this easement is granted subject to all existing rights of record. Grantor's predecessor in interest entered into a Right of Way Agreement with Continental Pipe Line Company which relates to an oil and gas pipeline which crosses a portion of the easement area ("Continental Agreement"). The Continental Agreement provides that the Grantor will not build any structure over the pipeline nor permit the same to be done by others. Nothing in this Water Line Easement permits Grantee to build any structure over that pipeline or to place any obstruction across, under or upon the surface of the property described in the Continental Agreement which could interfere with the construction or the normal operation and maintenance of the pipeline described in the Continental Agreement without the consent of the successor in interest to Continental Pipe Line Company.

5 9. Consideration. In addition to the cash consideration paid by Grantee to Grantor upon execution of this agreement, Grantee shall, during construction, install two (2) four (4) inch taps at stations ~~380+00~~ and ~~403+00~~, and allow Grantor to connect service lines to those taps in the future provided that Grantor pays all applicable fees. It is understood that upon connection of a service line to such taps all metered connections will be subject to the Grantee's Rules and Regulations regarding plant investment fees, tap fees and the like. The consideration paid by Grantee to Grantor upon the execution of this agreement is merely for the purpose of securing the easement, and initial construction. Grantee shall fully reimburse Grantor for any and all damages, losses and costs sustained by Grantor as a result of the construction, maintenance, repair, removal or replacement of the pipeline.

10. Indemnification and Release. Grantee will be responsible for all damages caused by Grantee or Grantee's invitees. To the maximum extent permitted by law, Grantee shall indemnify, defend, and hold harmless Grantor and Grantor's officers, employees, directors, and shareholders from any and all claims, demands, or causes of action arising out of the use of the easement area by Grantee or Grantee's invitees or out of the granting of this easement. To the maximum extent permitted by law, Grantee releases Grantor, its employees and agents from any and all liability for damages arising out of Grantee's use of the easement area. Notwithstanding the foregoing, Grantee does not waive any right, claim, defense or protection under and pursuant to the Wyoming Governmental Claims Act; provided, however, immunity in an action based on this contract filed by

the Grantor is waived.

11. Prohibited Activities. None of Grantee's employees, authorized agents, invitees, or any other person under the direction or control of Grantee shall be permitted to carry firearms or any weapon while on the easement area. No hunting, camping, or open fires shall be permitted on the easement. No dogs will be permitted on the easement at any time. No explosives shall be used on the easement. Grantee will notify all of its contractors, agents, employees, and invitees that no dogs, firearms, weapons, hunting, camping, or open fires are permitted on the easement. Further, none of Grantee's employees, agents or contractors shall use, possess or be under the influence of alcohol or controlled substances while on the premises of the described easement.

12. Binding Effect. This agreement is binding upon the successors and assigns of the parties.

13. Grantee shall provide to Grantor an accurate copy of the as-constructed plan drawings for the pipeline within the premises of the easement as crossing Grantor's lands.

Dated this 20 day of September, 2005.

P K Ranch, LLC

By: Sheri D. Tietjen
Title: Manager/Agent

Sheridan Area Water Supply Joint Powers Board

By: Ly Dixon
Title: Chairman

STATE OF Wyoming)
COUNTY OF Sheridan) ss.

The foregoing instrument was acknowledged before me this 15 day of September, 2005 by Sheri D. Tietjen as manager of PK Ranch, LLC.

WITNESS my hand and official seal.



Sandra G. Kerr
Notary Public

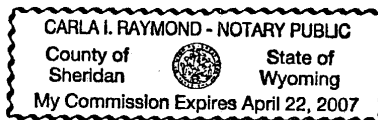
My Commission Expires: March 1, 2008

STATE OF Wyoming)
COUNTY OF Sheridan) ss.

The foregoing instrument was acknowledged before me this 15 day of September, 2005 by
Ky Dixon, of Sheridan Area Water Supply Joint Powers Board.

