

at the request of ICR Water  
when recorded mail to:  
ICR Water  
P. O. Box 4413  
Prescott, AZ 86302

BK	FEF
MAP	SS
SEL	SI
S	CT

3424349 BK 3895 PG 877  
Yavapai County  
Patsy Jenney-Colon, Recorder  
01/24/2002 04:11P PAGE 17 OF 38  
YAVAPAI TITLE AGENCY  
RECORDING FEE 38.00  
SURCHARGE 8.00  
POSTAGE 17.00

**CAPTION HEADING:** **ACCOMMODATION**

**Water Purchase Agreement**

DO NOT REMOVE

THIS IS PART OF THE OFFICIAL DOCUMENT

(THIS FORM IS FOR RECORDER'S USE ONLY)

## WATER PURCHASE AGREEMENT

This Agreement is made this 1<sup>st</sup> day of July, 1995, between ICR WATER USERS ASSOCIATION, an Arizona corporation, hereinafter referred to as "ICR," and PIERCE PROPERTIES, LTD., an Arizona limited partnership, hereinafter referred to as "Owner."

### RECITALS

WHEREAS, ICR has applied for a certificate of convenience and necessity ("CC&N") issued by the Arizona Corporation Commission and is authorized to provide water utility service in certain areas of Yavapai County, Arizona; and

WHEREAS, a map of the proposed CC&N is attached hereto as Exhibit "A"; and

WHEREAS, ICR has paid to have a well (the "Well") dug on Owner's land with Owner's permission, which ICR believes will produce an adequate quality and quantity of water for ICR to use as domestic water; and

WHEREAS, Owner owns the Well, which is registered with the Arizona Department of Water Resources as registration number B (15-2) 30ADB, and the well site.

NOW, THEREFORE, ICR and Owner agree as follows:

1. ICR will cause to be constructed, at its sole cost and expense, an eight-inch (8") or larger express transmission water main to connect to the Well from the right of way of Williamson Valley Road across and through certain of Owner's property, more specifically along the 20 foot utility easement shown on the survey map and legal description attached hereto as Exhibits "B" and "C", respectively. The termination of the line will be ICR's water storage site. ICR will not be permitted to place or construct water storage facilities on Owner's land. ICR will bear all expenses of any kind whatsoever in connection with the Well, well site, pumping equipment and water line, including drilling, operating and maintaining the Well, and installing, operating and maintaining the pump and storage and transmission lines. Power lines to the pump and the Well, and all equipment used at the Well, including the pump, shall be placed underground. Owner has consented to the construction of the Well on Owner's property, and will grant to ICR (a) a Water Line Easement for access to the water main and well site, in the form attached hereto as Exhibit "D", and (b) a Temporary Construction Easement for the purpose of installing the water lines, in the form attached hereto as Exhibit "E" (the Water Line Easement and the Temporary Construction Easement are collectively called the "Easements"). Neither this Agreement nor the Easements are intended to, or shall have the effect of, dedicating the Well, the well water, the well site or any of Owner's property to any public use or purpose.

2. Subject to paragraph 5 below, Owner agrees to sell, and ICR agrees to purchase, a wholesale water supply not to exceed 100,000,000 gallons per year, or such lesser amount as the Well may produce, for existing and future customers in ICR's certificated area. Owner shall deliver the water purchased hereunder to ICR at the well head, and ICR shall pay for such water, on a monthly basis, within ten (10) days after a receipt of an invoice from Owner, as follows:

(a) The base price of the water delivered under this Agreement (the "Base Price") for calendar year 1995 shall be fifteen cents (\$0.15) per 1,000 gallons delivered. The Base Price shall increase as of January 1, 1996, and on January 1 of each calendar year thereafter, in accordance with the percentage increase in the Consumer Price Index as developed by the United States Bureau of Labor Statistics (Consumer Price Index for Urban Consumers (U), 1982-1984 = 100, U.S. City Average) (the "CPI") as of the relevant Adjustment Date over the CPI as of January 1, 1995 (such increase is referred to as the "Inflation Adjustment". The CPI will be determined as of September 30 of each year (the "Adjustment Date"), and Owner will notify ICR, prior of December 1 of that year, of Owner's calculation of the Inflation Adjustment and the applicable price increase, if any, to be implemented as of the ensuing January 1. If the CPI ceases to be published or available, Owner may select another index that, in Owner's reasonable discretion, approximates the CPI, and such index shall thereafter be used instead of the CPI in calculating the applicable Inflation Adjustment under this paragraph. If the CPI does not increase for any given year, the Base Price shall remain unchanged from the preceding year. **In no event shall the Base Price ever be less than \$0.15 per 1,000 gallons.** To illustrate the foregoing provisions, assume that the CPI as of January 1, 1995, is 140. Further assume that the CPI as of September 30, 1998 (which is used in calculating the Inflation Adjustment to be implemented as of January 1, 1999) is 156.8. Based on the foregoing assumptions, the Inflation Adjustment to be implemented January 1, 1999, would equal  $\$0.15 \times [(156.8 - 140) \div 140]$ , or \$.018 (1.8¢), and the new Base Price per 1,000 gallons of water delivered under this Agreement for calendar year 1999 would equal \$.168 (16.8¢).

(b) The Base Price calculated in accordance with subparagraph (a) above shall be further increased in proportion to the percentage increase in ICR's water rates to its customers granted by the applicable regulatory authority, as and when such rate increases are granted (any such increase is referred to as the "Rate Adjustment"). ICR will provide Owner with copies of its certification and initial water rate schedule to customers. To illustrate the foregoing provisions, if ICR obtains a 5% rate increase to its customers at a given time, the then applicable Base Price of water delivered under this Agreement, determined in accordance with subparagraph (a) above, shall also immediately increase by 5%. The applicable Inflation Adjustment shall be calculated and incorporated into the applicable Base Price prior to calculating the Rate Adjustment.

(c) Concurrently with providing each hydrological report required under paragraph 20(b) hereof and as a condition to renewal of this Agreement, ICR shall survey all water providers in Yavapai County, Arizona, to determine the prices per 1,000 gallons that each of those providers charges for the delivery of untreated water to its customers (the "Comparable Prices"), and shall prepare and deliver to Owner, concurrently with the delivery of each hydrological report, a chart presenting the Comparable Prices, the number of gallons on which each Comparable Price was based, and the name and phone number of the contact person with each provider (for verification purposes), all of which shall be certified by ICR as true and correct. If the Base Price then being charged for water delivered under this Agreement is less than 110% of the highest Comparable Price, then the Base Price charged for water delivered hereunder shall be increased to equal 110% of the highest Comparable Price, effective as of the commencement of the ensuing renewal term. If the Comparable Price information presented to Owner is later determined to have been incomplete or incorrect when presented, the Base Price(s)

calculated under this subparagraph (c) shall be retroactively adjusted to reflect the correct amount(s), and Owner may charge ICR interest at the rate of 20% per annum on any underpaid amounts. After the first year of a given renewal period, the Base Price shall also be increased in accordance with the applicable Inflation Adjustment and Rate Adjustment provisions of subparagraphs (a) and (b) above.

(d) THIS AGREEMENT IS A NET, NET, NET CONTRACT. ICR WILL PAY ALL COSTS OF ANY KIND WHATSOEVER, INCLUDING ANY AND ALL GROUNDWATER WITHDRAWAL FEES, TAXES (EXCEPT FEDERAL OR STATE INCOME TAXES WHICH MIGHT BE PAYABLE BY OWNER) AND ANY OTHER CHARGES NOW OR HEREAFTER IMPOSED (WHETHER OR NOT PRESENTLY FORESEEABLE) IN CONNECTION WITH THE SALE OF WATER UNDER THIS AGREEMENT AND OWNER'S WITHDRAWAL AND DELIVERY OF WATER TO ICR. If the presence or operation of the facilities described in paragraph 1 of this Agreement increases the real estate taxes and/or insurance premiums on Owner's property, ICR will pay the amount of such increase promptly upon presentation of an invoice therefor from Owner, together with Owner's calculation of the amounts due.

3. ICR will install a meter at the well site to measure the water supplied to ICR. Owner will provide ICR with meter readings together with each invoice for the water provided. Owner may require ICR to calibrate, adjust or replace the meter at ICR's expense.

4. ICR agrees to perform all water testing and treatment required to meet water quality standards imposed by any regulatory agencies. All water sold by Owner under this Agreement shall be sold "AS IS", and Owner makes no representations or warranties of any nature regarding, nor shall Owner be in any way responsible for, the quality or quantity of water available from the Well, either now or in the future.

5. This Agreement shall not: (a) obligate ICR to purchase from Owner any or all of ICR's water requirement; (b) obligate Owner to sell any more than the maximum amount described in paragraph 3 above, the amount the Well will produce or the maximum amount permitted by applicable law, whichever is less; (c) affect Owner's ability to use water which is withdrawn from Owner's land, either on or off Owner's land, for any purpose, in any quantity, by Owner or its successors; or (d) create any interest in Owner's property or impose any limitations on the rights of Owner or its successors to develop Owner's property.

6. Owner reserves the rights: (a) to use the Well and well water for other purposes not inconsistent with this Agreement; and (b) to drill other wells in the vicinity of the Well, irrespective of any spacing requirements or other restrictions on the drilling of new or replacement wells.

