

SUBDIVISION IMPROVEMENTS AGREEMENT

THIS AGREEMENT, entered into as of this 16 day of July, 2002, by and between Sheridan County, Wyoming (hereinafter called "County") and the Powder Horn Ranch, L.L.C. (hereinafter called "Subdivider").

WITNESSETH:

1. That the Subdivider has submitted to the County for approval an application for a subdivision permit and a subdivision plat of the **Powder Horn Ranch 2 Phase 1 Subdivision**; and
2. That certain public improvements are required by the *Sheridan County Subdivision Resolution*, (hereinafter called "Regulations") to be installed by the Subdivider; and
3. That the Subdivider is required by the Regulations to install or guarantee the installation of all required public improvements according to plans and specifications approved by the County Engineer, the Wyoming Department of Environmental Quality, or other governing authority prior to approval of the subdivision plat; and
4. That the amount of the guarantee is based on an estimate approved by the County Engineer and is in an amount not less than one hundred percent (100%) of the estimated cost of all required public improvements remaining to be installed and approved; and

5. That the Subdivider has furnished to the County a guarantee of the proper installation of public improvements in the following form:

Letter of Credit

from the First Interstate Bank of Commerce in the amount of \$188,075.00.

That the expiration date of the **Letter of Credit** is no less than 120 days after the date of completion of the improvements as specified herein.

NOW, THEREFORE, the parties hereto do mutually agree as follows:

1. All public improvements designated on Addendum A to this contract, attached hereto and incorporated herein by this reference, and being a list of the required improvements and Engineer's estimate of construction costs as approved by the County Engineer, shall be constructed and completed by the Subdivider according to the plans and specifications prepared by Mentock-Willey Consultants and approved by the County Engineer.
2. All improvements designated on Addendum A shall be installed, constructed and completed by the Subdivider by September 1, 2003. All construction shall be performed in a good and workmanlike manner in accordance with applicable County and State standards, rules, and regulations governing such construction.
3. The Subdivider shall inform the County Engineer at least once a month as to the progress of construction, shall give written notice to the County Engineer of completion of improvements or categories thereof and shall cooperate in the reasonable inspection of improvements by the County Engineer.
4. Within ten (10) days after receipt of the above notice of completion, the County Engineer shall inspect the improvements to which notice of completion applies and, within ten (10) days after receipt, give the Subdivider either written notice of approval or disapproval and corrective action required. Upon completion of corrective action, notice, inspection, and approval or disapproval shall be required in a like manner as above. Written notice of approval of the County Engineer of an improvement or corrective action, or failure of the County engineer to inspect and approve or disapprove the same, within ten (10) business days from receipt of the compliance notice, shall constitute approval by Sheridan County under the terms of this agreement.

5. The estimated cost of construction of the public improvements is agreed to be as set forth on Addendum A. **The Letter of Credit** from the First Interstate Bank of Commerce in the amount of \$188,075.00 is to guarantee that the funds are available for the completion of the public improvements described in Addendum A. Upon completion of all public improvements and approval of the public improvements by the County Engineer, this agreement shall become null and void and of no force and effect in which event the **Letter of Credit** shall be returned to the Subdivider. If the improvements are not completed and approved on or before the end of the contract period, then the County shall take action necessary to obtain funds from the **Letter of Credit** to complete the described improvements and to recover the cost thereof including administrative costs incurred as a result of the failure of timely completion. In the event the amount of the **Letter of Credit** is not sufficient to complete the improvements as designated in Addendum A to the approval of the County Engineer then the Subdivider shall be liable for any such insufficiency. In the event the County does bring legal action to enforce such liability, then it shall be entitled to all its cost of suit and reasonable attorney fees. The liability of the institution issuing the **Letter of Credit** shall not exceed the face amount thereof.

IN WITNESS WHEREOF, the parties hereto have executed this agreement in duplicate, each of which is deemed an original, as of the date first above written.

ATTEST

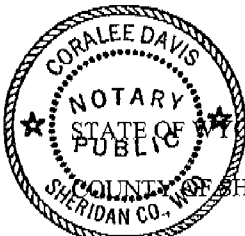
SHERIDAN COUNTY, WYOMING

Robert L. Buxey
County Clerk, Deputy

[Signature]
Chairman, Board of County Commissioners
Sheridan County, Wyoming

SUBDIVIDER

[Signature]
Homer Scott, jr. - manager
Powder Horn Ranch, L.L.C.
Powder Horn Ranch 2, L.L.C.



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(ss.

