

ANNEXATION AGREEMENT

THIS ANNEXATION AGREEMENT, made this 15th day of September, 2006, by and between DSB Investments, Inc, a Wyoming corporation, hereinafter referred to as LANDOWNER, and the City of Sheridan, Wyoming, a municipal corporation and City of the First Class, hereinafter referred to as CITY

WHEREAS, the LANDOWNER is the owner of a certain parcel of land commonly known as Indian Paintbrush Estates Subdivision, as more particularly described and laid out in that certain plat recorded in Drawer I, Plat No. 4, in the Office of the County Clerk of Sheridan County as Document No. 534944 on March 22, 2006, and this parcel of land, or any and all smaller parts or parcels thereof which may be conveyed as a separate tract, whether or not subdivided, shall hereinafter be referred to as the LAND.

WHEREAS, the LAND is not currently contiguous to the CITY but is within the natural growth pattern and area of the CITY; and

WHEREAS, the LANDOWNER desires to receive certain agreements and services by and from the CITY in exchange for its commitment to annex the LAND

WHEREAS, SAWS shall derive a benefit from this Agreement, and while not a signator to the Agreement, LANDOWNER and CITY acknowledge and agree that SAWS is a third party beneficiary of this Agreement

NOW, THEREFORE, LANDOWNER and CITY have decided to set forth all of their agreements concerning the annexation of the LAND as follows:

1. The parties acknowledge that the LAND is not currently contiguous to the City limits of the CITY but is within the natural grown area of the CITY. If the LAND becomes contiguous to the CITY, LANDOWNER agrees and covenants for itself and its successors and assigns to take all remaining actions, at any time and at the sole discretion of the CITY, to comply with the State of Wyoming annexation laws and to complete the annexation of the LAND into the CITY if and when the LAND becomes contiguous. This Agreement runs with the LAND, and it shall be filed of record with the Sheridan County Clerk's office so that LANDOWNER'S successors and assigns shall be on notice of the terms of this Agreement hereafter.

2. The LANDOWNER and any successor in interest in the LAND shall construct any and all new buildings or structures on the LAND in complete conformity with the current Uniform Building Code and all other codes, as adopted by the County of Sheridan, Wyoming.

3. Upon annexation to the CITY, the CITY shall provide municipal services on the same level as provided to other areas of the CITY, according to State statutes and local

ordinances.

4. The parties acknowledge that all CITY utilities and services are required to service lands when annexed to the CITY. The parties further acknowledge that by executing this AGREEMENT, LANDOWNER consents, for itself and its successors, to the creation of a local improvement district which is composed of the LAND to provide such improvements as are then required by the CITY for annexation of the LAND, as specified in Wyo. Stat. Ann. §15-6-203, and therefore constitutes a waiver of the LANDOWNER'S right to file protests and remonstrances, as provided by Wyo. Stat. Ann. §15-6-202(d) and §15-6-203.

It is expressly understood that this AGREEMENT obligates the inclusion of the LAND after annexation in a local improvement district which shall provide for the installation and construction of those improvements upon the LAND which are required by the CITY for annexation until all such improvements are constructed in compliance with City ordinances then in effect and accepted by the City Council. LANDOWNER'S consent herein to the creation of such a district is based upon the understanding that LANDOWNER, or its successors in interest, will be assessed for only those improvements required by annexation that are constructed upon the LAND. Should the CITY propose to assess LANDOWNER, or its successors in interest, for improvements not located upon the LAND, then nothing herein shall prohibit LANDOWNER, and its successors, from objecting to the proposal of such an assessment roll under Wyo. Stat. Ann. §15-6-405, et. seq.¹.

5. Upon contiguity of the LAND with the CITY boundary, the LANDOWNER hereby petitions the Sheridan City Council to accept this AGREEMENT as a petition to annex all of the LAND previously described above into the City limits of the City of Sheridan. LANDOWNER is the owner of all LAND described above as of the date hereof.