7. Water pumped from the Well and delivered to ICR hereunder shall be limited to use within ICR's certificated area as shown on Exhibit "A", and not in any expansions to that area or in any areas contiguous to the certificated area. The area within which such water may be used is shown on the map attached hereto as Exhibit "A". Except as provided in paragraph 20(d), ICR shall be prohibited from supplying water to any person or for any purpose outside of the certificated area.

8. (a) Owner's obligation to sell water under this Agreement is conditioned upon the availability of water and upon Owner's legal ability to sell water. If for any reason Owner is found not to have the legal right or ability to pump or to deliver water under this Agreement, then Owner shall have no obligation to deliver water hereunder.

(b) If the Well becomes inoperable or unproductive, Owner may cap the Well and cease providing water. In such event, ICR may drill a new well on Owner's land at a site acceptable to Owner and ICR, or may request Owner to do so at ICR's expense. Owner and ICR will then cooperate in good faith to relocate the Easements on Owner's land. If Owner drills a new well as described in this subparagraph (b), ICR shall reimburse Owner for costs incurred by Owner upon presentation of an invoice from Owner.

9. During the effective term of this Agreement, ICR shall at its own expense maintain in full force a policy or policies of commercial general comprehensive liability insurance, including property damage, indemnity liability, environmental damage and possible liability for water quality, written by one or more responsible insurance companies licensed to do business in Arizona with a Best Rating or equivalent of "A" or better. The policy(ies) shall insure ICR, with Owner as an additional named insured, against all liability for injury to persons and property and for the death of any person occurring in or about the Well, storage facility, the water line, the power to the Well and stage facility or the water itself and any other activity in any way connected or associated with pumping, storing, treating, testing or delivering the water, and shall contain a waiver of subrogation clause or endorsement. The limits of such insurance shall not be less than \$5,000,000 for the death or injury of any one person, \$10,000,000 for any one accident, or \$1,000,000 for property damage. ICR shall, at Owner's request, provide Owner with duplicates of insurance policies maintained by ICR pursuant to this Agreement, or certificates of insurance relating thereto issued by the insurers. In the event ICR shall fail to maintain or renew any insurance policy required under this Agreement or to pay the premiums therefor, Owner may, at its option but without obligation so to do, procure such insurance or pay such premiums, and any sums expended therefor shall be repaid by ICR to the party expending the same upon demand, together with interest therein at the rate of twenty percent (20%) per annum until repaid by ICR or, at Owners' option, declare this Agreement to have been breached by ICR and terminate this Agreement. ICR shall obtain the agreement of each insurance company not to cancel, terminate or materially amend any policy required by this Agreement without thirty (30) days' prior written notice to Owner.

10. ICR will not transport any of the water delivered hereunder into the Prescott Active Management Area.

11. Owner shall in no event be responsible for compliance with any zoning or subdivision requirements that may apply to the land upon which ICR uses the water delivered hereunder ("ICR's Property"), and Owner shall not be required to sign any plat or recorded restrictions with respect to any subdivided land.

12. If ICR fails to properly comply with its maintenance and repair obligations under paragraph 1 above, Owner shall have the right, upon fifteen (15) days' prior written notice to ICR, to take over the maintenance and repair of such facilities, and to assess ICR for any costs incurred in doing so. Such amounts shall be payable upon demand by Owner and shall bear interest at the rate of 20% per annum until paid by ICR. In such

event, Owner shall also be entitled to a management fee of \$2,000.00 per month, which shall be paid at the same time or times that amounts are payable under paragraph 2 of this Agreement, and which shall be subject to periodic Inflation Adjustments as described in paragraph 2(a) above. Instead of or in addition to the foregoing, Owner may also, in its discretion, declare ICR's failure to properly maintain or repair such facilities to constitute a default under this Agreement, in which event the provisions of paragraph 14 of this Agreement shall apply.

13. ICR shall indemnify, save and hold harmless Owner and Owner's officers, directors, partners, principals and agents for, from and against any and all loss or damage arising from or relating to the construction or operation of the facilities described in paragraph 1 above or the withdrawal, delivery or service of the water described in this Agreement, including any liability resulting from the quality of the water or any violation of laws, rules or regulations relating to human health or the safety or protection of the environment.

14. If either party breaches, or defaults under, this Agreement, and such breach or default continues for a period of ten (10) days with respect to any default in the payment of money, or for a period of thirty (30) days with respect to any other default, after receipt by the defaulting party of a written notice describing the default, the non-defaulting party may, in addition to all other rights available at law or in equity, terminate this Agreement, whereupon this Agreement shall cease to be of further force or effect. If ICR breaches or defaults under this Agreement, Owner may, in addition to its other remedies, record the Notice of Termination described in the Water Line Easement.

15. This Agreement shall be binding upon the parties hereto and their successors and assigns, including any future owners of Owner's land. However, this Agreement shall not confer any rights or remedies upon any person other than the parties hereto and their respective successors and assigns.

16. The failure of either party hereto to enforce any of the provisions of this Agreement or the waiver thereof in any instance shall not be construed as a general waiver or relinquishment on its part of any such provision but the same shall, nevertheless, be and remain in full force and effect.

17. Communications and payments shall be sent to Owner, addressed as follows:

Pierce Properties, Ltd.  
Attn: Mr. Stephen M. Pierce/Mr. C. Michael Pierce  
4041 East Thomas Road, Suite 200  
Phoenix, Arizona 85018

or to such other address as Owner may advise ICR in writing, and to ICR at:

ICR Water Users Association  
P. O. Box 4413  
Prescott, Arizona 86302

or such other address as ICR may advise Owner in writing.

18. This Agreement shall not be construed to create a partnership or joint venture of any nature between ICR and Owner. ICR is not an agent of Owner and shall not incur any costs or expenses on behalf of Owner, and Owner is not an agent of ICR and

shall not incur any costs on behalf of ICR. Owner shall be permitted to post on the premises a notice of non-responsibility for mechanics' liens for work done in digging and installing the Well, water line and related facilities described in this Agreement, and ICR shall advise any labor and material suppliers that ICR, and not Owner, is responsible for the payment of such costs.

19. This Agreement shall be governed by the laws of the United States of America and the State of Arizona and shall be subject to such approvals of regulatory agencies as may be required under such laws.

20. The term of this Agreement shall be twenty-five (25) years, commencing on the date of this Agreement. Thereafter, ICR shall have the option to renew the term of this Agreement for three (3) successive 25-year terms (at a Base Price to be determined in accordance with paragraph 2(c) above), provided that ICR shall have satisfied the following conditions as of the commencement of each renewal term:

(a) ICR or its successor must be in compliance with all terms of this Agreement and not in default under this Agreement at the time of renewal (this condition would include, for example, the requirement that ICR not have used any more than the maximum annual amount of water available under this Agreement in any year).

(b) ICR, at least one (1) year prior to the expiration of each 25-year term, must have provided Owner with an updated hydrological report, in a form specified by and acceptable to Owner, showing there continues to be enough water available in the aquifer, and also under applicable regulations, to supply ICR and Owner, assuming Owner develops its property at the same densities as ICR's Property.

(c) ICR must have constructed and thereafter continuously maintained a sanitary sewer and waste water treatment plant; all dwellings and other units on ICR's Property (including any units (not to exceed 34 in number) in Phase I of the subdivision to be built on ICR's Property with septic systems) must be connected to the sewer; the sewer treatment plant must be operated in compliance with all applicable regulations; and effluent from the waste water treatment plant must be recharged in accordance with applicable regulations.

(d) If requested by Owner, ICR must have extended the CC&N of its water company to cover Owner's land in Sections 7, 8, 17 and 18, Township 16 North, Range 3 West, Salt River Base and Meridian, located east of the Atchison, Topeka and Santa Fe Railroad line ("Owner's East Property") and, if requested by Owner, must also have extended sewer service to Owner's East Property. Extension of the sewer (including expansions of the treatment plant) would be at Owner's expense, and sewer service would, at Owner's option, either (i) be provided under ICR's CC&N, or (ii) be provided by Owner, in which event ICR agrees to delete Owner's land from ICR's sewer CC&N at no cost or charge to Owner. If water service is to be provided by ICR to Owner's East Property, ICR will obtain the necessary regulatory approvals to expand the area within which it can serve water, and the parties will amend this Agreement to permit the purchase, sale and use of the additional water on Owner's East Property on the terms set forth herein and such other provisions as are consistent with and required by such expansion and increase. In that instance, ICR will provide at its sole cost all additional storage and transmission facilities necessary to extend water service onto the East Property, and Owner will bear the cost of installing water facilities on the East Property.

(e) ICR has made reasonable good faith efforts to obtain another acceptable source of water in sufficient quantities to replace the water being received from Owner under this Agreement at a price not more than 25% greater than the price described in paragraph 2 above, but has been unable to do so.

If any of the foregoing conditions to renewal has not been timely satisfied, then the renewal option in question cannot be exercised, and the term of this Agreement shall end at the then effective expiration date of this Agreement (i.e., 25 years after the date of this Agreement or the end of the then effective 25-year renewal term).

21. ICR may not transfer or assign its rights under this Agreement, as security for a debt or otherwise, without Owner's prior written consent. However, with Owner's approval, which approval shall not be unreasonably withheld, ICR may assign such rights to a homeowners association (the "Owners Association") formed by ICR, provided that the Owners Association assumes ICR's obligations hereunder.

22. The obligations of ICR under this Agreement shall be guaranteed by the principals of ICR and their spouses under a Guaranty Agreement in the form attached hereto as Exhibit "F", until the time specified in paragraph 9 of the Guaranty Agreement.