WITNESS my hand and official seal.

Carla I. Raymond
Notary Public
My Commission Expires: April 22, 2007



A perpetual water line easement thirty (30) feet wide, being fifteen (15) feet each side of the following described centerline situated in Lot 1 (NE $\frac{1}{4}$ NE $\frac{1}{4}$) and Lot 2 (NW $\frac{1}{4}$ NE $\frac{1}{4}$) of Section 2, Township 55 North, Range 85 West, 6th P.M., Sheridan County, Wyoming; shown as **EASEMENT 1** on **EXHIBIT "B"** attached hereto and by this reference made a part hereof; said centerline being more particularly described as follows:

Commencing at the north quarter corner of said Section 2; thence S00°45'56"E, 1256.29 feet along the west line of said Lot 2 (NW $\frac{1}{4}$ NE $\frac{1}{4}$) to the **POINT OF BEGINNING** of the herein described easement, said point lying on the west line of a tract of land described in Book 436 of Deeds, Page 404, and being N00°45'56"W, 15.21 feet from the southwest corner of said tract described in Book 436 of Deeds, Page 404; thence N89°21'29"E, 1536.11 feet along said centerline to **THE POINT OF TERMINUS** of said easement, said point being S39°08'41"W, 1670.65 feet from the northeast corner of said Section 2.

Also, a temporary construction easement will be required, being a strip of land fifty (50) feet wide, the southerly line of said strip being the northerly line of said perpetual thirty (30) foot water line easement, and also that portion of said tract described in Book 436 of Deeds, Page 404 lying south of the southerly line of said perpetual thirty (30) foot water line easement and north of the north line of the Stewart-Blakeman Minor Subdivision and the north line of the Pierce Subdivision to Sheridan County, Wyoming.

Also, a perpetual water line easement thirty (30) feet wide, being fifteen (15) feet each side of the following described centerline situated in Lot 1 (NE $\frac{1}{4}$ NE $\frac{1}{4}$) of Section 2, and Lot 4 (NW $\frac{1}{4}$ NW $\frac{1}{4}$) of Section 1, Township 55 North, Range 85 West, 6th P.M., Sheridan County, Wyoming; shown as **EASEMENT 2** on **EXHIBIT "B"** attached hereto and by this reference made a part hereof; said centerline being more particularly described as follows:

Commencing at the northeast corner of said Section 2; thence S39°08'41"W, 1670.65 feet to the **POINT OF BEGINNING** of the herein described easement; thence N81°33'05"E, 473.97 feet along said centerline to a point; thence along said centerline, through a curve to the right having a radius of 1146.00 feet, a central angle of 19°15'15", an arc length of 385.11 feet, a chord bearing of S88°49'17"E, and a chord length of 383.30 feet to a point; thence S79°11'40"E, 45.07 feet along said centerline to a point; thence along said centerline, through a curve to the left having a radius of 1146.00 feet, a central angle of 09°02'57", an arc length of 181.00 feet, a chord bearing of S83°43'08"E, and a chord length of 180.81 feet to **THE POINT OF TERMINUS** of said easement, said point being S65°21'59"E, 2892.04 feet from the north quarter corner of said Section 2.

Also, a temporary construction easement will be required, being a strip of land thirty (30) feet wide, the southerly line of said strip being the northerly line of said perpetual thirty (30) foot water line easement, and also a strip of land twenty (20) feet wide, the northerly line of said strip being the southerly line of said perpetual thirty (30) foot water line easement.

Also, a perpetual water line easement thirty (30) feet wide, being fifteen (15) feet each side of the following described centerline situated in Lot 4 (NW $\frac{1}{4}$ NW $\frac{1}{4}$) of Section 1, Township 55 North, Range 85 West, 6th P.M., Sheridan County, Wyoming; shown as **EASEMENT 3** on **EXHIBIT "B"** attached hereto and by this reference made a part hereof; said centerline being more particularly described as follows:

Commencing at the north quarter corner of said Section 2; thence S65°21'59"E, 2892.04 feet to the **POINT OF BEGINNING** of the herein described easement; thence S88°14'36"E, 514.66 feet along said centerline to **THE POINT OF TERMINUS** of said easement, said point being S22°44'51"E, 1385.72 feet from the northeast corner of said Section 2.

