



EXTERNAL MEMORANDUM

To: Scott Souders
Mayberry Communities

From: Alan J. Leak, P.E.

Date: June 14, 2026

Subject: Mayberry Phase 2 PUD - Water Resource Report



This water supply report is for the proposed Mayberry Phase 2 PUD located within the NW Quarter of Section 14, Township 14 South, Range 63 West of the 6th Principal Meridian in El Paso County, Colorado, within the Upper Black Squirrel Creek Designated Ground Water Basin and within the jurisdiction of Upper Black Squirrel Creek Designated Groundwater Management District. The undeveloped land (Mayberry Phase 2 PUD) is proposed to be developed into duplex and single-family lots, with associated clubhouse, amenities, irrigated parks, and right-of-way landscaping (see Appendix A). This subdivision will have its water and wastewater needs met by the Ellicott Utilities Company (EUC).

This water supply report has been prepared in compliance with Section 8.4.7 of the El Paso County Land Development Code. However, we based the projected indoor demands on actual historic water use data which is less than the presumptive value of 0.26 af/yr per lot, as allowed and in accordance with El Paso County Land Development Code listed below.

8.4.7(B)(7)(d) – In the absence of data on water use to the contrary or other minimum values established as acceptable by the State Engineer, the following presumptive values will be used to calculate the annual water demand:

720 SOUTH COLORADO BLVD.
SUITE 410 S
DENVER, CO 80246
303.757.3655



Based on the historic water usage in Table 1 (see Appendix B) from the Ellicott Springs development (a project served by EUC), we estimate the indoor demand for Mayberry Phase 2 PUD to be 0.165 af/yr per residential unit. EUC has recently installed smart meters in the residential units in Mayberry to better monitor and account for water usage. In-house water usage in Mayberry for the first three months of 2026 has averaged about 3550 gallons per month per residential unit. This represents an annual in-house water usage of 0.131 af/yr per residential unit. This actual water use value confirms that the estimated water demand of 0.165 af/yr per residential unit is a reasonable value for estimating Mayberry Phase 2 PUD in-house water demands.

Water Quantity

The total water demand for the proposed Phase 2 PUD is calculated to be 34.30 af/yr. (see Table 2 in Appendix B). This water demand is based upon the following:

- A total of 16.17 af/yr water demand for in-house uses for the 92 duplex lots and 6 single lots (98 total residential units).
- A total of 0.43 af/yr water demand for the clubhouse, concessions, and swimming pool based on assumptions presented in Table 3 (in Appendix B).
- A total of 17.70 af/yr water demand for outside uses, based on a unit water demand of 0.0566 af/1000 sq. ft. of landscaping with a total irrigated landscaping of 7.18 acres.

These water uses result in a total water demand of 34.30 af/yr, with a resultant consumptive use of 14.99 af/yr.

Wastewater from domestic uses will be discharged after treatment through the EUC WWTP which has been designed, constructed, and operated in compliance with the requirements of the El Paso County Department of Health and Environment (EPCDHE) and the Colorado Department of Health & Environment. The estimated return flow to the WWTP is 15.76 af/yr which is 95% of the domestic water requirement and we estimate that the return flows from landscape irrigation will be 3.54 af/yr which is 20% of the landscape water requirements, for a total return flow of 19.30 af/yr.



The water supply for the proposed Mayberry Phase 2 PUD will be supplied from EUC owned wells and from water supplied to EUC pursuant to its agreements with the Cherokee Metropolitan District (CMD). EUC has two agreements with CMD for water use in the Mayberry subdivisions as follows:

- Agreement dated August 17, 2021, for 54.03 af/yr from EUC’s ownership interest in MBC's Tipton Water Rights (Appendix C).
- Agreement dated September 21, 2021, for 27.97 af/yr from EUC’s acquisition of Powers and Galley, LLC’s membership interest in Cherokee Water, LLC (Appendix D).

These two agreements provide EUC a total of 82.0 af/yr. The source of the 82.0 af/yr water supply to EUC under the above Agreements are from CMD’s exportable water portfolio pursuant to CMD’s 2020 Water Resources Report dated December 2020 as submitted to the Colorado Division of Water Resources (Appendix E). Per the two agreements, water supplied from CMD to EUC is and will be comingled with other CMD water sources and the water service actually delivered to EUC will not consist 100% of the actual physical water withdrawn from the water rights associated with the two agreements.

EUC also has the ability to provide water to the Mayberry subdivisions through 100% ownership of the water rights associated with 598-BD and 599-BD (Appendix F and G). EUC acquired interest in these two water rights through the “Order Approving Motion for Authority to Sell Property of the Estate Pursuant to 11 U.S.C. §363(b) and (f) Free and Clear of Leins, Claims ,Interests, and Encumbrances (Docket No. 167)” dated December 7, 2012, of the United States Bankruptcy Court for the District of Colorado (as stated in Paragraph 10.e of said Motion) and upon said “Motion” dated August 16, 2012, and the “Trustee’s Report of Sale” dated March 26, 2013 (Appendix H and I).

Basin Determination 599-BD entitles EUC to 24.92 af annually from the non-renewable non-tributary Arapahoe aquifer (at the 300-year modeling required by El Paso County). A replacement plan is required before EUC can obtain well permits to withdraw water under Basin Determination 599-BD. Basin Determination 598-BD entitles EUC to 50.98 af annually from the non-renewable nontributary Laramie-Fox Hills aquifer (at the 300-year modeling required by El Paso County). Water from Basin Determination 598-BD can be supplied



through Well Permit Nos. 61972-F (repermitted from existing well drilled under Well Permit No. 50040-F) and 61973-F (repermitted from existing well drilled under Well Permit No. 50041-F) (see Appendix J).

EUC CURRENT WATER SUPPLY PORTFOLIO SUMMARY

In summary, EUC’s current water supply portfolio available for the Mayberry Subdivisions is provided in Table-4:

Table 4. EUC Current Firm Water Supplies Available to Serve the Mayberry Subdivisions

Water Source	Annual Quantification (af/yr)	100-Year Availability (af/yr)	Current 300-year Availability (af/yr)	Volume Available for 300-years (af)	Comments
CMD per August 17, 2021, Agreement	54.03	54.03	54.03	16,209	CMD Exportable Water
CMD per September 21, 2021, Agreement	27.97	27.97	27.97	8,391	CMD Exportable Water
598-BD	161	161	53.67	16100	
599-BD	78.7	78.7	0	0	Replacement Plan Required Before Use
Total	321.7	321.7	135.67	40700	

The current 300-year annual water supply available to the Mayberry subdivisions is a total of 135.67 af/yr. EUC is committed to reliably provide water supply to the Mayberry subdivisions over time. EUC has additional water supplies that have yet to be perfected for use and thus are not included in Table-4. These additional supplies can be used, if needed, to address changes over time in aquifer water levels and well yields.



EUC has committed to serve Filings 1, 1A, 2, 2A, 3, and 4 of the Mayberry subdivisions in the amount of 84.97 af/yr. In addition, EUC has committed to serve Mayberry Phase 2 PUD in the amount of 34.30 af/yr. Therefore, the total estimated water demands and EUC’s commitments to these subdivisions including Mayberry Phase 2 PUD are as follows:

Table 4. EUC Current Mayberry Water Demands and Commitments

Mayberry Subdivision	Annual Commitment (af/yr)	Total Commitment for 100-years (af)	Total Commitment for 300-years (af)	Source
Filing Nos. 1, 1A, 2, 2A, & 3	81.94	8194	24582	MMI Report Dated 2/14/2022
Filing No. 4	3.03	303	909	RESPEC Report Dated 10/20/2023
Filing No. 5 (See Note 1)	30.35	3035	9105	RESPEC Report Dated 5/18/2023
PUD 2 (See Note 1)	34.25	3425	10275	RESPEC Report Dated 2/18/2025
Phase 2 PUD	34.30	3430	10290	This Report
Total	119.27	11927	35781	

Note 1. Mayberry Phase 2 PUD is replacing the entirety of Filing 5 and PUD 2.

The total 300-year water supply available for water service by EUC for the Mayberry Subdivisions is estimated to be 135.67 af/yr. Including the water demands for Mayberry Phase 2 PUD, the total estimated water demands of the Mayberry subdivisions is 119.27 af/yr, which leaves approximately 16.40 af of water uncommitted and available for future EUC uses.

Water will be supplied by wells that have been or will be drilled and developed on land controlled by EUC and have been (or will be) permitted and constructed in accordance with findings and orders stated in the agreements and basin determinations. Wells that have not been drilled shall be designed and constructed in accordance with the Colorado Rules and



Regulations for Water Well Construction, Pump Installation, Cistern Installation, and monitoring and Observation Hole/Well (Well Construction Rules, 2 CCR 402-2). Wells drilled into these aquifers typically last 20 to 30 years before well rehabilitation may be required. The timing of well replacement will depend on the well's maintenance activities. Well drilling logs, well completion reports, and data and analysis of constant rate and step test pump tests will be provided upon completion of the individual well.

Return flows from the wastewater treatment plant and landscape irrigation will exceed the 2% required return flows for the use of water from the Laramie Fox and Arapahoe aquifer.

Water Quality

The water quality provided by EUC is of suitable quality for potable water uses. The attached water quality report from 2025 (Appendix K) shows that the potable water quality is in compliance with the minimum safe drinking water requirements set by the State of Colorado pursuant to the Colorado Water Quality Control Commission's Primary Drinking Water Regulations (Regulation #11) and the requirements of the EPCDHE.

Water Supply Dependability

The proposed source of water supply is water from the not-nontributary Arapahoe aquifer, the nontributary Laramie-Fox Hills aquifer, and water supplied to EUC from CMD. The calculations in the basin determinations provide a scientific basis for estimating the life of these aquifers. When combined with the 300-year limitation by El Paso County requirements, the Arapahoe and Laramie-Fox Hills aquifers, along with the water supplied to EUC from CMD, will be a dependable water supply for the proposed subdivision.

Conclusion

It is our opinion that the water supply available for Mayberry Phase 2 PUD is of the quantity, quality, and dependability required by Section 8.4.7 of the El Paso County Land Development Regulations.



Appendix A

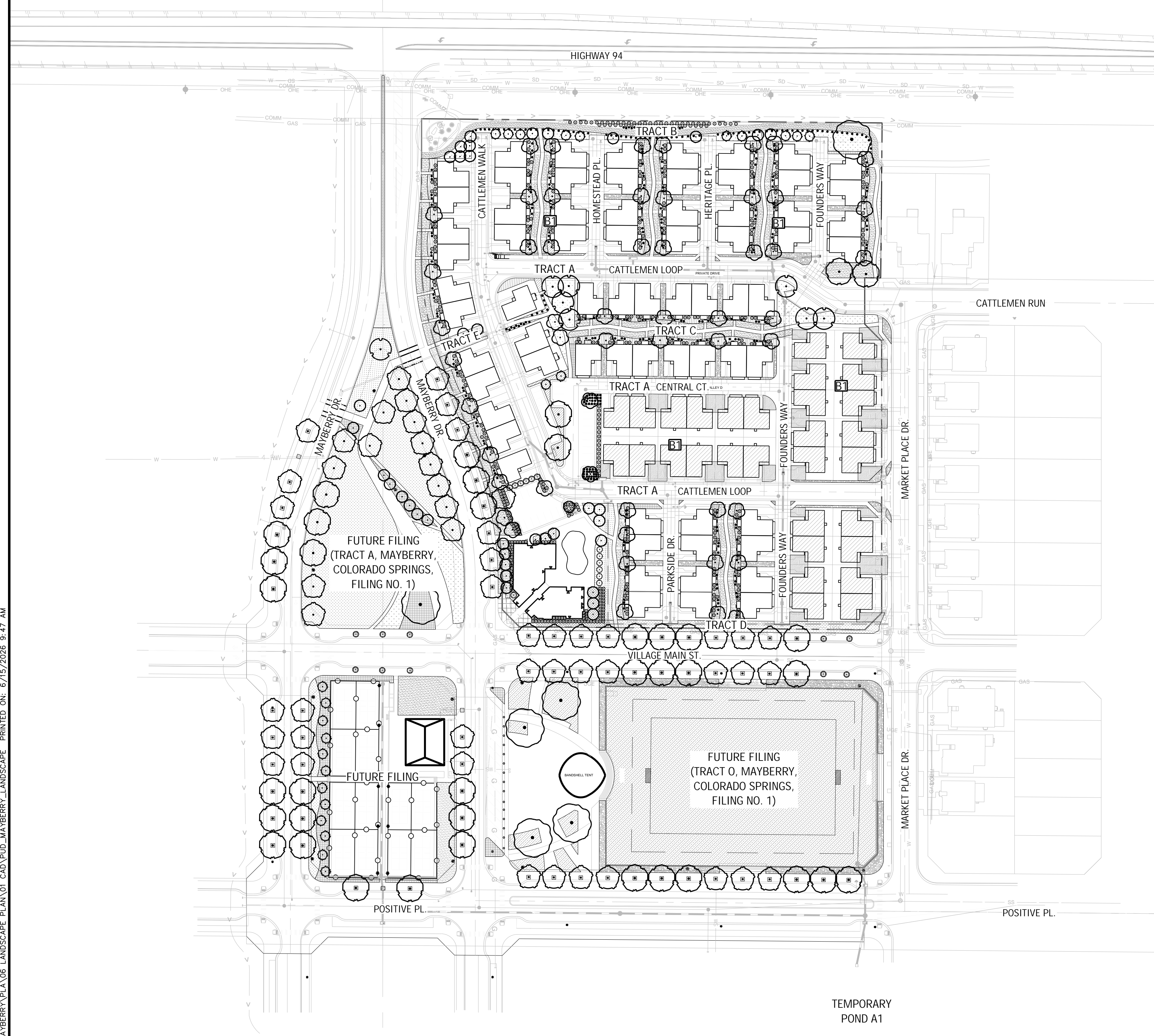
720 SOUTH COLORADO BLVD.
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MAYBERRY PHASE 2

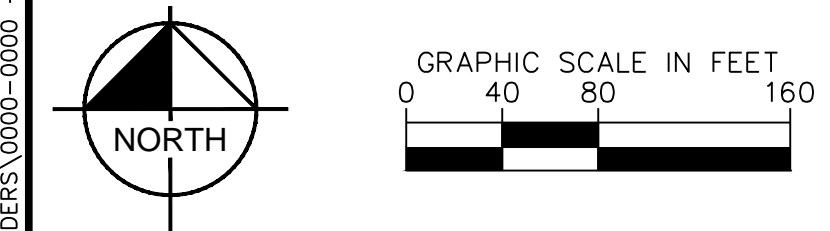
PUD DEVELOPMENT PLAN AND PRELIMINARY PLAN

A REPLAT OF TRACT K & TRACT O, MAYBERRY, COLORADO SPRINGS FILING NO. 1, REC. NO: 220714655, AND A PORTION OF THE NW 1/4 OF SECTION 14 & THE NE 1/4 OF SECTION 15, LOCATED IN SECTION 14 & SECTION 15, TOWNSHIP 14 SOUTH, RANGE 63 WEST OF THE 6TH P.M., EL PASO COUNTY, STATE OF COLORADO.



PLANT SCHEDULE

SYMBOL	CODE	BOTANICAL / COMMON NAME	CONT	CAL	HEIGHT	SPREAD	QTY
EVERGREEN TREES							
	JG	Juniperus scopulorum 'Gray Gleam' / Gray Gleam Juniper	B & B	6" HT.	10'-20'	6'-8'	23
	JE	Juniperus virginiana / Eastern Redcedar	B & B	6" HT.	10'-20'	35'-50'	24
DECIDUOUS TREES							
	AB	Acer saccharum 'Baista' / Fall Fiesta® Sugar Maple	B & B	2" CAL MIN	30'-40'	60'+	8
	AC	Acer saccharum 'Caddo' / Caddo Sugar Maple	B & B	2" CAL MIN	15'-25'	20'-30'	53
	AA	Acer x freemanii 'Jeffersred' / Autumn Blaze® Freeman Maple	B & B	2" CAL MIN	30'-40'	40'-60'	53
	QM	Quercus macrocarpa / Burr Oak	B & B	2" CAL MIN	50'-80'	50'-80'	6
	QS	Quercus shumardii / Shumard Oak	B & B	2" CAL MIN	40'-60'	40'-60'	38
ORNAMENTAL TREES							
	MS	Malus x 'Spring Snow' / Spring Snow Crabapple	B & B	1.5" CAL MIN	15'-20'	20'-30'	38
SYMBOL	CODE	BOTANICAL / COMMON NAME	CONT	HEIGHT	SPREAD	SPACING	QTY
	-S	PROPOSED SHRUB / SHRUBS	5 GAL				536
	PG	PROPOSED GRASS/PERENNIAL / ORNAMENTAL GRASSES OR PERENNIALS	3 GAL				365
SYMBOL	CODE	BOTANICAL / COMMON NAME	CONT	HEIGHT	SPREAD	QTY	
	ROCK 1	1/1-1/2" Saddleback Swirl Rock	ROCK MULCH	4"	YES		19,068 sf
	ROCK 2	3/4" Black Granite	ROCK MULCH	4"	YES		15,541 sf
	COBBLE	Blue Grey River Rock / 2-4" River Rock	ROCK MULCH	6" depth	Yes		16,360 sf
	SEED	EPC All Purpose Mix	SEED	PER CHART			17,079 sf
	SEED2	EPC Low Grow Mix	SEED	42 LBS / ACRE			50,670 sf
	GC	Groundcover / Low groundcover	Plantings				11,098 sf
	SOD	Kentucky Bluegrass Sod / Sod	SOD				32,820 sf
	SODH	Sod / Hydroseeding Kentucky Blue Grass	Hydro-Seed				86,936 sf
SYMBOL	CODE	BOTANICAL / COMMON NAME	CONT	HEIGHT	SPREAD	QTY	
	CONC	Stamped Concrete / Standard grey	CONCRETE				1,607 sf



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Suite 300
Westminster, CO 80234
303-421-4224 www.lja.com

No.	Rev.	Date:	Revision Type:
1			
2			
3			
4			
5			
6			

Job No.: 8787-0001
 Scale Horiz: N/A
 Scale Vert: N/A
 Sheet: 1 of 7
 Date: June 15, 2026
 Designed: SM
 Prepared: SM
 Approved: KC

Mayberry Phase 2
 El Paso County
 PUD Development Plan & Preliminary Plan
 Landscape Cover

Client: Mayberry Communities, LLC
 Address: 22108 Cattlemen Run
 Calhan, CO 80808
 Contact: Scott Souders



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Appendix B

Table 1 Ellicott Utilities Company

Review of Water Usage at Ellicott Springs (2018-2019 Monthly Usage)

		2018												Total /Average
		January	February	March	April	May	June	July	August	September	October	November	December	
Usage (ac-ft)		1.06 af	0.97 af	0.90 af	1.11 af	0.99 af	1.30 af	1.37 af	1.49 af	1.69 af	1.42 af	1.22 af	1.29 af	14.80 af
Accounts		90	91	91	91	90	90	89	91	91	90	90	90	90
Indoor Use (average of December, January, February)		1.19 af	1.19 af	1.19 af	1.19 af	1.19 af	1.19 af	1.19 af	1.19 af	1.19 af	1.19 af	1.19 af	1.19 af	14.25 af
Outdoor Use		0.00 af	0.00 af	0.00 af	0.00 af	0.00 af	0.11 af	0.18 af	0.30 af	0.50 af	0.23 af	0.03 af	0.10 af	1.46 af
		2019												Total /Average
		January	February	March	April	May	June	July	August	September	October	November	December	
Usage (ac-ft)		1.51 af	1.49 af	1.19 af	1.39 af	1.33 af	1.53 af	1.35 af	1.36 af	1.44 af	1.26 af	1.03 af	1.34 af	16.23 af
Accounts		91	91	91	92	92	92	92	90	90	89	89	90	91
Indoor Use (average of December, January, February)		1.29 af	1.29 af	1.29 af	1.29 af	1.29 af	1.29 af	1.29 af	1.29 af	1.29 af	1.29 af	1.29 af	1.29 af	15.52 af
Outdoor Use		0.22 af	0.20 af	0.00 af	0.10 af	0.04 af	0.23 af	0.05 af	0.07 af	0.15 af	0.00 af	0.00 af	0.05 af	1.11 af

* Water Usage Records were delivered to RESEPC by Ellicott Utilities Company.

Indoor Use Per Lot (EQR)		
2018	0.1578 af/lot/yr	141 gallons/lot/day
2019	0.1710 af/lot/yr	153 gallons/lot/day
Average	0.1644 af/lot/yr	147 gallons/lot/day

Table 2

Summary of Estimated Demands and Consumptive Use

Water Demand Parameters	
Total Number of EQRs	100.58
In-house Demand per EQR (Based on 0.165 af/lot/yr)	147.3 gal/day
Percent of In-house Water Used Consumptively - (WWTP)	5 %
Industrial Demand per EQR	232 gal/day
Irrigated Outside Use Area	7.18 acres
Annual Crop Application Rate (Based on 0.0566 af/1000 sq.ft.)	2.47 af/ac
Irrigation Efficiency	80%

(based on Ellicott Springs water usage, previously submitted to El Paso County)

(Page 37, EP Land Use Code 5/2016)

Months	Water Demands			Water Consumption			Return Flows			
	In-house	Irrigated Outside Use	Total	In-house	Irrigated Outside Use	Total	In-house (WWTP)		Outside (Soil)	
	(acre-ft)	(acre-ft)	(acre-ft)	(acre-ft)	(acre-ft)	(acre-ft)	(acre-ft)	(gpm)	(acre-ft)	(gpm)
January	1.41	0.00	1.41	0.07	0.00	0.07	1.34	9.79	0.00	0.00
February	1.27	0.00	1.27	0.06	0.00	0.06	1.21	9.79	0.00	0.00
March	1.41	0.00	1.41	0.07	0.00	0.07	1.34	9.79	0.00	0.00
April	1.36	0.73	2.09	0.07	0.58	0.65	1.30	9.79	0.15	1.10
May	1.41	2.53	3.94	0.07	2.03	2.10	1.34	9.79	0.51	3.70
June	1.36	3.69	5.05	0.07	2.95	3.02	1.30	9.79	0.74	5.57
July	1.41	3.87	5.28	0.07	3.10	3.17	1.34	9.79	0.77	5.66
August	1.41	2.95	4.36	0.07	2.36	2.43	1.34	9.79	0.59	4.31
September	1.36	2.71	4.08	0.07	2.17	2.24	1.30	9.79	0.54	4.10
October	1.41	1.22	2.63	0.07	0.98	1.05	1.34	9.79	0.24	1.79
November	1.36	0.00	1.36	0.07	0.00	0.07	1.30	9.79	0.00	0.00
December	1.41	0.00	1.41	0.07	0.00	0.07	1.34	9.79	0.00	0.00
Annual	16.59	17.70	34.30	0.83	14.16	14.99	15.76	<i>average</i> 9.79	3.54	<i>average</i> 2.19

(1) Equals Number of EQRs times In-House Demand per EQR times the Days in the month divided by 325,851.

(2) Equals Equivalent Outside Use Area times Monthly CIR divided by Irrigation Efficiency.

(3) Equals the total of Column (1 thru 2).

(4) Equals Column (1) times the Percent of In-House Water Used Consumptively.

(5) Equals Column (2) times Irrigation Efficiency

(6) Equals the total of Column (4 thru 5).

(7) Equals Column (1) minus Column (4).

(8) Equals Column (7) divided by days in the month divided by 1.98 times 449.

(9) Equals Column (2) minus Column (5).

(10) Equals Column (9) divided by days in the month divided by 1.98 times 449.

Months	Monthly Parameters	
	Days	Application
January	31	0.00
February	28	0.00
March	31	0.00
April	30	0.10
May	31	0.35
June	30	0.51
July	31	0.54
August	31	0.41
September	30	0.38
October	31	0.17
November	30	0.00
December	31	0.00
Annual	365	2.465

	EQR per Unit Total EQR's			Irrigated Area	
Single Family (up to 3,000 sqft)	98 units	1	98	Lots	1.95 ac
Multi-Family				Tracts	1.10 ac
Apartments (1 Bedroom & Studios)	0 units	0.54	0	ROW	1.08 ac
Townhomes (2 bedroom)	0 units	0.7	0	Clubhouse	0.18 ac
Clubhouse, Concessions, and Pool	2.5 units	1	2.58	Parks	2.87 ac
Industrial	0 lots	3.25	0		
Total			100.58	Total	7.18 ac

TABLE 3**Mayberry Phase 2 PUD Clubhouse / Concessions / Pool Water Demands**

Residential Units (RU) 98

Clubhouse

Assumptions:	Visits per Week	Visits Per Year
Average Usage (3 people/RU twice a week)	588	30576

Fixture	#	Gal/use	# uses	Gallons/yr	AF/yr.
Water Closets	10	1.6	25480	40768	0.125
Urinals	2	1	5096	5096	0.016
Bath Sinks	13	1	30576	30576	0.094
Mop Sinks once per day	4	5	7300	36500	0.112
Drinking Fountain	2	0.1	30576	3058	0.009
Total					0.356

Concessions

Assumptions:			Visits Per Year
Field use twice a week summer	13	Weeks	
People per field use	200	People	5200
Field use once a week spring/fall	17	Weeks	
People per field use	100	People	1700

Fixture	#	Gal/use	# uses	Gallons/yr	AF/yr.
Water Closets	6	1.6	6900	11040	0.034
Bath Sinks	6	1	6900	6900	0.021
Mop Sinks once per week	1	5	261	1304	0.004
Drinking Fountain	1	0.1	6900	690	0.002
Total					0.061

Swimming Pool Evap

Assumptions:	
Pool Area (30'*50')	1500 sf
Evap (summer) inches	24 in.
Eff. Precip (summer) inches	6 in.
Total Effective Evaporation	18 in.
Total Pool Evaporation	187.5 cf/yr.
Total Pool Evaporation	0.004 af/yr.

GRAND TOTAL 0.421 AF



Appendix C

WATER SERVICE AGREEMENT BETWEEN
CHEROKEE METROPOLITAN DISTRICT AND
ELLCOTT UTILITIES COMPANY, LLC

This Agreement is effective August 17, 2021 between Cherokee Metropolitan District, a quasi-municipal corporation and political subdivision of the State of Colorado whose address is 6250 Palmer Park Blvd., Colorado Springs, Colorado 80915 ("Cherokee"); and, Ellicott Utilities Company, LLC, a California Limited Liability Company having an address of P.O. Box 231961, Encinitas, CA 92023 ("EUC").

RECITALS

WHEREAS, EUC is a water supply utility for a development of approximately 553 acres of real property located in El Paso County Colorado ("the Development"). A location map and the legal description of Development are attached as **Exhibit A**.

WHEREAS, Cherokee Water LLC was created in order to hold title to a certain water right and to provide water service commitments to Members of Cherokee Water, LLC's proposed new developments within Cherokee in order to satisfy water supply sufficiency requirements from El Paso County and the State of Colorado for those developments ;

WHEREAS, in order to establish the framework for the holding of title to the Water Rights by Cherokee Water, LLC and for the treatment and delivery of the water right by Cherokee, Cherokee Water, LLC and Cherokee have entered into two agreements: the Cherokee Water, LLC Operating Agreement (the "LLC Operating Agreement") and the Water Service Agreement between Cherokee and Cherokee Water, LLC (the "Water Service Agreement").

WHEREAS, EUC has obtained a membership interest in Cherokee Water, LLC that was formerly owned by Powers and Galley, LLC ("Powers and Galley"). This membership interest includes an interest in 54.03 acre-feet per year derived from a certain water right (the "Water Right"), as more fully described in the Certificate of Ownership of Cherokee Water, LLC attached as **Exhibit B**.

WHEREAS, EUC now desires to obtain a commitment from Cherokee to provide water from the Water Right to the Development.

NOW THEREFORE, in consideration of the mutual promises contained herein and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties agree as follows:

AGREEMENT

- I. Conditions Precedent: This Agreement, and all of Cherokee's obligations to deliver the Water Right as provided herein, including the obligations to accept the Water Right as a valid legal and physical supply of water for the Development, are expressly contingent upon: (1) EUC's compliance with the LLC Operating Agreement and the Water Service Agreement; (2) the acceptance by the State Engineer, the Upper Black Squirrel Creek Ground Water Management, and El Paso County of the Water Right as a valid and sufficient legal and physical supply of water for The Development; and, (3) full compliance by EUC and the Development owners with all of Cherokee's policies, rules and regulations, as they now exist, and as may be amended or adopted from time to time.

- II. Water Service to the Development to be Provided by Cherokee Water, LLC through its Water Service Agreement with Cherokee.
 - A. Delivery. Subject to the terms and conditions of this Agreement, the LLC Operating Agreement and the Water Service Agreement, Cherokee agrees to deliver to the Development up to 54.03 acre-feet per year of the water obtained from the Water Right (the "Subject Water"). Cherokee shall have no obligation to supply water service to the Development in excess of 54.03 acre-feet per year.

 - B. Delivery Location. The point of delivery to EUC shall be at a meter ("Meter") installed within the existing building located approximately at a point 80 feet South of a point 1300 feet east along the section line between sections 10 and 15 from the corner of sections 10, 11, 14, and 15 in Township 14 South, Range 63 West of the 6th Prime Meridian, as depicted in Exhibit A (the "Delivery Location").

 - C. Delivery Measurement and Accounting. EUC shall provide Cherokee with an accounting of all Subject Water delivered under this Agreement to Cherokee on a monthly basis, including readings from the Meter.

 - D. Place of Use. The Subject Water shall be used by EUC within the Development.

 - E. Cherokee agrees that the Subject Water will be dedicated solely for the purpose of delivery to the Development. The Parties understand and acknowledge that the

Subject Water is and will be commingled with other Cherokee water sources and that the water service actually delivered to the Development will not consist 100% of the actual physical water withdrawn from the Water Right.

- F. Price. The Price for the Subject Water shall not exceed four thousand dollars (\$4,000.00) per acre foot of Subject Water which rate is based on Cherokee's standard rate for bulk water deliveries to out-of-district customers. Every five (5) years, the Price will be adjusted based on the total change in the Consumer Price Index (CPI) for Denver-Boulder since the previous adjustment.
- G. Water Quality. The water provided pursuant to this Agreement shall be raw, untreated water. Cherokee does not guarantee the quality of the Subject Water, and EUC is solely responsible for meeting and maintaining compliance with all state and federal safe drinking water regulatory requirements or other applicable laws and regulations that may exist now or in the future. EUC is solely responsible for treating, disinfecting, or otherwise making the Subject Water suitable for its intended use.
- H. Delivery Infrastructure.
1. Connection to Cherokee System. The parties acknowledge that the Subject Water will be delivered to the Delivery Location from a pre-existing connection to Cherokee's water supply pipeline ("Connection Point"). EUC shall be solely responsible for all costs related to the infrastructure beyond the Connection Point, including but not limited to any pipelines, meters, valves, and backflow prevention devices.
 2. Installation of Meter. EUC shall provide Cherokee with plans for the specifications and design of the Meter, and the Meter shall not be installed until the plans have been approved by Cherokee in writing. EUC shall notify Cherokee upon completion of the Meter installation. Cherokee shall inspect the Meter within ten (10) days of such notice. Cherokee will not deliver any Subject Water hereunder until it has approved the Meter in writing. Subject to the warranty obligations as set forth in Cherokee's Rules and Regulations, and subject to EUC's maintenance and other obligations during the warranty period, EUC shall dedicate and Cherokee will accept the Meter. At such time as the warranty period expires, and Cherokee accepts the Meter, EUC shall convey the Meter to Cherokee, free and clear of all liens and encumbrances.

Once the Meter has been accepted by Cherokee and conveyed to Cherokee by EUC, the Meter shall become the property of Cherokee and shall be maintained and operated by Cherokee.