6. LANDOWNER agrees to sign any other petition or petitions or to take any other action whatsoever to comply with State annexation law as they may be required by the CITY to

¹ For purposes of illustrating the intent of this paragraph, the parties provide the following example. Should the LAND become designated for annexation, and should a local improvement district be created to satisfy a requirement that a sewer main, for example, be installed upon property between the LAND and the connection point to the CITY'S then-existing sewer infrastructure, LANDOWNER hereby consents to participate in a district that will be assessed for the costs of installing the sewer infrastructure within the boundaries of the LAND. However, LANDOWNER does not consent herein to being assessed for the costs of installing infrastructure outside the boundaries of the LAND. In such an example, LANDOWNER understands that the owner(s) of the land between the boundaries of the LAND and the sewer main connection (ie., the owners of the land upon which the sewer main extension is installed), or some other party, shall bear that cost of installation and not the LANDOWNER, unless otherwise agreed by LANDOWNER or its successors.

facilitate the annexation. LANDOWNER further waives any irregularities in the annexation process and specifically waives its right to protest the annexation of the LAND. The parties acknowledge that the CITY may choose not to complete the annexation of LANDOWNER'S LAND until more of the remaining land surrounding said LAND can be annexed simultaneously. The LANDOWNER specifically agrees and acknowledges that the timing of the annexation is within the sole discretion of the CITY. The CITY may initiate the annexation of the LAND described above at any time.

7. LANDOWNER and the CITY agree that no further subdivision of the LAND shall be made until the LANDOWNER, or its successors, shall have submitted a master plan and transitional plat for any future subdivision of the LAND. The master plan and transitional plat shall illustrate future lot splits and rights-of-way to permit build through of CITY infrastructure. Layout, density and use shall comply with the Sheridan City Code Appendix B (Subdivisions) and the City of Sheridan Comprehensive Plan. Once the master plan and transitional plat are approved by the CITY, the LANDOWNER, or its successors, shall submit a restrictive covenant, running with the land, preventing the location of any new structures from interfering with future streets and setbacks as defined in said transitional plat and master plan.

8. This AGREEMENT, and every part thereof, shall constitute a covenant running with the LAND described above and may be specifically enforced by the parties by an action at law or equity.

9. This AGREEMENT shall inure to the benefit of, and be binding upon the parties hereto, their respective successors in interest and assigns. This AGREEMENT shall bind each and every successor in interest to the LAND and any portion or parcel thereof.

10. This AGREEMENT shall be governed by the laws of the State of Wyoming. The District Court of the Fourth Judicial District in Sheridan County, Wyoming, shall have venue and jurisdiction exclusively for any action in law or equity which may be instituted to enforce the terms of this AGREEMENT.

DATED this 15th day of September, 2006.

LANDOWNER:

**DSB INVESTMENTS, INC.,
a Wyoming Corporation**By:

Scott Bliss - President

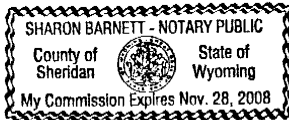
STATE OF WYOMING)

: ss.

COUNTY OF SHERIDAN)

On July 26, 2006, personally appeared before me Scott Bliss, the
President of DSB Investments, Inc., a Wyoming corporation, whom I know personally, to be the
signed of the above and he acknowledged that he signed it.

WITNESS my hand and official seal.




Sharon Barnett
Notary Public
My Commission Expires: 11-28-08

CITY OF SHERIDAN

By: 

Dave Kinskey - Mayor

ATTEST:

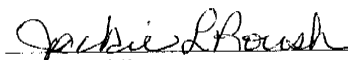

Art Elkins - City Clerk

STATE OF WYOMING)
 : ss.
COUNTY OF SHERIDAN)

On September 15, 2006, personally appeared before me Dave Kinskey,
Mayor of the City of Sheridan, Wyoming, whom I know personally, to be the signed of the
above and he acknowledged that he signed it.

WITNESS my hand and official seal.




Notary Public
My Commission Expires: