



## YATES LAW FIRM, LLC

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September 18, 2015

**Via E-Mail Attachment Only**

Jeffrey B. Smith  
JBS Family Enterprises, LLLP  
6385 Corporate Drive  
Colorado Spring, CO 80919

Re: Lazy H Ranch Water Rights

Dear Jeff,

I have now completed title research for the tributary water rights, and the not nontributary and nontributary groundwater rights, associated with the Lazy H Ranch, located in Douglas and El Paso Counties. Based on the title research, and the contract, I also prepared deeds from Lazy H Properties, LLC, to JBS Family Enterprises, LLLP, for the water rights described in this letter. Those deeds were executed at closing, and have been recorded.

**Nontributary and Not Nontributary Groundwater**

The nontributary and not nontributary groundwater underlying the portion of the Lazy H Ranch in Douglas County was decreed to the then owners of the property, Deborah and Leo Hindery, in Case No. 99CW218, Water Division No. 1. The right to the water described in that decree became, under Colorado water law, a vested property right at the time the decree was entered. That water was conveyed to Lazy H Properties, LLC, in 2008, and to JBS Family Enterprises, LLLP, in 2015. Title to the Denver, Arapahoe and Laramie-Fox Hills aquifers in that decree is marketable in JBS Family Enterprises, LLLP. The Dawson not nontributary groundwater is titled in JBS Family Enterprises, LLLP, and is encumbered by the conservation easement, requiring the Dawson groundwater to be used on Lazy H Ranch.

The nontributary and not nontributary groundwater underlying the portion of the Lazy H Ranch in El Paso County was decreed to the then owners of the property, Deborah and Leo Hindery, in Case No. 00CW079, Water Division No. 1. The right to the water described in that decree became, under Colorado water law, a vested property right at the time the decree was entered. That water was conveyed to Lazy H Properties, LLC, in 2008, and to JBS Family Enterprises, LLLP, in 2015. Title to the Denver, Arapahoe and Laramie-Fox Hills aquifers in that decree is marketable in JBS Family Enterprises, LLLP. The Dawson not nontributary

groundwater is titled in JBS Family Enterprises, LLLP, and is encumbered by the conservation easement, which requires the Dawson groundwater to be used on Lazy H Ranch.

### **Tributary Water Rights**

Title to certain tributary water rights is also held by JBS Family Enterprises, LLLP, encumbered by the conservation easement, which requires the tributary water rights to be used on Lazy H Ranch. Specifically, these tributary include water rights decreed to the Jennings Wells No. 1 and 3 in Case No. W-6279, Water Division No. 1, and the Gollehon Irrigation and Stock Water Reservoir No. 1 was decreed in Civil Action 3635, Douglas County District Court.

Although not specifically included in previous conveyance instruments, it is very likely that title to the other tributary water rights described in the Jennings decree (W-6279) is also now in JBS Family Enterprises, LLLP, based on the location of the structures, and the "catch all" language in the earlier conveyance instruments, and is also encumbered by the conservation easement.

Let me know if you have any questions or comments.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Alan G. Hill", with a stylized flourish at the end.

Alan G. Hill

AGH:eas