3. Security and Access. EUC shall timely provide Cherokee access to the Delivery Location as reasonably requested by Cherokee, for the purpose of inspecting infrastructure, confirming meter readings, or any other purposes related to this Agreement. EUC shall comply with all security requirements for public water supply infrastructure as required by law.
4. Infrastructure and Condition. Cherokee is not responsible for delivery of the Subject Water beyond the Delivery Location, including the construction of any infrastructure, as necessary. EUC is solely responsible for the development, operation, maintenance, and all other aspects of delivery and provision of water beyond the Delivery Location, including but not limited to the construction of water infrastructure, including final water treatment and water connections, procurement of a Public Water System ID (PWSID) number from the Colorado Department of Public Health & Environment, compliance with all public water system requirements, and any other actions necessary to take delivery from the Delivery Location and deliver the Subject Water to its customers. EUC shall remain responsible for the operation, maintenance, repair, and replacement of the infrastructure needed to deliver the Subject Water to its customers, absent express written agreement to the contrary. Cherokee expressly disclaims liability of any kind resulting from or arising out of the delivery of water beyond the Delivery Location.
5. Firefighting Capability. EUC shall be solely responsible for procuring, constructing, operating, and maintaining any water supply infrastructure and/or water necessary to supply water for firefighting purposes, including but not limited to the maintenance of storage reserves and system capacity sufficient to provide water at the rates and amounts required for such purposes. Cherokee shall have no obligation to provide Subject Water above the rates and amounts set forth herein, even in emergency situations.
6. No Retail Service by Cherokee. Cherokee shall have no obligation with respect to the retail services associated with the delivery of Water to EUC's customers. It will be the sole obligation of EUC to respond to the individual water demands of its users, including but not limited to billing and collecting payments for water service in a manner that ensures it meets its obligations under this Agreement.

III. General Provisions

- A. Billing and Payment. Cherokee shall bill EUC each month for any Subject Water delivered under this Agreement during the preceding month. EUC shall pay such invoices within thirty (30) days of receipt.
- B. Rules and Regulations. Cherokee's provision of the Subject Water pursuant to this Agreement shall be subject to the rules, regulations, policies and resolutions promulgated by Cherokee from time to time. Cherokee shall not be obligated to provide the Subject Water if EUC or its successors in interest to all or any part of the Development property are not in compliance with this Agreement.
- C. Remedies for Breach. In the event a Party deems the other Party to be in default, it shall provide written notice indicating the event of default. The defaulting party shall have thirty (30) days from the date of the notice to cure the stated default. In the event of a default which is not cured within the Cure Period or otherwise not subject to these cure provisions, the non-breaching Party shall be entitled to the following remedies, in addition to those otherwise provided at law or equity:
1. If EUC remains in breach of this Agreement following the Cure Period, Cherokee may suspend deliveries of the Subject Water to EUC until the default is cured following advance written notice to EUC of the forthcoming suspension. Once the default is cured, however, Cherokee agrees to resume delivery of the Subject Water pursuant to this Agreement.
 2. If the breach is EUC's failure to meet its monthly obligation to pay for the Subject Water delivered, Cherokee shall be entitled, in addition to any other remedies available at law, to collect a late fee of five percent (5%) of the amount not paid prior to expiration of the Cure Period, and interest shall accrue on all amounts past-due at an annual rate equal to the prime rate of interest announced by Wells Fargo Bank, Colorado Springs, Colorado, as of the expiration of the Cure Period, plus five percent (5%). Cherokee shall also be entitled to reimbursement for the costs of collection, including reasonable attorney fees.
 3. The non-breaching Party may file suit to recover amounts due and seek damages for breach of this Agreement by the other Party.
- D. Notices. Whenever notice is required to be given hereunder, it shall be in writing and may be sent by email or delivered or mailed to the Party entitled thereto by

registered or certified U.S. mail, return receipt requested. If delivered or sent by email, said notice shall be effective and complete upon delivery or transmission of the email. If mailed, said notice shall be effective and complete as of the date of mailing. Until changed by notice in writing, notice shall be given as follows:

To Cherokee: General Manager
 Cherokee Metropolitan District
 6250 Palmer Park Blvd.
 Colorado Springs, CO 80915

To EUC: Jason Kvols, Development Manager
 Ellicott Utilities Company, LLC
 P.O. Box 231961
 Encinitas, CA 92023

- E. No Operating Obligation. Nothing in this Agreement shall be deemed or construed as creating any obligation on Cherokee to operate its facilities in any particular manner, so long as Cherokee complies with the express terms of this Agreement.
- F. Indemnification. Subject to the provisions of the Colorado Governmental Immunity Act, and without waiving the provisions of same, EUC, to the fullest extent permitted by law, shall indemnify and hold harmless Cherokee and its directors, insurers, volunteers, representative, agents, employees, heirs and assigns from and against all claims, liability, damages, losses, expenses and demands, including reasonable attorney fees and court costs, on account of injury, loss, or damage, including without limitation claims arising from bodily injury, personal injury, sickness, disease, death, property loss or damage, or any other loss of any kind whatsoever arising out of or related to this Agreement, except to the extent they result from Cherokee's reckless or willful acts. This includes, but is not limited to, any damages which may arise from Cherokee's delivery of water and the transportation of water under this Agreement by means of any water carriage facilities beyond the Connection Point.
- G. No Waiver of Governmental Immunity Act. By entering into this Agreement, the Parties and their directors, agents and employees are relying on, and do not waive or intend to waive by any provisions of this Agreement, the monetary limitations and other rights, immunities and protections provided by the Colorado

Governmental Immunity Act, C.R.S. §§ 24-10-101 to 120, or otherwise available to the Parties.

- H. Entire Agreement. This Agreement contains the entire agreement between the Parties. The Parties agree there have been no representations made other than those contained herein; that this Agreement constitutes their entire Agreement; and further agree that the various promises and covenants contained herein are mutually agreed upon and are in consideration for one another.
- I. Amendment. Amendments to this Agreement shall only be effective if entered into in writing with the same formality as this Agreement and mutually approved by the Parties.
- J. No Third Party Beneficiaries. There are no express or implied third party beneficiaries of this Agreement. No third party has the right to enforce this Agreement.
- K. No Assignment. No right hereunder shall be assigned by any of the Parties, except as mutually agreed to in writing.
- L. Governing Law and Venue. This Agreement shall be interpreted pursuant to the laws of the State of Colorado and venue for any disputes shall be in El Paso County, Colorado.
- M. Waiver of Rights. The failure of any Party to exercise any right under this Agreement shall not be deemed a waiver of such Party's right and shall not affect the right of such Party to exercise at some future time the right or rights or any other right it may have under this Agreement.
- N. Force Majeure. No Party to this Agreement shall be liable for any delay or failure to perform due solely to conditions or events of force majeure, as that term is defined in this paragraph; provided that: (i) the non-performing Party gives each other Party prompt written notice describing the particulars of the force majeure based upon satisfactory evidence; (ii) the suspension of performance is of no greater scope and of no longer duration than required by the force majeure event or condition; and (iii) the non-performing Party proceeds with reasonable diligence to remedy its inability to perform. As used in this paragraph, force majeure shall mean any delay or failure of a Party to perform its obligations under this Agreement caused by events beyond the Party's reasonable control and without the fault or negligence of the Party, including, without limitation (a) acts of God; (b) sudden actions of the elements such as floods, earthquakes, hurricanes,

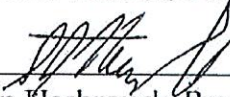
or tornadoes; (c) sabotage; (d) vandalism beyond that which can be reasonably prevented by the Party; (e) terrorism; (f) climate variability; (g) war; (h) riots; (i) fire; (j) explosion; (k) blockades; (l) insurrection; (m) strike, slow down or labor disruptions (even if such difficulties could be resolved by conceding to the demands of a labor group); (n) action of the government (except the parties hereto); (o) commandeering of material, products, plants or facilities by the federal, state or local government (except the parties hereto); and (p) national fuel shortage.


1. Subordination Clause. In the event of a force majeure event or condition as described above in this paragraph 25, until the event or condition is resolved, this Agreement shall be made expressly subordinate to any present or future use of water supply for municipal purposes within the service territory of Cherokee or to meet contracted water delivery obligations of Cherokee existing prior to the execution of this Agreement.
 2. Cooperation. Should there be evidence of force majeure that may affect, or has affected, the ability of any of the Parties to meet its obligations under this Agreement, the Parties agree to meet and negotiate in good faith any modifications to this Agreement to ensure a reasonable and coordinated response to such force majeure with the goal of forestalling the need for a force majeure declaration.
- O. Severability. Should any one or more provisions of this Agreement be determined to be illegal or unenforceable, all other provisions nevertheless shall remain effective.
- P. Authority. The Parties each affirm and represent that they have the full power and authority to execute this Agreement and thereafter perform all of the terms and conditions set forth herein.
- Q. No Agency. This Agreement is not intended and shall not be construed to create any joint venture, agency relationship or partnership between the Parties. None of the Parties shall have any right or authority to act on behalf of or bind any other Party.

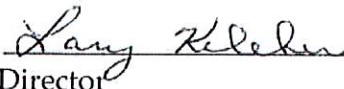
R. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one agreement.


THEREFORE, IN WITNESS WHEREOF, the Parties hereto have executed this Agreement the day and year above written.

CHEROKEE METROPOLITAN DISTRICT

By: 
Steven Hasbrouck, President
August 26, 2021
Date

By: 
Director
26 Aug 21
Date

By: 
Director
8-26-2021
Date

By: 
General Manager
8-26-21
Date

ELLCOTT UTILITIES COMPANY, LLC

By: 
Signature

John Mick
Name
Chief Financial Officer 9/22/2021
Title Date

EXHIBIT A
Map and Legal Description of Development Property

EXHIBIT
Water Use Description

WATER USE DESCRIPTION

A Tract of land established for the purpose of water use, being part of the Northeast 1/4, all of the Northwest 1/4 and all of the Southwest 1/4 of Section 14, and part of the Northeast 1/4 and part of the Southeast 1/4 of Section 15, all in Township 14 South, Range 63 West of the 6th Principal Meridian, in the county of El Paso, state of Colorado, said Tract also encompassing all of the lands platted as MAYBERRY, COLORADO SPRINGS FILING NO. 1 and MAYBERRY, COLORADO SPRINGS FILING NO. 2, subdivisions of land in said county and state, the plats of said subdivisions recorded as Reception Numbers 220714655 and 221714698, respectively, in the office of the Clerk and Recorder of El Paso County, Colorado, said Tract more particularly described as follows:

BEGINNING at a 2 inch aluminum cap marked "U.P. & E. PLS 11624 1999" found at the Northwest corner of said Section 14, Thence South 89° 44' 49" East 2606.52 feet on the North line of said Northwest 1/4 of Section 14 to a 2 inch aluminum cap marked "U.P. & E. PLS 11624 1999" found at the North 1/4 corner of said Section 14, said North line being the basis of bearings of the land described herein and the record bearing as shown on the plat of said MAYBERRY, COLORADO SPRINGS FILING NO. 1, and all bearings herein are relative thereto; Thence South 89° 44' 50" East 1303.29 feet on the North line of said Northeast 1/4 of Section 14; Thence South 00° 21' 12" East 2633.63 feet on the East line of the West 1/2 of said Northeast 1/4 of Section 14 to the South line of said Northeast 1/4 of Section 14; Thence North 89° 36' 00" West 1308.58 on said South line to the Center corner of said Section 14; Thence South 00° 14' 15" East 2631.90 feet on the East line of said Southwest 1/4 of Section 14 to the South 1/4 corner of said Section 14; Thence North 89° 24' 37" West 2630.66 feet on the South line of said Southwest 1/4 of Section 14 to a 2 inch aluminum cap marked "U.P. & E. PLS 11624 1999" found at the Southwest corner of said Section 14, also being the Southeast corner of said Section 15; Thence North 89° 25' 53" West 1313.35 feet on the South line of the East 1/2 of the Southeast 1/4 of said Section 15 to a 2-1/2 inch aluminum cap marked "RAMPART PLS 38560 2019" found at the East 1/16th corner common to Sections 15 and 22; Thence North 00° 05' 20" East 5253.60 feet on the West line of the East 1/2 of the East 1/2 of said Section 15 to the North line of the Northeast 1/4 of said Section 15; Thence South 89° 07' 06" East 1307.43 feet on said North line to the POINT OF BEGINNING, said Tract containing 24,074,435 square feet or 552.673 acres.




EXHIBIT - WATER USE DESCRIPTION			R&R ENGINEERS-SURVEYORS, INC	
	Date: 8/17/2021		1	1635 W. 13TH AVENUE, SUITE 310
	Drawn: DD		of	DENVER, COLORADO 80204
	Checked: MAG		1	PH. 303-753-6730
	Job No.: MC21194			WWW.RRENGINEERS.COM

EXHIBIT B
Certificate of Ownership – Powers and Galley, LLC

ASSIGNMENT AND ASSUMPTION OF PARTNERSHIP INTERESTS

(PB & Sons Partnership

EIN: 59-3073655)

THIS ASSIGNMENT AND ASSUMPTION OF PARTNERSHIP INTERESTS ("Assignment") is entered into and is to be made effective as of September 9, 2021 ("Effective Date"), by and among P.B. Patel and Savitaben P. Patel (together, the "Assignors"), and Ellicott Utilities Company, LLC, a Colorado limited liability company ("Assignee").

RECITALS

A. Assignors are the sole partners of PB & Sons, a Colorado General Partnership (the "Partnership") and hold 100% and not less of the partnership interests in and to the Partnership (collectively, the "Partnership Interests"). The Partnership was formed pursuant to that certain Partnership Agreement dated and executed on June 27, 1991 attached as exhibit "1".

B. The Partnership Agreement was amended subsequent to formation on August 3, 2017 that resulted in removing Hitesh P Patel and Sandhya H Patel as members, attached as exhibit "2".

C. The Partnership Agreement was subsequently amended on July 17, 2019 that resulted in removing Rajesh P Patel as a member attached as exhibit "3"

D. Assignors desire to transfer, assign and convey to Assignee, and Assignee desires to acquire, all of Assignors' right, title and interest in the Partnership Interests, subject to and in accordance with the terms and provisions of this Assignment.

E. This Assignment is being entered in furtherance of that certain Purchase and Sales Agreement, dated as of May 6, 2021 (the "Purchase Agreement"), by and between PB & Sons Partnership, and Assignee to effectuate the transfer, assignment and conveyance by Assignor to Assignee of all of the Assignors' Partnership Interests in the Partnership.

FOR VALUABLE CONSIDERATION, the receipt and adequacy of which is hereby acknowledged, Assignor and Assignee hereby agree as follows:

1. Assignment. Effective as of the Effective Date, Assignor hereby distributes, transfers, assigns and conveys to Assignee all of Assignors' Partnership Interests in the Partnership, together with all of Assignors' right, title and interest in and to the Partnership and its assets, including but not limited to, 54.03 AF interest in the Tipton Well Water Rights as defined in the Cherokee Water, LLC Operating Agreement, but specifically excluding the Stetson Hills Property as such real property is defined in the Purchase Agreement (collectively, the "Partnership Assets"), subject to the terms and conditions of this Assignment.

2. Acknowledgment and Acceptance of Assignment. Effective as of the Effective Date, Assignee hereby accepts Assignors' assignment of the Partnership Interests from Assignor and agrees to assume all of Assignors' rights and obligations with respect to the Partnership Interests to the extent accruing from and after the Effective Date.

3. Withdrawal as Partner; Resignation as Officer/Agent. Effective as of the Effective Date, Assignors hereby withdraw as partners of the Partnership and hereby resign as any and all officers, agents, and/or any other form of representative of the Partnership. By execution of this Assignment, Assignor acknowledges and agrees that it no longer has any right, title or interest in, to or under its former Partnership Interests in the Partnership and/or in or to the Partnership Assets. Simultaneously with the withdrawal of these Assignors as the sole partners of the Partnership pursuant to this Section 3, Assignee is admitted to the Company as the sole partners and all references to the "Partners" in the organizational documents for the Partnership shall mean and refer to Assignee.

4. Representations, Warranties and Disclaimer.

(a) Assignors. As of the Effective Date, Assignors represents and warrants to Assignee the following:

(i) Authority. Assignors have the full right, authority and power to enter into this Agreement, to consummate the transaction contemplated herein and to perform its obligations hereunder and under those documents and instruments to be executed by it, and each of the individuals executing this Agreement on behalf of each Assignor is authorized to do so, and this Assignment constitutes a valid and legally binding obligation of Assignor enforceable against Assignor in accordance with its terms.

(ii) Sole Partners. Assignors are the sole owners of the Partnership Interest as designated herein. Assignors have not alienated, encumbered, transferred, leased, assigned or otherwise conveyed the Partnership Interest or any portion thereof, nor entered into any agreement to do so, except for the Purchase Agreement.

(iii) No Litigation. To the best of Assignors' knowledge, Assignors' have not received written notice of any complaint, litigation, investigation or proceeding that is pending or threatened against Assignors', the Partnership Interest or the Partnership.

(iv) Partnership Documents. To the best of Assignors' knowledge, Assignors' have provided Assignee with all material documentation and information in Assignors' possession relating to the Partnership and its operations preceding the Effective Date of this Assignment. Assignors' further agrees to reasonably cooperate with Assignee to provide such further information relating to the Partnership as may be reasonably requested by Assignee, to the extent in Assignors' actual possession or reasonable control.

(v) No Third-Party Rights. To the best of Assignors' knowledge, without duty of inquiry or investigation, and except as previously disclosed in any materials or other information provided to Assignee, there are no leases, occupancy agreements, licenses, or other agreements that grant third-parties any possessory or usage rights to all or any of the part of any Partnership property.

(vi) Bankruptcy. To Assignors' knowledge, there are no attachments, levies, executions, assignments for the benefit of creditors, receiverships, conservatorships, or voluntary or involuntary proceedings in bankruptcy, or any other debtor relief actions pending against the Partnership in any current judicial or administrative proceeding.

(vii) No Violations. To the best of Assignors' knowledge, Assignor's have not received written notice of any current violations of any laws, statutes, ordinances, regulations or other requirements of any governmental agency in connection with or related to the Partnership.

(viii) Conveyance and Condition of Stetson Hills Property. Assignors have caused the Partnership to convey the Stetson Hills Property to a yet-to-be-formed entity owned or otherwise controlled by Assignors prior to the Effective Date of this Assignment. To the best of Assignors' knowledge, Assignors represent and warrant to Assignee that: (i) the Stetson Hills Property is not contaminated with any hazardous substance; (ii) Assignors nor the Partnership have not caused, will not cause, and there never has occurred, the release of any hazardous substance on the Powers Property; (iii) the Stetson Hills Property is not subject to any federal, state or local "superfund" lien, proceeding, claim, liability or action or the threat of likelihood thereof for the cleanup, removal, or remediation of any such hazardous substance in the Stetson Hills Property; (iv) there are no underground storage tanks on the Stetson Hills Property; (v) the Stetson Hills Property is not in violation of any Environmental Laws; and (vi) by acquiring the Partnership Interests, Assignee will not incur or be subjected to any "superfund" liability for the cleanup, removal or remediation of any hazardous substance from the Stetson Hills Property or any liability, cost or expense for the removal of underground storage tanks on the Stetson Hills Property. The terms "hazardous substance," "release" and "removal" as used herein shall have the same meaning and definitions as set forth in paragraphs 14, 22 and 23 respectively of Title 42 USC, §9601 and in the Colorado Statutes. PROVIDED, HOWEVER, that the term "hazardous substance" as used herein also shall include hazardous waste as defined in paragraph 5 of 42 USC, §6903, and "petroleum" as defined in paragraph 6 of 42 USC §6991, and as further defined in Colorado Statutes. The term "superfund" as used herein means the comprehensive environmental response compensation and liability act as Amended in Title 42 USC §6901, et seq. as amended in any similar state, or local statute or ordinance applicable to the Powers Property, including without limitation the applicable Colorado Statutes and all rules and regulations promulgated, administered and enforced by any governmental agency or authority pursuant thereto. The term "underground storage tank" as used herein shall have the same meaning and definition as set forth in paragraph (1) of 42 USC, §6991.

(b) By Assignee. Assignee represents and warrants to Sellers as follows:

(i) Formation. Assignee is a duly formed and validly existing limited liability company in good standing under the laws of Colorado.

(ii) Authorization. Assignee has the full right, authority and power to enter into this Agreement, to consummate the transaction contemplated herein and perform its obligations hereunder. Each individual executing this Assignment on behalf of the Assignee is authorized to do so and this Assignment constitutes a valid and legally binding obligation of Assignee enforceable against Assignee in accordance with its terms. Assignee has taken all

necessary action to authorize the transaction contemplated by this Assignment and Assignee's execution and delivery of this Assignment and all documents required herein, and its performance hereunder. Assignee's execution and delivery of this Assignment, and the consummation of the transactions contemplated and required hereby, will not result in any violation of, or default under, any term or provision of any agreement to which Assignee is a party or by which Assignee is bound.

(iii) No Litigation. To the best of Assignee's knowledge, there is no complaint, litigation, investigation or proceeding pending or, to Assignee's actual knowledge, contemplated or threatened against Assignee which would prevent Assignee from performing its obligations under this Assignment or any other instrument or document related hereto.

(c) Survival. The representations, warranties and covenants of Assignor and Assignee above shall survive this Assignment following the Effective Date.

(d) Assignors' Knowledge. For purposes hereof, any reference to "Assignors' knowledge" or any derivatives thereof as used in this Assignment means the current actual knowledge of PB Patel and Savitaben P. Patel, without any duty of inquiry or investigation, and shall not be deemed to include any implied, imputed or constructive knowledge of Assignor or any other person or entity.

5. Indemnity. Assignee agrees to indemnify, defend and hold Assignor harmless from and against any obligations or liabilities with respect to the Partnership and/or the Partnership Interest which may occur after the date of this Assignment. Assignor agrees to indemnify, defend and hold Assignee harmless from and against any obligations or liabilities with respect to the Partnership and/or the Partnership Interest which have occurred prior to the date of this Assignment.

6. Successors and Assigns. This Assignment shall inure to the benefit of, and be binding upon, the successors, executors, administrators, legal representatives and assigns of the parties hereto.

7. - Further Assurances. Assignor shall execute and deliver to Assignee, upon demand, such further documents, instruments and conveyances, and shall take such further actions as Assignee may from time to time reasonably request, to vest fully in Assignee, the right, title and interest herein intended to be assigned.

8. Continuation of the Partnership. The parties acknowledge and agree that the assignment of the Partnership Interests and/or Partnership Interests by Assignor to Assignee shall in no way cause the dissolution of the Partnership, nor shall such assignment and transfer be deemed or construed to terminate the Partnership.

9. Counterparts. This Assignment may be executed in counterparts, each of which shall constitute an original, but all of which together, shall constitute one and the same agreement. digital signatures, including digital counterparts, shall be recognized and deemed as

an original signature to this Assignment.

10. Binding Effect. This Assignment shall be binding upon and inure to the benefit of Assignor's and Assignee, and their respective successors and assigns. This Assignment contains the entire agreement between Assignor and Assignee concerning the transfer of the Partnership Interests and supersedes all understandings or assignments in regard thereto.

11. Attorneys' Fees. If a suit, action or other proceeding of any nature whatsoever is instituted in connection with this Assignment, or to interpret or enforce any rights or remedies hereunder, the prevailing party shall be entitled to recover its attorneys' fees and all other fees, costs and expenses actually incurred and reasonably necessary in connection therewith.

12. Governing Law. This Assignment shall be governed by, and interpreted in accordance with, the laws of the State of Colorado, all rights and remedies being governed by such laws.

[Signature Pages to Follow]

This Assignment has been executed as of the day first written above and shall be made effective as of the Effective Date.

“ASSIGNORS”

A handwritten signature in blue ink, appearing to read "PB Patel", written over a horizontal line.

PB Patel

A handwritten signature in blue ink, appearing to read "Savitaben P. Patel", written over a horizontal line.

Savitaben P. Patel

ASSIGNEE:

**Ellicott Utilities Company, LLC
A Colorado Limited Liability Company**

By: *R. Randy Goodson*
R. Randy Goodson (Sep 8, 2021 17:16 PDT)
Randy Goodson, President

Sep 8, 2021



Appendix D

WATER SERVICE AGREEMENT BETWEEN
CHEROKEE METROPOLITAN DISTRICT AND
ELLCOTT UTILITIES COMPANY, LLC

This Agreement is effective September 21, 2021 between Cherokee Metropolitan District, a quasi-municipal corporation and political subdivision of the State of Colorado whose address is 6250 Palmer Park Blvd., Colorado Springs, Colorado 80915 ("Cherokee"); and, Ellicott Utilities Company, LLC, a California Limited Liability Company having an address of P.O. Box 231961, Encinitas, CA 92023 ("EUC").

RECITALS

WHEREAS, EUC is a water supply utility for a development of approximately 553 acres of real property located in El Paso County Colorado ("the Development"). A location map and the legal description of Development are attached as **Exhibit A**.

WHEREAS, Cherokee Water LLC was created in order to hold title to a certain water right and to provide water service commitments to Members of Cherokee Water, LLC's proposed new developments within Cherokee in order to satisfy water supply sufficiency requirements from El Paso County and the State of Colorado for those developments;

WHEREAS, in order to establish the framework for the holding of title to the Water Rights by Cherokee Water, LLC and for the treatment and delivery of the water right by Cherokee, Cherokee Water, LLC and Cherokee have entered into two agreements: the Cherokee Water, LLC Operating Agreement (the "LLC Operating Agreement") and the Water Service Agreement between Cherokee and Cherokee Water, LLC (the "Water Service Agreement");

WHEREAS, EUC has obtained the outstanding portion of a membership interest in Cherokee Water, LLC that was formerly owned by Marksheffel Business Center (Marksheffel). This membership interest includes an interest in 27.97 acre-feet per year derived from a certain water right (the "Water Right"), as more fully described in the Certificate of Ownership of Cherokee Water, LLC attached as **Exhibit B**; and

WHEREAS, EUC now desires to obtain a commitment from Cherokee to provide water from the Water Right to the Development.

NOW THEREFORE, in consideration of the mutual promises contained herein and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties agree as follows:

AGREEMENT

- I. Conditions Precedent: This Agreement, and all of Cherokee's obligations to deliver the Water Right as provided herein, including the obligations to accept the Water Right as a valid legal and physical supply of water for the Development, are expressly contingent upon: (1) EUC's compliance with the LLC Operating Agreement and the Water Service Agreement; (2) the acceptance by the State Engineer, the Upper Black Squirrel Creek Ground Water Management, and El Paso County of the Water Right as a valid and sufficient legal and physical supply of water for The Development; and, (3) full compliance by EUC and the Development owners with all of Cherokee's policies, rules and regulations, as they now exist, and as may be amended or adopted from time to time.

- II. Water Service to the Development to be Provided by Cherokee Water, LLC through its Water Service Agreement with Cherokee.
 - A. Delivery. Subject to the terms and conditions of this Agreement, the LLC Operating Agreement and the Water Service Agreement, Cherokee agrees to deliver to the Development up to 27.97 acre-feet per year of the water obtained from the Water Right (the "Subject Water"). Cherokee shall have no obligation to supply water service to the Development in excess of 27.97 acre-feet per year.

 - B. Delivery Location. The point of delivery to EUC shall be at a meter ("Meter") installed within the existing building located approximately at a point 80 feet South of a point 1300 feet east along the section line between sections 10 and 15 from the corner of sections 10, 11, 14, and 15 in Township 14 South, Range 63 West of the 6th Prime Meridian, as depicted in Exhibit A (the "Delivery Location").

 - C. Delivery Measurement and Accounting. EUC shall provide Cherokee with an accounting of all Subject Water delivered under this Agreement to Cherokee on a monthly basis, including readings from the Meter.

 - D. Place of Use. The Subject Water shall be used by EUC within the Development.

 - E. Cherokee agrees that the Subject Water will be dedicated solely for the purpose of delivery to the Development. The Parties understand and acknowledge that the

Subject Water is and will be commingled with other Cherokee water sources and that the water service actually delivered to the Development will not consist 100% of the actual physical water withdrawn from the Water Right.

- F. Price. The Price for the Subject Water shall not exceed four thousand dollars (\$4,000.00) per acre foot of Subject Water which rate is based on Cherokee's standard rate for bulk water deliveries to out-of-district customers. Every five (5) years, the Price will be adjusted based on the total change in the Consumer Price Index (CPI) for Denver-Boulder since the previous adjustment.
- G. Water Quality. The water provided pursuant to this Agreement shall be raw, untreated water. Cherokee does not guarantee the quality of the Subject Water, and EUC is solely responsible for meeting and maintaining compliance with all state and federal safe drinking water regulatory requirements or other applicable laws and regulations that may exist now or in the future. EUC is solely responsible for treating, disinfecting, or otherwise making the Subject Water suitable for its intended use.
- H. Delivery Infrastructure.
1. Connection to Cherokee System. The parties acknowledge that the Subject Water will be delivered to the Delivery Location from a pre-existing connection to Cherokee's water supply pipeline ("Connection Point"). EUC shall be solely responsible for all costs related to the infrastructure beyond the Connection Point, including but not limited to any pipelines, meters, valves, and backflow prevention devices.
 2. Installation of Meter. EUC shall provide Cherokee with plans for the specifications and design of the Meter, and the Meter shall not be installed until the plans have been approved by Cherokee in writing. EUC shall notify Cherokee upon completion of the Meter installation. Cherokee shall inspect the Meter within ten (10) days of such notice. Cherokee will not deliver any Subject Water hereunder until it has approved the Meter in writing. Subject to the warranty obligations as set forth in Cherokee's Rules and Regulations, and subject to EUC's maintenance and other obligations during the warranty period, EUC shall dedicate and Cherokee will accept the Meter. At such time as the warranty period expires, and Cherokee accepts the Meter, EUC shall convey the Meter to Cherokee, free and clear of all liens and encumbrances.

Once the Meter has been accepted by Cherokee and conveyed to Cherokee by EUC, the Meter shall become the property of Cherokee and shall be maintained and operated by Cherokee.

3. Security and Access. EUC shall timely provide Cherokee access to the Delivery Location as reasonably requested by Cherokee, for the purpose of inspecting infrastructure, confirming meter readings, or any other purposes related to this Agreement. EUC shall comply with all security requirements for public water supply infrastructure as required by law.
4. Infrastructure and Condition. Cherokee is not responsible for delivery of the Subject Water beyond the Delivery Location, including the construction of any infrastructure, as necessary. EUC is solely responsible for the development, operation, maintenance, and all other aspects of delivery and provision of water beyond the Delivery Location, including but not limited to the construction of water infrastructure, including final water treatment and water connections, procurement of a Public Water System ID (PWSID) number from the Colorado Department of Public Health & Environment, compliance with all public water system requirements, and any other actions necessary to take delivery from the Delivery Location and deliver the Subject Water to its customers. EUC shall remain responsible for the operation, maintenance, repair, and replacement of the infrastructure needed to deliver the Subject Water to its customers, absent express written agreement to the contrary. Cherokee expressly disclaims liability of any kind resulting from or arising out of the delivery of water beyond the Delivery Location.
5. Firefighting Capability. EUC shall be solely responsible for procuring, constructing, operating, and maintaining any water supply infrastructure and/or water necessary to supply water for firefighting purposes, including but not limited to the maintenance of storage reserves and system capacity sufficient to provide water at the rates and amounts required for such purposes. Cherokee shall have no obligation to provide Subject Water above the rates and amounts set forth herein, even in emergency situations.
6. No Retail Service by Cherokee. Cherokee shall have no obligation with respect to the retail services associated with the delivery of Water to EUC's customers. It will be the sole obligation of EUC to respond to the individual water demands of its users, including but not limited to billing and collecting payments for water service in a manner that ensures it meets its obligations under this Agreement.