23. This Agreement is subject to the condition that within six (6) months after the date of this Agreement, ICR be granted a CC&N for the areas shown on Exhibit "A." If the CC&N is timely granted for a smaller service area, this Agreement will become effective only with respect to that service area. If the C&N is not timely granted, this Agreement will automatically terminate and neither party shall have any further rights or obligations hereunder.

24. This Agreement shall apply to the parties hereto according to the context hereof, without regard to the number or gender of words or expressions used herein. The captions of paragraphs in this Agreement are for convenience and reference only, and in no way define, limit or describe the scope or intent of this Agreement or the provisions of such paragraphs. This Agreement shall be construed as a whole, in accordance with the fair meaning of its language, and, as each party has been represented by legal counsel of its choice in the negotiation of this Agreement or deliberately chosen not to be so represented, neither this Agreement nor any provision thereof shall be construed for or against either party by reason of the identity of the party drafting this Agreement. As used in this Agreement, the term(s): (a) "include" or "including" shall mean without limitation by reason of enumeration; (b) "herein," "hereunder," "hereof," "hereinafter" or similar terms refer to this Agreement as a whole rather than to any particular paragraph; (c) "person" includes a corporation, trust, partnership, limited liability company, association, governmental authority or other entity, as well as a natural person; and (d) "days" means calendar days unless otherwise provided.

25. Each covenant, provision and condition of this Agreement shall be interpreted in such a manner as to be valid and effective under applicable law. If any such covenant, provision or condition shall be held to be void or invalid, the same shall not affect the remainder hereof, which shall be valid and effective as though the void or invalid covenant, provision or condition had not been contained herein.

26. Any exhibit attached hereto is hereby incorporated herein and made a part hereof for all purposes, and references in this Agreement to such exhibits shall be deemed to include this reference and incorporation. The exhibits to this Agreement presently include:



- Exhibit "A" - Map showing proposed CC&N
- Exhibit "B" - Survey map showing easement area
- Exhibit "C" - Legal description of easement area
- Exhibit "D" - Water Line Easement
- Exhibit "E" - Temporary Construction Easement
- Exhibit "F" - Guaranty Agreement

27. Each party, upon the request of the other, shall execute and deliver such further documents and take such further actions as may be reasonably requested to carry out the intent of this Agreement.

28. This Agreement may be executed in one or more counterparts, each of which may be executed by one or more of the signatory parties hereto. Signature pages may be detached from the counterparts and attached to a single copy of this Agreement to form one legally effective document.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in duplicate counterparts, with each counterpart constituting an original.

ICR WATER USERS ASSOCIATION,  
an Arizona corporation

PIERCE PROPERTIES, LTD., an  
Arizona limited partnership

By *SMcCraine*  
Name: SWAYZE McCRAINE  
Title: PRESIDENT

By *C. Michael Pierce*  
Name: C. Michael Pierce  
Title: partner

**AMENDMENT TO WATER PURCHASE AGREEMENT**

It is hereby agreed between ICR WATER USERS ASSOCIATION and PIERCE PROPERTIES, LTD., that Water Purchase Agreement dated 8-1, 1975 shall be amended as follows:

The required commercial general comprehensive liability insurance shall be in the amount of \$1,000,000.00 until the ICR Water Users Association is turned over to the home owners, at that time the required amount of coverage shall be \$10,000,000.00.

By *AMcGinn*  
Its *PRESIDENT*

By *[Signature]*  
Its *parties*

# EXHIBIT

PARCELS OF LAND IN  
SECTIONS 21, 22, 27, 28 & 33  
TOWNSHIP 16, NORTH, RANGE 3 WEST,  
OF THE GILA AND SALT RIVER BASE AND MERIDIAN  
YAVAPAI COUNTY, ARIZONA.



SCALE 1" = 1500'

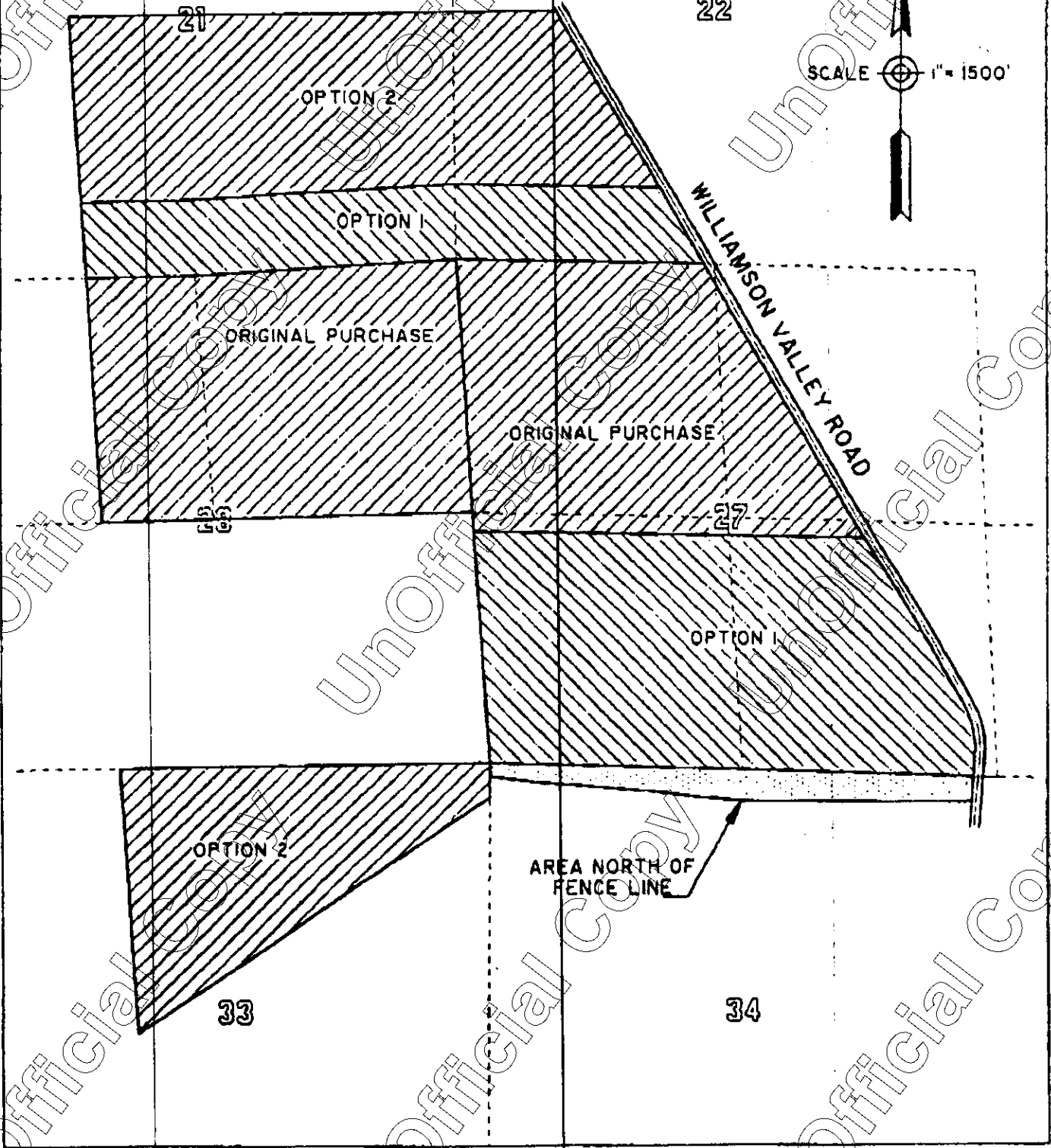
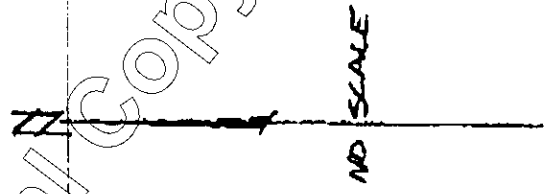


EXHIBIT "A"

EXHIBIT MAP  
TO ACCOMPANY DESCRIPTIONS



WILLIAMSON VALLEY ROAD

FORM ACCEPTED AS  
SE 208 SEC 17  
T6N. R. 3W

± 20' WIDE EASEMENT FOR  
WATER LINE PURPOSES.  
± 40' WIDE TEMPORARY EASEMENT  
FOR CONSTRUCTION PURPOSES.

4156.29

SLY LINE SECTION 17

WELL HEAD

± 100' x 100' ESMT

2041.24

EXHIBIT "B"

WATER LINE EASEMENT

A 20 foot wide easement for water service purposes over a portion of the Southwest quarter and Southeast quarter of Section 17, Township 16 North, Range 3 West of the Gila and Salt River Base and Meridian, Yavapai County, Arizona, the centerline of said easement being described as follows:

BEGINNING at the Southeast corner of said Section, said corner being monumented with a 3 inch diameter brass disk set in concrete, stamped "WJ Check 1961 PE 2398;

thence, along the Southerly line of said Section North 89°06'41" West 4156.29 feet;

thence, departing said line North 0°51'19" East, 2,041.24 feet to the TRUE POINT OF BEGINNING;

thence, South 37°41'36" East 123.24 feet;

thence, South 82°41'36" East, 1,168.44 feet;

thence, South 87°26'51" East 1,685.03 feet;

thence, North 64°02'17" East 900 feet, to the westerly sideline of Williamson Valley Road, 100 feet wide (also known as Prescott-Simmons highway.