Also, a temporary construction easement will be required, being a strip of land forty (40) feet wide, the southerly line of said strip being the northerly line of said perpetual thirty (30) foot water line easement, and also that portion of a tract of land described in Book 436 of Deeds, Page 404 lying south of the southerly line of said perpetual thirty (30) foot water line easement and north of the north line of Lot 8, Reynolds Subdivision to Sheridan County, Wyoming.

Also, a perpetual water line easement thirty (30) feet wide, being fifteen (15) feet each side of the following described centerline situated in Lot 4 (NW $\frac{1}{4}$ NW $\frac{1}{4}$) of Section 1, Township 55 North, Range 85 West, 6th P.M., Sheridan County, Wyoming; shown as **EASEMENT 4** on **EXHIBIT "B"** attached hereto and by this reference made a part hereof; said centerline being more particularly described as follows:

Commencing at the northeast corner of said Section 2; thence S22°44'51"E, 1385.72 feet to the **POINT OF BEGINNING** of the herein described easement; thence along said centerline, through a curve to the right having a radius of 1146.00 feet, a central angle of 10°22'43", an arc length of 207.59 feet, a chord bearing of S83°03'15"E, and a chord length of 207.30 feet to a point, said point lying on a east-west fence line; thence along said centerline, through a curve to the right having a radius of 1146.00 feet, a central angle of 01°40'46", an arc length of 33.59 feet, a chord bearing of

S77°01'31"E, and a chord length of 33.59 feet to a point; thence S76°11'08"E, 4.84 feet along said centerline to the **POINT OF TERMINUS** of said easement, said point lying on the south line of said Lot 4(NW¼NW¼), and being S30°42'23"E, 1525.60 feet from the northeast corner of said Section 2.

Also, a temporary construction easement will be required, being a strip of land thirty (30) feet wide, the southerly line of said strip being the northerly line of said perpetual thirty (30) foot water line easement, and also also that portion of a tract of land described in Book 436 of Deeds, Page 404 lying south of the southerly line of said perpetual thirty (30) foot water line easement and north of the north line of the Reynolds Subdivision to Sheridan County, Wyoming, and north line of Lot 4 (NW¼NW¼).

Also, a perpetual water line easement thirty (30) feet wide, being fifteen (15) feet each side of the following described centerline situated in Lot 4 (NW¼NW¼) of Section 1, Township 55 North, Range 85 West, 6th P.M., Sheridan County, Wyoming; shown as **EASEMENT 5** on **EXHIBIT "B"** attached hereto and by this reference made a part hereof; said centerline being more particularly described as follows:

Commencing at the northeast corner of said Section 2; thence S21°37'55"E, 1390.11 feet to the **POINT OF BEGINNING** of the herein described easement, said point lying on the south line of **EASEMENT 3** described above; thence S16°29'52"W, 12.60 feet along said centerline to the **POINT OF TERMINUS** of said easement lying on the north line of Lot 8, Reynolds Subdivision to Sheridan County, Wyoming, said point being S89°28'18"W, 93.39 feet from the northeast corner of said Lot 8, and S21°18'49"E, 1400.05 feet from the northeast corner of said Section 2.

The above described perpetual easements contain 2.35 acres, more or less, and are subject to any rights-of-way and/or easements, reservations and encumbrances which have been legally acquired.

Said temporary construction easements contain 4.12 acres more or less, and will become null and void at the time that the project contractor's one year contractual warranty expires.

Basis of Bearings is Wyoming State Plane (East Central Zone).