III. General Provisions

- A. Billing and Payment. Cherokee shall bill EUC each month for any Subject Water delivered under this Agreement during the preceding month. EUC shall pay such invoices within thirty (30) days of receipt.
- B. Rules and Regulations. Cherokee's provision of the Subject Water pursuant to this Agreement shall be subject to the rules, regulations, policies and resolutions promulgated by Cherokee from time to time. Cherokee shall not be obligated to provide the Subject Water if EUC or its successors in interest to all or any part of the Development property are not in compliance with this Agreement.
- C. Remedies for Breach. In the event a Party deems the other Party to be in default, it shall provide written notice indicating the event of default. The defaulting party shall have thirty (30) days from the date of the notice to cure the stated default. In the event of a default which is not cured within the Cure Period or otherwise not subject to these cure provisions, the non-breaching Party shall be entitled to the following remedies, in addition to those otherwise provided at law or equity:
1. If EUC remains in breach of this Agreement following the Cure Period, Cherokee may suspend deliveries of the Subject Water to EUC until the default is cured following advance written notice to EUC of the forthcoming suspension. Once the default is cured, however, Cherokee agrees to resume delivery of the Subject Water pursuant to this Agreement.
 2. If the breach is EUC's failure to meet its monthly obligation to pay for the Subject Water delivered, Cherokee shall be entitled, in addition to any other remedies available at law, to collect a late fee of five percent (5%) of the amount not paid prior to expiration of the Cure Period, and interest shall accrue on all amounts past-due at an annual rate equal to the prime rate of interest announced by Wells Fargo Bank, Colorado Springs, Colorado, as of the expiration of the Cure Period, plus five percent (5%). Cherokee shall also be entitled to reimbursement for the costs of collection, including reasonable attorney fees.
 3. The non-breaching Party may file suit to recover amounts due and seek damages for breach of this Agreement by the other Party.
- D. Notices. Whenever notice is required to be given hereunder, it shall be in writing and may be sent by email or delivered or mailed to the Party entitled thereto by

registered or certified U.S. mail, return receipt requested. If delivered or sent by email, said notice shall be effective and complete upon delivery or transmission of the email. If mailed, said notice shall be effective and complete as of the date of mailing. Until changed by notice in writing, notice shall be given as follows:

To Cherokee: General Manager
 Cherokee Metropolitan District
 6250 Palmer Park Blvd.
 Colorado Springs, CO 80915

To EUC: Jason Kvols, Development Manager
 Ellicott Utilities Company, LLC
 P.O. Box 231961
 Encinitas, CA 92023

- E. No Operating Obligation. Nothing in this Agreement shall be deemed or construed as creating any obligation on Cherokee to operate its facilities in any particular manner, so long as Cherokee complies with the express terms of this Agreement.

- F. Indemnification. Subject to the provisions of the Colorado Governmental Immunity Act, and without waiving the provisions of same, EUC, to the fullest extent permitted by law, shall indemnify and hold harmless Cherokee and its directors, insurers, volunteers, representative, agents, employees, heirs and assigns from and against all claims, liability, damages, losses, expenses and demands, including reasonable attorney fees and court costs, on account of injury, loss, or damage, including without limitation claims arising from bodily injury, personal injury, sickness, disease, death, property loss or damage, or any other loss of any kind whatsoever arising out of or related to this Agreement, except to the extent they result from Cherokee's reckless or willful acts. This includes, but is not limited to, any damages which may arise from Cherokee's delivery of water and the transportation of water under this Agreement by means of any water carriage facilities beyond the Connection Point.

- G. No Waiver of Governmental Immunity Act. By entering into this Agreement, the Parties and their directors, agents and employees are relying on, and do not waive or intend to waive by any provisions of this Agreement, the monetary limitations and other rights, immunities and protections provided by the Colorado

Governmental Immunity Act, C.R.S. §§ 24-10-101 to 120, or otherwise available to the Parties.

- H. Entire Agreement. This Agreement contains the entire agreement between the Parties. The Parties agree there have been no representations made other than those contained herein; that this Agreement constitutes their entire Agreement; and further agree that the various promises and covenants contained herein are mutually agreed upon and are in consideration for one another.
- I. Amendment. Amendments to this Agreement shall only be effective if entered into in writing with the same formality as this Agreement and mutually approved by the Parties.
- J. No Third Party Beneficiaries. There are no express or implied third party beneficiaries of this Agreement. No third party has the right to enforce this Agreement.
- K. No Assignment. No right hereunder shall be assigned by any of the Parties, except as mutually agreed to in writing.
- L. Governing Law and Venue. This Agreement shall be interpreted pursuant to the laws of the State of Colorado and venue for any disputes shall be in El Paso County, Colorado.
- M. Waiver of Rights. The failure of any Party to exercise any right under this Agreement shall not be deemed a waiver of such Party's right and shall not affect the right of such Party to exercise at some future time the right or rights or any other right it may have under this Agreement.
- N. Force Majeure. No Party to this Agreement shall be liable for any delay or failure to perform due solely to conditions or events of force majeure, as that term is defined in this paragraph; provided that: (i) the non-performing Party gives each other Party prompt written notice describing the particulars of the force majeure based upon satisfactory evidence; (ii) the suspension of performance is of no greater scope and of no longer duration than required by the force majeure event or condition; and (iii) the non-performing Party proceeds with reasonable diligence to remedy its inability to perform. As used in this paragraph, force majeure shall mean any delay or failure of a Party to perform its obligations under this Agreement caused by events beyond the Party's reasonable control and without the fault or negligence of the Party, including, without limitation (a) acts of God; (b) sudden actions of the elements such as floods, earthquakes, hurricanes,

or tornadoes; (c) sabotage; (d) vandalism beyond that which can be reasonably prevented by the Party; (e) terrorism; (f) climate variability; (g) war; (h) riots; (i) fire; (j) explosion; (k) blockades; (l) insurrection; (m) strike, slow down or labor disruptions (even if such difficulties could be resolved by conceding to the demands of a labor group); (n) action of the government (except the parties hereto); (o) commandeering of material, products, plants or facilities by the federal, state or local government (except the parties hereto); and (p) national fuel shortage.

1. Subordination Clause. In the event of a force majeure event or condition as described above in this paragraph 25, until the event or condition is resolved, this Agreement shall be made expressly subordinate to any present or future use of water supply for municipal purposes within the service territory of Cherokee or to meet contracted water delivery obligations of Cherokee existing prior to the execution of this Agreement.
 2. Cooperation. Should there be evidence of force majeure that may affect, or has affected, the ability of any of the Parties to meet its obligations under this Agreement, the Parties agree to meet and negotiate in good faith any modifications to this Agreement to ensure a reasonable and coordinated response to such force majeure with the goal of forestalling the need for a force majeure declaration.
- O. Severability. Should any one or more provisions of this Agreement be determined to be illegal or unenforceable, all other provisions nevertheless shall remain effective.
- P. Authority. The Parties each affirm and represent that they have the full power and authority to execute this Agreement and thereafter perform all of the terms and conditions set forth herein.
- Q. No Agency. This Agreement is not intended and shall not be construed to create any joint venture, agency relationship or partnership between the Parties. None of the Parties shall have any right or authority to act on behalf of or bind any other Party.

R. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one agreement.

THEREFORE, IN WITNESS WHEREOF, the Parties hereto have executed this Agreement the day and year above written.

CHEROKEE METROPOLITAN DISTRICT

By: [Signature]
Steven Hasbrouck, President
9/21/21
Date

By: [Signature]
Director
9-21-21
Date

By: [Signature]
Director
9-21-21
Date

By: [Signature]
General Manager
9-21-21
Date

ELLCOTT UTILITIES COMPANY, LLC

By: [Signature]
Signature
John Mide
Name
CFO 10/12/2021
Title Date

EXHIBIT A
Map and Legal Description of Development Property

EXHIBIT
Water Use Description

WATER USE DESCRIPTION

A Tract of land established for the purpose of water use, being part of the Northeast 1/4, all of the Northwest 1/4 and all of the Southwest 1/4 of Section 14, and part of the Northeast 1/4 and part of the Southeast 1/4 of Section 15, all in Township 14 South, Range 63 West of the 6th Principal Meridian, in the county of El Paso, state of Colorado, said Tract also encompassing all of the lands platted as MAYBERRY, COLORADO SPRINGS FILING NO. 1 and MAYBERRY, COLORADO SPRINGS FILING NO. 2, subdivisions of land in said county and state, the plats of said subdivisions recorded as Reception Numbers 220714655 and 221714698, respectively, in the office of the Clerk and Recorder of El Paso County, Colorado, said Tract more particularly described as follows:

BEGINNING at a 2 inch aluminum cap marked "U.P. & E. PLS 11624 1999" found at the Northwest corner of said Section 14, Thence South 89° 44' 49" East 2606.52 feet on the North line of said Northwest 1/4 of Section 14 to a 2 inch aluminum cap marked "U.P. & E. PLS 11624 1999" found at the North 1/4 corner of said Section 14, said North line being the basis of bearings of the land described herein and the record bearing as shown on the plat of said MAYBERRY, COLORADO SPRINGS FILING NO. 1, and all bearings herein are relative thereto; Thence South 89° 44' 50" East 1303.29 feet on the North line of said Northeast 1/4 of Section 14; Thence South 00° 21' 12" East 2633.63 feet on the East line of the West 1/2 of said Northeast 1/4 of Section 14 to the South line of said Northeast 1/4 of Section 14; Thence North 89° 36' 00" West 1308.58 on said South line to the Center corner of said Section 14; Thence South 00° 14' 15" East 2631.90 feet on the East line of said Southwest 1/4 of Section 14 to the South 1/4 corner of said Section 14; Thence North 89° 24' 37" West 2630.66 feet on the South line of said Southwest 1/4 of Section 14 to a 2 inch aluminum cap marked "U.P. & E. PLS 11624 1999" found at the Southwest corner of said Section 14, also being the Southeast corner of said Section 15; Thence North 89° 25' 53" West 1313.35 feet on the South line of the East 1/2 of the Southeast 1/4 of said Section 15 to a 2-1/2 inch aluminum cap marked "RAMPART PLS 38560 2019" found at the East 1/16th corner common to Sections 15 and 22; Thence North 00° 05' 20" East 5253.60 feet on the West line of the East 1/2 of the East 1/2 of said Section 15 to the North line of the Northeast 1/4 of said Section 15; Thence South 89° 07' 06" East 1307.43 feet on said North line to the POINT OF BEGINNING, said Tract containing 24,074,435 square feet or 552.673 acres.




EXHIBIT - WATER USE DESCRIPTION			R&R ENGINEERS-SURVEYORS, INC 1635 W. 13TH AVENUE, SUITE 310 DENVER, COLORADO 80204 PH: 303-753-6730 WWW.RRENGINEERS.COM
Date: 8/17/2021 Drawn: 00 Checked: MAG Job No.: MC21194	Sheet 1 of 1		

EXHIBIT B

Certificate of Ownership – Marksheffel Business Center Water Interest

ASSIGNMENT OF MEMBERSHIP INTEREST

This Assignment of Membership Interest (the "Assignment") is entered into and effective as of October 1, 2021 (the "Effective Date"), by and between **MARKSHEFFEL BUSINESS CENTER, LLC**, a Colorado limited liability company ("Assignor") and **ELLCOTT UTILITIES COMPANY, LLC**, a Colorado limited liability company ("Assignee").

R E C I T A L S

WHEREAS, Assignor is a Member of Cherokee Water, LLC, a Colorado limited liability company (the "Company"), and as a Member of the Company has the exclusive rights to and interest in 68.29 acre feet of water ("MBC's Tipton Water Rights") as legally described on Exhibit A to the Operating Agreement for the Company dated November 30, 2006, as amended.

WHEREAS, as of the date hereof, Assignor has consumed 40.32 acre-feet of MBC's Tipton Water Rights resulting in 27.97 acre-feet of excess water rights (or 40.958 % of the total MBC Tipton Water Rights) currently available for transfer to Assignee pursuant to the terms of Section 6.2 of the Company's Operating Agreement.

WHEREAS, Assignor desires to assign and transfer to Assignee 40.958% of Assignor's Membership Interest in the Company (the "Transferred Interests"), representing the right and interest in and to 27.97 acre feet of water from the water rights legally described on Exhibit A to the Operating Agreement for the Company (the "Excess Water Interests").

WHEREAS, this Assignment is being entered into in furtherance of that certain Purchase and Sales Agreement, dated as of May 6, 2021 (the "Purchase Agreement"), by and between Assignor and Assignee to effectuate the transfer and assignment by Assignor to Assignee of the Excess Water Interests.

NOW, THEREFORE, the parties, for good and valuable consideration, hereby agree as follows:

1. Assignment and Assumption. Assignor hereby assigns to Assignee and Assignee hereby assumes from Assignor, all of Assignor's right and interest in the Transferred Interests and the underlying Excess Water Interests.

2. Indemnification. Assignee agrees to indemnify, defend and hold Assignor harmless from and against any obligations or liabilities with respect to the Transferred Interests and/or the Excess Water Interests which may occur after the date of this Assignment. Assignor agrees to indemnify, defend and hold Assignee harmless from and against any obligations or liabilities with respect to the Transferred Interests and/or the Excess Water Interests which have occurred prior to the date of this Assignment.

3. Representations and Warranties.

a. By Assignor. As of the Effective Date, Assignor represents and warrants to Assignee the following:

i. Authority. Assignor has the full right, authority and power to enter into this Agreement, to consummate the transaction contemplated herein and to perform its obligations hereunder and under those documents and instruments to be executed by it, and the individual executing this Agreement on behalf of Assignor is authorized to do so, and this Assignment constitutes a valid and legally binding obligation of Assignor enforceable against Assignor in accordance with its terms.

ii. No Litigation. To the best of Assignor's knowledge, Assignor has not received written notice of any complaint, litigation, investigation or proceeding that is pending or threatened against Assignor, the Transferred Interests, the Excess Water Interests, or the Company.

iii. Company Documents. To the best of Assignor's knowledge, Assignor has provided Assignee with all material documentation and information in Assignor's possession relating to the Company, the Transferred Interests and/or the Excess Water Interests preceding the Effective Date of this Assignment. Assignor further agrees to reasonably cooperate with Assignee to provide such further information relating to the Company, the Transferred Interests, and/or the Excess Water Interests as may be reasonably requested by Assignee, to the extent in Assignor's actual possession or reasonable control.

iv. No Third-Party Rights. To the best of Assignor's knowledge, without duty of inquiry or investigation, and except as previously disclosed in any materials or other information provided to Assignee, there are no leases, occupancy agreements, licenses, or other agreements that grant third-parties any possessory or usage rights to all or any of the part of any Company property, including the Transferred Interests and/or the Excess Water Interests.

v. Bankruptcy. To Assignor's knowledge, there are no attachments, levies, executions, assignments for the benefit of creditors, receiverships, conservatorships, or voluntary or involuntary proceedings in bankruptcy, or any other debtor relief actions pending against the Company in any current judicial or administrative proceeding.

vi. No Violations. To the best of Assignor's knowledge, Assignor has not received written notice of any current violations of any laws, statutes, ordinances, regulations or other requirements of any governmental agency in connection with or related to the Company.

b. By Assignee. Assignee represents and warrants to Sellers as follows:

i. Formation. Assignee is a duly formed and validly existing limited liability company in good standing under the laws of Colorado.

ii. Authorization. Assignee has the full right, authority and power to enter into this Agreement, to consummate the transaction contemplated herein and perform its obligations hereunder. The individual executing this Assignment on behalf of the Assignee is authorized to do so and this Assignment constitutes a valid and legally binding obligation of Assignee enforceable against Assignee in accordance with its terms. Assignee has taken all necessary action to authorize the transaction contemplated by this Assignment and Assignee's execution and delivery of this Assignment and all documents required herein, and its performance hereunder. Assignee's execution and delivery of this Assignment, and the consummation of the transactions contemplated and required hereby, will not result in any violation of, or default under, any term or provision of any agreement to which Assignee is a party or by which Assignee is bound.

iii. No Litigation. To the best of Assignee's knowledge, there is no complaint, litigation, investigation or proceeding pending or, to Assignee's actual knowledge, contemplated or threatened against Assignee which would prevent Assignee from performing its obligations under this Assignment or any other instrument or document related hereto.

c. Survival. The representations, warranties and covenants of Assignor and Assignee above shall survive this Assignment following the Effective Date.

d. Assignors' Knowledge. For purposes hereof, any reference to "Assignor's knowledge" or any derivatives thereof as used in this Assignment means the current actual knowledge of Grant Langdon, without any duty of inquiry or investigation, and shall not be deemed to include any implied, imputed or constructive knowledge of Assignor or any other person or entity.

4. Successors and Assigns. This Assignment shall inure to the benefit of, and be binding upon, the successors, executors, administrators, legal representatives and assigns of the parties hereto.

5. Further Assurances. Assignor shall execute and deliver to Assignee, upon demand, such further documents, instruments and conveyances, including any necessary deeds to convey the Excess Water Interests if necessary, and shall take such further actions as Assignee may from time-to-time reasonably request, to vest fully in Assignee, the right, title and interest herein intended to be assigned.

6. Continuation of the Company. The parties acknowledge and agree that the assignment of the Transferred Interests and/or the Excess Water Interests by Assignor to Assignee shall in no way cause the dissolution of the Company, nor shall such assignment and transfer be deemed or construed to terminate the Company.

7. Counterparts. This Assignment may be executed in counterparts, each of which shall constitute an original, but all of which together, shall constitute one and the same agreement. digital signatures, including digital counterparts, shall be recognized and deemed as

an original signature to this Assignment.

8. Binding Effect; Entire Agreement. This Assignment shall be binding upon and inure to the benefit of Assignor's and Assignee, and their respective successors and assigns. This Assignment contains the entire agreement between Assignor and Assignee concerning the transfer of the Transferred Interests and supersedes all understandings or assignments in regard thereto.

9. Attorneys' Fees. If a suit, action or other proceeding of any nature whatsoever is instituted in connection with this Assignment, or to interpret or enforce any rights or remedies hereunder, the prevailing party shall be entitled to recover its attorneys' fees and all other fees, costs and expenses actually incurred and reasonably necessary in connection therewith.

10. Governing Law. This Assignment shall be governed by, and interpreted in accordance with, the laws of the State of Colorado, all rights and remedies being governed by such laws.

IN WITNESS WHEREOF, the parties have executed this Assignment as of the date first written above.

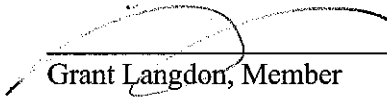
"ASSIGNOR"

"ASSIGNEE"

MARKSHEFFEL BUSINESS CENTER, LLC,
a Colorado limited liability company


ELLCOTT UTILITIES COMPANY, LLC,
a Colorado limited liability company

By:



Grant Langdon, Member

By:



Randy Goodson, President



Appendix E



Cherokee Metropolitan District Water Resources Report
Prepared for the Colorado Division of Water Resources

December 2020

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Appendix H: Well 19 Documents

Appendix I: Well 20 Final Decree

Appendix J: Albrecht Well Final Decree

Appendix K: Sundance Augmentation Plan

Summary

This report serves to update to the Colorado Division of Water Resources (DWR) on the water supplies and commitments of Cherokee Metropolitan District (CMD). It is an update and refinement of the Technical Memorandum prepared by Forsgren Associates (2016 Report, Appendix C) which was submitted to DWR on May 18, 2016, and which DWR approved on June 10, 2016. In this report, the supply plan detailed in the 2016 Report has been revised and updated with a greater focus on development of renewable Upper Black Squirrel Creek groundwater rather than nonrenewable Denver Basin groundwater. New water acquisitions have allowed CMD to increase the water supply surplus presented in the previous report, and CMD's water supply planning provides a sustainable path to complete buildout of CMD.

1 Introduction

CMD is located in unincorporated El Paso County immediately east of the City of Colorado Springs. CMD provides water and sewer service to over 8,000 residential and commercial accounts, representing approximately 20,000 residents and 500 businesses. CMD's water supply is entirely sourced from groundwater including the alluvial aquifer in the Upper Black Squirrel Creek Designated Groundwater Basin (UBS Basin), the Denver Basin aquifers, and the Sand Creek alluvium (Figure 1-1).

CMD's water supply portfolio is comprised of water rights and contractual interests totaling 5096 acre-feet per year (AFY) of water. The sources of CMD's water supply sources fall into five categories:

1. CMD Wells 1-8 (Use within UBS Basin)
2. CMD Wells 9-21 (Exportable to CMD)
3. Cherokee Water LLC
4. Black Forest Wells (Denver Basin Ground Water)
5. Sand Creek Wells (Golf Course Irrigation)

CMD's peak year total demand, to date, was 3040 AFY in 2011. These commitments and obligations fall into five categories:

1. In-Basin Use (CMD Wells 1-8)
2. In-District Use (Exportable Supplies, Black Forest Wells, and Cherokee Water LLC)
3. Bulk Customers (Schriever Air Force Base)
4. Non-Potable Irrigation (Sand Creek Wells)
5. Other (Parks Irrigation, Construction, etc.)

Throughout this report, the years of 2011 and 2018 are used as baseline years for production and consumption, respectively. CMD's highest per capita demand on record occurred in 2011 due to dry conditions and a different rate structure so it is a useful benchmark for peak demand. However, CMD's 2011 demand was partially satisfied by an interim water supply agreement between CMD and Colorado Springs Utilities, so 2011 is not the highest period of production for CMD's current water rights portfolio. 2018 is the highest annual production from CMD groundwater rights on record, so this year is a more useful benchmark for comparisons and analyses related to well production.

Figure 1-1: Water System Overview

- District Service Areas
- Production Wells
- Water Transmission Lines
- Treated Effluent Line
- Sewer Conveyance

Sundance Wells
(Denver Basin)

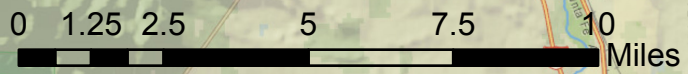
AR-1
DN-4
DA-1
DA-4

Upper Black Squirrel
Designated Basin
Wells

Main District Service
Area

Groundwater
Recharge
Basins

Water
Reclamation
Facility



2 Current Water Supplies

2.1: CMD Wells 1-8 (In-Basin Use)

CMD Wells 1-8 produce groundwater from the UBS Basin alluvial aquifer. Pursuant to a 1999 stipulation with the State and the Upper Black Squirrel Ground Water Management District in Case No. 98CW80, CMD Wells 1-8 can only be used within the legal boundaries of the UBS Designated Basin. In Case No. 15GW15, these wells' annual production was limited to the total annual demand of a fixed list of in-basin customers to a maximum of 653 AFY. As a result, in-basin supplies and demands are tracked separately from all other sources and commitments (Table 1-1). The combined 2018 water demand of in-Basin customers was 456 AFY, 70% of their total commitment.

Table 2-1: CMD Wells 1-8

Well Number	2018 Production (AFY)
Well 1	1.1
Well 2	4.5
Well 3	0.0
Well 4	40.7
Well 5	88.3
Well 6	57.4
Well 7	47.1
Well 8	216.9
Total	455.9

2.2: CMD Wells 9-20 (In-District Use)

CMD Wells 9-20 provide 88% of In-District, Out-of-Basin water supplies. These wells are spread across 20 miles of the UBS Basin (Figure 2-1, Table 2-2). Water levels and physical production rates from these wells have remained stable or improved over the last 10 years.

Table 2-2: CMD Wells 9-20

Well Number	2018 Production (AFY)	Water Right (AFY)	Remainder (AFY) (Production – Water Right)	Percent Used (Production / Water Right) x 100
Well 9	174.5	176	1.5	99%
Well 10	167.1	176	8.9	95%
Well 11	229.4	244	14.6	94%
Well 12	214.6	244	29.4	88%
Well 13	809.3	1268	458.7	64%
Well 14*	0.0	0	0.0	0%
Well 15**	81.1	281	199.9	29%
Well 16**	87.6	219	131.4	40%
Well 17**	102.6	175	72.4	59%
Well 18	144.4	225	80.6	64%
Well 19	60.5	95	34.5	64%
Well 20	186.1	400	213.9	47%
Total	2257.1	3437	1245.9	64% (of total)

*Well 14 has been permanently decommissioned and the water right has been abandoned

**Wells 15-17 can produce a collective total of 609 acre-feet per year. This limit is reflected in the total of all water rights (3,437 AFY).

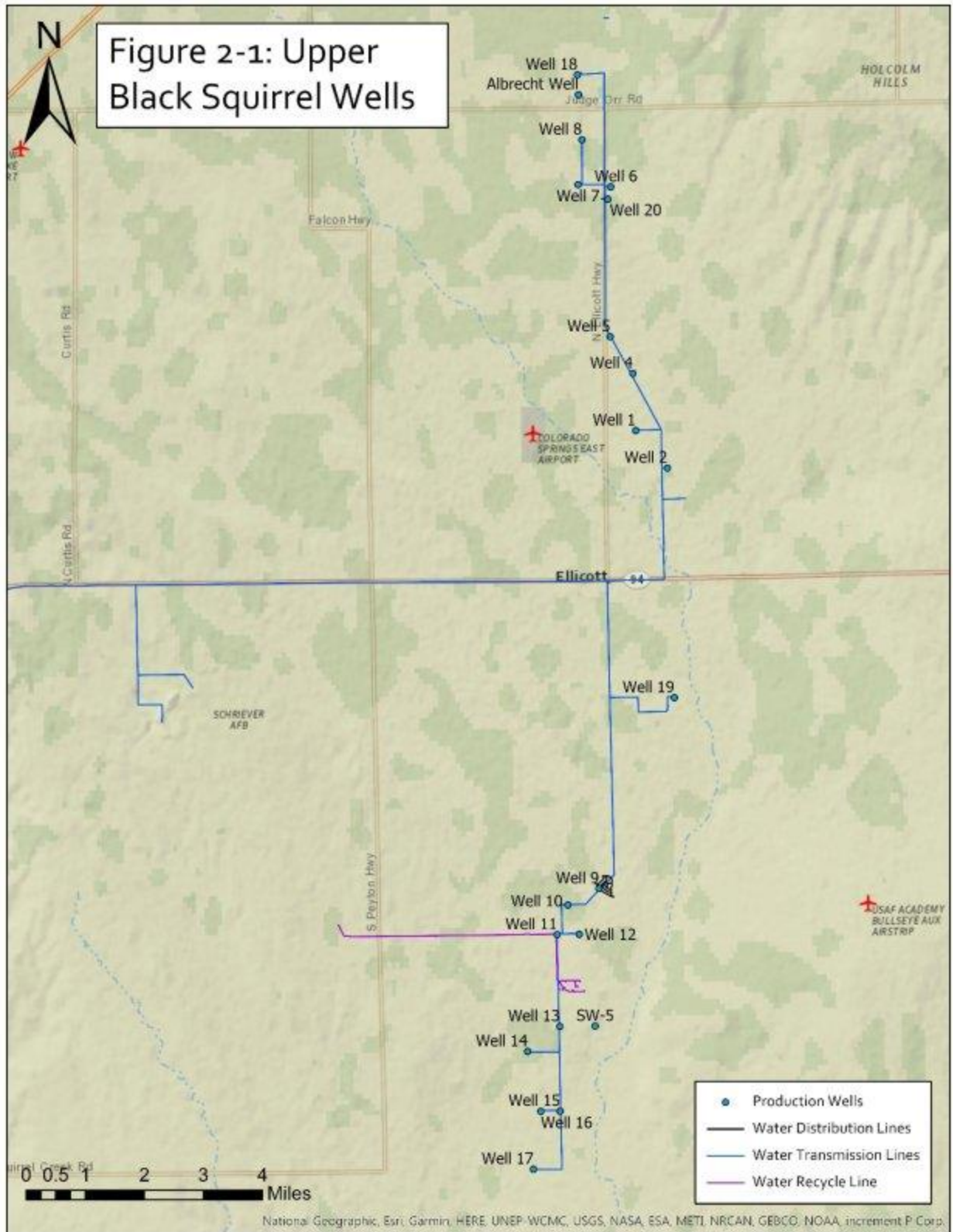


Figure 2-1: CMD Upper Black Squirrel Creek Wells

2.3: Cherokee Water LLC

In 2006, Cherokee Water LLC was formed by CMD and several developers to enable CMD to develop new infrastructure and serve demand from certain proposed developments. Cherokee Water LLC holds title to two water rights that are dedicated to serve specified commitments. The Tipton Right is a permitted right to withdraw up to 225 acre-feet per year from the District's Well 18 in the UBS Basin alluvial aquifer for export and use in CMD. The Kane Right is a contractual water right to the first 200 AFY produced from the collective Sweetwater absolute and conditional rights. DWR's opinion is that the Kane Right does not allow an increase in the production from the Sweetwater points of diversion (Case Nos. 05CW06/05CW20 and 88CW49) or drilling a new point of diversion. Therefore, the actual production for this water right is listed as zero because the commitments associated with this right are supplied from CMD's other Sweetwater rights.

The water rights held by the LLC are reserved for developments on specified areas of land within CMD. Like the in-Basin use of CMD Wells 1-8, this water is tracked separately from CMD's other supplies. Though several of the specified developments have not achieved full buildout as of 2020, CMD considers the full amount of water held by the LLC to be fully committed, and it is not available to other customers or new developments. Water for developments on land specified in the LLC agreements comes from this already-committed volume, and therefore commitments to these developments do not reduce water availability in the general portfolio. However, if a specified development exceeds the amount of water purchased under the original agreements, then the additional water may be supplied from CMD's general portfolio.

Table 2-3: Cherokee LLC Water Rights

Category	Water Rights (AFY)	Commitments (AFY)	Remainder (AFY)
LLC Kane Right	0	200	-200
LLC Tipton Right	225	225	0

2.4: Denver Basin Wells

CMD owns Denver Basin groundwater rights under four parcels of land near the Douglas-El Paso County line (Figure 2-3, Table 2-3). To date, CMD has completed one Denver Aquifer well (DN-4) and one Arapahoe Aquifer well (AR-1) to withdraw these ground water rights. CMD operates a water treatment plant and pump system at the Sundance Ranch at the center of these properties. CMD's water rights for this well field include both nontributary and not-nontributary ground water located outside of a designated basin. An augmentation plan for replacement of depletions associated with withdrawals of not-nontributary water was approved in Case No. 14CW3061 on October 2, 2017. Due to the non-renewable nature of Denver Basin groundwater, CMD plans to use this water source as a bridge supply while developing and acquiring new renewable sources. Once the renewable sources have been developed, CMD plans to use this water as a drought protection supply.

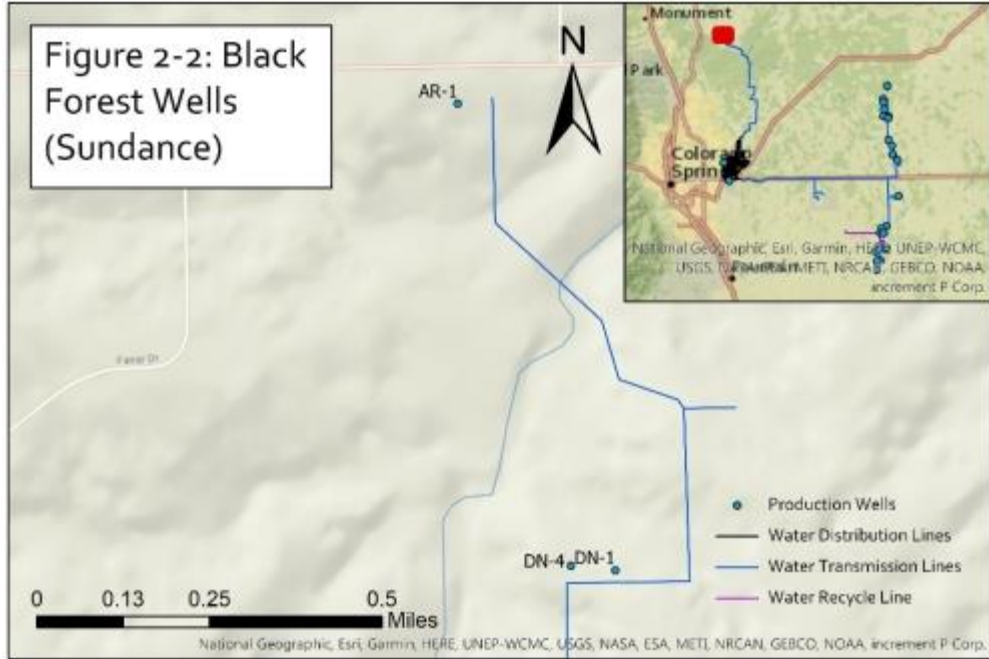


Figure 2-2: Denver Basin wells

Table 2-4: Denver Basin water rights held by CMD. Water rights listed without well numbers do not yet have a well permit.