The sidelines of said easement are to be prolonged or shortened so as to terminate in the Westerly sideline of said Williamson Valley Road.

EXHIBIT 1

When recorded, return to:

ICR Water Co.  
PO Box 4413  
Phoenix AZ 86302

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BK 3895 PG 877 FEE#3424349

**WATER LINE EASEMENT**

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KNOW ALL MEN BY THESE PRESENTS:

That in consideration of TEN DOLLARS (\$10.00) and other good and valuable consideration paid to PIERCE PROPERTIES, LTD., an Arizona limited partnership, hereinafter referred to as "Owner", by ICR WATER USERS ASSOCIATION, an Arizona corporation, referred to as "ICR", the receipt of which is hereby acknowledged, Owner and ICR agree as follows:

**SECTION ONE  
GRANT OF EASEMENT**

Owner does hereby grant unto ICR, its successors and assigns, an easement 20 feet in width and legally described on the attached Exhibit "1" (the "Easement Parcel"), with the right to erect, construct, install, and lay and thereafter use, operate, inspect, repair, maintain, replace, and remove a WATER PIPELINE EIGHT INCHES (8") IN DIAMETER AND NECESSARY APPURTENANCES over, across, and through the Easement Parcel. The foregoing easement shall be appurtenant to the real property legally described on the attached Exhibit "2" (the "Dominant Parcel"), which is presently owned by ICR.

**SECTION TWO  
TERM**

The rights granted in this Easement shall be possessed and enjoyed by ICR, its successors and assigns, so long as the pipeline and appurtenances constructed pursuant to this Easement shall be maintained and operated by ICR, its successors or assigns, and ICR is otherwise in compliance with its obligations under that certain Water Purchase Agreement of approximately even date herewith between Owner and ICR (the "Water Purchase Agreement"). This Easement will automatically terminate at such time as ICR ceases to use the Easement Parcel for the delivery of water to ICR's property or upon the earlier termination of the Water Purchase Agreement. ICR has deposited with Owner's counsel a signed and acknowledged Termination of Easement, which such counsel shall be entitled to record upon presentation of a certificate from Owner stating that a default has occurred under the Water Purchase Agreement and has not been timely cured as allowed thereunder; Owner may thereupon record the Termination of Easement. Upon termination of this Easement, any improvements installed pursuant to this Easement shall remain on or under the Easement Parcel unless Owner advises ICR that Owner wishes to have those improvements removed, in which case ICR shall promptly remove

them and return the Easement Parcel to a safe, level and presentable condition, similar to the original condition of the Easement Parcel prior to the construction and installation of the facilities described in Section One above.

### SECTION THREE ADDITIONAL RIGHTS OF ICR

ICR shall have the right of ingress and egress over the Easement Parcel for any and all purposes necessary or convenient to the exercise by ICR of the rights granted in this Easement. If either party installs locked gates on the Easement Parcel, or on adjacent land such that the other party's access across or use of the Easement Parcel for permitted purposes is impeded, such party shall provide the other with keys to those locks.

### SECTION FOUR RIGHTS OF OWNER

Owner reserves the right to use and enjoy the Easement Parcel to the fullest possible extent, provided that such use and enjoyment do not unreasonably interfere with ICR's exercise of the rights granted in this Easement.

### SECTION FIVE ICR OBLIGATIONS

ICR agrees to bury the pipeline to be installed in the Easement Parcel to a depth that is sufficient to avoid any interference with the operations of Owner. ICR further agrees to pay, and to indemnify and hold Owner harmless for, from and against, any and all loss or damage, including, without limitation, damages to growing crops or fences, that may arise from the construction, maintenance and operation of the pipeline. ICR shall promptly pay to Owner, upon Owner's presentation of an invoice, any such damage sustained by Owner.

### SECTION SIX ASSIGNMENTS

The rights granted in this Easement shall be assignable together or separately and in whole or in part, but only to the permitted successors in interest to the rights of ICR under the Water Purchase Agreement who are then obligated under the Water Purchase Agreement to operate the water utility which will be served by the pipeline installed pursuant to this Easement.

### SECTION SEVEN DEFAULT BY ICR

This Easement and all rights of ICR under this Easement shall, at the option of Owner, terminate on the failure by ICR to remedy any default in the performance of any term or condition of this Easement or the Water Purchase Agreement within the applicable cure period provided in the Water Purchase Agreement.

**SECTION EIGHT  
WARRANTY OF TITLE**

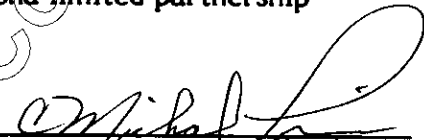
Owner covenants that Owner is the owner of the Easement Parcel, subject to existing matters of record and the rights of parties in possession, and has the right, title and capacity to grant the easement described in this Easement.

**SECTION NINE  
EFFECT OF AGREEMENT**

This Easement shall be binding on the heirs, legal representatives, successors and assigns of the parties. However, it will not operate to dedicate any property for public use.


IN WITNESS WHEREOF the Owner has executed this instrument this 28 day of Aug, 1995.

PIERCE PROPERTIES, LTD., an  
Arizona limited partnership

By:   
Name: Michael Pierce  
Title: partner

**ACCEPTED AND AGREED TO:**

ICR WATER USERS ASSOCIATION,  
an Arizona corporation

By:   
Name: SHAVIE MCCRAIN  
Title: PRESIDENT



STATE OF ARIZONA )  
County of Maricopa ) ss.

The foregoing was acknowledged before me this 28<sup>th</sup> day of August, 1995, by Michael Pierce as General Partner of PIERCE PROPERTIES, LTD., an Arizona limited partnership, on behalf of the partnership.



Suzanne Wolff  
Notary Public

My Commission Expires:

May 21, 1999

STATE OF ARIZONA )  
County of Yuma ) ss.

The foregoing was acknowledged before me this 1<sup>st</sup> day of Aug, 1995, by J. M. Crain, as President of ICR WATER USERS ASSOCIATION, an Arizona corporation, on behalf of the corporation.

Theresa A. Spivey  
Notary Public

My Commission Expires:

2-19-97

**SEAL**

WATER LINE EASEMENT

A 20 foot wide easement for water service purposes over a portion of the Southwest quarter of the Southeast quarter of Section 17, Township 16 North, Range 3 West, of the Gila and Salt River Base and Meridian, Yavapai County, Arizona, the centerline of said easement being described as follows:

BEGINNING at the Southeast corner of said Section, said corner being monumented with a 3 inch diameter brass disk set in concrete, stamped "WJ Cheek 1961 PE 2398";

Thence along the Southerly line of said Section, North 89°08'41" West, 4,156.29 feet;

Thence departing said line, North 0°51'19" East, 2,041.24 feet to the TRUE POINT OF BEGINNING;

Thence South 37°41'36" East, 123.24 feet;

Thence South 82°41'36" East, 1,168.44 feet;

Thence South 87°26'51" East, 1,685.03 feet;

Thence North 64°02'17" East, 900 feet, to the Westerly sideline of Williamson Valley Road, 100 feet wide, (also known as Prescott-Simmons Highway).

The sidelines of said easement are to be prolonged or shortened so as to terminate in the Westerly sideline of said Williamson Valley Road.

EXHIBIT C

WELL SITE EASEMENT

An easement for water service purposes over a portion of the Southwest quarter of Section 17, Township 16 North, Range 3 West, of the Gila and Salt River Base and Meridian, Yavapai County, Arizona, described as follows:

BEGINNING at the Southeast corner of said Section, said corner being monumented with a 3 inch diameter brass disk set in concrete, stamped "WJ Cheek 1961 PE 2398";

Thence along the Southerly line of said Section, North 89°08'41" West, 4,136.29 feet;

Thence departing said line, North 0°51'19" East, 1,991.24 feet to the TRUE POINT OF BEGINNING;

Thence East, a distance of 50.00 feet;

Thence North, a distance of 100.00 feet;

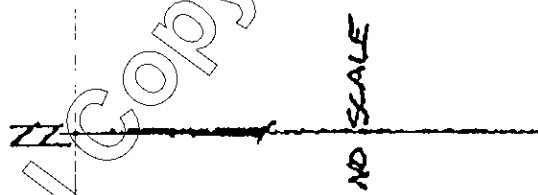
Thence West, a distance of 100.00 feet;

Thence South, a distance of 100.00 feet;

Thence East, a distance of 50.00 feet to the TRUE POINT OF BEGINNING.

EXHIBIT 1

**EXHIBIT MAP**  
TO ACCOMPANY DESCRIPTIONS



WILLIAMSON VALLEY ROAD

FOR NON ACCEPTED AS  
SS FOR SEC 17  
T16 N. R 30 W

± 20' WIDE EASEMENT FOR  
WATER LINE PURPOSES.  
± 40' WIDE TEMPORARY EASEMENT  
FOR CONSTRUCTION PURPOSES.

4156.29

SLY LINE SECTION 17

WELL HEAD  
± 100' x 100' ESMT

204124

EXHIBIT "1"

When recorded, return to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

PAGE 21 OF 38  
BK 3895 PG 877- FEE#3424349

**TEMPORARY CONSTRUCTION EASEMENT**

KNOW ALL MEN BY THESE PRESENTS:

That PIERCE PROPERTIES, LTD., an Arizona limited partnership ("Owner"), for and in consideration of the sum of Ten Dollars (\$10.00), duly paid, the receipt of which is hereby acknowledged, and in further consideration of the performance of the covenants and agreements by ICR Water Users Association, an Arizona corporation ("ICR"), as hereinafter set out and expressed, does hereby grant unto ICR a temporary easement for construction of a water line, and appurtenances hereto belonging, as more particularly described in that Water Line Agreement of even date herewith between the parties, for the accommodation of construction equipment, materials, and excavated earth, over and across the property described on Exhibit "1" attached hereto (the "Easement Parcel").