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The foregoing instrument was acknowledged before me by Homer Scott, jr., the manager of Powder Horn Ranch L.L.C. and Powder Horn Ranch 2, L.L.C. this 14 day of July, 2002.
Witness my hand and official seal.

[Signature]
Notary Public

My Commission Expires: June 11, 2003

STATE OF WYOMING)
 (ss.
COUNTY OF SHERIDAN)

On this 16 day of July, 2002, before me personally appeared Charles L. Whiton, to me personally known, who, being by me duly sworn, did say that he is the Acting Chairman of the County Commissioners of Sheridan County, Wyoming, and that said instrument was signed on behalf of said County by Authority of its Board of Commissioners and he acknowledged said instrument to be the free act and deed of said Board.

Given under my hand and official seal this 16 day of July, 2002.

Doree K. Kline
Clerk of District Court

My term of office expires: June 6, 2003.

POWDER HORN RANCH II, PHASE I
November 8th, 2001

BID SCHEDULE 1

Utilities

Item No.	Quantity	Unit	Description	Unit Price	Unit	Total Price
101	364	LF	8" Waterline	21.50	/LF	7,826.00
102	15	LF	6" Waterline	18.00	/LF	270.00
103	1	Ea	8x8x8 Live Tap	3,675.00	/Ea	3,675.00
104	1	Ea	8x8x6 Swivel Tee	220.00	/Ea	220.00
105	2	Ea	8" 22 1/2° Bend	185.00	/Ea	370.00
106	1	Ea	8" Gate Valve	750.00	/Ea	750.00
107	1	Ea	Fire Hydrant Assembly w/GV	2,700.00	/Ea	2,700.00
108	4	Ea	Thrust Block	50.00	/Ea	200.00
109	1	Ea	8" Plug	90.00	/Ea	90.00
110	15	Ea	Water Service (Corp & Curb Stops)	245.00	/Ea	3,675.00
111	865	LF	3/4" Type K Copper	11.00		9,515.00
112	1922	LF	8" Sewer Main	18.50	/LF	35,557.00
113	15	Ea	4" Sewer Service Wye	75.00	/Ea	1,125.00
114	165	Ea	4" Sewer Service Line	25.00	/Ea	4,125.00
115	7	Ea	Standard Manhole	2,350.00	/Ea	16,450.00
116	1	Ea	Drop Manhole	6,000.00	/Ea	6,000.00
117	39.5	LF	Manhole Extra Depth	100.00	/LF	3,950.00
118	58	CY	Type A Bedding	3.60	/CY	208.80
119	311	CY	Type B Bedding	16.00	/CY	4,976.00
120	200	SY	Remove & Replace Asphalt	12.80	/SY	2,559.00
121	1	LS	Cathodic Protection	2,010.00	/LS	2,010.00
Construction Cost						\$106,251.80

BID SCHEDULE 2

Asphalt Street

Item No.	Quantity	Unit	Description	Unit Price	Unit	Total Price
101	2500	CY	Unclassified Excavation	2.00	/CY	5,000.00
102	248	CY	Base Gravel	5.25	/CY	1,302.00
103	730	LF	Curb & Gutter Type A	11.00	/LF	8,030.00
104	1420	SY	3" Asphalt Pavement	9.00	/SY	12,780.00
105	2	Ea	Manhole Adjustment	400.00	/Ea	800.00
106	2	Ea	Valve Adjustment	350.00	/Ea	700.00
107	45	LF	42" RCP	85.00	/LF	3,825.00
108	1	Ea	42" Flared End	835.00	/Ea	835.00
109	27.3	LF	36" RCP	85.00	/LF	2,320.50
110	11	LF	24" RCP	85.00	/LF	935.00
111	336	LF	18" RCP	30.00	/LF	10,080.00
112	308	LF	12" PVC	15.00	/LF	4,620.00
113	67	LF	18" CMP(includes flared ends)	35.00	/LF	2,345.00
114	3	Ea	Type A Storm Sewer Inlet	2,000.00	/Ea	6,000.00
115	1	Ea	8' Dia Storm MH (7.32')	9,100.00	/Ea	9,100.00
116	1	Ea	10' Dia Storm MH (5.71')	11,250.00	/Ea	11,250.00
117	1	LS	Rip Rap (Rock /Outlet 42")	1,900.00	/LS	1,900.00
Construction Cost						\$81,822.50



First Interstate Bank
Sheridan Office
4 South Main Street
P.O. Box 2007
Sheridan, WY 82801-2007
307 674-7411