CMD Well Name/Location	CMD Abbr.	Permit #	Case/Decree Number	Status	Augmentation Status	Water Right (AFY)	2018 Production
Sundance							
Arapahoe	AR-1	84421-F	99CW126	Active	NT	427.7	227.4
Denver 1	DN-1	75882-F		Not Drilled	NT	328.5	0
Denver 2	DN-4	78315-F		Active	NT		
Denver 3					NT		0
Dawson 1	DA-1	83604-F		Drilled, Inactive	NNT	361.3	0
Dawson 2	DA-4	83603-F		Drilled, Inactive	NNT		0
Laramie-Fox Hills						NT	
Shamrock East							
Arapahoe			94CW023		NT	0*	0
Denver 1					NT	600	0
Denver 2					NT		0
Denver 3					NT		0
Denver 4					NT		0

Denver 5				NT		0
Dawson				NNT	591	0
Laramie-Fox Hills				NT	210	0
Shiloh						
Arapahoe			96CW125	NT	220.3	0
Denver 1				NT	350.9	0
Denver 2				NT		0
Denver 3				NT		0
Denver 4				NT		0
Dawson				NNT	423.6	0
Laramie-Fox Hills				NT	136.8	0
County Line						
Arapahoe			96CW110, 96CW169	NT	143	0
Denver 1				NT	209	0
Denver 2				NT		0
Dawson				NNT	261	0
Laramie-Fox Hills				NT	90	0
Total:					4353.1	310.7

*Shamrock Ranch Arapahoe Aquifer rights were combined with the Sundance Arapahoe rights as well permit 84421-F as of June 19th, 2020

The Sundance rights include banked water that began accumulating on the final decree date of Case No. 99CW126 in July of 2000. CMD currently has just over 2,000 AF of banked water in the Arapahoe aquifer, which allows for production above yearly allocations. DWR recently approved a consolidation of this well permit that allows CMD to withdraw the Arapahoe aquifer water rights associated with underlying the adjacent Shamrock East parcel in addition to the Arapahoe aquifer water underlying the Sundance property. This allows for increased production from the Sundance Arapahoe pump well without drawing down banked water reserves.

2.5: Nonpotable Irrigation Wells

Two golf courses are located within CMD boundaries and are served by two separate, non-potable systems drawing tributary water from six wells, Sand Creek Wells 1-8, in the Sand Creek Alluvium (Table 2-4). The use of these wells is designated to irrigation of the two golf courses only and any out of priority depletions are replaced pursuant to the augmentation plan approved in Case No. 09CW115. The production from these wells has been stable over the last decade and is not expected to change.

Table 2-5: Nonpotable Irrigation Wells

	Permit #	Decree	Allocation	WY 2019 Use
SC-1	31777-F	09CW115	125	15.0
SC-2	30957-F	09CW115	125	1.6
SC-3	30956-F	09CW115	125	17.4
SC-4	30955-F	09CW115	125	0.0
SC-5	67221-F	09CW115	322	115.3
SC-6	76859-F	09CW115	322	61.6
Total			1144	210.9

2.6: Water Supply Summary

CMD holds an array of groundwater resources in El Paso County that provide consistent production of high quality water that remains stable during regional drought. The district’s widely spread wells allow for uninterrupted service in the event of electrical or mechanical failures at single or multiple wells.

Table 2-6: Categorical summary of water rights and 2018 production

Category	Water Rights (AFY)	2018 Production (AFY)
CMD Wells 1-8*	653	456
CMD Wells 9-17, 19, 20	3212	2113
Developed Denver Basin**	337	311
LLC Kane Right	0	0
LLC Tipton Right (Well 18)	225	144
Total	4427	3024

*Pursuant to the order in Case No. 15GW15, water from Wells 1-8 in excess of demand is not available to new developments, even if they are in-Basin.

**Total of the highest annual production of each Denver Basin well (Section 2.4). More water rights are available in these aquifers but current production is physically limited to the amount shown here.

3 Commitments

Because CMD Wells 1-8 are restricted to in-Basin use only, CMD generally tracks its customer demand as in-Basin and in-District (out-of-Basin). Schriever Air Force Base is tracked separately as well because it is geographically outside the main district service area but must be served with out-of-Basin, in-District water.

3.1: In-Basin Commitments

CMD Wells 1-8 are limited to a maximum annual production of 653 AFY for a fixed list of in-Basin customers. The maximum deliverable and actual use of in-Basin customers are detailed in Table 3-1.

Table 3-1: In-Basin user commitments and demand in 2011 and 2018, in acre-feet per year

	Allocation	2011 Demand	2018 Demand	% Change
Woodmen Hills	350	358.8	348.3	-3%
Viewpoint/Antelope Acres	50	20.8	19.8	-5%
EPC Telephone	1	0.20	0.02	-90%
Ellicott Springs	60	16.2	16.3	1%
Ellicott School	10	5.4	4.9	-9%
Diamond Moon	2	1.8	2.3	29%
Harding Nursery	180	117.0	107.2	-8%
Total	653	520	499	-4%

3.2: Out of Basin Commitments

Out of Basin demand accounts for 85% of water deliveries and has accounted for all growth since 2006. Out of Basin water is used entirely within CMD's boundaries, the only exception being Schriever Air Force Base (Section 3.3). Out of District demands are billed and tracked by tap size. All tap categories have seen significant reduction in both bulk demand and per tap demand since the high flow year of 2011 (Table 3-2).

Table 3-2: Annual regular in-District use by category*. Commercial, multi-family and irrigation meters range in size from ¾" to 6" but are summarized by a single category in this table

Use Type	Demand (AF)			Demand/Tap (AF)		
	2011	2018	Change	2011	2018	Change
Single-Family	1355.7	1294.2	-5%	0.24	0.21	-14%
Multi-Family	246.4	199.2	-19%	0.27	0.20	-26%
Commercial	420.4	375.4	-11%	1.03	0.78	-25%
Irrigation	144	126	-13%	1.16	0.95	-18%
Total	2166.5	1994.8	-8%			

The 2016 Report calculated a total annual commitment of 2,693 AFY by analyzing the average demand of taps during 2011 (year of highest demand). Since the 2016 Report, an additional 328.2 acre-feet per year has been committed from the exportable water supply portfolio including wells 9-20 and Denver Basin wells while excluding wells 14 and 18 (Table 3-3). Water commitments have also been made from the Kane and Tipton water rights to developments specified in the LLC agreements but these allocations are accounted for in the Kane and Tipton commitments.

Table 3-3: In-District commitments since the 2016 Report, commitments are organized in chronological order of initial application, some have had expiration dates extended

Completed Developments Committed After 2016 Report (volumes in acre-feet per year)					
Commitment Name	Type	General	Kane	Tipton	
King Soopers Commercial Phase 1	Commercial	4.46			
Constitution Apartments	Residential	19	2		
Freedom Springs Apartments	Residential	14.5			
Covert Ops Paintball	Commercial	0.15			
King Soopers Commercial Phase 2	Commercial	4.46			
Space Village Commercial	Commercial	3.44			
Claremont Ranch Filing 9C	Residential	5.94			
Total		51.95	2	0	
Outstanding & Under Construction Commitments Made After 2016 Report					
Commitment Name	Type	General	Kane	Tipton	Status
Meadowbrook Crossing	Residential	36.27			Under Construction
Appaloosa Highway 24 Subdivision	Commercial	1.25			Under Construction
Hannah Ridge Filings 5, 6, 7	Residential		60.5	76	Under Construction
Midtown at Hannah Ridge	Residential	33.84			Under Construction
Claremont Business Park Tract C	Commercial		12.2		Pending; Expires 8-Aug-21
Richmond Homes at Feathergrass	Residential	33.6			Under Construction
DWIRE Storage Yard	Commercial	3.51			Pending; Expires 11-Nov-21
Gardens at North Carefree	Residential	22			Under

					Construction
Mountain States Pipe & Supply	Commercial	0.31			Pending; Expires 13-Jan-21
Claremont Business Park Filing 1C Lots 1 & 2	Commercial	0.64			Under Construction
Solace Apartments Phase 1	Residential	61.8			Pending; Expires 12-Feb-21
Midtown at Hannah Ridge Filing C	Residential	9.24			Pending; Expires 27-May-21
6201 Platte Avenue	Commercial	1.83			Pending; Expires 11-Jun-21
Windermere Subdivision	Residential	68.8			Pending; Expires 11-Jun-21
Meadowbrook Park	Residential	18.7			Pending; Expires 21-Sep-21
Villas at Claremont Ranch	Residential	24.8			Pending; Expires 19-Nov-21
Crossroads Mixed Use	Mixed	84.0			Pending; Expires 8-Dec-21
Total Unbuilt Commitments Since 2015 Report		400.6	72.7	76	
Total Commitments Since 2015 Report		452.5	74.7	76	

The water volumes committed to each development are calculated at the time of plat based on building square footage, intended use, and landscaping square footage. For multi-family developments El Paso County presumptive use values per unit are used. For single-family neighborhoods the single family presumptive use value of 0.31 AFY/SFE (acre-feet per year per Single Family Equivalent) is used as explained in the previous report. Single family use has dropped below this value but this builds a safety factor into residential developments to account for high use years.

3.3: Schriever Air Force Base

CMD provides water to Schriever Air Force Base in eastern El Paso county immediately south of State Highway 94. The base is home to approximately 1,000 personnel around the clock and about 7,000 more during the workday. SAFB consumes about 10% of CMD's total water deliveries and has a commitment of 537 acre feet per year as specified in its original contract (Table 3-4). The population of the base has grown in recent years and is expected to continue growing. Despite this growth, the base itself has consistently reduced overall water consumption since 2011 and the housing has improved water efficiency.

Table 3-4: Schriever Air Force Base use in 2011 and 2018

	2011	2018	% Change
Schriever Air Force Base	246.1	204.0	-17%
Schriever AFB Housing	78.4	86.0	10%
Total	324.5	289.9	-11%

3.4: Other Commitments Including Golf Course Irrigation

CMD maintains several parks within its boundaries which are supplied with potable water from the general system and have collectively reduced water demand from 30 acre-feet in 2011 to 21 acre-feet in 2019. CMD also provides water for construction which can vary substantially year to year but averages to approximately 15 acre-feet per year and has rarely exceeded 25 acre-feet per year. To be conservative, CMD’s demand planning uses a projected annual demand of 25 acre-feet per year for construction.

The two golf courses in the District boundaries consume a large amount of irrigation water but this is provided from a separate, non-potable system (see Section 2.5) and no growth in demand is anticipated. The golf course clubhouses are supplied with potable water from the main potable system and are considered regular commercial customers.

3.5: Commitment Summary

Commitments served from CMD’s exportable water portfolio are summarized in Table 3-5. The Kane and Tipton water commitments are reserved to members of Cherokee Water LLC and are thus considered fully committed despite the fact that construction has not started on several included projects.

Table 3-5: Commitments Summary

Commitments	AFY
In-District (2015)	2693
Committed Since 2015	452.5
Schriever Air Force Base	537
Kane*	200
Tipton*	225
Construction	25
Parks	25
Total	4157.5

*The Kane and Tipton water rights are considered fully committed even though some of the subject developments are not completely developed.

4 Water Balance

4.1: Overview

CMD's water rights exceed its annual commitments, and actual deliveries are significantly lower than these commitments (Figure 4-1). Irrigation scheduling, communication about water scarcity, and a tiered rate system have reduced water use per customer in CMD to among the lowest in the region. Through dry and wet years since 2011, water use per customer has dropped across all customer types, indicating customer-led conservation measures. CMD's acquisition and development of new water rights has placed it in a strong position to better serve current customers and to provide for new customers as the District approaches buildout.

Table 4-1: CMD In-District Water Balance including Schriever Air Force Base. 2018 production indicates actual use in each of these categories in 2018.

Commitments	Legal	2018 Use	Difference
In-District (2015)	2693	1995	-26%
Committed Since 2015	452.5	123	-73%
Schriever Air Force Base	537	252	-53%
Kane*	200	200	0%
Tipton*	225	225	0%
Construction	25	17.1	-32%
Parks	25	21.2	-15%
Total	4157.5	2833	-30%
Supply			
CMD Wells 9-17, 19, 20	3212	2568	-25%
Developed Denver Basin**	258	311	15%
LLC Kane Right	0	0	0%
LLC Tipton Right	225	144	-36%
New Exportable Production 2020	748	0	
Exportable Total	4443	2879	-35%
Balance	285.5	AFY	

*The Kane and Tipton water rights are considered fully committed even though some of the subject developments are not completely developed.

**Denver Basin proven production includes production from banked water in the Arapahoe Aquifer (see Section 2.4).

4.2: Per Capita Water Demand

In the 2016 Report, CMD established an average water demand for planning of 0.31 acre-feet per single-family equivalent (AF/SFE) for single family homes. CMD’s current actual per capita demand is less than this presumed use flow, but this conservative assumed demand remains useful to account for possible increases in outdoor watering in unusually dry summers or possible increases in average persons per household (Table 4-1). This lower flow figure has remained relatively constant through drought and is mainly a result of a more aggressive tiered rate structure implemented 2011-2012 (Figure 4-1). CMD has used 0.31 AFY/SFE to calculate commitment demand for all single family commitments since 2016, and CMD will continue to use this figure for future commitments unless specific features of the development may reduce water usage. CMD may seek to adjust this default figure in future reports for all single family developments in order to better match actual demand.

Table 4-2: Single Family and Multi Family (¾” tap) water use in calendar years 2011 and 2018

	Demand (AF)			Demand/Tap (AF)		
	2011	2018	% Change	2011	2018	% Change
Single Family	1355.7	1294.2	-5%	0.24	0.21	-14%
Multi Family	144.8	134.0	-7%	0.17	0.15	-16%

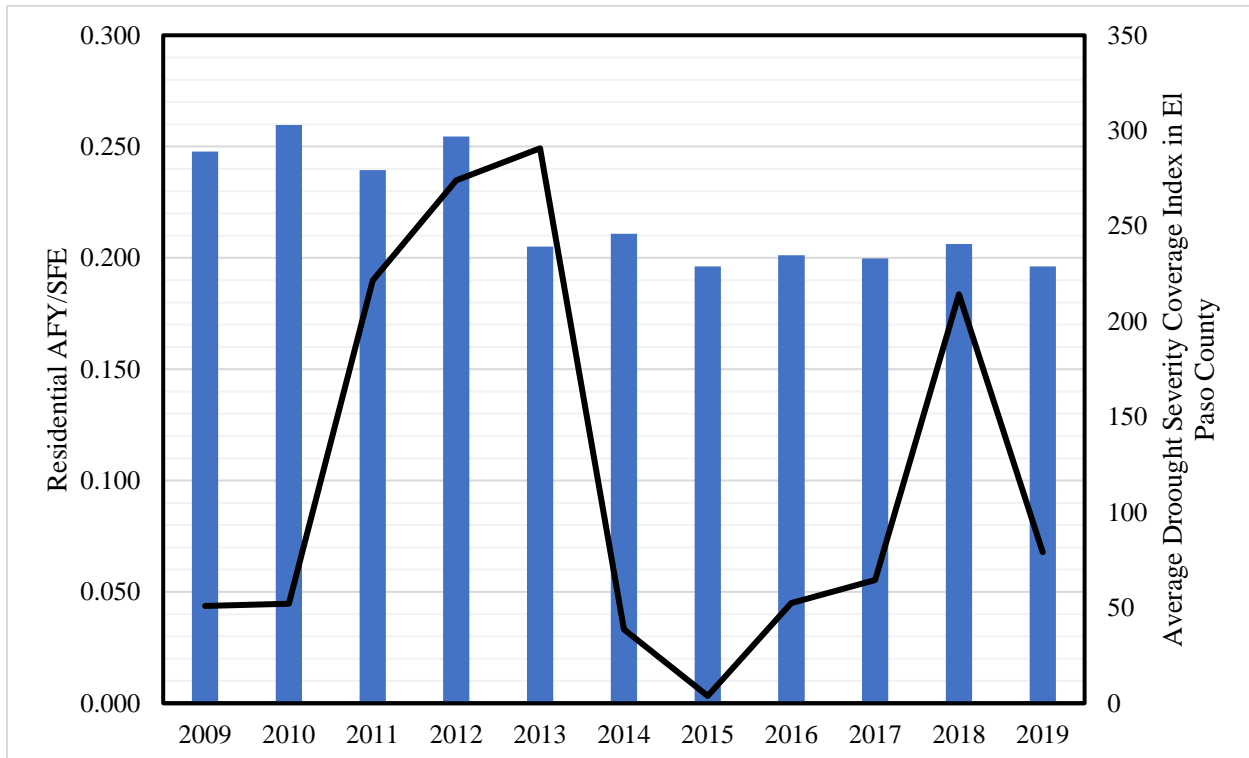


Figure 4-1: Single family water use since 2009 in blue compared to Drought Severity Coverage Index for El Paso County in black. In this index 0 is no drought in the county and 500 is stage 4 drought covering the entire county

Residential developments comprise the bulk of CMD’s water deliveries and new commitments but commercial users have also seen a drop in actual water demand since 2011. New commercial commitments are estimated using development size and industry-specific American Water Works Association (AWWA) water demand averages.

4.3: Future Water Supply Development

CMD is currently developing several additional water sources to meet future demand. Six groundwater rights are slated for development or upgrade by the end of 2021 (Table 4-2). In addition to providing water for new users, these additional wells will provide greater flexibility in meeting peak demands.

Table 4-3: Water supply development projects slated for construction or upgrade by 2021

	Decreed (AFY)	Planned (AFY)	Timeframe
Sweetwater #5 Well	290.0	290.0	2020
Albrecht Well	153.5	153.5	2021
AR-1 Right Consolidation	280.0	200.0	2020
DA-1	180.7	40.3	2021
DA-4	180.7	64.5	2021
Total	1452.9	748.3	

The Sweetwater #5 Well is a conditional water right that CMD must make absolute by filing an application on or before February 26, 2021. CMD began pumping this well in February of 2020. This well is legally authorized to withdraw a maximum of 290 acre-feet per year pursuant to the final decree in Case No. 05CW6/05CW20.

The Albrecht Well is a recent water rights acquisition made by CMD since the 2016 Report. The well is permitted to withdraw a maximum of 153 acre-feet per year pursuant to Final Permit Nos. 27571 and 27572 (Appendix J). CMD is currently working to connect this well to its supply infrastructure.

The AR-1 right consolidation is a new well permit application for the highly productive Arapahoe Aquifer on the Sundance property made on April 9th, 2020 and approved on June 19th, 2020 as Permit 84421-F. It combined the allocation from the Sundance property with the allocation for the adjacent Shamrock property into one point of diversion.

DA-1 and DA-4 are Dawson Aquifer wells currently drilled on the Sundance property that are currently drilled and awaiting pump installation. These wells will produce water from the Dawson Aquifer pursuant to the plan for augmentation decreed in Case No. 14CW3061.

In addition to these known production improvements CMD also has a pending replacement plan which could enhance the efficiency of CMD’s portfolio through recovery and/or reuse of recharge water.

4.4: Undeveloped and Other Future Supplies

CMD holds undeveloped groundwater rights that may be developed in the future (Table 4-3). CMD is also actively pursuing additional purchases of renewable water rights in the Upper Black Squirrel Aquifer, with a general goal of acquiring an additional 200-500 AFY within the next decade.

Table 4-4: Undeveloped CMD Water Rights

	Amount (AFY)	Plans
Sundance Ranch Denver Basin	477	Production increases in existing wells are planned
Other Owned Denver Basin	4042	Currently not planned for development, except as future replacements for current Denver Basin wells
Additional Renewable Supplies	200-500	Acquire additional rights as available
Replacement Plan	Unknown	Replacement plan will allow for reuse of a portion of recharged water

4.5: Future Demand

CMD has 432 acres of developable land with no outstanding commitments, constituting 10% of total district area. To estimate the future water demand for this area, CMD first examined undeveloped land area in the district and compared its zoning composition to CMD's overall zoning composition. Although the undeveloped area contains a higher proportion of industrial and commercial zoning than CMD as a whole, and while these land use types generally require more water than residential use, in CMD the demand-per-acre for commercial and industrial uses is on average lower than that of residential. Therefore, to be as conservative as possible, CMD extrapolated the demand associated with single-family detached homes to the entire undeveloped area. CMD concluded that its production must increase by approximately 240 acre-feet per year to serve this undeveloped area.

Though the anticipated demand of undeveloped area falls slightly under the projected surplus, CMD is continuing to explore new water supplies in order to provide a factor of safety for zoning changes of undeveloped land as well as densification of developed land. An increase of water use intensity on properties within the District is unlikely in the near term but as housing and land costs continue to increase in El Paso County redevelopment of existing single family detached subdivisions into higher density developments is possible in the future.

4.6: Future Water Balance

The full-buildout demand (an additional 240 AFY) described above is less than the surplus projected by the end of 2021, meaning CMD is well-situated to serve the needs of its entire district. Nonetheless, CMD is pursuing purchases of additional water supplies as they become available in order to further increase this surplus, provide greater redundancy, and support higher

density development. CMD is not currently pursuing new acquisitions of Denver Basin groundwater, but it may continue to develop current holdings in those aquifers.

5 Conclusion

With its ongoing efforts to develop existing water supplies, CMD will be well-situated to serve its growing demand as it approaches total buildout of its boundaries with a water surplus of 285.5 acre-feet per year. CMD will continue to acquire new renewable water supplies as they become available, and it is moving forward with a replacement plan that will allow it to increase the overall efficiency of its system. In addition to providing for buildout demands, these water supplies will further increase CMD's operational surplus, provide greater redundancy, and provide for higher density development within the district. With connections to Colorado Springs Utilities, Woodmen Hills Metropolitan District, and Meridian Service Metropolitan District, CMD's infrastructure could facilitate regional water sharing agreements as El Paso County population growth continues.



Appendix F

**COLORADO GROUND WATER COMMISSION
FINDINGS AND ORDER**

IN THE MATTER OF AN APPLICATION FOR DETERMINATION OF WATER RIGHT TO
ALLOW THE WITHDRAWAL OF GROUND WATER IN THE UPPER BLACK SQUIRREL
CREEK DESIGNATED GROUND WATER BASIN

APPLICANT: ELLICOTT SPRINGS RESOURCES, LLC

AQUIFER: LARAMIE-FOX HILLS

DETERMINATION NO.: 598-BD

In compliance with Section 37-90-107(7), C.R.S., and the Designated Basin Rules, 2 CCR 410-1, Ellicott Springs Resources, LLC, (hereinafter "applicant") submitted an application for determination of water right to allow the withdrawal of designated ground water from the determinations of water right to allow the withdrawal of designated ground water from the Laramie-Fox Hills Aquifer.

FINDINGS

1. The application was received complete by the Colorado Ground Water Commission on July 23, 2004.
2. The applicant requests a determination of rights to designated ground water in the Laramie-Fox Hills Aquifer (hereinafter "aquifer") underlying 551.26 acres generally described as the W1/2 and the W1/2 of the NE1/4 of Section 14 and the E1/2 of the E1/2 of Section 15, all in Township 14 South, Range 63 West of the 6th Principal Meridian, in El Paso County. According to a signed statement dated February 18, 2004, and two signed statements dated July 19, 2004, the applicant claims control of and right to allocation of the ground water in the aquifer under the above-described land area based on written consent of the overlying landowners, as further described in said affidavits which are attached hereto as Exhibit A.
3. The proposed annual amount of ground water to be allocated and withdrawn from the aquifer for intended beneficial uses is the maximum allowable amount.
4. The above described land area overlying the ground water claimed by the applicant is located within the boundaries of the Upper Black Squirrel Creek Designated Ground Water Basin and within the Upper Black Squirrel Creek Ground Water Management District. The Colorado Ground Water Commission (hereinafter "Commission") has jurisdiction.
5. The applicant intends to apply the allocated ground water to the following beneficial uses: domestic, irrigation, commercial, industrial, firefighting, and recreation. The applicant's proposed place of use of the allocated ground water is the above described 551.26 acre land area.
6. The quantity of water in the aquifer underlying the 551.26 acres of land claimed by the applicant is 16,124 acre-feet. This determination was based on the following as specified in the Designated Basin Rules:

- a. The average specific yield of the saturated permeable material of the aquifer underlying the land under consideration that could yield a sufficient quantity of water that may be extracted and applied to beneficial use is 15 percent.
 - b. The average thickness of the saturated permeable material of the aquifer underlying the land under consideration that could yield a sufficient quantity of water that may be extracted and applied to beneficial use is 195 feet.
7. At this time, there is no substantial artificial recharge that would affect the aquifer within a one hundred year period.
 8. Pursuant to Section 37-90-107(7), C.R.S., and in accordance with the Designated Basin Rules, the Commission shall allocate ground water in the aquifer based on ownership of the overlying land and an aquifer life of one hundred years. Therefore, the maximum average annual amount of ground water in the aquifer that may be allocated for withdrawal pursuant to the data in the paragraphs above for the 551.26 acres of overlying land claimed by the applicant is 161 acre-feet.
 9. The ability of wells permitted to withdraw the authorized amount of water from this non-renewable aquifer may be less than the one hundred years upon which the amount of water in the aquifer is allocated, due to anticipated water level declines.
 10. In accordance with Rule 5.3.6 of the Designated Basin Rules, it has been determined that withdrawal of ground water from the aquifer underlying the 551.26 acres of land claimed by the applicant will not, within one hundred years, deplete the flow of a natural stream or its alluvial aquifer at an annual rate greater than one-tenth of one percent of the annual rate of withdrawal and, therefore, the ground water is nontributary ground water as defined in Rule 4.2.19 of the Designated Basin Rules. No more than 98% of the amount of ground water withdrawn annually shall be consumed, as required by the Designated Basin Rules.
 11. A review of records in the Office of the State Engineer discloses that a portion of the ground water in the aquifer underlying the 551.26 acre land area has been previously allocated, based on ownership of overlying land and a one hundred year aquifer life. Such allocations occurred by issuance of well permits and construction of wells to appropriate and withdraw ground water from the aquifer, permit numbers 50040-F and 50041-F. The applicant claims ownership of these wells and water rights and has provided a written request, as an attachment to the application, that these permits and rights shall be cancelled by the Commission upon approval of this determination. For this reason, these previous allocations will not decrease the amount of ground water to be allocated for this determination. Except for these two wells, review of the records in the Office of the State Engineer has not disclosed any other water in the aquifer underlying the land claimed by the applicant that has been previously allocated or permitted for withdrawal.
 12. Pursuant to Section 37-90-107(7)(c)(III), C.R.S., an approved determination of water right shall be considered a final determination of the amount of ground water so determined; except that the Commission shall retain jurisdiction for subsequent adjustment of such amount to conform to the actual local aquifer characteristics from adequate information obtained from well drilling or test holes.

13. In accordance with Section 37-90-107(7), C.R.S., upon Commission approval of a determination of water right, well permits for wells to withdraw the authorized amount of water from the aquifer shall be available upon application, subject to the conditions of this determination and the Designated Basin Rules and subject to approval by the Commission.
14. On July 29, 2004, in accordance with Rule 9.1 of the Designated Basin Rules, a letter was sent to the Upper Black Squirrel Creek Ground Water Management District requesting written recommendations concerning this application. No written recommendations from the district were received in response to this request.
15. The Commission Staff has evaluated the application relying on the claims to control of the ground water in the aquifer made by the applicant.
16. In accordance with Sections 37-90-107(7) and 37-90-112, C.R.S., the application was published in the Gazette newspaper on August 5 and 12, 2004.
17. No objections to the determination of water right and proposed allocation of ground water were received within the time limit set by statute.
18. In order to prevent unreasonable impairment to the existing water rights of others within the Upper Black Squirrel Creek Designated Ground Water Basin it is necessary to impose conditions on the determination of water right and proposed allocation of ground water. Under conditions as stated in the following Order, no unreasonable impairment of existing water rights will occur from approval of this determination of water right or from the issuance of well permits for wells to withdraw the authorized amount of allocated ground water from the aquifer.

ORDER

In accordance with Section 37-90-107(7), C.R.S., and the Designated Basin Rules, the Colorado Ground Water Commission orders that the application for determination of rights to designated ground water in the Laramie-Fox Hills Aquifer underlying 551.26 acres generally described as the W1/2 and the W1/2 of the NE1/4 of Section 14 and the E1/2 of the E1/2 of Section 15, all in Township 14 South, Range 63 West of the 6th Principal Meridian, is approved subject to the following conditions:

19. The allocated average annual amount of ground water to be withdrawn from the aquifer shall not exceed 161 acre-feet. The allowed maximum annual amount of withdrawal may exceed the allowed average annual amount of withdrawal as long as the total volume of water withdrawn does not exceed the product of the number of years since the date of approval of this determination times the allowed average annual amount of withdrawal.
20. To conform to actual aquifer characteristics, the Commission may adjust the allocated average annual amount of ground water to be withdrawn from the aquifer based on analysis of geophysical logs or other site-specific data if such analysis indicates that the initial estimate of the volume of water in the aquifer was incorrect.

21. No more than 98% of the ground water withdrawn annually shall be consumed. The Commission may require well owners to demonstrate periodically that no more than 98% of the water withdrawn is being consumed.
22. The use of ground water from this allocation shall be limited to the following beneficial uses: domestic, irrigation, commercial, industrial, firefighting, and recreation. The place of use shall be limited to the above-described 551.26 acre land area.
23. Well permit numbers 50040-F and 50041-F are hereby cancelled and are of no further force or effect.
24. The applicant, or subsequent persons controlling this water right, shall record in the public records of the county - in which the claimed overlying land is located - notice of transfer of any portion of this water right to another within sixty days after the transfer, so that a title examination of the above described 551.26 acre land area, or any part thereof, shall reveal the changes affecting this water right. Such notice shall consist of a signed and dated deed which indicates the determination number, the aquifer, a description of the above described land area, the annual amount of ground water (acre-feet) transferred, name of the recipient, and the date of transfer.
25. Subject to the above conditions, well permits for wells to withdraw the authorized annual amount of water from the aquifer shall be available upon application subject to approval by the Commission and the following conditions:
 - a. The wells shall be located on the above described 551.26 acre overlying land area.
 - b. The wells must be constructed to withdraw water from only the Laramie-Fox Hills Aquifer. Upon application for a well permit to construct such a well, the estimated top and base of the aquifer at the proposed well location will be determined by the Commission and indicated on the approved well permit. Plain non-perforated casing must be installed, grouted and sealed to prevent diversion of ground water from other aquifers and the movement of ground water between aquifers.
 - c. The entire depth of each well must be geophysically logged prior to installing the casing as set forth in Rule 9 of the Statewide Nontributary Ground Water Rules, 2 CCR 402-7.
 - d. Each well shall be constructed within 200 feet of the location specified on the approved well permit, but must be more than 600 feet from any existing large-capacity well completed in the same aquifer.
 - e. The wells may withdraw the allowed average annual amount of water from the aquifer together in any combination. The total combined annual withdrawal of the wells shall not exceed the allowed average annual amount described in this Order.
 - f. A totalizing flow meter or other Commission approved measuring device shall be installed on each well and maintained in good working order by the well owner. Annual diversion records shall be collected and maintained by the well owner and submitted to the Commission or the Upper Black Squirrel Creek Ground Water Management District upon their request.

g. The well owner shall mark the well in a conspicuous place with the permit number and the name of the aquifer. The well owner shall take necessary means and precautions to preserve these markings.