As a further consideration of this grant, ICR agrees as follows:

1. Immediately following the initial construction described above, ICR will cause to be removed from the Easement Parcel all debris, surplus material and construction equipment and leave the Easement Parcel in a safe, level and presentable condition. Surplus excavated earth will be mounded neatly over the trench, or used for filling and leveling on the Easement Parcel, or hauled away at the option of Owner. The Easement Parcel will be reseeded with native grasses and restored to natural conditions.

2. In the event that fences, driveways or permanent structures of Owner are removed or damaged by ICR's agents, contractors or other persons performing work on the water line, ICR will repair and restore those improvements to a condition fully equal to that existing before construction operations were commenced.

3. Following completion of construction, ICR will promptly restore any portion of the trench which may have settled to smooth surface contours in neat condition.

4. The right, privilege and easement herein granted for temporary construction use shall cease and terminate immediately following the completion of construction and final inspection of the water line described above. In no event, however, shall this easement continue in effect beyond March 1, 1976 and, if not earlier terminated, it shall terminate and cease to be of further force or effect on that date. The Easement Parcel will be placed in the condition referred to in Sections 1 through 3 above upon termination.

This instrument, and the covenants and agreements herein contained, shall inure to the benefit of and be binding and obligatory upon the heirs, executors, administrators, successors, and assigns of the respective parties. The foregoing easement shall be appurtenant to the real property legally described on the attached Exhibit "2"

IN WITNESS WHEREOF Owner has executed this instrument this 27 day of Aug, 1995.

PIERCE PROPERTIES, LTD., an Arizona limited partnership

By [Signature]  
Name: Michael Pierce  
Title: Partner

**ACCEPTED AND AGREED TO:**

ICR WATER USERS ASSOCIATION,  
an Arizona corporation

By [Signature]  
Name: SUZANNE MCCRAINE  
Title: PRESIDENT

STATE OF ARIZONA )  
County of Maricopa ) ss.

The foregoing was acknowledged before me this 28<sup>th</sup> day of August, 1995, by Michael Pierce, as General Partner of PIERCE PROPERTIES LTD., an Arizona limited partnership, on behalf of the partnership.



[Signature]  
Notary Public

My Commission Expires:  
May 21, 1999

STATE OF ARIZONA )  
County of Yavapai ) ss.

The foregoing was acknowledged before me this 1<sup>st</sup> day of August, 1995, by J. McCrane, as President of ICR WATER USERS ASSOCIATION, an Arizona corporation, on behalf of the corporation.

Sheresa A. Spivey  
Notary Public

My Commission Expires:  
2-19-97

**SEAL**

TEMPORARY CONSTRUCTION EASEMENT

A 40 foot wide easement for temporary construction purposes over a portion of the Southwest quarter and Southeast quarter of Section 17, Township 16 North, Range 3 West of the Gila and Salt River Base and Meridian, Yavapai County, Arizona, the centerline of said easement being described as follows:

BEGINNING at the Southeast corner of said Section, said corner being monumented with a 3 inch diameter brass disk set in concrete, stamped "WJ Check 1961 PE 2398;

thence, along the Southerly line of said Section North 89°08'41" West 4156.29 feet;

thence, departing said line North 0°51'19" East, 2.041.24 feet to the TRUE POINT OF BEGINNING;

thence, South 37°41'36" East 123.24 feet;

thence, South 82°41'36" East 1,168.44 feet;

thence, South 87°26'51" East 1,685.03 feet;

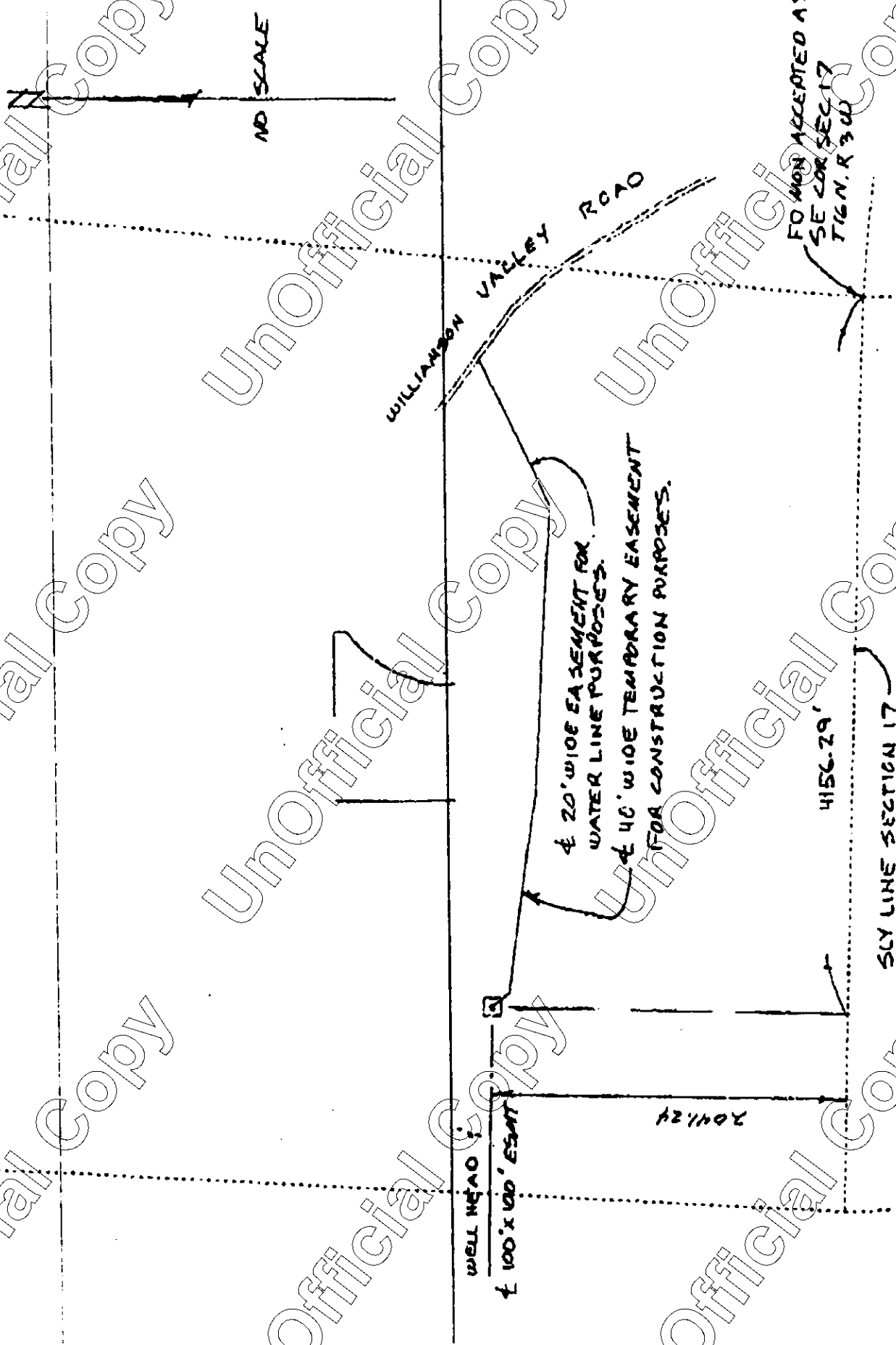
thence, North 64°02'17" East 900 feet, to the Westerly sideline of Williamson Valley Road, 100 feet wide (also known as Prescott-Simmons highway).

The sidelines of said easement are to be prolonged or shortened so as to terminate in the Westerly side line of said Williamson Valley Road.

Exhibit "1"



EXHIBIT MAP  
TO ACCOMPANY DESCRIPTIONS



FO MON ACCEPTED AS  
SE COR SEC 17  
T 16 N. R 3 W

EXHIBIT "1"

## GUARANTY AGREEMENT

To induce PIERCE PROPERTIES, LTD., an Arizona limited partnership ("Owner"), to execute a Water Purchase Agreement, a Water Line Easement and a Temporary Construction Easement, each of approximately even date herewith (collectively, the "Water Agreements"), with ICR WATER USERS ASSOCIATION, an Arizona corporation ("ICR"), which relate to, among other things, the construction by ICR of certain water transporting facilities and the sale by Owner to ICR of a wholesale water supply, **WILLIAM GARY and MARION GARY**, husband and wife, and **SWAYZE McCRAIN and KATHERINE G. McCRAIN**, husband and wife ("Guarantors"), hereby jointly and severally guaranty to Owner, and Owner's successors and assigns, the timely payment and performance of all of ICR's liabilities and obligations (including the performance of all work required under the Water Agreements, free and clear of all liens and in compliance with applicable law) under the terms of the Water Agreements and any modification, amendment, substitution, extension or renewal thereof (all of which are included within the meaning of "Water Agreements" under this Guaranty). Guarantors further agree that:

1. The obligations of Guarantors hereunder will be absolute and unconditional. Guarantors' obligations hereunder will not be or become diminished if recourse with respect to any portion of the guaranteed obligation as against ICR may be or become limited, barred or otherwise unenforceable for any reason. The obligations of Guarantors hereunder are independent of the obligations of ICR, and a separate action or actions may be brought and prosecuted against any one or more of Guarantors, whether or not any action is brought (or nonjudicial action taken) simultaneously, before or after any action against ICR. Owner will have no obligation to enforce any right or remedy described in the Water Agreements.

