598563 AGREEMENT
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AUDREY KOLTISKA, SHERIDAN COUNTY CLERK

WATER SERVICE AGREEMENT

THIS AGREEMENT made, dated, and signed this 28th day of December, 2007, by and between Powder Horn Ranch 1 Phase VIII (8) and Powder Horn Ranch 2, 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 1, Phase 8, Powder Horn Ranch 2 Subdivision, Block AA and Block BB (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, also described as

Lots 1-14, Block C, Powder Horn Ranch 1, Phase 8 PUD
Lots 1-17, Block AA, Powder Horn Ranch 2, Phase 1 PUD
Lots 1-66, Block BB, Powder Horn Ranch 2, Phase 2 PUD

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

1. Developer shall install all necessary water mains, pump station, service lines, and related appurtenances to provide domestic water service to the planned unit development. 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, pump station, 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 or the owners of the respective lots receiving domestic water service, 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 substantially completed and accepted by the Board, its duly-authorized agent, or successor in interest. Occupancy of any residential dwelling unit shall not take place until the domestic water system serving the respective lot has reached final completion.

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 ninety seven (97) 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 not allow more than 120 new taps to be installed in Powder Horn 1 and Powder Horn 2 homes constructed between January 11, 2002 and January 11, 2006, resulting in the maximum total number of 195 taps on January 11, 2006. At such time as the Board increases the capacity of the distribution delivery system this restriction will be reconsidered.

C. 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.

D. 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:

By: Rick Wahs
~~Marc Ketcham~~
Secretary

SHERIDAN AREA WATER SUPPLY JOINT POWERS BOARD:

Steve Maul
~~David Kinskey~~
Chairman

DEVELOPER

Sandra Scott Suzor
Powder Horn Ranch 1, L.L.C.
Powder Horn Ranch 2, L.L.C.

STATE OF WYOMING)
: ss.
COUNTY OF SHERIDAN)

The foregoing instrument was acknowledged before me this 9th day of January, 2008 by the Chairman of the Sheridan Area Water Supply Joint Powers Board.

Witness my hand and official seal.

Carla I Raymond
Notary Public

My Commission Expires: April 22, 2011

CARLA I. RAYMOND NOTARY PUBLIC
COUNTY OF SHERIDAN STATE OF WYOMING
MY COMMISSION EXPIRES APRIL 22, 2011

STATE OF WYOMING)
: ss.
COUNTY OF SHERIDAN)

The foregoing instrument was acknowledged before me: Sandra Scott Suzor, personally know to me as the Project Manager of the Powder Horn Ranch 1 and 2 this 28th day of December 2007.

Witness my hand and official seal.

Janet Korpela
Notary Public

JANET KORPELA - NOTARY PUBLIC
County of Sheridan State of Wyoming
My Commission Expires 5/17/2011

My Commission Expires: May 17, 2011