26. A copy of this Findings and Order shall be recorded by the applicant in the public records of the county – in which the claimed overlying land is located - so that a title examination of the above described 551.26 acre overlying land area, or any part thereof, shall reveal the existence of this determination.

Dated this 8th day of November, 2004.



Hal D. Simpson
Executive Director
Colorado Ground Water Commission

By: 

Suzanne M. Sellers, P.E.
Designated Basins Chief

Prepared by: RAC

FIND-510

STATE OF COLORADO
OFFICE OF THE STATE ENGINEER
DIVISION OF WATER RESOURCES

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APR 06 2004

NONTRIBUTARY GROUND WATER CONSENT CLAIM
(FOR AREAS IN A DESIGNATED GROUND WATER BASIN)

WATER RESOURCES
STATE ENGINEER
COLO.

Laramie Fox Hills AQUIFER

I (we) Ellicott Springs Resources, LLC
(Name)

claim and say that I (we) have the consent of the owners of 472.81 acres of overlying land to withdraw ground water from the aquifer indicated above.

The names of the landowners whose consent is claimed are as follows and their Landownership Statements (form GWS-3B), legal descriptions of all claimed land areas and copies of deeds or other transfer documents, recorded in the county or counties in which the land areas are located, are attached.

R.W. Case

Further, I (we) claim and say that I (we) have read the statements made herein; know the contents hereof; and that the same are true to my (our) own knowledge.

[Signature] 2-18-04
(Signature) (Date)
Rayney J. PREISSEN partner Ellicott Springs RES. LLC.

(Signature) (Date)

.....
INSTRUCTIONS:

The consent claim must be submitted with an application for determination of water right in all cases where the applicant believes or claims that water to be withdrawn is ground water from the Dawson, Denver, Arapahoe or Laramie-Fox Hills aquifers and the applicant is claiming consent of the overlying landowners. Please type or print neatly in black ink. This form may be reproduced by photocopy or word processing means.

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GWS-3B (Rev. Sept. 1996)

STATE OF COLORADO
OFFICE OF THE STATE ENGINEER
DIVISION OF WATER RESOURCES

APR 06 2004

WATER RESOURCES
STATE ENGINEER
COLO.

NONTRIBUTARY GROUND WATER CONSENT LANDOWNERSHIP STATEMENT

I (We) R.W. Case
(Name)

whose mailing address is 102 E. Pikes Peak Ave., Suite 200
Street

Colorado Springs, CO 80903
(City) (State) (Zip)

claim and say that I (we) am (are) the owner(s) of the following described property consisting of 472.81 acres in the County of El Paso, State of Colorado: (Insert Property Legal Description)

See attached legal description

and that I (we) have granted written consent to others to withdraw ground water from the Laramie Fox Hills aquifer as evidenced by the attached copy of a deed or other document in the County or Counties in which the land is located, and that said ground water has not been conveyed or reserved to another, nor has consent been given for withdrawal by another except as indicated in the attached deed or other recorded document.

Further, I (we) claim and say that I (we) have read the statements made herein; know the contents hereof; and that the same are true to my (our) own knowledge.

R.W. Case 3-2-04
(Signature) (Date)

(Signature) (Date)

.....
INSTRUCTIONS:

Please type or print neatly in black ink. This form may be reproduced by photocopy or word processing means. See additional instructions on back.

1313 SHERMAN ST RM 818 DENVER CO 80203 (303)866-3581

EXHIBIT A

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COLO.

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WATER RESOURCES
STATE ENGINEER
COLO.

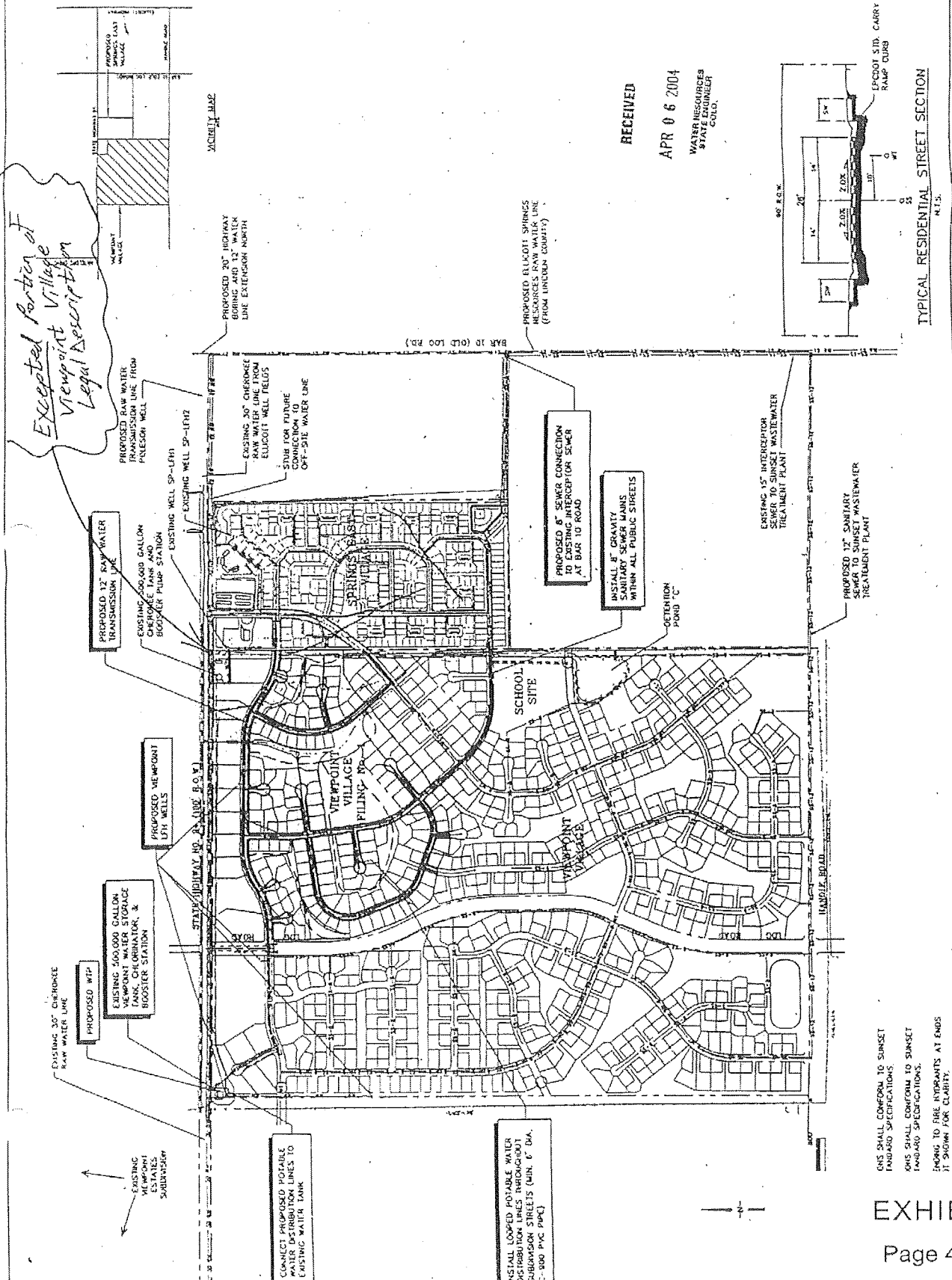
LEGAL DESCRIPTION: VIEWPOINT VILLAGE

THE EAST HALF OF THE EAST HALF OF SECTION 15 AND THE WEST HALF OF SECTION 14,
ALL IN TOWNSHIP 14 SOUTH, RANGE 63 WEST OF THE 6TH P.M., EL PASO COUNTY,
COLORADO AND CONTAINING 472.814 ACRES MORE OR LESS, EXCEPT THAT PORTION
CONVEYED BY BOOK 5527 AT PAGE 376.

EXHIBIT A

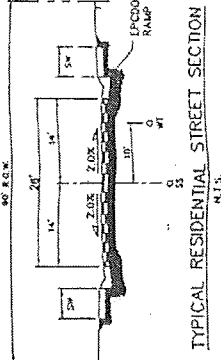
NO.	REVISION	DATE

VIEWPOINT VILLAGE SUBDIVISION



Excepted Portion of Viewpoint Village Legal Description

RECEIVED
APR 06 2004
WATER RESOURCES
STATE ENGINEER
GOLD.



THIS SHALL CONFORM TO SUNSET
STANDARD SPECIFICATIONS.
THIS SHALL CONFORM TO SUNSET
STANDARD SPECIFICATIONS.
FRAGILE TO FIRE HYDRANTS AT ENDS
IF SHOWN FOR CLARITY.

QUIT CLAIM DEED

THIS DEED is a conveyance from the person(s) or legal entity named below as GRANTOR to the person(s) or legal entity named below as GRANTEE of whatever interest the GRANTOR may have in the real property described below.

The GRANTOR hereby sells and quit claims to the GRANTEE the real property described below with all its appurtenances.

If the Grantor intends this Deed to convey less than his entire interest in the Property or if the Grantor intends to impose restrictions on the Grantee's use of the Property, then appropriate language has been added below under "Reservations And/Or Restrictions."

If there are two or more Grantees named in this Deed, they are accepting this conveyance as tenants in common, unless the words "joint tenancy with right of survivorship" or "joint tenancy" have been added below under "Form of Co-Ownership."

The following information completes this Deed:

GRANTOR: (Give Name(s), Address(es), and Marital Status)

R.W. Case
102 E. Pikes Peak Ave., Suite 200
Colorado Springs, Colorado 80903

GRANTEE: (Give Name(s), Address(es))

Ellicott Springs Resources, LLC, a Colorado limited liability company
c/o Rodney J. Preisser, President
90 S. Cascade Avenue, Suite 950
Colorado Springs, CO 80903

PROPERTY DESCRIPTION:

All groundwater (including without limitation tributary, non-tributary, not non-tributary and other groundwater), rights to withdraw such groundwater, rights to consent to the withdrawal of such groundwater, and all water rights relating to such groundwater, including without limitation all groundwater and rights to withdraw groundwater within the Dawson, Denver, Arapahoe and Laramie Fox-Hills aquifers, that are appurtenant to or that underlie the following described real property:

VIEWPOINT VILLAGE

THE EAST HALF OF THE EAST HALF OF SECTION 15 AND THE WEST HALF OF SECTION 14, ALL IN TOWNSHIP 14 SOUTH, RANGE 63 WEST OF THE 6TH P.M., EL PASO COUNTY, COLORADO AND CONTAINING 472.814 ACRES MORE OR LESS, EXCEPT THAT PORTION CONVEYED BY BOOK 5527 AT PAGE 376.

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APR 06 2004

WATER RESOURCES
STATE ENGINEER
COLO.

Robert C. Balink El Paso
01/12/2004 03:
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EXHIBIT A

Page 5 of 124

VIEWPOINT ESTATES

APR 06 2004

BEGINNING AT THE SOUTHWEST CORNER OF SECTION 10 TOWNSHIP 14 SOUTH, RANGE 63 WEST, 6TH P.M., COMMENCING NORTH 01°10'40" WEST ALONG THE WEST SECTION LINE A DISTANCE OF 50.00 FEET TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING ALONG SAID WEST SECTION LINE NORTH 01°10'40" WEST A DISTANCE OF 1271.31 FEET, THENCE SOUTH 89°52'52" EAST A DISTANCE OF 2617.39 FEET, THENCE NORTH 01°11'11" WEST A DISTANCE OF 3960.76 FEET, THENCE NORTH 89°54'31" EAST A DISTANCE OF 1311.15 FEET, THENCE SOUTH 00°55'21" EAST A DISTANCE OF 5214.40 FEET TO THE NORTH RIGHT OF WAY OF COLORADO STATE HIGHWAY 94, THENCE ALONG SAID NORTH RIGHT OF WAY LINE SOUTH 89°47'46" WEST A DISTANCE OF 3904.36 FEET TO THE TRUE POINT OF BEGINNING. SAID ACREAGE CONTAINS 231 ACRES MORE OR LESS.

WATER RESOURCES
STATE ENGINEER
COLO.

ANTELOPE PARK RANCHETTES

THAT PORTION OF SECTION 10, TOWNSHIP 14 SOUTH, RANGE 63 WEST, 6TH P.M., AND DESCRIBED AS FOLLOWS: BEGINNING AT THE NORTHWEST CORNER OF SECTION 10, THENCE NORTH 89°54'31" EAST ON THE NORTH LINE OF SAID SECTION A DISTANCE OF 2622.49 FEET TO THE NORTH 1/4 CORNER THEREOF, THENCE SOUTH 01°11'11" EAST A DISTANCE OF 3960.76 FEET ON THE CENTERLINE OF SAID SECTION TO THE SOUTHEAST CORNER OF THE NORTH 1/2, SOUTHWEST 1/4, THENCE NORTH 89°52'52" WEST ON THE SOUTH LINE OF SAID N1/2, SW1/4 A DISTANCE OF 660 FEET, THENCE SOUTH 01°11'11" EAST A DISTANCE OF 1261.46 FEET TO INTERSECT THE NORTHERLY LINE OF STATE HIGHWAY NO. 94, THENCE SOUTH 89°49'51" WEST ON SAID NORTHERLY LINE A DISTANCE OF 60.02 FEET, THENCE NORTH 02°11'11" WEST A DISTANCE OF 1261.76 FEET TO INTERSECT THE AFOREMENTIONED SOUTH LINE OF THE N 1/2, SW 1/4, THENCE NORTH 89°52'52" WEST A DISTANCE OF 1897.37 FEET TO THE SW CORNER THEREOF, THENCE NORTH 01°15'48" WEST A DISTANCE OF 3951.26 FEET TO THE POINT OF BEGINNING, CONTAINING 239.63 ACRES, MORE OR LESS.

EXHIBIT A

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JUL 23 2004

WATER RESOURCES
STATE ENGINEER
COLO.

STATE OF COLORADO
OFFICE OF THE STATE ENGINEER
DIVISION OF WATER RESOURCES

NONTRIBUTARY GROUND WATER CONSENT CLAIM
(FOR AREAS IN A DESIGNATED GROUND WATER BASIN)

Laramie-Fox Hills AQUIFER

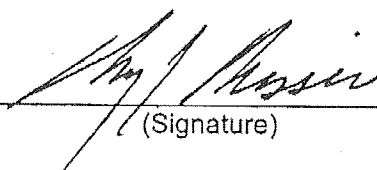
I (we) Ellicott Springs Resources, LLC
(Name)

claim and say that I (we) have the consent of the owners of 78.45 acres of overlying land to withdraw ground water from the aquifer indicated above.

The names of the landowners whose consent is claimed are as follows and their Landownership Statements (form GWS-3B), legal descriptions of all claimed land areas and copies of deeds or other transfer documents, recorded in the county or counties in which the land areas are located, are attached.

- Even-Preisser Investments, LLC
- Even-Preisser, Inc.

Further, I (we) claim and say that I (we) have read the statements made herein; know the contents hereof; and that the same are true to my (our) own knowledge.

 7-19-04
(Signature) (Date)

(Signature) (Date)

.....
INSTRUCTIONS:

The consent claim must be submitted with an application for determination of water right in all cases where the applicant believes or claims that water to be withdrawn is ground water from the Dawson, Denver, Arapahoe or Laramie-Fox Hills aquifers and the applicant is claiming consent of the overlying landowners. Please type or print neatly in black ink. This form may be reproduced by photocopy or word processing means.

STATE OF COLORADO
OFFICE OF THE STATE ENGINEER
DIVISION OF WATER RESOURCES

RECEIVED

JUL 23 2004

WATER RESOURCES
STATE ENGINEER
COLO.

NONTRIBUTARY GROUND WATER CONSENT LANDOWNERSHIP STATEMENT

I (We) Even-Preisser Investments, LLC
(Name)

whose mailing address is 520 E. Costilla Street
Street

Colorado Springs CO 80903
(City) (State) (Zip)

claim and say that I (we) am (are) the owner(s) of the following described property consisting of 38.99 acres in the County of El Paso, State of Colorado: (Insert Property Legal Description)

See attached legal description

and that I (we) have granted written consent to others to withdraw ground water from the Laramie-Fox Hills aquifer as evidenced by the attached copy of a deed or other document in the County or Counties in which the land is located, and that said ground water has not been conveyed or reserved to another, nor has consent been given for withdrawal by another except as indicated in the attached deed or other recorded document.

Further, I (we) claim and say that I (we) have read the statements made herein; know the contents hereof; and that the same are true to my (our) own knowledge.

Even-Preisser Investments, LLC
Ray R. [Signature] 7/19/04
(Signature) (Date)

(Signature) (Date)

.....
INSTRUCTIONS:

Please type or print neatly in black ink. This form may be reproduced by photocopy or word processing means. See additional instructions on back.

QUIT CLAIM DEED

THIS DEED is a conveyance from the person(s) or legal entity named below as GRANTOR to the person(s) or legal entity named below as GRANTEE of whatever interest the GRANTOR may have in the real property described below.

RECEIVED

JUL 23 2004

WATER RESOURCES
STATE ENGINEER
COLO

The GRANTOR hereby sells and quit claims to the GRANTEE the real property described below with all its appurtenances.

If the Grantor intends this Deed to convey less than his entire interest in the Property or if the Grantor intends to impose restrictions on the Grantee's use of the Property, then appropriate language has been added below under "Reservations And/Or Restrictions."

If there are two or more Grantees named in this Deed, they are accepting this conveyance as tenants in common, unless the words "joint tenancy with right of survivorship" or "joint tenancy" have been added below under "Form of Co-Ownership."

The following information completes this Deed:

GRANTOR: (Give Name(s), Address(es), and Marital Status)

Even-Preisser Investments LLC
520 E. Costilla Street
Colorado Springs, CO 80903

GRANTEE: (Give Name(s), Address(es))

Ellicott Springs Resources, LLC, a Colorado limited liability company
c/o Rodney J. Preisser, President
90 S. Cascade Avenue, Suite 950
Colorado Springs, CO 80903

Robert C. Balink El Paso Cty, CO
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Rec \$5.00 1 of 1

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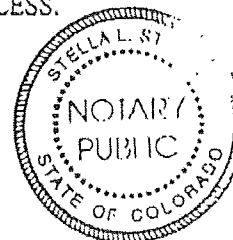
PROPERTY DESCRIPTION:

All groundwater (including without limitation tributary, non-tributary, not non-tributary and other groundwater), rights to withdraw such groundwater, rights to consent to the withdrawal of such groundwater, and all water rights relating to such groundwater, including without limitation all groundwater and rights to withdraw groundwater within the Dawson, Denver, Arapahoe and Laramie Fox-Hills aquifers, that are appurtenant to or that underlie the following described real property:

THE WEST 1/2 OF THE WEST 1/2 OF THE NE 1/4 OF SECTION 14,
TOWNSHIP 14 SOUTH, RANGE 63 WEST OF THE 6TH P.M., EL PASO
COUNTY, COLORADO, EXCEPT THE NORTH 30 FEET FOR ROADWAY
PURPOSES, AND CONTAINING 38.99 ACRES MORE OR LESS.

PROPERTY ADDRESS:

22325 Highway 94
El Paso County, CO



RESERVATIONS AND/OR RESTRICTIONS: (If none, leave blank)

Signed on April 2, 2004

Even-Preisser Investments, LLC
Grantor

MY COMMISSION EXPIRES
09/04/2006

By [Signature]
Title: MEMBER

STATE OF COLORADO)
)ss:
COUNTY OF EL PASO)

The foregoing instrument was acknowledged before me this 02 day of April
David Even, as member of Even-Preisser Investment
liability company.

WITNESS my hand and official seal.
My commission expires: 09-04-2006

[Signature]

EXHIBIT A

STATE OF COLORADO
OFFICE OF THE STATE ENGINEER
DIVISION OF WATER RESOURCES

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JUL 23 2004

WATER RESOURCES
STATE ENGINEER
COLORADO

NONTRIBUTARY GROUND WATER CONSENT LANDOWNERSHIP STATEMENT

I (We) Even-Preisser, Inc.
(Name)

whose mailing address is 520 E. Costilla St.
Street

Colorado Springs CO 80903
(City) (State) (Zip)

claim and say that I (we) am (are) the owner(s) of the following described property consisting of 39.46 acres in the County of El Paso, State of Colorado: (Insert Property Legal Description)

See attached legal description

and that I (we) have granted written consent to others to withdraw ground water from the Laramie-Fox Hills aquifer as evidenced by the attached copy of a deed or other document in the County or Counties in which the land is located, and that said ground water has not been conveyed or reserved to another, nor has consent been given for withdrawal by another except as indicated in the attached deed or other recorded document.

Further, I (we) claim and say that I (we) have read the statements made herein; know the contents hereof; and that the same are true to my (our) own knowledge.

Even-Preisser, Inc.
By [Signature], Secretary 7/19/04
(Signature) (Date)

(Signature) (Date)

.....
INSTRUCTIONS:

Please type or print neatly in black ink. This form may be reproduced by photocopy or word processing means. See additional instructions on back.

1313 SHERMAN ST. RM 818 DENVER CO 80203 (303)866-3581

EXHIBIT A



Appendix G

COLORADO GROUND WATER COMMISSION
FINDINGS AND ORDER

IN THE MATTER OF AN APPLICATION FOR DETERMINATION OF WATER RIGHT TO
ALLOW THE WITHDRAWAL OF GROUND WATER IN THE UPPER BLACK SQUIRREL
CREEK DESIGNATED GROUND WATER BASIN

APPLICANT: ELLICOTT SPRINGS RESOURCES, LLC

AQUIFER: ARAPAHOE

DETERMINATION NO.: 599-BD

In compliance with Section 37-90-107(7), C.R.S., and the Designated Basin Rules, 2 CCR 410-1, Ellicott Springs Resources, LLC, (hereinafter "applicant") submitted an application for determination of water right to allow the withdrawal of designated ground water from the determinations of water right to allow the withdrawal of designated ground water from the Arapahoe Aquifer.

FINDINGS

1. The application was received complete by the Colorado Ground Water Commission on July 23, 2004.
2. The applicant requests a determination of rights to designated ground water in the Arapahoe Aquifer (hereinafter "aquifer") underlying 551.26 acres generally described as the W1/2 and the W1/2 of the NE1/4 of Section 14 and the E1/2 of the E1/2 of Section 15, all in Township 14 South, Range 63 West of the 6th Principal Meridian, in El Paso County. According to a signed statement dated February 18, 2004, and two signed statements dated July 19, 2004, the applicant claims control of and right to allocation of the ground water in the aquifer under the above-described land area based on written consent of the overlying landowners, as further described in said affidavits which are attached hereto as Exhibit A.
3. The proposed annual amount of ground water to be allocated and withdrawn from the aquifer for intended beneficial uses is the maximum allowable amount.
4. The above described land area overlying the ground water claimed by the applicant is located within the boundaries of the Upper Black Squirrel Creek Designated Ground Water Basin and within the Upper Black Squirrel Creek Ground Water Management District. The Colorado Ground Water Commission (hereinafter "Commission") has jurisdiction.
5. The applicant intends to apply the allocated ground water to the following beneficial uses: domestic, irrigation, commercial, industrial, firefighting, and recreation. The applicant's proposed place of use of the allocated ground water is the above described 551.26 acre land area.
6. The quantity of water in the aquifer underlying the 551.26 acres of land claimed by the applicant is 7965 acre-feet. This determination was based on the following as specified in the Designated Basin Rules:

- a. The average specific yield of the saturated permeable material of the aquifer underlying the land under consideration that could yield a sufficient quantity of water that may be extracted and applied to beneficial use is 17 percent.
 - b. The average thickness of the saturated permeable material of the aquifer underlying the land under consideration that could yield a sufficient quantity of water that may be extracted and applied to beneficial use is 85 feet.
7. At this time, there is no substantial artificial recharge that would affect the aquifer within a one hundred year period.
 8. Pursuant to Section 37-90-107(7), C.R.S., and in accordance with the Designated Basin Rules, the Commission shall allocate ground water in the aquifer based on ownership of the overlying land and an aquifer life of one hundred years. Therefore, the maximum average annual amount of ground water in the aquifer that may be allocated for withdrawal pursuant to the data in the paragraphs above for the 551.26 acres of overlying land claimed by the applicant is 79.7 acre-feet.
 9. The ability of wells permitted to withdraw the authorized amount of water from this non-renewable aquifer may be less than the one hundred years upon which the amount of water in the aquifer is allocated, due to anticipated water level declines.
 10. In accordance with Rule 5.3.6 of the Designated Basin Rules, it has been determined that withdrawal of ground water from the aquifer underlying the 551.26 acres of land claimed by the applicant will, within one hundred years, deplete the flow of a natural stream or its alluvial aquifer at an annual rate greater than one-tenth of one percent of the annual rate of withdrawal and, therefore, the ground water is considered to be not-nontributary ground water. Also, the location of the land claimed by the applicant is closer than one mile from the aquifer contact with the alluvium. Withdrawal of water from the aquifer underlying the claimed land area would impact the alluvial aquifer of Black Squirrel Creek or its tributaries, which has been determined to be over-appropriated. Commission approval of a replacement plan - pursuant to Section 37-90-107.5, C.R.S., and Rule 5.6 of the Designated Basin Rules - providing for the actual depletion of the alluvial aquifer and adequate to prevent any material injury to existing water rights, would be required prior to approval of well permits for wells to be located on this land area to withdraw the allocated ground water from the aquifer.
 11. In accordance with Rule 5.3.2.4 of the Designated Basin Rules, the maximum average annual amount of ground water available for allocation from the aquifer underlying the 551.26 acres of land claimed by the applicant is reduced to 78.7 acre-feet to allow for the annual withdrawal of a small capacity well which is completed in the aquifer, permit number 76247. Except for this well, review of the records in the Office of the State Engineer has disclosed that none of the water in the aquifer underlying the land claimed by the applicant has been previously allocated or permitted for withdrawal.
 12. Pursuant to Section 37-90-107(7)(c)(III), C.R.S., an approved determination of water right shall be considered a final determination of the amount of ground water so determined; except that the Commission shall retain jurisdiction for subsequent adjustment of such amount to conform to the actual local aquifer characteristics from adequate information obtained from well drilling or test holes.

13. In accordance with Section 37-90-107(7), C.R.S., upon Commission approval of a determination of water right, well permits for wells to withdraw the authorized amount of water from the aquifer shall be available upon application, subject to the conditions of this determination and the Designated Basin Rules and subject to approval by the Commission.
14. On July 29, 2004, in accordance with Rule 9.1 of the Designated Basin Rules, a letter was sent to the Upper Black Squirrel Creek Ground Water Management District requesting written recommendations concerning this application. No written recommendations from the district were received in response to this request.
15. The Commission Staff has evaluated the application relying on the claims to control of the ground water in the aquifer made by the applicant.
16. In accordance with Sections 37-90-107(7) and 37-90-112, C.R.S., the application was published in the Gazette newspaper on August 5 and 12, 2004.
17. No objections to the determination of water right and proposed allocation of ground water were received within the time limit set by statute.
18. In order to prevent unreasonable impairment to the existing water rights of others within the Upper Black Squirrel Creek Designated Ground Water Basin it is necessary to impose conditions on the determination of water right and proposed allocation of ground water. Under conditions as stated in the following Order, no unreasonable impairment of existing water rights will occur from approval of this determination of water right or from the issuance of well permits for wells to withdraw the authorized amount of allocated ground water from the aquifer.

ORDER

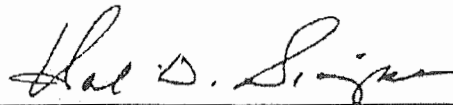
In accordance with Section 37-90-107(7), C.R.S., and the Designated Basin Rules, the Colorado Ground Water Commission orders that the application for determination of rights to designated ground water in the Arapahoe Aquifer underlying 551.26 acres generally described as the W1/2 and the W1/2 of the NE1/4 of Section 14 and the E1/2 of the E1/2 of Section 15, all in Township 14 South, Range 63 West of the 6th Principal Meridian, is approved subject to the following conditions:

19. The allocated average annual amount of ground water to be withdrawn from the aquifer shall not exceed 78.7 acre-feet. The allowed maximum annual amount of withdrawal may exceed the allowed average annual amount of withdrawal as long as the total volume of water withdrawn does not exceed the product of the number of years since the date of approval of this determination times the allowed average annual amount of withdrawal.
20. To conform to actual aquifer characteristics, the Commission may adjust the allocated average annual amount of ground water to be withdrawn from the aquifer based on analysis of geophysical logs or other site-specific data if such analysis indicates that the initial estimate of the volume of water in the aquifer was incorrect.

21. Commission approval of a replacement plan, providing for actual depletion of affected alluvial aquifers and adequate to prevent any material injury to existing water rights in such alluvial aquifers is required prior to approval of well permits for wells to be located on the overlying land area to withdraw ground water from the aquifer.
22. The use of ground water from this allocation shall be limited to the following beneficial uses: domestic, irrigation, commercial, industrial, firefighting, and recreation. The place of use shall be limited to the above-described 551.26 acre land area.
23. The applicant, or subsequent persons controlling this water right, shall record in the public records of the county - in which the claimed overlying land is located - notice of transfer of any portion of this water right to another within sixty days after the transfer, so that a title examination of the above described 551.26 acre land area, or any part thereof, shall reveal the changes affecting this water right. Such notice shall consist of a signed and dated deed which indicates the determination number, the aquifer, a description of the above described land area, the annual amount of ground water (acre-feet) transferred, name of the recipient, and the date of transfer.
24. Subject to the above conditions, well permits for wells to withdraw the authorized annual amount of water from the aquifer shall be available upon application subject to approval by the Commission and the following conditions:
 - a. The wells shall be located on the above described 551.26 acre overlying land area.
 - b. The wells must be constructed to withdraw water from only the Arapahoe Aquifer. Upon application for a well permit to construct such a well, the estimated top and base of the aquifer at the proposed well location will be determined by the Commission and indicated on the approved well permit. Plain non-perforated casing must be installed, grouted and sealed to prevent diversion of ground water from other aquifers and the movement of ground water between aquifers.
 - c. The entire depth of each well must be geophysically logged prior to installing the casing as set forth in Rule 9 of the Statewide Nontributary Ground Water Rules, 2 CCR 402-7.
 - d. Each well shall be constructed within 200 feet of the location specified on the approved well permit, but must be more than 600 feet from any existing large-capacity well completed in the same aquifer.
 - e. The wells may withdraw the allowed average annual amount of water from the aquifer together in any combination. The total combined annual withdrawal of the wells shall not exceed the allowed average annual amount described in this Order.
 - f. A totalizing flow meter or other Commission approved measuring device shall be installed on each well and maintained in good working order by the well owner. Annual diversion records shall be collected and maintained by the well owner and submitted to the Commission or the Upper Black Squirrel Creek Ground Water Management District upon their request.

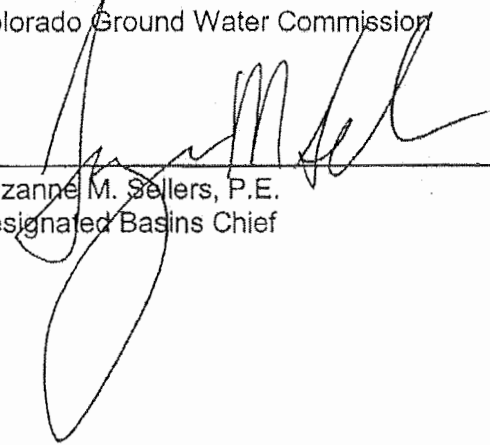
- g. The well owner shall mark the well in a conspicuous place with the permit number and the name of the aquifer. The well owner shall take necessary means and precautions to preserve these markings.
25. A copy of this Findings and Order shall be recorded by the applicant in the public records of the county – in which the claimed overlying land is located - so that a title examination of the above described 551.26 acre overlying land area, or any part thereof, shall reveal the existence of this determination.

Dated this 9th day of November, 2004.