2. Each Guarantor waives and agrees not to assert or take advantage of: (a) the provisions of Arizona Revised Statutes §§ 12-1641 through 12-1646 inclusive, Rule 17(f) of the Arizona Rules of Civil Procedure and any similar statutory or common laws or procedural rules of any jurisdiction relevant to guarantors, indemnitors, sureties, co-makers or accommodation parties; (b) any right to require Owner to proceed against ICR or any other person or entity, or to pursue any other remedy in Owner's power before proceeding against Guarantors; (c) any defense of any statute of limitations or laches which may be asserted by ICR; (d) any defense that may arise by reason of the incapacity, lack of authority, death, disability, dissolution or termination of, involvement in any bankruptcy or reorganization proceeding (including any rejection or disaffirmance of any of the Water Agreements in such proceeding) by, or other similar occurrence with respect to, ICR or any successor in interest to ICR; or (e) any right to receive any demand or any notice under the Water Agreements.

3. Each Guarantor authorizes Owner, without notice to or demand upon, and without affecting the liability of, such Guarantor hereunder, but with any necessary consent or joinder of ICR, from time to time, to: (a) renew, amend or otherwise change the the terms of any of the Water Agreements or all or any part of the guaranteed obligation, (b) release or substitute any person that is or may be directly or indirectly liable for performance of all or any portion of the guaranteed obligation; (c) file or refrain from filing a claim in any bankruptcy proceeding of ICR; and/or (d) otherwise deal with ICR as Owner may determine in its discretion.

**EXHIBIT "F"**

4. Each Guarantor confirms to Owner that he/she is and will remain fully conversant with the financial status and situation of ICR, and agrees that Owner has no duty to disclose to him/her any facts or information he/she may now have or may hereafter obtain about or with respect to ICR.

5. Notwithstanding the provisions of Arizona Revised Statutes § 12-1643 or any other statutory or common law or procedural rule, until the guaranteed obligation has been performed in full, no Guarantor will have any right of subrogation or reimbursement with respect to any of the guaranteed obligation or any remedy of Owner to enforce any of the guaranteed obligation, regardless of any performance directly or indirectly made by Guarantors pursuant to the provisions of this Guaranty or otherwise. Each Guarantor acknowledges that Owner does not and will not make any representation or warranty of any nature as to the existence, value, priority or non-impairment of any such rights, and waives any and all claims of any nature that it may now have or hereafter acquire against Owner that may result from the nonexistence, lack or loss of value or priority, or impairment of any such rights.

6. All existing and future obligations of ICR to any one or more Guarantors (including any right of indemnification) are hereby subordinated and made junior and inferior to all rights of Owner to have the guaranteed obligation fully performed.

7. Notwithstanding any other provision of this Guaranty or the Water Agreements, if all or any portion of the guaranteed obligation is paid or performed, the obligations of each Guarantor hereunder will continue and remain in full force and effect if all or any part of such payment or performance is avoided or recovered directly or indirectly from Owner as a preference, fraudulent transfer or otherwise, regardless of whether the guaranteed obligation had theretofore been paid or performed in full or whether such Guarantor had provided notice of revocation of this Guaranty to Owner prior to such avoidance or recovery.

8. All rights and remedies of Owner and all obligations of ICR under the Water Agreements, and all obligations of Guarantors hereunder, will be cumulative and not duplicative. Owner may take any actions and resort to any rights and remedies under this Guaranty and/or the Water Agreements, in such order as Owner in its sole discretion elects, provided that Owner will have no duty or obligation to take any such actions or resort to any such rights or remedies. Owner may, in its sole discretion, exercise any rights and remedies available to it against ICR without impairing Owner's rights and remedies under this Guaranty.

9. This Guaranty is irrevocable, and shall continue in effect until one year after residences have been fully constructed on 51% of the lots comprising the subdivision to be located on ICR's Property and the water facilities described in the Water Purchase Agreement are conveyed to the Owners Association. As used herein, "ICR's Property" and "Owners Association" shall have the meanings provided in paragraph 21 of the Water Purchase Agreement.

10. Each Guarantor warrants and represents to and agrees with Owner that he/she: (a) has reviewed and approved the Water Agreements; (b) acknowledges that the Water Agreements may be amended without his/her knowledge or consent, but with any required consent of ICR; (c) waives any notice of acceptance of this Guaranty; (d) acknowledges that the guaranteed obligation is or will be created in consideration of and in reliance upon this Guaranty; and (e) is not and will not be, as a consequence of the execu-

tion and delivery of this Guaranty, impaired or rendered insolvent or otherwise rendered unable to pay his/her debts as the same mature and will not have thereby undertaken liabilities in excess of the present fair value of his/her assets.

11. This Guaranty will be binding upon Guarantors and their respective successors, assigns and legal representatives, and will inure to the benefit of Owner, its successors and assigns, whether or not formally assigned. Guarantors' liability hereunder will be unaffected by changes in the name of ICR or any assignment of the Water Agreements by ICR (with or without Owner's consent) to any water company or other person, except as provided in paragraph 9 above.

12. No waiver of any provision of this Guaranty by Owner, no amendment of this Guaranty, and no release of any Guarantor will be effective unless it is in writing and signed by Owner.

13. If suit or other judicial proceeding is brought, or any other action is taken, by Owner to enforce its rights under this Guaranty, Guarantors jointly and severally promise to pay Owner's reasonable attorneys' fees and court costs incurred therein, which fees and costs will be determined in the sole discretion of the judge in such action, together with interest thereon at the rate of 18% per annum until paid.

14. This Guaranty is delivered to Owner in, relates to real property located in and will be governed by and construed in accordance with the laws and judicial decisions of the State of Arizona.

15. This Guaranty will apply to the parties hereto according to the context hereof, without regard to the number or gender of words or expressions used herein. This Guaranty will be construed as a whole, in accordance with the fair meaning of its language, and, as each party has been represented by legal counsel of its choice in the negotiation of this Guaranty or deliberately chosen not to be so represented, neither this Guaranty nor any provision thereof will be construed for or against either party by reason of the identity of the party drafting this Guaranty.

16. All notices or demands that are required or permitted to be given or served hereunder will be given in the manner provided in the Water Agreements. Guarantors acknowledge that their addresses for notice will be the addresses set forth below with their names. Any Guarantor may change his/her address from time to time by giving ten (10) days' prior written notice to Owner.

DATED as of Aug 1, 1995.

William Gary  
William Gary

Marion L. Gary

Address: P.O. Box 1301  
Prescott AZ 86302

Swayze McCrain  
Swayze McCrain

Katharine G. McCrain  
Katharine G. McCrain

Address: HC 30 BOX 738  
PRESCOTT, AZ 86301

GUARANTORS

ORIGINAL PURCHASE

5371CR  
PAGE 1 OF 1

PARCEL 1:

THAT PORTION OF SECTION 27, OF TOWNSHIP 16 NORTH, RANGE 3 WEST OF THE GILA AND SAIT RIVER BASE AND MERIDIAN, COUNTY OF YAVAPAI, STATE OF ARIZONA, CONTAINING AN AGGREGATE AREA OF 230 ACRES, BOUNDED ON THE NORTH BY THE NORTH LINE OF SAID SECTION, BOUNDED ON THE EAST BY WILLIAMSON VALLEY ROAD, ALSO KNOWN AS PRESCOTT-SIMMONS HIGHWAY, BOUNDED ON THE WEST BY THE WEST LINE OF SAID SECTION AND BOUNDED ON THE SOUTH BY THE SOUTHERLY LINE OF SAID 230 ACRES, SAID SOUTHERLY LINE IS PARALLEL WITH THE NORTH LINE OF THE NORTHWEST QUARTER OF SAID SECTION. MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF SAID SECTION, SAID CORNER IS MONUMENTED WITH A 3" DIAMETER BRASS DISK SET IN CONCRETE, STAMPED "WJ CHEEK PE 2398";

THENCE, ALONG THE WEST LINE OF SAID SECTION, SOUTH 3°42'29" EAST 2,707.30 FEET, TO THE WEST QUARTER CORNER OF SAID SECTION, SAID CORNER IS MONUMENTED WITH A 3" DIAMETER BRASS DISK SET IN CONCRETE, STAMPED "WJ CHEEK PE 2398";

THENCE, CONTINUING ALONG SAID LINE, SOUTH 3°42'27" EAST 201.71 FEET, TO A LINE PARALLEL WITH THE NORTH LINE OF THE NORTHWEST QUARTER OF SAID SECTION;

THENCE, ALONG SAID LINE, SOUTH 88°54'05" EAST 4,228.22 FEET, TO THE WESTERLY SIDELINE OF WILLIAMSON VALLEY ROAD, 100 FEET WIDE (ALSO KNOWN AS PRESCOTT-SIMMONS HIGHWAY;

THENCE, ALONG SAID SIDELINE, NORTH 30°33'23" WEST 3,269.15 FEET;

THENCE, NORTH 30°31'54" WEST 136.24 FEET, TO THE NORTH LINE OF SAID SECTION;

THENCE, ALONG SAID LINE, NORTH 88°54'05" WEST 2,684.88 FEET, TO THE POINT OF BEGINNING.