FIRST INTERSTATE BANK
SHERIDAN OFFICE
P.O. BOX 2007
SHERIDAN, WY 82801

DATE OF ISSUE: July 26, 2002

IRREVOCABLE DOCUMENTARY LETTER OF CREDIT NO. 10599267

FOR THE ACCOUNT OF APPLICANT:
POWER HORN RANCH, L.L.C.
161 US HWY 335
SHERIDAN, WY 82801

IN FAVOR OF BENEFICIARY:
SHERIDAN COUNTY
224 S. MAIN STREET, SUITE B8E
SHERIDAN, WY 82801

AMOUNT: USD \$188,075.00

EXPIRY DATE: JANUARY 1, 2004

EXPIRY PLACE: AT OUR COUNTERS

AVAILABLE FOR NEGOTIATION OF YOUR DRAFT (S)

AT: SIGHT
DRAWN ON: FIRST INTERSTATE BANK
FOR PAYMENT BY: FIRST INTERSTATE BANK

BEARING THE CLAUSE "DRAWN UNDER FIRST INTERSTATE BANK, SHERIDAN, WY,
LETTER OF CREDIT NO. 10569267 DATED JULY 26, 2002.

ACCOMPANIED BY THE FOLLOWING DOCUMENTS (S):

1. STATEMENT SIGNED BY THE COUNTY ENGINEER OF SHERIDAN COUNTY, WYOMING
STATING "WE HEREBY CERTIFY THAT THE PUBLIC IMPROVEMENTS DETAILED
UNDER ADDENDUM "A" ENGINEER'S ESTIMATE OF PROBABLE COST POWDER HORN
RANCH 2 PHASE I ON THE ATTACHED INVOICE HAVE NOT BEEN COMPLETED BY
THE SUBDIVIDER, AND/OR NOT APPROVED BY THE COUNTY ENGINEER, ON OR
BEFORE THE END OF THE CONTRACT PERIOD, AS SPECIFIED IN THE SUBDIVISION
IMPROVEMENTS AGREEMENT BETWEEN THE COUNTY AND THE SUBDIVIDER."

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2. INVOICE DETAILING IMPROVEMENTS AND COSTS NOT COMPLETED BY SUBDIVIDER AND/OR NOT APPROVED BY THE COUNTY ENGINEER ON OR BEFORE THE END OF THE CONTRACT PERIOD.

PARTIAL DRAWS ACCEPTED. EACH DRAWING HEREUNDER SHALL REDUCE BY THE AMOUNT OF THE DRAWING THE AMOUNT AVAILABLE UNDER THIS LETTER OF CREDIT.

DOCUMENTS MUST BE FORWARDED TO US ON ONE (1) REGISTERED AIRMAILING OR COURIER ADDRESSED TO: FIRST INTERSTATE BANK, COMMERCIAL BANKING DEPARTMENT, P.O. BOX 2007, SHERIDAN, WYOMING 82801.

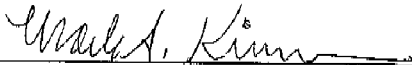
THIS LETTER OF CREDIT SETS FORTH IN FULL THE TERMS OF OUR UNDERTAKING AND SUCH UNDERTAKING SHALL NOT IN ANY WAY BE MODIFIED, AMENDED OR AMPLIFIED BY REFERENCE TO ANY DOCUMENTS, INSTRUMENT, OR AGREEMENT REFERRED TO HEREIN OR IN WHICH THIS LETTER OF CREDIT IS REFERRED TO OR TO WHICH THIS LETTER OF CREDIT RELATES, AND ANY SUCH REFERENCE SHALL NOT BE DEEMED TO INCORPORATED HEREIN BY REFERENCE ANY DOCUMENT, INSTRUMENT, OR AGREEMENT.

WE HEREBY ENGAGE WITH YOU, THAT ALL DRAFTS DRAWN UNDER AND IN COMPLIANCE WITH THE TERMS OF THIS CREDIT WILL BE DULY HONORED, IF DRAWN AND PRESENTED FOR PAYMENT AT OUR OFFICE IN SHERIDAN, WYOMING ON OR BEFORE THE EXPIRATION DATE OF THIS CREDIT.

EXCEPT SO FAR AS OTHERWISE EXPRESSLY STATED, THIS DOCUMENTARY CREDIT IS SUBJECT TO "UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS (1993 REVISION), INTERNATIONAL CHAMBER OF COMMERCE PUBLICATION 500".

SINCERELY,

FIRST INTERSTATE BANK
SHERIDAN, WYOMING



MARK S. KINNER, SENIOR VICE PRESIDENT