Hal D. Simpson
Executive Director
Colorado Ground Water Commission

By: _____



Suzanne M. Sellers, P.E.
Designated Basins Chief

Prepared by: RAC

FIND-511

EXHIBIT A - 599-BD

Page 1 of 12

08/98-FORM NO. GWS-48

STATE OF COLORADO
OFFICE OF THE STATE ENGINEER
DIVISION OF WATER RESOURCES

RECEIVED
APR 06 2004
WATER RESOURCES
STATE ENGINEER
COLO.

NONTRIBUTARY GROUND WATER CONSENT CLAIM
(FOR AREAS IN A DESIGNATED GROUND WATER BASIN)

Arapahoe AQUIFER

I (we) Ellicott Springs Resources, LLC
(Name)

claim and say that I (we) have the consent of the owners of 472.81 acres of overlying land to withdraw ground water from the aquifer indicated above.

The names of the landowners whose consent is claimed are as follows and their Landownership Statements (form GWS-3B), legal descriptions of all claimed land areas and copies of deeds or other transfer documents, recorded in the county or counties in which the land areas are located, are attached.

R.W. Case

Further, I (we) claim and say that I (we) have read the statements made herein; know the contents hereof; and that the same are true to my (our) own knowledge.

[Signature] 2-18-04
(Signature) (Date)
Rodney J. Preisser partner Ellicott Springs Resources, LLC

(Signature) (Date)

INSTRUCTIONS:

The consent claim must be submitted with an application for determination of water right in all cases where the applicant believes or claims that water to be withdrawn is ground water from the Dawson, Denver, Arapahoe or Laramie-Fox Hills aquifers and the applicant is claiming consent of the overlying landowners. Please type or print neatly in black ink. This form may be reproduced by photocopy or word processing means.

STATE OF COLORADO
OFFICE OF THE STATE ENGINEER
DIVISION OF WATER RESOURCES

RECEIVED

APR 06 2004

WATER RESOURCES
STATE ENGINEER
COLORADO

NONTRIBUTARY GROUND WATER CONSENT LANDOWNERSHIP STATEMENT

I (We) R. W. Case
(Name)

whose mailing address is 102 E. Pikes Peak Ave., Suite 200
Street

Colorado Springs, CO 80903
(City) (State) (Zip)

claim and say that I (we) am (are) the owner(s) of the following described property consisting of 472.81 acres in the County of El Paso, State of Colorado: (Insert Property Legal Description)

See attached legal description

and that I (we) have granted written consent to others to withdraw ground water from the Arapahoe aquifer as evidenced by the attached copy of a deed or other document in the County or Counties in which the land is located, and that said ground water has not been conveyed or reserved to another, nor has consent been given for withdrawal by another except as indicated in the attached deed or other recorded document.

Further, I (we) claim and say that I (we) have read the statements made herein; know the contents hereof; and that the same are true to my (our) own knowledge.

Randy Wilson 3-2-04
(Signature) (Date)

(Signature) (Date)

INSTRUCTIONS:

Please type or print neatly in black ink. This form may be reproduced by photocopy or word processing means. See additional instructions on back.

RECEIVED

RECEIVED

APR 06 2004

JAN 02 2004

LEGAL DESCRIPTION: VIEWPOINT VILLAGE

WATER RESOURCES
STATE ENGINEER
COLO.

WATER RESOURCES
STATE ENGINEER
COLO.

THE EAST HALF OF THE EAST HALF OF SECTION 15 AND THE WEST HALF OF SECTION 14,
ALL IN TOWNSHIP 14 SOUTH, RANGE 63 WEST OF THE 6TH P.M., EL PASO COUNTY,
COLORADO AND CONTAINING 472.814 ACRES MORE OR LESS. EXCEPT THAT PORTION
CONVEYED BY BOOK 5527 AT PAGE 376.

EXHIBIT A

Page 3 of 124

QUIT CLAIM DEED

THIS DEED is a conveyance from the person(s) or legal entity named below as GRANTOR to the person(s) or legal entity named below as GRANTEE of whatever interest the GRANTOR may have in the real property described below.

The GRANTOR hereby sells and quit claims to the GRANTEE the real property described below with all its appurtenances.

If the Grantor intends this Deed to convey less than his entire interest in the Property or if the Grantor intends to impose restrictions on the Grantee's use of the Property, then appropriate language has been added below under "Reservations And/Or Restrictions."

If there are two or more Grantees named in this Deed, they are accepting this conveyance as tenants in common, unless the words "joint tenancy with right of survivorship" or "joint tenancy" have been added below under "Form of Co-Ownership."

The following information completes this Deed:

GRANTOR: (Give Name(s), Address(es), and Marital Status)

R.W. Case
102 E. Pikes Peak Ave., Suite 200
Colorado Springs, Colorado 80903

GRANTEE: (Give Name(s), Address(es))

Ellicott Springs Resources, LLC, a Colorado limited liability company
c/o Rodney J. Preisser, President
90 S. Cascade Avenue, Suite 950
Colorado Springs, CO 80903

PROPERTY DESCRIPTION:

All groundwater (including without limitation tributary, non-tributary, not non-tributary and other groundwater), rights to withdraw such groundwater, rights to consent to the withdrawal of such groundwater, and all water rights relating to such groundwater, including without limitation all groundwater and rights to withdraw groundwater within the Dawson, Denver, Arapahoe and Laramie Fox-Hills aquifers, that are appurtenant to or that underlie the following described real property:

VIEWPOINT VILLAGE

THE EAST HALF OF THE EAST HALF OF SECTION 15 AND THE WEST HALF OF SECTION 14, ALL IN TOWNSHIP 14 SOUTH, RANGE 63 WEST OF THE 6TH P.M., EL PASO COUNTY, COLORADO AND CONTAINING 472.814 ACRES MORE OR LESS, EXCEPT THAT PORTION CONVEYED BY BOOK 5527 AT PAGE 376.

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APR 06 2004

WATER RESOURCES
STATE ENGINEER
COLO.

Robert C. Balink El Par
01/12/2004 0.
Doc \$0.00 Paç
Rec \$15.00 1

None

PROPERTY ADDRESS:

N/A

RESERVATIONS AND/OR RESTRICTIONS: (If none, leave blank)

Signed on 12-19, 2003.

RECEIVED

APR 06 2004

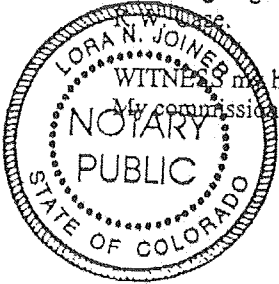
WATER RESOURCES
STATE ENGINEER
COLO.

R.W. Case
Grantor

By *RWC*
Title: _____

STATE OF COLORADO)
)ss:
COUNTY OF EL PASO)

The foregoing instrument was acknowledged before me this 19th day of December, 2003 by



WITNESSES my hand and official seal.
My commission expires: 06-07-2006

Lora N. Joiner
Notary Public

EXHIBIT A

Page 6 of 1287

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VIEWPOINT ESTATES

APR 06 2004

BEGINNING AT THE SOUTHWEST CORNER OF SECTION 10 TOWNSHIP 14 SOUTH, RANGE 63 WEST, 6TH P.M., COMMENCING NORTH 01°10'40" WEST ALONG THE WEST SECTION LINE A DISTANCE OF 50.00 FEET TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING ALONG SAID WEST SECTION LINE NORTH 01°10'40" WEST A DISTANCE OF 1271.31 FEET, THENCE SOUTH 89°52'52" EAST A DISTANCE OF 2617.39 FEET, THENCE NORTH 01°11'11" WEST A DISTANCE OF 3960.76 FEET, THENCE NORTH 89°54'31" EAST A DISTANCE OF 1311.15 FEET, THENCE SOUTH 00°55'21" EAST A DISTANCE OF 5214.40 FEET TO THE NORTH RIGHT OF WAY OF COLORADO STATE HIGHWAY 94, THENCE ALONG SAID NORTH RIGHT OF WAY LINE SOUTH 89°47'46" WEST A DISTANCE OF 3904.36 FEET TO THE TRUE POINT OF BEGINNING. SAID ACREAGE CONTAINS 231 ACRES MORE OR LESS.

WATER RESOURCES
STATE ENGINEER
COLO.

ANTELOPE PARK RANCHETTES

THAT PORTION OF SECTION 10, TOWNSHIP 14 SOUTH, RANGE 63 WEST, 6TH P.M., AND DESCRIBED AS FOLLOWS: BEGINNING AT THE NORTHWEST CORNER OF SECTION 10, THENCE NORTH 89°54'31" EAST ON THE NORTH LINE OF SAID SECTION A DISTANCE OF 2622.49 FEET TO THE NORTH 1/4 CORNER THEREOF, THENCE SOUTH 01°11'11" EAST A DISTANCE OF 3960.76 FEET ON THE CENTERLINE OF SAID SECTION TO THE SOUTHEAST CORNER OF THE NORTH 1/2, SOUTHWEST 1/4, THENCE NORTH 89°52'52" WEST ON THE SOUTH LINE OF SAID N1/2, SW1/4 A DISTANCE OF 660 FEET, THENCE SOUTH 01°11'11" EAST A DISTANCE OF 1261.46 FEET TO INTERSECT THE NORTHERLY LINE OF STATE HIGHWAY NO. 94, THENCE SOUTH 89°49'51" WEST ON SAID NORTHERLY LINE A DISTANCE OF 60.02 FEET, THENCE NORTH 02°11'11" WEST A DISTANCE OF 1261.76 FEET TO INTERSECT THE AFOREMENTIONED SOUTH LINE OF THE N 1/2, SW 1/4, THENCE NORTH 89°52'52" WEST A DISTANCE OF 1897.37 FEET TO THE SW CORNER THEREOF, THENCE NORTH 01°15'48" WEST A DISTANCE OF 3951.26 FEET TO THE POINT OF BEGINNING, CONTAINING 239.63 ACRES, MORE OR LESS.

EXHIBIT A

RECEIVED

JUL 23 2004

WATER RESOURCES
STATE ENGINEER
COLO.

STATE OF COLORADO
OFFICE OF THE STATE ENGINEER
DIVISION OF WATER RESOURCES

NONTRIBUTARY GROUND WATER CONSENT CLAIM
(FOR AREAS IN A DESIGNATED GROUND WATER BASIN)

Arapahoe AQUIFER

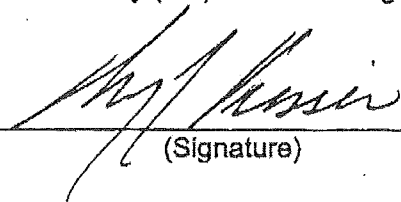
I (we) Ellicott Springs Resources, LLC
(Name)

claim and say that I (we) have the consent of the owners of 78.45 acres of overlying land to withdraw ground water from the aquifer indicated above.

The names of the landowners whose consent is claimed are as follows and their Landownership Statements (form GWS-3B), legal descriptions of all claimed land areas and copies of deeds or other transfer documents, recorded in the county or counties in which the land areas are located, are attached.

- Even-Preisser Investments, LLC ~~LLC~~
- Even-Preisser Inc.

Further, I (we) claim and say that I (we) have read the statements made herein; know the contents hereof; and that the same are true to my (our) own knowledge.

 7-19-04
(Signature) (Date)

(Signature) (Date)

.....
INSTRUCTIONS:

The consent claim must be submitted with an application for determination of water right in all cases where the applicant believes or claims that water to be withdrawn is ground water from the Dawson, Denver, Arapahoe or Laramie-Fox Hills aquifers and the applicant is claiming consent of the overlying landowners. Please type or print neatly in black ink. This form may be reproduced by photocopy or word processing means.

EXHIBIT A

STATE OF COLORADO
OFFICE OF THE STATE ENGINEER
DIVISION OF WATER RESOURCES

RECEIVED

JUL 23 2004

NONTRIBUTARY GROUND WATER CONSENT LANDOWNERSHIP STATEMENT

WATER RESOURCES
STATE ENGINEER
COLO.

I (We) Even-Preisser Investments, LLC
(Name)

whose mailing address is 520 E. Castilla Street
Street

Colorado Springs CO 80903
(City) (State) (Zip)

claim and say that I (we) am (are) the owner(s) of the following described property consisting of 38.99 acres in the County of El Paso, State of Colorado: (Insert Property Legal Description)

See attached legal description

and that I (we) have granted written consent to others to withdraw ground water from the Arapahoe aquifer as evidenced by the attached copy of a deed or other document in the County or Counties in which the land is located, and that said ground water has not been conveyed or reserved to another, nor has consent been given for withdrawal by another except as indicated in the attached deed or other recorded document.

Further, I (we) claim and say that I (we) have read the statements made herein; know the contents hereof; and that the same are true to my (our) own knowledge.

Even-Preisser Investments, LLC

By [Signature], MEMBER 7/19/04
(Signature) (Date)

(Signature) (Date)

.....
INSTRUCTIONS:

Please type or print neatly in black ink. This form may be reproduced by photocopy or word processing means. See additional instructions on back.

QUIT CLAIM DEED

THIS DEED is a conveyance from the person(s) or legal entity named below as GRANTOR to the person(s) or legal entity named below as GRANTEE of whatever interest the GRANTOR may have in the real property described below.

RECEIVED

JUL 23 2004

The GRANTOR hereby sells and quit claims to the GRANTEE the real property described below with all its appurtenances.

WATER RESOURCES
STATE ENGINEER
COLO.

If the Grantor intends this Deed to convey less than his entire interest in the Property or if the Grantor intends to impose restrictions on the Grantee's use of the Property, then appropriate language has been added below under "Reservations And/Or Restrictions."

If there are two or more Grantees named in this Deed, they are accepting this conveyance as tenants in common, unless the words "joint tenancy with right of survivorship" or "joint tenancy" have been added below under "Form of Co-Ownership."

The following information completes this Deed:

GRANTOR: (Give Name(s), Address(es), and Marital Status)

Even-Preisser Investments LLC
520 E. Costilla Street
Colorado Springs, CO 80903.

GRANTEE: (Give Name(s), Address(es))

Ellicott Springs Resources, LLC, a Colorado limited liability company
c/o Rodney J. Preisser, President
90 S. Cascade Avenue, Suite 950
Colorado Springs, CO 80903

Robert C. Ballink El Paso Cty, CO 204053279
04/02/2004 04:06
Doc \$0.00 Page
Rec \$5.00 1 of 1

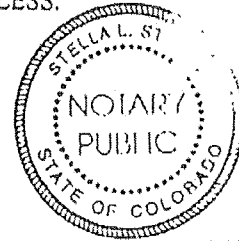
PROPERTY DESCRIPTION:

All groundwater (including without limitation tributary, non-tributary, not non-tributary and other groundwater), rights to withdraw such groundwater, rights to consent to the withdrawal of such groundwater, and all water rights relating to such groundwater, including without limitation all groundwater and rights to withdraw groundwater within the Dawson, Denver, Arapahoe and Laramie Fox-Hills aquifers, that are appurtenant to or that underlie the following described real property:

THE WEST 1/2 OF THE WEST 1/2 OF THE NE 1/4 OF SECTION 14,
TOWNSHIP 14 SOUTH, RANGE 63 WEST OF THE 6TH P.M., EL PASO
COUNTY, COLORADO, EXCEPT THE NORTH 30 FEET FOR ROADWAY
PURPOSES, AND CONTAINING 38.99 ACRES MORE OR LESS.

PROPERTY ADDRESS:

22325 Highway 94
El Paso County, CO



RESERVATIONS AND/OR RESTRICTIONS: (If none, leave blank)

Signed on April 2, 2004

Even-Preisser Investments, LLC
Grantor

MY COMMISSION EXPIRES
09/04/2006

By [Signature]
Title: MEMBER

STATE OF COLORADO)
)ss:
COUNTY OF EL PASO)

The foregoing instrument was acknowledged before me this 02 day of April
David Even, as Member of Even-Preisser Investments
liability company.

WITNESS my hand and official seal
My commission expires: 09-04-2006

[Signature]

EXHIBIT A

STATE OF COLORADO
OFFICE OF THE STATE ENGINEER
DIVISION OF WATER RESOURCES

RECEIVED
JUL 23 2004

WATER RESOURCES
STATE ENGINEER
COLORADO

NONTRIBUTARY GROUND WATER CONSENT LANDOWNERSHIP STATEMENT

I (We) Even-Preisser, Inc.
(Name)

whose mailing address is 520 E. Castilla St.
Street

Colorado Springs CO 80903
(City) (State) (Zip)

claim and say that I (we) am (are) the owner(s) of the following described property consisting of 39.46 acres in the County of El Paso, State of Colorado: (Insert Property Legal Description)

See attached legal description

and that I (we) have granted written consent to others to withdraw ground water from the Arapahoe aquifer as evidenced by the attached copy of a deed or other document in the County or Counties in which the land is located, and that said ground water has not been conveyed or reserved to another, nor has consent been given for withdrawal by another except as indicated in the attached deed or other recorded document.

Further, I (we) claim and say that I (we) have read the statements made herein; know the contents hereof; and that the same are true to my (our) own knowledge.

Even-Preisser, Inc.
Ray [Signature], Secretary 2/19/04
(Signature) (Date)

(Signature) (Date)

.....
INSTRUCTIONS:

Please type or print neatly in black ink. This form may be reproduced by photocopy or word processing means. See additional instructions on back.

QUIT CLAIM DEED

THIS DEED is a conveyance from the person(s) or legal entity named below as GRANTOR to the person(s) or legal entity named below as GRANTEE of whatever interest the GRANTOR may have in the real property described below.

RECEIVED

JUL 23 2004

The GRANTOR hereby sells and quit claims to the GRANTEE the real property described below with all its appurtenances.

STELLA L. STEELE
STATE ENGINEER
COLO.

If the Grantor intends this Deed to convey less than his entire interest in the Property or if the Grantor intends to impose restrictions on the Grantee's use of the Property, then appropriate language has been added below under "Reservations And/Or Restrictions."

If there are two or more Grantees named in this Deed, they are accepting this conveyance as tenants in common, unless the words "joint tenancy with right of survivorship" or "joint tenancy" have been added below under "Form of Co-Ownership."

The following information completes this Deed:

GRANTOR: (Give Name(s), Address(es), and Marital Status)

Even-Preisser Inc.
520 E. Costilla Street
Colorado Springs, CO 80903

GRANTEE: (Give Name(s), Address(es))

Ellicott Springs Resources, LLC, a Colorado limited liability company
c/o Rodney J. Preisser, President
90 S. Cascade Avenue, Suite 950
Colorado Springs, CO 80903

Robert C. Ballink El Paso Cty, CO
04/02/2004 04:06 204053280
Doc \$0.00 Page
Rec \$5.00 1 of 1

PROPERTY DESCRIPTION:

All groundwater (including without limitation tributary, non-tributary, not non-tributary and other groundwater), rights to withdraw such groundwater, rights to consent to the withdrawal of such groundwater, and all water rights relating to such groundwater, including without limitation all groundwater and rights to withdraw groundwater within the Dawson, Denver, Arapahoe and Laramie Fox-Hills aquifers, that are appurtenant to or that underlie the following described real property:

THE EAST 1/2 OF THE WEST 1/2 OF THE NE 1/4 OF SECTION 14,
TOWNSHIP 14 SOUTH, RANGE 63 WEST OF THE 6TH P.M., EL PASO
COUNTY, COLORADO, AND CONTAINING 39.46 ACRES MORE OR
LESS.

PROPERTY ADDRESS:

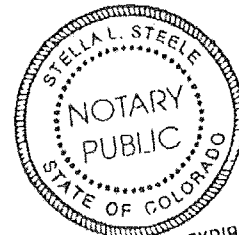
22325 Highway 94
El Paso County, CO

RESERVATIONS AND/OR RESTRICTIONS: (If none, leave blank)

Signed on April 2, 2004

Attest:

Even-Preisser Inc.
Grantor



By [Signature]
Title: SECRETARY/TREASURER

MY COMMISSION EXPIRES
09/04/2006

STATE OF COLORADO)

COUNTY OF EL PASO)

The foregoing instrument was acknowledged before me this 02 day of April
Rodney J. Preisser, as Vice President and David Eves
Sec./Treasurer of Even-Preisser Inc., a Colorado corporation.

WITNESS my hand and official seal.

[Signature]

EXHIBIT A

Page 12 of 12⁹³



Appendix H

**UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF COLORADO**

In re:)	
)	Case No. 10-13116 SBB
ELLICOTT SPRINGS RESOURCES, LLC,)	
EIN: 84-1414022)	Chapter 7
)	
Debtor.)	

**MOTION FOR AUTHORITY TO SELL PROPERTY OF THE ESTATE
PURSUANT TO 11 U.S.C. § 363(b) AND (f) FREE AND CLEAR
OF LIENS, CLAIMS, INTERESTS, AND ENCUMBRANCES**

Joseph G. Rosania, Chapter 7 Trustee of the bankruptcy estate of Ellicott Springs Resources, LLC (the “Trustee”), by and through his undersigned counsel, Sender & Wasserman, P.C., hereby moves for entry of an order authorizing the sale of the bankruptcy estate’s interest in certain property pursuant to 11 U.S.C. § 363(b) and (f)¹ and FED. R. BANKR. P. 6004, free and clear of liens, claims, interests, and encumbrances (the “Sale Motion”). In support of the Sale Motion, the Trustee states as follows:

INTRODUCTION

The Trustee’s Sale Motion seeks to sell any and all of the Debtor’s assets to Springs Land Company, LLC and Ellicott Springs Land Company, LLC (together, “Springs Land Company”), or its assignee, free and clear of all liens, claims, interests, and encumbrances, unless otherwise stated, including at Springs Land Company’s or its assignee’s sole discretion, to purchase the first lien on Benton Well No. 1 (as defined below). In exchange for the sale of all of the Debtor’s assets, Springs Land Company agrees to: (a) release its judgment against the Debtor and the estate in the amount of \$2,336,252.85; and (b) pay the estate \$50,000.00. The proposed transaction is the culmination of the Trustee’s reasonable and good faith efforts to sell the Debtor’s assets for the highest and best price.

BACKGROUND

1. Ellicott Springs Resources, LLC (the “Debtor”) filed for relief under Chapter 11 of Title 11 of the United States Code (the “Bankruptcy Code”) on February 19, 2010 (the “Petition Date”). In addition to the Debtor’s bankruptcy filing, affiliates and/or related parties Ellicott Springs Development, LLC, PLW, Inc., and Rodney J. Preisser also filed petitions for relief under Chapter 11 of the Bankruptcy Code on the same date. *See* Bankruptcy Case Nos. 10-13117 SBB (Ellicott Springs Development, LLC), 10-13114 SBB (PLW, Inc.) and 10-13110 SBB (Rodney J. Preisser).

¹ Unless otherwise specified, all future statutory references in the text are to Title 11 of the United States Code.

2. On March 31, 2010, the Court entered an Order jointly administering the four bankruptcy cases, naming the individual Chapter 11 bankruptcy case of Rodney J. Preisser as the lead bankruptcy case. *See* Docket No. 44, Case No. 10-13110 SBB.

3. Thereafter, on December 2, 2010, Springs Land Company, in the jointly administered bankruptcy cases, filed its Motion for Order Appointing Chapter 11 Trustee; Memorandum of Points and Authorities (Docket No. 231, Case No. 10-13110 SBB) (the "Trustee Motion").

4. On January 10, 2011, only days prior to the trial on the Trustee Motion, the Debtor filed its Statement of No Objection to Motion by Springs East Land Company, LLC and Ellicott Springs Land Company, LLC for Order Appointing a Chapter 11 Trustee for Ellicott Springs Resources, LLC Pursuant to 11 U.S.C. § 1104(a)(2). *See* Docket No. 260, Case No. 10-13110 SBB.

5. On January 11, 2011, the Court entered an Order Granting Motion by Springs East Land Company, LLC and Ellicott Springs Land Company, LLC for Order Appointing Chapter 11 Trustee. *See* Docket No. 79, Bankruptcy Case No. 10-13116 SBB.

6. On January 20, 2011, the Court entered its Order Approving United States Trustee's Appointment of Chapter 11 Trustee, thereby appointing Joseph G. Rosania, Esq. as the Chapter 11 Trustee of the Debtor. *See* Docket No. 86.

7. The Debtor's bankruptcy case (the "Bankruptcy Case") was subsequently converted to a case under Chapter 7 of the Bankruptcy Code on July 29, 2011 (Docket No. 125). Joseph G. Rosania (the "Trustee") was appointed the Chapter 7 trustee of the Debtor's bankruptcy estate (the "Estate").

8. Since his appointment, the Trustee has investigated the Debtor's Bankruptcy Case, including the assets that are the subject of this Sale Motion. Based on his investigation and as more fully set forth below, the Trustee believes a sale of all of the Debtor's assets free and clear of all liens, claims, and encumbrances pursuant to § 363(b) and (f) to Springs Land Company is in the best interests of creditors and the estate.

9. The Trustee has made a reasonable and good faith effort to sell the Debtor's assets for the highest and best price. Springs Land Company has made the highest and best offer for the Assets (defined below) as more fully described below.

REQUESTED RELIEF AND BASIS THEREFORE

10. By and through this Sale Motion, the Trustee seeks authority to sell any and all property of the Estate (as defined in § 541) pursuant to §§ 363(b) and (f) to Springs Land Company or its assignee, including at Springs Land Company's or its assignee's sole discretion, the option to purchase the first lien on Benton Well No. 1 (defined below as the "Herman Lien") currently held by IBAT, a general partnership nominee for Integrity Bank & Trust as Trustee of the Frederic Herman IRA ("Herman"), for the full proof of claim amount of \$293,475.43, in exchange for: (a) the release of Spring Land Company's judgment against the estate in the amount of \$2,336,252.85; and (b) the payment of \$50,000.00. The assets being purchased by

Springs Land Company from the estate include, but are not limited to, any and all assets of the estate, necessarily including the following property:

- (a) Any and all assets and/or property disclosed on the Debtor's Schedules A and B (as amended);
- (b) Benton Well 1 (Permit No. 11197 FP) ("Benton Well 1");
- (c) Benton Well 2 (Permit No. 17075 FP) ("Benton Well 2");
- (d) Approximately 14.6 acres of unplatted land in Sunset Village (the "14 Acre Parcel");
- (e) Water rights identified as 598-BD (Laramie-Fox Hills) and 599-BD (Arapahoe), including well Permit Numbers 61972-F and 61973-F that correspond with the determination number 598-BD;
- (f) Assets attempted to be conveyed to Sunset Metropolitan District by August 8, 2008 assignment document, which conveyance was voided by CUFTA Order and Judgment entered on November 25, 2009 (as set forth in Exhibit 166, a copy of which is attached and incorporated into this Motion as **Exhibit A**);
- (g) Contractual obligations of Cherokee Metropolitan District to provide 800 acre feet of water per year per agreement dated October 11, 2006;
- (h) Assignment dated December 19, 2003 of Water Agreement with Cherokee Water and Sanitation District dated June 9, 1998;
- (i) Any and all contracts in which ESR has an interest, if any;
- (j) Easements over Assessor Parcel Number: 350-0000-310;
- (k) Fee title to Assessor Parcel Number: 350-0000-071; and
- (l) Any and all claims against Rodney Preisser, PLW, Inc., Dean Goss and/or the Goss Family, Cherokee Metropolitan District, Ellicott Springs Land Company, LLC, Sunset Metropolitan District, and/or Springs East Land Company, LLC, or any other claims known or unknown (subparagraphs 11(a)-(l) are collectively referred to as the "Assets").

Nothing contained herein shall serve as a limitation regarding the Assets being sold by the Trustee and the Assets being purchased by Springs Land Company. Springs Land Company intends to purchase and the Trustee intends to sell any and all assets of the Estate, including all legal and equitable interests of the Debtor and the Estate and any and all claims held by the Trustee or the Estate against any individuals or entities.

11. Springs Land Company is purchasing all of the Assets of the Estate, although it is not a successor in interest to the Debtor or the estate nor does its acquisition and purchase of the Assets reflect a substantial continuity of the Debtor's former business. Springs Land Company shall not be liable in any way (as successor or otherwise) for any debts, be they known, unknown, contingent, unliquidated, or undisputed. Springs Land Company is not purchasing any of the Debtor's or the Estate's liabilities.

A. Benton Well 1

12. Benton Well 1 is subject to a first priority lien (the "Herman Lien"). Pursuant to the Proof of Claim filed by Herman on September 3, 2010, the face amount of the Herman Lien is \$293,475.43 (Claim 7-1). Benton Well 1 is subject to a second priority lien in favor of Peoples National Bank (the "Second Lien on Well 1") which was assigned to Springs Land Company on September 2, 2010. Pursuant to the Proof of Claim filed by Peoples National Bank on September 2, 2010 and later assigned to Spring Land Company, the face amount of the Second Lien on Well 1 is \$2,741,348.55 (Claim 4-2). Benton Well 1 is subject to a third priority lien in favor of Springs Land Company (the "Third Lien on Well 1"). The face amount of the Third Lien on Well 1 is \$2,336,252.85. The Trustee asserts that the value of Benton Well 1 is \$186,643.00 based on an appraisal performed on January 27, 2012 by Tim Volz, PE and Ken Knox, PE of URS Corporation (the "Appraisal"). Since the face amounts of the liens against Benton Well 1 (\$5,371,076.83) exceed the fair market value of Benton Well 1 (\$186,643.00), Benton Well 1 is over-encumbered.

13. The Trustee proposes to sell Benton Well 1 to Springs Land Company either pursuant to § 363(b)(1) and/or § 363(f)(2) or (5), depending on whether Springs Land Company, at the time of the closing, desires to purchase Benton Well 1. If, at its sole discretion, Springs Land Company desires to take title to Benton Well 1 subject to the Herman Lien, the sale will be effectuated pursuant to § 363(b)(1). If, on the other hand, and at its sole discretion, Springs Land Company or its assignee desires to take title to Benton Well 1 free and clear of any and all liens, claims, interests, and encumbrances, including the Herman Lien, the sale will be effectuated pursuant to § 363(f)(2), (f)(3) or (f)(5), with Springs Land Company purchasing the First Lien on Well 1 in exchange for the payment of \$293,475.43 to be paid directly to Herman.

14. Under § 363(b), the Trustee may sell Benton Well 1 subject to the Herman Lien outside of the ordinary course of business and after notice and hearing pursuant to the "business judgment" standard. *See In re Castre, Inc.*, 312 B.R. 426, 428 (Bankr. D. Colo. 2004) (following *In re Lionel Corp.*, 722 F.2d 1063 (2nd Cir. 1983)). Here, it is in the best interests of the Estate to sell Benton Well 1 for the consideration described herein because Benton Well 1 is over-encumbered and has no value to the Estate.

15. Alternatively, pursuant to § 363(f), the Trustee may sell Benton Well 1 free and clear of the Herman Lien if Springs Land Company pays Herman \$293,475.43 in connection with this sale and if Herman consents to the sale pursuant to § 363(f)(2); the price that Benton Well 1 is to be sold is greater than the amount of Herman's Lien pursuant to § 362(f)(3); or because Herman could be compelled, in an equitable proceeding, to accept the amount listed in his Proof of Claim in satisfaction of the Herman Lien pursuant to § 363(f)(5).

B. Benton Well 2

16. Benton Well 2 is subject to a first priority lien in favor of Peoples National Bank (the “First Lien on Well 2”) which was assigned to Springs Land Company on September 2, 2010. Pursuant to the Proof of Claim filed by Peoples National Bank on September 2, 2010 and later assigned to Springs Land Company, the face amount of the First Lien on Well 2 is \$2,741,348.55. Benton Well 2 is subject to a second priority lien in favor of Springs Land Company (the “Second Lien on Well 2”). The face amount of the Second Lien on Well 2 is \$2,336,252.85. The Trustee asserts that the value of Benton Well 2 is \$186,643.00 based on the Appraisal. Since the value of the liens against Benton Well 2 (\$5,077,601.40) exceeds the value of the well itself (\$186,643.00), Benton Well 2 is over-encumbered.