CONTAINING 230 ACRES.

I certify that, I, Peter S. Jorgensen, am a Registered Land Surveyor in the State of Arizona, that this description was prepared under my direction and contains true, accurate and adequate information to allow retracement thereof.

Peter S. Jorgensen, R.L.S. 16558

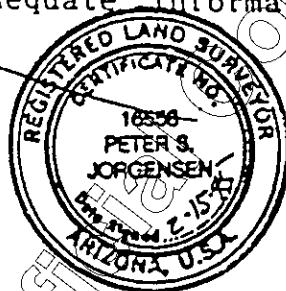


EXHIBIT "A"

PARCEL 1, 230 ACRES

FEB 15, 1995

PARCEL 2:

THAT PORTION OF SECTION 28, OF TOWNSHIP 16 NORTH, RANGE 3 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, COUNTY OF YAVAPAI, STATE OF ARIZONA, CONTAINING AN AGGREGATE AREA OF 240 ACRES, BOUNDED ON THE NORTH BY THE NORTH LINE OF SAID SECTION, BOUNDED ON THE EAST BY THE EAST LINE OF SAID SECTION, BOUNDED ON THE SOUTH BY THE SOUTH LINE OF THE NORTH ONE-HALF OF SAID SECTION, AND BOUNDED ON THE WEST BY THE WEST LINE OF SAID 240 ACRES, SAID WEST LINE IS PARALLEL WITH THE EAST LINE OF SAID SECTION. MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF SAID SECTION, SAID CORNER IS MONUMENTED WITH A 3" DIAMETER BRASS DISK SET IN CONCRETE, STAMPED "WJ CHEEK PE 2398";

THENCE, ALONG THE NORTH LINE OF SAID SECTION, SOUTH 86°23'15" WEST 2,804.18 FEET, TO THE NORTH QUARTER CORNER OF SAID SECTION, SAID CORNER IS MONUMENTED WITH A 3" DIAMETER BRASS DISK SET IN CONCRETE, STAMPED "WJ CHEEK PE 2398";

THENCE, CONTINUING ALONG SAID LINE, SOUTH 88°48'30" WEST 1,151.53 FEET TO A LINE PARALLEL WITH THE EAST LINE OF SAID SECTION;

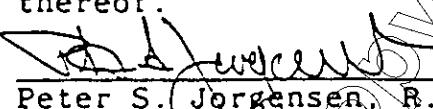
THENCE, ALONG SAID LINE, SOUTH 3°42'29" EAST 2,614.40 FEET TO THE MID-SECTION LINE OF SAID SECTION;

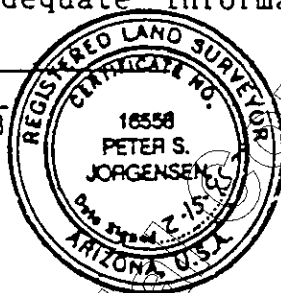
THENCE, ALONG SAID LINE, NORTH 88°26'14" EAST 3,957.37 FEET TO THE EAST QUARTER CORNER OF SAID SECTION, SAID CORNER IS MONUMENTED WITH A 3" DIAMETER BRASS DISK SET IN CONCRETE, STAMPED "WJ CHEEK PE 2398";

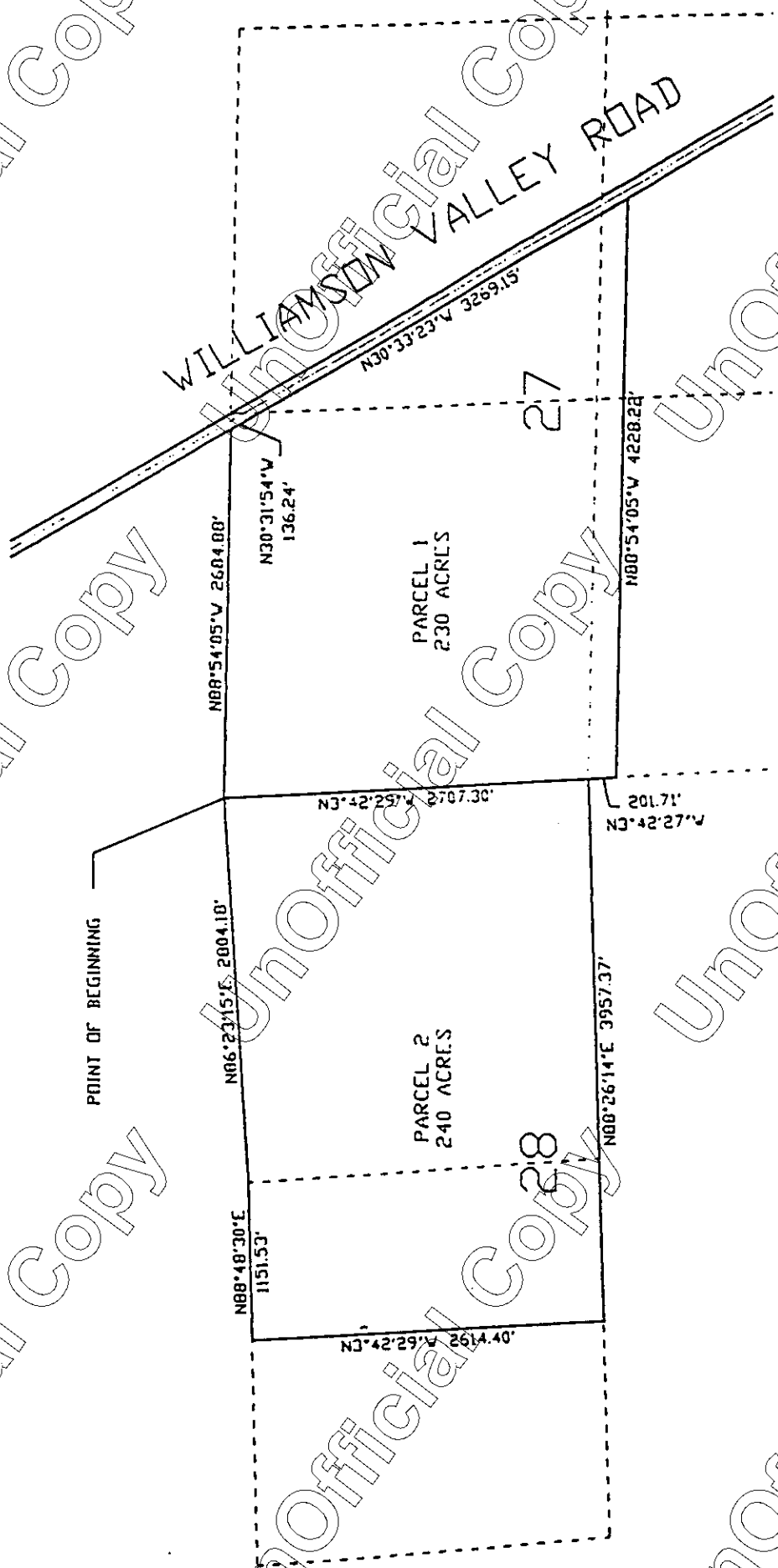
THENCE, ALONG THE EAST LINE OF SAID SECTION, NORTH 3°42'29" WEST 2,707.30 FEET, TO THE POINT OF BEGINNING.

CONTAINING 240 ACRES.

I certify that, I, Peter S. Jorgensen, am a Registered Land Surveyor in the State of Arizona, that this description was prepared under my direction and contains true, accurate and adequate information to allow retracement thereof.

  
Peter S. Jorgensen, R.L.S. 16558





UnOfficial Copy



OPTION 1

5371CR  
PAGE 1 OF 1

FIRST OPTION SECTION 27:

THAT PORTION OF SECTION 27, OF TOWNSHIP 16 NORTH, RANGE 3 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, COUNTY OF YAVAPAI, STATE OF ARIZONA, DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE SOUTH LINE OF SAID SECTION 27 AND THE WESTERLY SIDELINE OF WILLIAMSON VALLEY ROAD, 100 FEET WIDE (ALSO KNOWN AS PRESCOTT-SIMMONS HIGHWAY);

THENCE, ALONG SAID WESTERLY LINE, NORTH 4°24'45" EAST 248.33;

THENCE, ALONG A CURVE TO THE LEFT, HAVING A CHORD BEARING OF NORTH 13°05'09" WEST, A CHORD LENGTH OF 543.36 FEET, A RADIUS OF 906.00 FEET, A CENTRAL ANGLE OF 34°53'58" AND AN ARC LENGTH OF 551.86 FEET;

THENCE, NORTH 30°29'38" WEST 1,783.82 FEET;

THENCE, NORTH 30°34'36" WEST 295.23 FEET;

THENCE, DEPARTING SAID LINE AND PARALLEL WITH THE NORTH LINE OF THE NORTHWEST QUARTER OF SAID SECTION, NORTH 88°54'05" WEST 4,228.23 FEET TO THE WEST LINE OF SAID SECTION;

THENCE, ALONG SAID LINE, SOUTH 3°42'27" EAST 2,504.02 FEET TO THE SOUTHWEST CORNER OF SAID SECTION, SAID CORNER BEING MONUMENTED WITH A 3 INCH DIAMETER BRASS DISK SET IN CONCRETE, STAMPED "WJ CHEEK 1961 PE NO 2398";

THENCE, ALONG THE SOUTH LINE OF SAID SECTION, SOUTH 88°20'49" EAST 2,738.88 TO THE SOUTH QUARTER CORNER OF SAID SECTION, SAID CORNER BEING MONUMENTED WITH A 3 INCH DIAMETER BRASS DISK SET IN CONCRETE, STAMPED "WJ CHEEK 1961 PE NO 2398";

THENCE, CONTINUING ALONG SAID LINE SOUTH 88°21'20" EAST 2,488.09 FEET TO THE POINT OF BEGINNING.