17. The Trustee proposes to sell Benton Well 2 to Springs Land Company free and clear of all liens, claims, interests, and encumbrances pursuant to § 363(f)(2) or (f)(3), because Springs Land Company, who holds all of the liens against Benton Well 2, consents to the sale pursuant to § 363(f)(2). Furthermore, the value to be given by Springs Land Company (release of Springs Land Company’s judgment against the Debtor in the amount of \$2,336,252.85 and the payment of \$50,000.00) is greater than the aggregate “value” of all liens against Benton Well 2 under the “economic value” approach of interpreting § 363(f)(3) or, in this case, \$186,643.00.

18. Courts adopting the “economic value” approach interpret “value” in § 363(f)(3) the same as value in § 506(a). “It is thus plainly indicated that the term “value,” as used in § 506(a) with respect to the interest of a secured creditor, means its actual value as determined by the Court, as distinguished from the amount of the lien. That indication and the last sentence of § 506(a) requiring determination of value upon disposition of an asset standing as collateral strongly support the conclusion that the term ‘value,’ as employed in § 363(f)(3), is to be similarly interpreted.” *In re Beker Indus. Corp.*, 63 B.R. 474, 476 (Bankr. S.D.N.Y. 1986). Here, the value of the liens against Benton Well 2 cannot exceed the value of the collateral itself (\$186,643.00), and the Trustee is selling the Benton Well 2 for more than the economic value of the Second Lien on Well 2.

19. Under § 363(f), the Trustee may sell Benton Well 2 outside of the ordinary course of business after notice and hearing pursuant to the “business judgment” standard. *Castre, Inc.*, 312 B.R. at 428 (Bankr. D. Colo. 2004) (following *In re Lionel Corp.*, 722 F.2d 1063 (2nd Cir. 1983)). Here, it is in the best interests of the estate to sell Benton Well 2 for the consideration described herein, because Benton Well 2 is over-encumbered and of no value to the estate.

C. Remaining Estate Assets

20. The Trustee proposes to sell the remaining Assets of the bankruptcy estate in an “as-is, where-is” condition, free and clear of liens, claims, interests, and encumbrances, pursuant to § 363(f), which includes all Assets as set forth on Exhibit A. Exhibits A to this Sale Motion include the description of Assets and shall be incorporated into and made a part of any order approving this Sale Motion.

21. Under the business judgment rule, the Court must find that the Trustee exercised sound business judgment for the terms of the proposed sale. In making this determination, courts consider the following factors: (a) any improper or bad motive; (b) whether the price is fair and the negotiations or bidding occurred at arm's length; and (c) the adequacy of the sale procedure, *i.e.*, whether there has been proper exposure to the market and accurate and reasonable notice to all parties in interest. *Id.*

22. The proposed sale should be approved in this case. In the Trustee's business judgment, a sale to Springs Land Company is the best means to maximize returns for the sale of the Debtor's Assets. The Trustee's investigation into the value of the Debtor's remaining Assets has revealed that they are either over-encumbered or of no value to the estate without the over-encumbered Benton Wells.

23. As long as a proposed sale appears to enhance a debtor's estate, "court approval of a Trustee's decision to sell should only be withheld if the Trustee's judgment is clearly erroneous, too speculative, or contrary to the provisions of the Bankruptcy Code [...]." *GBL Holding Co., Inc. v. Blackburn/Travis/Cole, Ltd.*, 331 B.R. 251, 254 (N.D. Tex. 2005) (citing *Richmond Leasing Co. v. Capital Bank, N.A.*, 762 F.2d 1303, 1309 (5th Cir. 1985) (quoting *Allied Tech., Inc. v. R.B. Brunemann & Sons*, 25 B.R. 484, 495 (Bankr. S.D. Ohio 1982))).

24. The proceeds from the sale of Assets of the Estate shall be paid to the Estate for the benefit of creditors. The Trustee believes the sale of the Estate's interest in the Assets as proposed herein is in the best interests of creditors and the estate pursuant to § 363(b) and/or § 363(f) because, if approved, the sale will allow the Trustee to declare a dividend and make payment to the Debtor's unsecured creditors. Therefore, based on the foregoing, the Trustee has determined that it would be in the best interests of the estate and creditors to sell the estate's interest in any and all of the Assets to Springs Land Company pursuant to either § 363(b) and (f) of the Bankruptcy Code as set forth above.

D. Closing of Sale Transaction

25. The closing of the sale of any and all of the Assets of the above-captioned bankruptcy estate shall occur no earlier than forty-five (45) days after the date the Bankruptcy Court's Order approving the sale, (unless otherwise mutually agreed to by the parties) of all of the Debtor's Assets to Springs Land Company or its assignee becomes a final, non-appealable Order.

WHEREFORE, the Trustee requests that this Court enter an Order in the form attached hereto, authorizing the Trustee, as set forth herein, to sell the property of the estate pursuant to 11 U.S.C. § 363(b) and (f), and authorizing such other and further relief as is deemed just and proper.

DATED this 16th day of August, 2012.

Respectfully submitted,

SENDER & WASSERMAN, P.C.

/s/ David J. Warner

Harvey Sender, #7546

David J. Warner, #38708

1660 Lincoln Street, Suite 2200

Denver, CO 80264

Phone: 303-296-1999

Fax: 303-296-7600

E-mail: sender@sendwass.com

djw@sendwass.com

Attorneys for the Trustee



Appendix I

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF COLORADO**

In re:)	
)	
ELLCOTT SPRINGS RESOURCES, LLC,)	CASE NO. 10-13116-SBB
Tax ID No. 84-1414022,)	
)	CHAPTER 7
)	
)	
Debtor.)	

TRUSTEE’S REPORT OF SALE

Joseph G. Rosania, Chapter 7 Trustee herein, submits the following report of sale pursuant to Federal Rule of Bankruptcy Procedure 6004.

1. The Trustee filed his Motion for Authority to Sell Property of the Estate Pursuant to Bankruptcy Code Sections 363(b) and (f) Free and Clear of Liens on August 17, 2012 (the “Motion”).
2. The Court entered its Order on December 8, 2012 granting the Motion.
3. On March 22, 2013, the Trustee sold the estate’s interests in the property which was the subject of the Motion, outside of the ordinary course of business via private sale, to Ellicott Utilities Company, LLC, for \$50,000, pursuant to the Motion and the attached Settlement Statement.

WHEREFORE, Trustee submits the above report of sale.

Dated: March 26, 2013.

By: /s/ Joseph G. Rosania
 Joseph G. Rosania, Chapter 7 Trustee
 950 Spruce Street, Suite 1C
 Louisville, CO 80027
 Tel. (303) 661-9292
 Fax (303) 661-9555
joe@crlpc.com

SETTLEMENT STATEMENT

Seller: Bankruptcy Estate Of Ellicott Springs Resources, LLC, a Colorado limited liability company, Debtor in Bankruptcy Case No. 2010-13116 SSB

Purchaser: Ellicott Utilities Company, LLC, a California limited liability company

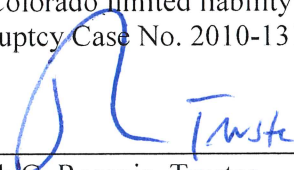
Settlement Date: March 22, 2013

Pursuant To: *Order Approving Motion for Authority to Sell Property of the Estate Pursuant to 11 U.S.C. § 363(b) and (f) Free and Clear of Liens, Claims, Interests, and Encumbrances* (Docket No. 167) dated December 7, 2012

Purchaser's Settlement		
<u>Item Description</u>	<u>Debit</u>	<u>Credit</u>
Purchase Price for Real Property	50,000.00	
	Total: <u>50,000.00</u>	

Seller's Settlement		
<u>Item Description</u>	<u>Debit</u>	<u>Credit</u>
Purchase Price for Real Property		50,000.00
	Total: <u>50,000.00</u>	

Seller: Bankruptcy Estate Of Ellicott Springs Resources, LLC, a Colorado limited liability company, Debtor in Bankruptcy Case No. 2010-13116 SSB

By:  Trustee 3/22/13
Joseph G. Rosania, Trustee

Purchaser: Ellicott Utilities Company, LLC, a California limited liability company

By: _____
Printed Name: _____
Title: _____

SETTLEMENT STATEMENT

Seller: Bankruptcy Estate Of Ellicott Springs Resources, LLC, a Colorado limited liability company, Debtor in Bankruptcy Case No. 2010-13116 SSB

Purchaser: Ellicott Utilities Company, LLC, a California limited liability company

Settlement Date: March 22, 2013

Pursuant To: *Order Approving Motion for Authority to Sell Property of the Estate Pursuant to 11 U.S.C. § 363(b) and (f) Free and Clear of Liens, Claims, Interests, and Encumbrances (Docket No. 167) dated December 7, 2012*

Purchaser's Settlement		
<u>Item Description</u>	<u>Debit</u>	<u>Credit</u>
Purchase Price for Real Property	50,000.00	
	Total: <u>50,000.00</u>	

Seller's Settlement		
<u>Item Description</u>	<u>Debit</u>	<u>Credit</u>
Purchase Price for Real Property		50,000.00
	Total: <u>50,000.00</u>	

Seller: Bankruptcy Estate Of Ellicott Springs Resources, LLC, a Colorado limited liability company, Debtor in Bankruptcy Case No. 2010-13116 SSB

By: _____
Joseph G. Rosania, Trustee

Purchaser: Ellicott Utilities Company, LLC, a California limited liability company

By: *Nathan S. Birchall*
Printed Name: NEGAN S. BIRCHALL
Title: CFO



Appendix J

STATE OF COLORADO

OFFICE OF THE STATE ENGINEER

Division of Water Resources
Department of Natural Resources

1313 Sherman Street, Room 818
Denver, Colorado 80203
Phone (303) 866-3581
FAX (303) 866-3589

www.water.state.co.us



Bill Owens
Governor

Russell George
Executive Director

Hal D. Simpson, P.E.
State Engineer

November 10, 2004

RODNEY PREISSER
ELLCOTT SPRINGS RESOURCES LLC
90 S CASCADE AVENUE #950
COLO SPGS CO 80903

RE: Permit to Use Existing Well

Dear Mr. Preisser:

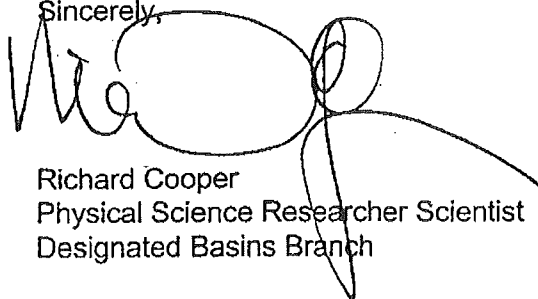
Enclosed is a copy of well Permit No. 61972-F, issued to use an existing well to withdraw ground water from the Laramie-Fox Hills aquifer in accordance with the Ground Water Commission's Findings and Order for Determination of Water Right No. 598-BD.

Please review the permit conditions of approval. Permit condition #10 requires that a totalizing flow meter shall be installed on the well and maintained in good working order. The well owner must maintain permanent records of total annual withdrawals from the well. Be advised that the total combined annual amount of ground water withdrawn by this well, together with any other wells permitted to withdraw the allowed allocation, shall not exceed 161 acre-feet, subject to the withdrawal limitations and conditions in the above described Order of the Commission.

Within 30 days after commencement of beneficial use of ground water, pumped from the well in accordance with the conditions of this permit, a Notice of Commencement of Beneficial Use, form no. GWS-19, must be completed and filed with this office. A copy of this notice is enclosed for your use.

If you have any questions, please contact this office.

Sincerely,



Richard Cooper
Physical Science Researcher Scientist
Designated Basins Branch

enclosures: a/s

cc: Upper Black Squirrel Creek GWMD

OFFICE OF THE STATE ENGINEER
COLORADO DIVISION OF WATER RESOURCES
818 Centennial Bldg., 1313 Sherman St., Denver, Colorado 80203
(303) 866-3581

WELL PERMIT NUMBER 61972 - F -
DIV. 8 WD 10 DES. BASIN 4 MD 12

APPLICANT

ELLCOTT SPRINGS RESOURCES LLC
90 S CASCADE STE 950
COLORADO SPRINGS, CO 80903-

(719) 442-2614

APPROVED WELL LOCATION

EL PASO COUNTY
NW 1/4 NE 1/4 Section 14
Township 14 S Range 63 W Sixth P.M.

DISTANCES FROM SECTION LINES

300 Ft. from North Section Line
2310 Ft. from East Section Line

UTM COORDINATES (NAD83)

Easting: Northing:

PERMIT TO USE AN EXISTING WELL


CONDITIONS OF APPROVAL

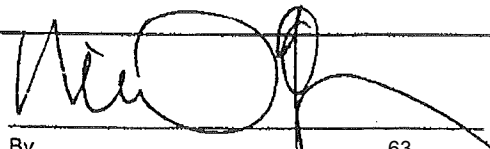
- 1) This well shall be used in such a way as to cause no material injury to existing water rights. The issuance of this permit does not assure the applicant that no injury will occur to another vested water right or preclude another owner of a vested water right from seeking relief in a civil court action.
- 2) The construction of this existing well shall be in compliance with the Water Well Construction Rules 2 CCR 402-2, unless approval of a variance has been granted by the State Board of Examiners of Water Well Construction and Pump Installation Contractors in accordance with Rule 18.
- 3) Approved pursuant to Section 37-90-107(7), C.R.S., and the Findings and Order of the Colorado Ground Water Commission, dated November 8, 2004, for Determination of Water Right No. 598-BD. This permit allows the use of an existing well originally constructed under cancelled permit no. 50040-F.
- 4) The maximum pumping rate of this well shall not exceed 200 GPM.
- 5) The annual withdrawal of ground water from this well shall not exceed 161 acre-feet, subject to the total annual withdrawal limitations and conditions in paragraphs 19, 20, and 25.e of the above described Order of the Commission.
- 6) The use of ground water from this well is limited to domestic, irrigation, commercial, industrial, firefighting, and recreation. Place of use shall be limited to the 551.26 acre land area claimed in the above described Order of the Commission.
- 7) This well must be constructed to withdraw ground water from only the Laramie-Fox Hills aquifer.
- 8) The owner shall mark the well in a conspicuous place with well permit number and name of aquifer as appropriate, and shall take necessary means and precautions to preserve these markings.
- 9) This well shall be located within 200 feet of the location specified on this permit, on overlying land claimed in the above Order. The well shall not be located within 600 feet of another large-capacity well completed in the Laramie-Fox Hills aquifer.
- 10) A totalizing flow meter or other Commission approved measuring device must be installed on the well and maintained in good working order. Permanent records of all diversions must be maintained by the well owner (collected at least annually) and submitted to the Upper Black Squirrel Creek Ground Water Management District or the Ground Water Commission upon request.
- 11) No more than 98% of the ground water withdrawn annually shall be consumed. The Commission may require well owners to demonstrate periodically that no more than 98% of the water withdrawn is being consumed.

NOTE: The ability of this well to withdraw its authorized amount of water from this non-renewable aquifer may be less than the 100 years upon which the amount of water in the aquifer is allocated, due to anticipated water level declines.

NOTE: This well is located within a Ground Water Management District where local District Rules may apply to the withdrawal of designated ground water currently authorized under this permit.

APPROVED
RAC


State Engineer


By

Receipt No. 0522751A

DATE ISSUED 11-10-2004

EXPIRATION DATE 11-10-2005

STATE OF COLORADO

OFFICE OF THE STATE ENGINEER

Division of Water Resources
Department of Natural Resources

1313 Sherman Street, Room 818
Denver, Colorado 80203
Phone (303) 866-3581
FAX (303) 866-3589

www.water.state.co.us



Bill Owens
Governor

Russell George
Executive Director

Hal D. Simpson, P.E.
State Engineer

November 10, 2004

RODNEY PREISSER
ELLICOTT SPRINGS RESOURCES LLC
90 S CASCADE AVENUE #950
COLO SPGS CO 80903

RE: Permit to Use Existing Well

Dear Mr. Preisser:

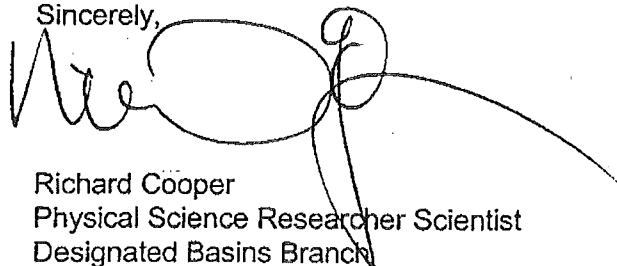
Enclosed is a copy of well Permit No. 61973-F, issued to use an existing well to withdraw ground water from the Laramie-Fox Hills aquifer in accordance with the Ground Water Commission's Findings and Order for Determination of Water Right No. 598-BD.

Please review the permit conditions of approval. Permit condition #10 requires that a totalizing flow meter shall be installed on the well and maintained in good working order. The well owner must maintain permanent records of total annual withdrawals from the well. Be advised that the total combined annual amount of ground water withdrawn by this well, together with any other wells permitted to withdraw the allowed allocation, shall not exceed 161 acre-feet, subject to the withdrawal limitations and conditions in the above described Order of the Commission.

Within 30 days after commencement of beneficial use of ground water, pumped from the well in accordance with the conditions of this permit, a Notice of Commencement of Beneficial Use, form no. GWS-19, must be completed and filed with this office. A copy of this notice is enclosed for your use.

If you have any questions, please contact this office.

Sincerely,



Richard Cooper
Physical Science Researcher Scientist
Designated Basins Branch

enclosures: a/s

cc: Upper Black Squirrel Creek GWMD

Form No.
GWS-25

OFFICE OF THE STATE ENGINEER
COLORADO DIVISION OF WATER RESOURCES
818 Centennial Bldg., 1313 Sherman St., Denver, Colorado 80203
(303) 866-3581

WELL PERMIT NUMBER 61973 -F-
DIV. 8 WD 10 DES. BASIN 4 MD 12

APPLICANT

ELICOTT SPRINGS RESOURCES
90 S CASCADE STE 950
COLORADO SPRINGS, CO 80903-

(719) 442-2614

APPROVED WELL LOCATION

EL PASO COUNTY
NW 1/4 NE 1/4 Section 14
Township 14 S Range 63 W Sixth P.M.

DISTANCES FROM SECTION LINES

300 Ft. from North Section Line
1650 Ft. from East Section Line

UTM COORDINATES (NAD83)

Easting: Northing:

PERMIT TO USE AN EXISTING WELL

CONDITIONS OF APPROVAL

- 1) This well shall be used in such a way as to cause no material injury to existing water rights. The issuance of this permit does not assure the applicant that no injury will occur to another vested water right or preclude another owner of a vested water right from seeking relief in a civil court action.
- 2) The construction of this existing well shall be in compliance with the Water Well Construction Rules 2 CCR 402-2, unless approval of a variance has been granted by the State Board of Examiners of Water Well Construction and Pump Installation Contractors in accordance with Rule 18.
- 3) Approved pursuant to Section 37-90-107(7), C.R.S., and the Findings and Order of the Colorado Ground Water Commission, dated November 8, 2004, for Determination of Water Right No. 598-BD. This permit allows the use of an existing well originally constructed under cancelled permit no. 50041-F.
- 4) The maximum pumping rate of this well shall not exceed 200 GPM.
- 5) The annual withdrawal of ground water from this well shall not exceed 161 acre-feet, subject to the total annual withdrawal limitations and conditions in paragraphs 19, 20, and 25.e of the above described Order of the Commission.
- 6) The use of ground water from this well is limited to domestic, irrigation, commercial, industrial, firefighting, and recreation. Place of use shall be limited to the 551.26 acre land area claimed in the above described Order of the Commission.
- 7) This well must be constructed to withdraw ground water from only the Laramie-Fox Hills aquifer.
- 8) The owner shall mark the well in a conspicuous place with well permit number and name of aquifer as appropriate, and shall take necessary means and precautions to preserve these markings.
- 9) This well shall be located within 200 feet of the location specified on this permit, on overlying land claimed in the above Order. The well shall not be located within 600 feet of another large-capacity well completed in the Laramie-Fox Hills aquifer.
- 10) A totalizing flow meter or other Commission approved measuring device must be installed on the well and maintained in good working order. Permanent records of all diversions must be maintained by the well owner (collected at least annually) and submitted to the Upper Black Squirrel Creek Ground Water Management District or the Ground Water Commission upon request.
- 11) No more than 98% of the ground water withdrawn annually shall be consumed. The Commission may require well owners to demonstrate periodically that no more than 98% of the water withdrawn is being consumed.

NOTE: The ability of this well to withdraw its authorized amount of water from this non-renewable aquifer may be less than the 100 years upon which the amount of water in the aquifer is allocated, due to anticipated water level declines.

NOTE: This well is located within a Ground Water Management District where local District Rules may apply to the withdrawal of designated ground water currently authorized under this permit.

APPROVED
RAC

State Engineer

Receipt No. 0522751B

DATE ISSUED 11-10-2004

By

EXPIRATION DATE 11-10-2005

ORDER OF THE COLORADO GROUND WATER COMMISSION

IN THE MATTER OF WELL PERMIT NO. 50040-F

LOCATION: NW1/4 OF THE NE1/4 OF SECTION 14, TOWNSHIP 14 SOUTH, RANGE 63
WEST OF THE 6TH PRINCIPAL MERIDIAN

OWNER OF RECORD: ELLICOTT SPRINGS RESOURCES, LLC

The Colorado Ground Water Commission finds that:

1. Well permit no. 50040-F was issued by the Commission on June 10, 1998, to construct a well to withdraw and appropriate ground water in accordance with the Findings and Order of the Commission, dated May 26, 1998. A well completion report filed with the Commission indicates that the well was timely constructed to withdraw ground water from the Laramie-Fox Hills aquifer at its permitted location.
2. On July 23, 2004, Ellicott Springs Resources, LLC, filed a statement with the Commission claiming ownership of the subject well and requesting that permit no. 50040-F be cancelled upon approval of a determination of water right for the Laramie-Fox Hills aquifer underlying a 551.26 acre overlying land area. An application for said determination was filed with the Commission in a complete form on July 23, 2004.

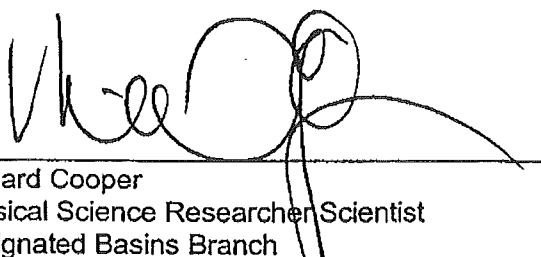
ORDER

3. At the request of the well owner, and in accordance with the Findings and Order of the Commission for Determination of Water Right No. 598-BD, dated November 8, 2004, well permit no. 50040-F is cancelled and is of no further force or effect. Any water right associated with this permit is abandoned.

Dated this 10th day of November, 2004.

Hal D. Simpson

Hal D. Simpson
Executive Director
Colorado Ground Water Commission

By: 
Richard Cooper
Physical Science Research Scientist
Designated Basins Branch

ORDER OF THE COLORADO GROUND WATER COMMISSION

IN THE MATTER OF WELL PERMIT NO. 50041-F

LOCATION: NW1/4 OF THE NE1/4 OF SECTION 14, TOWNSHIP 14 SOUTH, RANGE 63
WEST OF THE 6TH PRINCIPAL MERIDIAN

OWNER OF RECORD: ELLICOTT SPRINGS RESOURCES, LLC

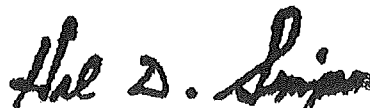
The Colorado Ground Water Commission finds that:

1. Well permit no. 50041-F was issued by the Commission on June 10, 1998, to construct a well to withdraw and appropriate ground water in accordance with the Findings and Order of the Commission, dated May 26, 1998. A well completion report filed with the Commission indicates that the well was timely constructed to withdraw ground water from the Laramie-Fox Hills aquifer at its permitted location.
2. On July 23, 2004, Ellicott Springs Resources, LLC, filed a statement with the Commission claiming ownership of the subject well and requesting that permit no. 50041-F be cancelled upon approval of a determination of water right for the Laramie-Fox Hills aquifer underlying a 551.26 acre overlying land area. An application for said determination was filed with the Commission in a complete form on July 23, 2004.

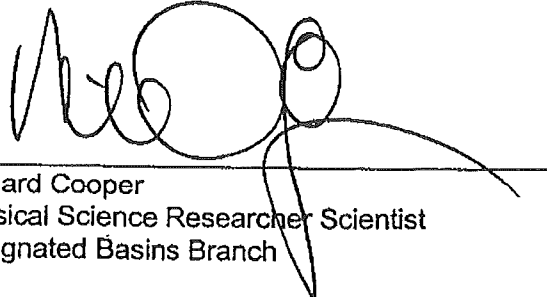
ORDER

3. At the request of the well owner, and in accordance with the Findings and Order of the Commission for Determination of Water Right No. 598-BD, dated November 8, 2004, well permit no. 50041-F is cancelled and is of no further force or effect. Any water right associated with this permit is abandoned.

Dated this 10th day of November, 2004.



Hal D. Simpson
Executive Director
Colorado Ground Water Commission



By: _____
Richard Cooper
Physical Science Researcher-Scientist
Designated Basins Branch

Form No.
GWS-25

OFFICE OF THE STATE ENGINEER
COLORADO DIVISION OF WATER RESOURCES
818 Centennial Bldg., 1313 Sherman St., Denver, Colorado 80203
(303) 866-3581

WELL PERMIT NUMBER 61972 -F-
DIV. 8 WD 10 DES. BASIN 4 MD 12

APPLICANT

ELLICOTT SPRINGS RESOURCES LLC
90 S CASCADE STE 950
COLORADO SPRINGS, CO 80903-

(719) 442-2614

APPROVED WELL LOCATION

EL PASO COUNTY
NW 1/4 NE 1/4 Section 14
Township 14 S Range 63 W Sixth P.M.

DISTANCES FROM SECTION LINES

300 Ft. from North Section Line
2310 Ft. from East Section Line

UTM COORDINATES (NAD83)

Easting: Northing:

PERMIT TO USE AN EXISTING WELL

CONDITIONS OF APPROVAL

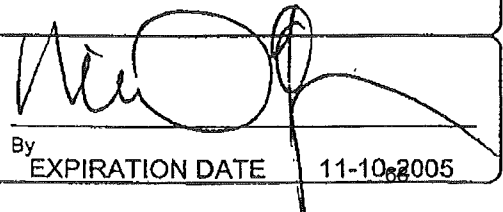
- 1) This well shall be used in such a way as to cause no material injury to existing water rights. The issuance of this permit does not assure the applicant that no injury will occur to another vested water right or preclude another owner of a vested water right from seeking relief in a civil court action.
- 2) The construction of this existing well shall be in compliance with the Water Well Construction Rules 2 CCR 402-2, unless approval of a variance has been granted by the State Board of Examiners of Water Well Construction and Pump Installation Contractors in accordance with Rule 18.
- 3) Approved pursuant to Section 37-90-107(7), C.R.S., and the Findings and Order of the Colorado Ground Water Commission, dated November 8, 2004, for Determination of Water Right No. 598-BD. This permit allows the use of an existing well originally constructed under cancelled permit no. 50040-F.
- 4) The maximum pumping rate of this well shall not exceed 200 GPM.
- 5) The annual withdrawal of ground water from this well shall not exceed 161 acre-feet, subject to the total annual withdrawal limitations and conditions in paragraphs 19, 20, and 25.e of the above described Order of the Commission.
- 6) The use of ground water from this well is limited to domestic, irrigation, commercial, industrial, firefighting, and recreation. Place of use shall be limited to the 551.26 acre land area claimed in the above described Order of the Commission.
- 7) This well must be constructed to withdraw ground water from only the Laramie-Fox Hills aquifer.
- 8) The owner shall mark the well in a conspicuous place with well permit number and name of aquifer as appropriate, and shall take necessary means and precautions to preserve these markings.
- 9) This well shall be located within 200 feet of the location specified on this permit, on overlying land claimed in the above Order. The well shall not be located within 600 feet of another large-capacity well completed in the Laramie-Fox Hills aquifer.
- 10) A totalizing flow meter or other Commission approved measuring device must be installed on the well and maintained in good working order. Permanent records of all diversions must be maintained by the well owner (collected at least annually) and submitted to the Upper Black Squirrel Creek Ground Water Management District or the Ground Water Commission upon request.
- 11) No more than 98% of the ground water withdrawn annually shall be consumed. The Commission may require well owners to demonstrate periodically that no more than 98% of the water withdrawn is being consumed.

NOTE: The ability of this well to withdraw its authorized amount of water from this non-renewable aquifer may be less than the 100 years upon which the amount of water in the aquifer is allocated, due to anticipated water level declines.

NOTE: This well is located within a Ground Water Management District where local District Rules may apply to the withdrawal of designated ground water currently authorized under this permit.

APPROVED
RAC


State Engineer


By

Receipt No. 0522751A

DATE ISSUED 11-10-2004

EXPIRATION DATE 11-10-2005

Form No.
GWS-25

OFFICE OF THE STATE ENGINEER
COLORADO DIVISION OF WATER RESOURCES
818 Centennial Bldg., 1313 Sherman St., Denver, Colorado 80203
(303) 866-3581

WELL PERMIT NUMBER 61973 -F-
DIV. 8 WD 10 DES. BASIN 4 MD 12

APPLICANT

ELICOTT SPRINGS RESOURCES
90 S CASCADE STE 950
COLORADO SPRINGS, CO 80903-

(719) 442-2614

APPROVED WELL LOCATION

EL PASO COUNTY
NW 1/4 NE 1/4 Section 14
Township 14 S Range 63 W Sixth P.M.

DISTANCES FROM SECTION LINES

300 Ft. from North Section Line
1650 Ft. from East Section Line

UTM COORDINATES (NAD83)

Easting: Northing:

PERMIT TO USE AN EXISTING WELL

CONDITIONS OF APPROVAL

- 1) This well shall be used in such a way as to cause no material injury to existing water rights. The issuance of this permit does not assure the applicant that no injury will occur to another vested water right or preclude another owner of a vested water right from seeking relief in a civil court action.
- 2) The construction of this existing well shall be in compliance with the Water Well Construction Rules 2 CCR 402-2, unless approval of a variance has been granted by the State Board of Examiners of Water Well Construction and Pump Installation Contractors in accordance with Rule 18.
- 3) Approved pursuant to Section 37-90-107(7), C.R.S., and the Findings and Order of the Colorado Ground Water Commission, dated November 8, 2004, for Determination of Water Right No. 598-BD. This permit allows the use of an existing well originally constructed under cancelled permit no. 50041-F.
- 4) The maximum pumping rate of this well shall not exceed 200 GPM.
- 5) The annual withdrawal of ground water from this well shall not exceed 161 acre-feet, subject to the total annual withdrawal limitations and conditions in paragraphs 19, 20, and 25.e of the above described Order of the Commission.
- 6) The use of ground water from this well is limited to domestic, irrigation, commercial, industrial, firefighting, and recreation. Place of use shall be limited to the 551.26 acre land area claimed in the above described Order of the Commission.
- 7) This well must be constructed to withdraw ground water from only the Laramie-Fox Hills aquifer.
- 8) The owner shall mark the well in a conspicuous place with well permit number and name of aquifer as appropriate, and shall take necessary means and precautions to preserve these markings.
- 9) This well shall be located within 200 feet of the location specified on this permit, on overlying land claimed in the above Order. The well shall not be located within 600 feet of another large-capacity well completed in the Laramie-Fox Hills aquifer.
- 10) A totalizing flow meter or other Commission approved measuring device must be installed on the well and maintained in good working order. Permanent records of all diversions must be maintained by the well owner (collected at least annually) and submitted to the Upper Black Squirrel Creek Ground Water Management District or the Ground Water Commission upon request.
- 11) No more than 98% of the ground water withdrawn annually shall be consumed. The Commission may require well owners to demonstrate periodically that no more than 98% of the water withdrawn is being consumed.