CONTAINING 281.2 ACRES.

I certify that, I, Peter S. Jorgensen, am a Registered Land Surveyor in the State of Arizona, that this description was prepared under my direction and contains adequate information to allow retracement thereof.

*Peter S. Jorgensen*  
Peter S. Jorgensen, R.L.S. 16558



OPTION 2

5371CR  
PAGE 1 OF 1

SECOND OPTION SECTION 33

AN IRREGULAR SHAPED PORTION OF SECTION 33, OF TOWNSHIP 16 NORTH, RANGE 3 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, COUNTY OF YAVAPAI, STATE OF ARIZONA, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF SAID SECTION, SAID CORNER IS MONUMENTED WITH A 3" DIAMETER BRASS DISK SET IN CONCRETE, STAMPED "WJ CHEEK 1961 PE 2398";

THENCE, ALONG THE NORTH LINE OF SAID SECTION, SOUTH 89°15'14" WEST 2,737.46 FEET, TO THE NORTH QUARTER CORNER OF SAID SECTION, SAID CORNER IS MONUMENTED WITH A 3" DIAMETER BRASS DISK SET IN CONCRETE, STAMPED "WJ CHEEK 1961 PE 2398";

THENCE, CONTINUING ALONG SAID LINE, SOUTH 89°16'37" WEST 1,222.44;

THENCE, DEPARTING SAID LINE, SOUTH 3°42'29" EAST 2,896.81 FEET TO AN EXISTING 4 STRAND BARBED WIRE FENCE LINE;

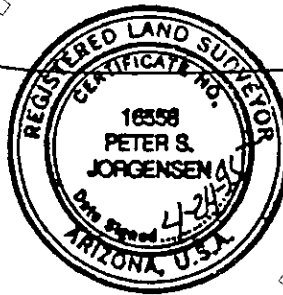
THENCE, GENERALLY ALONG SAID FENCE LINE, NORTH 55°49'36" EAST 4,556.29 FEET TO THE EAST LINE OF SAID SECTION;

THENCE, ALONG SAID LINE, NORTH 0°23'28" EAST 382.57 FEET, TO THE POINT OF BEGINNING.

CONTAINING 147.95 ACRES.

I certify that, I, Peter S. Jorgensen, am a Registered Land Surveyor in the State of Arizona, that this description was prepared under my direction and contains adequate information to allow retracement thereof.

*Peter S. Jorgensen*  
Peter S. Jorgensen, R.L.S. 16558



SECOND OPTION SECTIONS 21 & 22:

THOSE PORTIONS OF SECTION 21 AND SECTION 22, OF TOWNSHIP 16 NORTH, RANGE 3 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, COUNTY OF YAVAPAI, STATE OF ARIZONA, DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE SOUTH LINE OF SAID SECTION 22 AND THE WESTERLY SIDELINE OF WILLIAMSON VALLEY ROAD, 100 FEET WIDE (ALSO KNOWN AS PRESCOTT-SIMMONS HIGHWAY);

THENCE, ALONG SAID WESTERLY LINE, NORTH 30°31'54" WEST 945.97 FEET TO THE TRUE POINT OF BEGINNING;

THENCE, PARALLEL WITH THE SOUTHERLY LINE OF SAID SECTION 22, NORTH 88°54'05" WEST 2,215.12 FEET TO THE EAST LINE OF SAID SECTION 21;

THENCE, PARALLEL WITH THE SOUTHERLY LINE OF SAID SECTION 21, SOUTH 86°23'15" WEST 2,826.98 FEET;

THENCE, CONTINUING ALONG SAID PARALLEL LINE, SOUTH 88°48'30" WEST 1,170.00 FEET;

THENCE, NORTH 3°42'29" WEST 2,001.74 FEET;

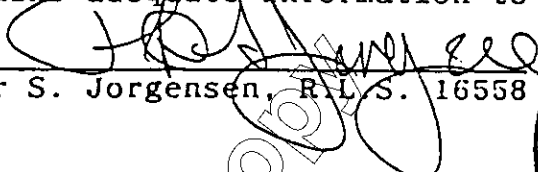
THENCE, NORTH 89°13'31" EAST 5,210.05 FEET TO THE WESTERLY SIDELINE OF SAID WILLIAMSON VALLEY ROAD;

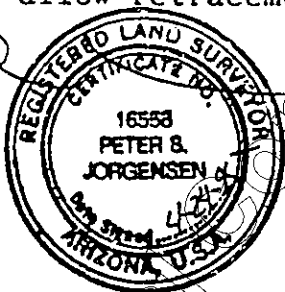
THENCE, ALONG SAID SIDELINE SOUTH 30°32'28" EAST 1,961.02 FEET;

THENCE, SOUTH 30°31'54" EAST 254.31 FEET TO THE TRUE POINT OF BEGINNING.

CONTAINING 252.05 ACRES.

I certify that, I, Peter S. Jorgensen, am a Registered Land Surveyor in the State of Arizona, that this description was prepared under my direction and contains adequate information to allow retracement thereof.

  
Peter S. Jorgensen, R.L.S. 16558



NORTH OF FENCE LINE

5371CR  
PAGE 1 OF 2

SECTION 34 FENCE CORRECTION:

THE NORTHERLY PORTION OF SECTION 34, OF TOWNSHIP 16 NORTH, RANGE 3 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, COUNTY OF YAVAPAI, STATE OF ARIZONA, DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE NORTH LINE OF SAID SECTION 34 AND THE WESTERLY SIDELINE OF WILLIAMSON VALLEY ROAD, 100 FEET WIDE (ALSO KNOWN AS PRESCOTT-SIMMONS HIGHWAY);

- THENCE, ALONG SAID WESTERLY LINE, SOUTH 4°24'45" WEST 279.33;
- THENCE, DEPARTING SAID LINE AND GENERALLY ALONG AN EXISTING 4 STRAND BARBED WIRE FENCE LINE SOUTH 89°43'55" WEST 460.96 FEET;
- THENCE, NORTH 89°35'05" WEST 277.61 FEET;
- THENCE, NORTH 89°38'54" WEST 537.91 FEET;
- THENCE, SOUTH 89°53'40" WEST 294.90 FEET;
- THENCE, NORTH 89°55'19" WEST 636.21 FEET;
- THENCE, NORTH 88°24'22" WEST 266.23 FEET;
- THENCE, NORTH 85°35'23" WEST 443.96 FEET;
- THENCE, NORTH 83°05'04" WEST 391.77 FEET;
- THENCE, NORTH 84°55'04" WEST 162.11 FEET;
- THENCE, NORTH 83°57'50" WEST 243.11 FEET;
- THENCE, NORTH 85°08'55" WEST 767.54 FEET;
- THENCE, NORTH 83°39'34" WEST 249.31 FEET;
- THENCE, NORTH 83°23'01" WEST 486.58 FEET TO THE WEST LINE OF SAID SECTION;
- THENCE, ALONG SAID LINE, NORTH 0°23'28" EAST 148.42 FEET TO THE NORTHWEST CORNER OF SAID SECTION, SAID CORNER IS MONUMENTED WITH A 3" DIAMETER BRASS DISK SET IN CONCRETE, STAMPED "WJ CHEEK 1961 PE 2398;
- THENCE, ALONG THE NORTH LINE OF SAID SECTION, SOUTH 88°20'49" EAST 2,738.88 FEET TO THE NORTH QUARTER CORNER OF SAID SECTION, SAID CORNER IS MONUMENTED WITH A 3" DIAMETER BRASS DISK SET IN CONCRETE, STAMPED "WJ CHEEK 1961 PE 2398;

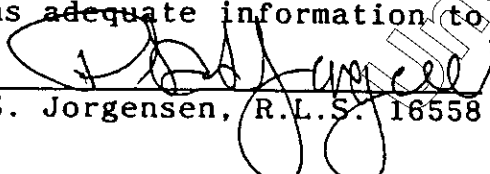
PORTION SECTION 34

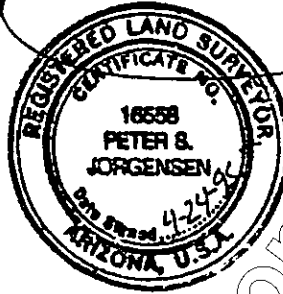
April 24, 1995

THENCE, CONTINUING ALONG SAID LINE, SOUTH 88°21'09" EAST 2,488.12 FEET TO  
THE POINT OF BEGINNING.

CONTAINING 33.439 ACRES.

I certify that, I, Peter S. Jorgensen, am a Registered Land Surveyor in the  
State of Arizona, that this description was prepared under my direction and  
contains adequate information to allow retracement thereof.

  
Peter S. Jorgensen, R.L.S. 16558



# EXHIBIT

PARCELS OF LAND IN  
SECTIONS 21, 22, 27, 28 & 33  
TOWNSHIP 16, NORTH, RANGE 3 WEST,  
OF THE GILA AND SALT RIVER BASE AND MERIDIAN  
YAVAPAI COUNTY, ARIZONA.