NOTE: The ability of this well to withdraw its authorized amount of water from this non-renewable aquifer may be less than the 100 years upon which the amount of water in the aquifer is allocated, due to anticipated water level declines.

NOTE: This well is located within a Ground Water Management District where local District Rules may apply to the withdrawal of designated ground water currently authorized under this permit.

APPROVED
RAC

She S. Smith

State Engineer

[Signature]

By

Receipt No. 0522751B

DATE ISSUED 11-10-2004

EXPIRATION DATE 11-10-2005

OFFICE OF THE STATE ENGINEER
COLORADO DIVISION OF WATER RESOURCES

818 Centennial Bldg., 1313 Sherman St., Denver, Colorado 80203
(303) 866-3581



1148

WELL PERMIT NUMBER	050040	-	F
DIV. 8	CNTY. 21	WD 10	DES. BASIN 4 MD 12

APPLICANT

EVEN PREISSER INVESTMENTS, LLC
90 S CASCADE STE 950
COLO SPRINGS CO 80903-4217

(719)442-2514

APPROVED WELL LOCATION
EL PASO COUNTY

NW 1/4 NE 1/4 Section 14
Twp 14 S RANGE 63 W 6th P.M.

DISTANCES FROM SECTION LINES

300 Ft. from North Section Line
2310 Ft. from East Section Line

PERMIT TO CONSTRUCT A WELL

CONDITIONS OF APPROVAL

- 1) This well shall be used in such a way as to cause no material injury to existing water rights. The issuance of the permit does not assure the applicant that no injury will occur to another vested water right or preclude another owner of a vested water right from seeking relief in a civil court action.
- 2) The construction of this well shall be in compliance with the Water Well Construction Rules 2 CCR 402-2, unless approval of a variance has been granted by the State Board of Examiners of Water Well Construction and Pump Installation Contractors in accordance with Rule 18.
- 3) Approved pursuant to Sections 37-90-107 and 37-90-111(5), C.R.S., and the findings of the Colorado Ground Water Commission dated May 26, 1998.
- 4) The maximum pumping rate shall not exceed 200 GPM.
- 5) The allowed average annual amount of ground water to be withdrawn is 9.3 acre-feet, subject to the conditions in paragraph 18.c of the above described Findings of the Commission.
- 6) The use of ground water from the well shall be limited to the following: commercial use for all uses associated with a concrete production facility, residential use and the irrigation of lawn, garden and landscaped areas. Place of use shall be limited to the 40 acre land area claimed in the above described Findings of the Commission.
- 7) The well must be constructed to withdraw water from only the Laramie-Fox Hills aquifer. The top of the aquifer is located approximately 650 feet below the ground surface. The bottom of the aquifer is located approximately 910 feet below the ground surface. Plain casing must be installed and sealed to prevent diversion of water from other aquifers and the movement of water between aquifers.
- 8) This well shall be constructed within 200 feet of the location specified on this permit, and shall not be located within 600 feet of another large-capacity well completed in the Laramie-Fox Hills aquifer.
- 9) The entire length of the hole shall be geophysically logged according to the attached instructions prior to installing the casing.
- 10) A totalizing flow meter must be installed on the well and maintained in good working order. Permanent records of all diversions must be maintained by the well owner (collected at least annually) and submitted to the Upper Black Squirrel Creek Ground Water Management District and the Ground Water Commission upon request.
- 11) No more than 98% of the ground water withdrawn annually from this well shall be consumed. The Commission may require the well owner to demonstrate periodically that no more than 98% of the ground water withdrawn by the well is being consumed.
- 12) The owner shall mark this well in a conspicuous place with the permit number and the name of the aquifer. He shall take necessary means and precautions to preserve these markings.

NOTE: The ability of this well to withdraw its authorized amount of water from this non-renewable aquifer may be less than the 100 years upon which the amount of water in the aquifer is allocated, due to anticipated water level declines. RAC 8-13-98

APPROVED
RAC

State Engineer

By

Receipt No. 0422850

DATE ISSUED JUN 10 1998

EXPIRATION DATE JUN 10 1999

GWS-J
12/24

WELL CONSTRUCTION AND TEST REPORT
STATE OF COLORADO, OFFICE OF THE STATE ENGINEER

For Office Use only

RECEIVED

DEC 29 1998

STATE OF COLORADO
STATE ENGINEER
D.D.

1. WELL PERMIT NUMBER D30040-F

2. OWNER NAME(S) EVEN PREISSER INVESTMENTS LLC
 Mailing Address 90 S CASCADE STE 950
 City, St. Zip CO, CO 80903-4217
 Phone (719) 442-2614

3. WELL LOCATION AS DRILLED: NW 1/4 NE 1/4, Sec. 14 Twp. 14S, Range 63W 64N
 DISTANCES FROM SEC. LINES:
300 ft from NORTH Sec. line. and 2310 ft from EAST Sec. line. OR
(north or south) (east or west)
 SUBDIVISION: _____ LOT _____ BLOCK _____ FILING(UNIT) _____
 STREET ADDRESS AT WELL LOCATION: _____

4. GROUND SURFACE ELEVATION _____ ft. DRILLING METHOD Mud Rotary
 DATE COMPLETED 11/20/98 TOTAL DEPTH 900 ft. DEPTH COMPLETED 900 ft.

5. GEOLOGIC LOG:

Depth	Description of Material (Type, Size, Color, Water Location)
0-1	TOPSOIL
1/05	SAND, GRAVEL
1/25	CLAY
1/90	SHALE
2/10	SANDROCK
2/25	SHALE
2/50	SANDROCK
2/70	SHALE
2/90	SANDROCK
3/10	SHALE
3/50	SANDROCK
3/50	SHALE
4/00	SANDROCK
4/05	CLAY
4/50	SHALE
4/75	SANDROCK
4/95	SHALE
5/15	SANDROCK
5/25	SHALE
5/45	SANDROCK
5/70	SHALE
5/90	SANDROCK
6/10	SHALE
6/20	SANDROCK
6/75	SHALE
6/90	SANDROCK
6/90	SHALE
6/90	SANDROCK
REMARKS:	<u>900 SHALE</u> <u>Approved 8/23</u>

6. HOLE DIAM. (in.) From (ft) To (ft)

<u>12 1/2</u>	<u>0</u>	<u>130</u>
<u>7 1/2</u>	<u>190</u>	<u>650</u>
<u>6 1/2</u>	<u>650</u>	<u>900</u>

7. PLAIN CASING

OD (in)	Kind	Wall Size	From (ft)	To (ft)
<u>4 1/2</u>	<u>STEEL</u>	<u>1 1/8</u>	<u>1</u>	<u>190</u>
<u>4 1/2</u>	<u>STEEL</u>	<u>1 1/8</u>	<u>7</u>	<u>650</u>

PERF. CASING: Screen Slot Size: Torched
4 1/2 STEEL 1 1/8 650 900

8. FILTER PACK: Material Gravel Size #4 Interval 20-350 410-590

9. PACKER PLACEMENT: Type Rubber Depth 650

10. GROUTING RECORD:

Material	Amount	Density	Interval	Placement
<u>Cement</u>	<u>45 SACKS</u>	<u>143 GPC</u>	<u>6-20</u>	<u>Poured</u>
<u>Cement</u>	<u>35 SACKS</u>	<u>143 GPC</u>	<u>110-140</u>	<u>Poured</u>
<u>Cement</u>	<u>25 SACKS</u>	<u>143 GPC</u>	<u>350-410</u>	<u>Poured</u>
<u>Cement</u>	<u>85 SACKS</u>	<u>143 GPC</u>	<u>590-650</u>	<u>Pumped</u>

11. DISINFECTION: Type H+K Amt. Used 60oz

12. WELL TEST DATA: Check box if Test Data is submitted on Form No. GWS 39 Supplemental Well Test.
 TESTING METHOD DAILED
 Static Level 325 ft. Date/Time measured _____ Production Rate 25 gpm.
 Pumping level 651 ft. Date/Time measured 11/24/98 Test length (hrs.) 4
 Remarks _____

13. I have read the statements made herein and know the contents thereof, and that they are true to my knowledge. [Pursuant to Section 24-4-104 (13)(a) C.R.S., the making of false statements herein constitutes perjury in the second degree and is punishable as a class 1 misdemeanor.]

CONTRACTOR KUNAW DRILLING & EXC. Phone (719) 683-3720 Lic. No. 1148
 Mailing Address 23945 LUCKY LN CAULON, CO 80903

Name/Title (Please type or print) TIM KUNAW/DOWNER Signature Tim Kunaw Date 11-24-98

FORM NO. GWS-32 10/94

PUMP INSTALLATION AND TEST REPORT

For Office Use only

STATE OF COLORADO, OFFICE OF THE STATE ENGINEER

RECEIVED RECEIVED
DEC 29 1998 DEC 29 1998

WATER RESOURCES
STATE ENGINEER
COLORADO

WATER RESOURCES
STATE ENGINEER
COLORADO

1. WELL PERMIT NUMBER D50040-F

2. OWNER NAME(S) EVAN BREISER INVESTMENTS LLC
Mailing Address 90 S. CASCADE #930
City, St. Zip CO. CO. 80903-4817
Phone (719) 442-2614

3. WELL LOCATION AS DRILLED: NW 1/4 NE 1/4, Sec. 14 Twp. 14 S, Range 12W 6th
DISTANCES FROM SEC. LINES:
300 ft. from NORTH Sec. line, and 2310 ft. from EAST Sec. line.
SUBDIVISION: _____ LOT _____ BLOCK _____ FILING(UNIT) _____
STREET ADDRESS AT WELL LOCATION: _____

4. PUMP DATA: Type SUBMERSIBLE Installation Completed 11/24/98
Pump Manufacturer BOWLUS Pump Model No. 7GS30412
Design GPM 7 at RPM 3450, HP 3.0, Volts 230, Full Load Amps 17
Pump Intake Depth 1251 Feet, Drop/Column Pipe Size 1" inches, Kind STEEL

ADDITIONAL INFORMATION FOR PUMPS GREATER THAN 50 GPM:

TURBINE DRIVER TYPE: Electric Engine Other _____
Design Head _____ feet, Number of Stages _____, Shaft size _____ inches.

5. OTHER EQUIPMENT:

Airline Installed Yes No, Orifice Depth ft. _____, Monitor Tube Installed Yes No, Depth ft. _____
Flow Meter Mfg. MASTER Meter Serial No. _____
Meter Readout Gallons, Thousand Gallons, Acre feet, Beginning Reading 0

6. TEST DATA:

Check box if Test data is submitted on Supplemental Form.
Date 11/24/98

Total Well Depth 900 Time _____
Static Level 325 Rate (GPM) _____
Date Measured 11/20/98 Pumping Lvl. 1251

7. DISINFECTION: Type H+H Amt. Used 6oz.

8. Water Quality analysis available. Yes No

9. Remarks

10. I have read the statements made herein and know the contents thereof, and that they are true to my knowledge. [Pursuant to Section 24-4-104 (13)(a) C.R.S., the making of false statements herein constitutes perjury in the second degree and is punishable as a class 1 misdemeanor.]

CONTRACTOR KUNAN DRILLING & EXC Phone (719) 683-3720 Lic. No. 1148
Mailing Address 23945 LUCKY LN, CALHAN, CO. 80909

Name/Title (Please type or print)

Signature

Date

TIM KUNAN / OWNER

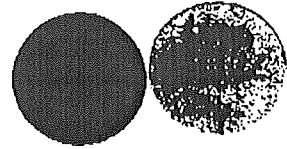
Tom Kunan

11-24-98

618
Form No. GWS-25

OFFICE OF THE STATE ENGINEER
COLORADO DIVISION OF WATER RESOURCES

818 Centennial Bldg., 1313 Sherman St., Denver, Colorado 80203
(303) 866-3581



1148

WELL PERMIT NUMBER 050041 - F
DIV. 8 CNTY. 21 WD 10 DES. BASIN 4 MD 12

APPLICANT

EVEN PREISSER INC
90 S CASCADE STE 950
COLO SPRINGS CO 80903-4217

(719)442-2614

Lot: Block: Filing: Subdiv:

APPROVED WELL LOCATION
EL PASO COUNTY

NW 1/4 NE 1/4 Section 14
Twp 14 S RANGE 63 W 6th P.M.

DISTANCES FROM SECTION LINES

300 Ft. from North Section Line
1650 Ft. from East Section Line

PERMIT TO CONSTRUCT A WELL

CONDITIONS OF APPROVAL

- 1) This well shall be used in such a way as to cause no material injury to existing water rights. The issuance of the permit does not assure the applicant that no injury will occur to another vested water right or preclude another owner of a vested water right from seeking relief in a civil court action.
- 2) The construction of this well shall be in compliance with the Water Well Construction Rules 2 CCR 402-2, unless approval of a variance has been granted by the State Board of Examiners of Water Well Construction and Pump Installation Contractors in accordance with Rule 18.
- 3) Approved pursuant to Sections 37-90-107 and 37-90-111(5), C.R.S., and the Findings of the Colorado Ground Water Commission dated May 26, 1998.
- 4) The maximum pumping rate shall not exceed 200 GPM.
- 5) The allowed average annual amount of ground water to be withdrawn is 9.3 acre-feet, subject to the conditions in paragraph 18.c of the above described Findings of the Commission.
- 6) The use of ground water from the well shall be limited to the following: commercial use for all uses associated with a concrete production facility, residential use and the irrigation of lawn, garden and landscaped areas. Place of use shall be limited to the 40 acre land area claimed in the above described Findings of the Commission.
- 7) The well must be constructed to withdraw water from only the Laramie-Fox Hills aquifer. The top of the aquifer is located approximately 640 feet below the ground surface. The bottom of the aquifer is located approximately 900 feet below the ground surface. Plain casing must be installed and sealed to prevent diversion of water from other aquifers and the movement of water between aquifers.
- 8) This well shall be constructed within 200 feet of the location specified on this permit, and shall not be located within 600 feet of another large-capacity well completed in the Laramie-Fox Hills aquifer.
- 9) The entire length of the hole shall be geophysically logged according to the attached instructions prior to installing the casing.
- 10) A totalizing flow meter must be installed on the well and maintained in good working order. Permanent records of all diversions must be maintained by the well owner (collected at least annually) and submitted to the Upper Black Squirrel Creek Ground Water Management District and the Ground Water Commission upon request.
- 11) No more than 98% of the ground water withdrawn annually from this well shall be consumed. The Commission may require the well owner to demonstrate periodically that no more than 98% of the ground water withdrawn by the well is being consumed.
- 12) The owner shall mark this well in a conspicuous place with the permit number and the name of the aquifer. He shall take necessary means and precautions to preserve these markings.

**GEOPHYSICAL LOGGING
REQUIREMENT WAIVED**
By SAC 7-27-99

NOTE: The ability of this well to withdraw its authorized amount of water from this non-renewable aquifer may be less than the 100 years upon which the amount of water in the aquifer is allocated, due to anticipated water level declines. RAC 5-13-98

PERMIT EXPIRATION DATE EXTENDED TO JUNE 10, 2000 SAC 7-27-99

APPROVED
RAC

Hal D. Simpson
State Engineer

Purnell
By

Receipt No. 0422851

DATE ISSUED JUN 10 1998

EXPIRATION DATE JUN 10 1999

FORM NO. 6WS-32 10/84

PUMP INSTALLATION AND TEST REPORT

STATE OF COLORADO, OFFICE OF THE STATE ENGINEER

For Office Use only

RECEIVED

JUN 18 2000

WATER DIV.
STATE ENGINEER
GOLD

1. WELL PERMIT NUMBER: D50041 E

2. OWNER NAME(S) EVEN PREISSER INC.
Mailing Address 90 S CASCADE STE 950
City, St. Zip COLO SPRING CO 80903
Phone (719) 442-2614

3. WELL LOCATION AS DRILLED: NW 1/4 NE 1/4, Sec. 14 Twp. 19 S, Range 63 W
DISTANCES FROM SEC. LINES:
300 ft. from NORTH Sec. line. and 1150 ft. from EAST Sec. line.
(north or south) (east or west)
SUBDIVISION: _____ LOT _____ BLOCK _____ FILING(UNIT) _____
STREET ADDRESS AT WELL LOCATION: _____

4. PUMP DATA: Type SUBMERSIBLE installation Completed 6/9/00
Pump Manufacturer Goulds Pump Model No. 1065AD912
Design GPM 10 at RPM 3450, HP 5, Volts 230, Full Load Amps 27.5
Pump Intake Depth 861 Feet, Drop/Column Pipe Size 1 1/4" inches, Kind _____

ADDITIONAL INFORMATION FOR PUMPS GREATER THAN 50 GPM:

TURBINE DRIVER TYPE: Electric Engine Other _____
Design Head _____ feet, Number of Stages _____, Shaft size _____ inches.

5. OTHER EQUIPMENT:

Airline Installed Yes No, Orifice Depth ft. _____, Monitor Tube Installed Yes No, Depth ft. _____
Flow Meter Mfg. MASTER Meter Serial No. 271D28
Meter Readout Gallons, Thousand Gallons, Acre feet, Beginning Reading 0

6. TEST DATA:

Check box if Test data is submitted on Supplemental Form.

Date 6-9-00
Total Well Depth 900 Time _____
Static Level 330 Rate (GPM) 15
Date Measured 6/7/00 Pumping Lvl. 861

7. DISINFECTION: Type HTH Amt. Used 6 oz.

8. Water Quality analysis available. Yes No

8. Remarks _____

10. I have read the statements made herein and know the contents thereof, and that they are true to my knowledge. [Pursuant to Section 24-4-104 (13)(a) C.R.S., the making of false statements herein constitutes perjury in the second degree and is punishable as a class 1 misdemeanor.]

CONTRACTOR KUNAU DRILLING LLC Phone (719) 683-3720 Lic. No. 1140
Mailing Address 23945 LUCKY LANE CAIHAN CO 80808

Name/Title (Please type or print)

Signature

Date

TIM KUNAU-OWNER

Tim Kunau

6-9-00

10/94

STATE OF COLORADO, OFFICE OF THE STATE ENGINEER
1313 Sherman St., Rm 818, Denver, CO 80203

RECEIVED

JUN 1 2 2000

WATER RESOURCES
STATE ENGINEER
COL.

1. WELL PERMIT NUMBER 05D041 F

2. OWNER NAME(S) EVEN PREISSER INC
Mailing Address 90 S. CASCADE STE 950
City, St. Zip COLO SPRS CO 80903
Phone (719) 442-2614

3. WELL LOCATION AS DRILLED: NW 1/4 NE 1/4, Sec. 14 Twp. 14 S, Range 63 W
DISTANCES FROM SEC. LINES:
300 ft. from North Sec. line, and 1650 ft. from East Sec. line. OR
SUBDIVISION: _____ LOT _____ BLOCK _____ FILING(UNIT) _____
STREET ADDRESS AT WELL LOCATION: _____

4. GROUND SURFACE ELEVATION _____ ft. DRILLING METHOD Mud Rotary
DATE COMPLETED 6-7-00 TOTAL DEPTH 900 ft. DEPTH COMPLETED 900 ft.

5. GEOLOGIC LOG:

Depth	Description of Material (Type, Size, Color, Water Location)
D-1	Topsoil
170	SAND GRAVEL CLAY
205	CLAY SHALE
218	SANDROCK
240	CLAY SHALE
320	CLAY SANDROCK
345	CLAY SHALE
360	CLAY SANDROCK
380	SANDROCK
390	CLAY
410	SANDROCK
560	CLAY SHALE
585	SANDROCK
630	CLAY SHALE
695	SANDROCK COAL
697	ROCK
830	SANDROCK
890	CLAY SANDROCK

6. HOLE DIAM. (in.)

From (ft)	To (ft)
<u>12 1/4</u>	<u>0</u>
<u>6 1/2</u>	<u>185</u>
	<u>900</u>

7. PLAIN CASING

OD (in)	Kind	Wall Size	From (ft)	To (ft)
<u>8 5/8</u>	<u>STEEL</u>	<u>182</u>	<u>±1</u>	<u>185</u>
<u>4 1/2</u>	<u>STEEL</u>	<u>188</u>	<u>1</u>	<u>695</u>

PERF. CASING: Screen Slot Size: 1/2" x 1/2"
4 1/2 STEEL 188 695 900

8. FILTER PACK: Material GRAVEL Size 1/2" Interval 20-165/185-390

9. PACKER PLACEMENT: Type Rubber Depth 695

10. GROUTING RECORD:

Material	Amount	Density	Interval	Placement
<u>CEMENT</u>	<u>6 sacks</u>	<u>36 gal</u>	<u>6-20</u>	<u>Trimmed</u>
<u>CEMENT</u>	<u>6 sacks</u>	<u>36 gal</u>	<u>165-185</u>	<u>Trimmed</u>
<u>CEMENT</u>	<u>12 sacks</u>	<u>72 gal</u>	<u>390-420</u>	<u>Trimmed</u>
<u>CEMENT</u>	<u>2 sacks</u>	<u>12 gal</u>	<u>695-695</u>	<u>Pumped</u>

Am't. Used 6.02

REMARKS: AROUND 8 5/8

11. DISINFECTION: Type HTH AROUND 6 1/2

12. WELL TEST DATA: Check box if Test Data is submitted on Form No. GWS 39 Supplemental Well Test.
TESTING METHOD Airlifted
Static Level 330 ft. Date/Time measured _____
Pumping level 610 ft. Date/Time measured 6/7/00 Production Rate 25 gpm.
Remarks _____ Test length (hrs.) 4

13. I have read the statements made herein and know the contents thereof, and that they are true to my knowledge. (Punishable to Section 24-4-104 (13)(e) C.R.S., the making of false statements herein constitutes perjury in the second degree and is punishable as a class 1 misdemeanor.)

CONTRACTOR KUNAU Drilling LLC Phone (719) 683-3720 Lic. No. 1148
Mailing Address 23945 LUCKY LANE CALHAN CO 80808

Name/Title (Please type or print) TIM KUNAU-DRAINER Signature [Signature] Date 6-9-00



Appendix K

ELLCOTT UTILITIES COMPANY LLC 2025 Drinking Water Quality Report Covering Data For Calendar Year 2024

Public Water System ID: CO0121245

Esta es información importante. Si no la pueden leer, necesitan que alguien se la traduzca.

We are pleased to present to you this year's water quality report. Our constant goal is to provide you with a safe and dependable supply of drinking water. Please contact PHILIP W CROMWELL at; 719-499-8408 with any questions or for public participation opportunities that may affect water quality. **Please see the water quality data from our wholesale system(s) (either attached or included in this report) for additional information about your drinking water.**

General Information

All drinking water, including bottled water, may reasonably be expected to contain at least small amounts of some contaminants. The presence of contaminants does not necessarily indicate that the water poses a health risk. More information about contaminants and potential health effects can be obtained by calling the Environmental Protection Agency's Safe Drinking Water Hotline (1-800-426-4791) or by visiting [epa.gov/ground-water-and-drinking-water](https://www.epa.gov/ground-water-and-drinking-water).

Some people may be more vulnerable to contaminants in drinking water than the general population. Immunocompromised persons such as persons with cancer undergoing chemotherapy, persons who have undergone organ transplants, people with HIV-AIDS or other immune system disorders, some elderly, and infants can be particularly at risk of infections. These people should seek advice about drinking water from their health care providers. For more information about contaminants and potential health effects, or to receive a copy of the U.S. Environmental Protection Agency (EPA) and the U.S. Centers for Disease Control (CDC) guidelines on appropriate means to lessen the risk of infection by Cryptosporidium and microbiological contaminants call the EPA Safe Drinking Water Hotline at (1-800-426-4791).

Contaminant Information

The sources of drinking water (both tap water and bottled water) include rivers, lakes, streams, ponds, reservoirs, springs, and wells. As water travels over the surface of the land or through the ground, it dissolves naturally occurring minerals and, in some cases, radioactive material, and can pick up substances resulting from the presence of animals or from human activity. Contaminants that may be present in source water include:

- **Microbial contaminants:** viruses and bacteria that may come from sewage treatment plants, septic systems, agricultural livestock operations, and wildlife.
- **Inorganic contaminants:** salts and metals, which can be naturally-occurring or result from urban storm water runoff, industrial or domestic wastewater discharges, oil and gas production, mining, or farming.

- **Pesticides and herbicides:** may come from a variety of sources, such as agriculture, urban storm water runoff, and residential uses.
- **Radioactive contaminants:** can be naturally occurring or be the result of oil and gas production and mining activities.
- **Organic chemical contaminants:** including synthetic and volatile organic chemicals, which are byproducts of industrial processes and petroleum production, and also may come from gas stations, urban storm water runoff, and septic systems.

In order to ensure that tap water is safe to drink, the Colorado Department of Public Health and Environment prescribes regulations limiting the amount of certain contaminants in water provided by public water systems. The Food and Drug Administration regulations establish limits for contaminants in bottled water that must provide the same protection for public health.

Lead in Drinking Water

Lead can cause serious health effects in people of all ages, especially pregnant people, infants (both formula-fed and breastfed), and young children. Lead in drinking water is primarily from materials and parts used in service lines and in home plumbing. We are responsible for providing high quality drinking water and removing lead pipes but cannot control the variety of materials used in the plumbing in your home. Because lead levels may vary over time, lead exposure is possible even when your tap sampling results do not detect lead at one point in time.

You can help protect yourself and your family by identifying and removing lead materials within your home plumbing and taking steps to reduce your family's risk. Using a filter, certified by an American National Standards Institute accredited certifier to reduce lead, is effective in reducing lead exposures. Follow the instructions provided with the filter to ensure the filter is used properly.

Use only cold water for drinking, cooking, and making baby formula. Boiling water does not remove lead from water. Before using tap water for drinking, cooking, or making baby formula, flush your pipes for several minutes. You can do this by running your tap, taking a shower, doing laundry or a load of dishes. If you have a lead service line or galvanized requiring replacement service line, you may need to flush your pipes for a longer period. If you are concerned about lead in your water and wish to have your water tested, contact PHILIP W CROMWELL at 719-499-8408. Information on lead in drinking water, testing methods, and steps you can take to minimize exposure is available at epa.gov/safewater/lead.

Service Line Inventory

New state and federal laws require us to inventory all water service lines in our service area to classify the material. A service line is the underground pipe that carries water from the water main, likely in the street, into your home or building. If you would like to view a copy

of our service line inventory or have questions about the material of your service line, contact PHILIP W CROMWELL at 719-499-8408.

Source Water Assessment and Protection (SWAP)

The Colorado Department of Public Health and Environment may have provided us with a Source Water Assessment Report for our water supply. For general information or to obtain a copy of the report please visit wqcdcompliance.com/ccr. The report is located under “Guidance: Source Water Assessment Reports”. Search the table using our system name or ID, or by contacting PHILIP W CROMWELL at 719-499-8408. The Source Water Assessment Report provides a screening-level evaluation of potential contamination that *could* occur. It *does not* mean that the contamination *has or will* occur. We can use this information to evaluate the need to improve our current water treatment capabilities and prepare for future contamination threats. This can help us ensure that quality finished water is delivered to your homes. In addition, the source water assessment results provide a starting point for developing a source water protection plan. Potential sources of contamination in our source water area are listed below. Please contact us to learn more about what you can do to help protect your drinking water sources, any questions about the Drinking Water Quality Report, to learn more about our system, or to attend scheduled public meetings. We want you, our valued customers, to be informed about the services we provide and the quality water we deliver to you every day.

Our Water Sources

Sources (Water Type - Source Type)	Potential Source(s) of Contamination
PURCHASED FROM CO0121125 (Groundwater-Consecutive Connection)	There is no SWAP report, please contact PHILIP W CROMWELL at 719-499-8408 with questions regarding potential sources of contamination.

Terms and Abbreviations

- **Maximum Contaminant Level (MCL)** – The highest level of a contaminant allowed in drinking water.
- **Treatment Technique (TT)** – A required process intended to reduce the level of a contaminant in drinking water.
- **Health-Based** – A violation of either a MCL or TT.
- **Non-Health-Based** – A violation that is not a MCL or TT.
- **Action Level (AL)** – The concentration of a contaminant which, if exceeded, triggers treatment and other regulatory requirements.
- **Maximum Residual Disinfectant Level (MRDL)** – The highest level of a disinfectant allowed in drinking water. There is convincing evidence that addition of a disinfectant is necessary for control of microbial contaminants.

- **Maximum Contaminant Level Goal (MCLG)** – The level of a contaminant in drinking water below which there is no known or expected risk to health. MCLGs allow for a margin of safety.
- **Maximum Residual Disinfectant Level Goal (MRDLG)** – The level of a drinking water disinfectant, below which there is no known or expected risk to health. MRDLGs do not reflect the benefits of the use of disinfectants to control microbial contaminants.
- **Violation (No Abbreviation)** – Failure to meet a Colorado Primary Drinking Water Regulation.
- **Formal Enforcement Action (No Abbreviation)** – Escalated action taken by the State (due to the risk to public health, or number or severity of violations) to bring a non-compliant water system back into compliance.
- **Variance and Exemptions (V/E)** – Department permission not to meet a MCL or treatment technique under certain conditions.
- **Gross Alpha (No Abbreviation)** – Gross alpha particle activity compliance value. It includes radium-226, but excludes radon 222, and uranium.
- **Picocuries per liter (pCi/L)** – Measure of the radioactivity in water.
- **Nephelometric Turbidity Unit (NTU)** – Measure of the clarity or cloudiness of water. Turbidity in excess of 5 NTU is just noticeable to the typical person.
- **Compliance Value (No Abbreviation)** - Single or calculated value used to determine if regulatory contaminant level (e.g. MCL) is met. Examples of calculated values are the 90th Percentile, Running Annual Average (RAA) and Locational Running Annual Average (LRAA).
- **Average (x-bar)** – Typical value.
- **Range (R)** – Lowest value to the highest value.
- **Sample Size (n)** – Number or count of values (i.e. number of water samples collected).
- **Parts per million = Milligrams per liter (ppm = mg/L)** – One part per million corresponds to one minute in two years or a single penny in \$10,000.
- **Parts per billion = Micrograms per liter (ppb = ug/L)** – One part per billion corresponds to one minute in 2,000 years, or a single penny in \$10,000,000.
- **Not Applicable (N/A)** - Does not apply or not available.
- **Level 1 Assessment** - A study of the water system to identify potential problems and determine (if possible) why total coliform bacteria have been found in our water system.
- **Level 2 Assessment** - A very detailed study of the water system to identify potential problems and determine (if possible) why an E. coli MCL violation has occurred and/or why total coliform bacteria have been found in our water system on multiple occasions.

Detected Contaminants

ELLCOTT UTILITIES COMPANY LLC routinely monitors for contaminants in your drinking water according to Federal and State laws. The following table(s) show all detections found in the period of January 1 to December 31, 2024 unless otherwise noted. The State of Colorado requires us to monitor for certain contaminants less than once per year because the

concentrations of these contaminants are not expected to vary significantly from year to year, or the system is not considered vulnerable to this type of contamination. Therefore, some of our data, though representative, may be more than one-year-old. Violations and Formal Enforcement Actions, if any, are reported in the next section of this report.

Note: Only detected contaminants sampled within the last 5 years appear in this report. If no tables appear in this section, then no contaminants were detected in the last round of monitoring.

Disinfectants Sampled in the Distribution System TT Requirement: At least 95% of samples per period (month or quarter) must be at least 0.2 ppm <u>OR</u> If sample size is less than 40 no more than 1 sample is below 0.2 ppm Typical Sources: Water additive used to control microbes						
Disinfectant Name	Time Period	Results	Number of Samples Below Level	Sample Size	TT Violation	MRDL
Chlorine	December, 2024	Lowest period percentage of samples meeting TT requirement: 100%	0	1	No	4.0 ppm

Lead and Copper Sampled in the Distribution System

Lead and Copper Individual Sample Results

Contaminant Name	Time Period	Tap Sample Range Low - High	90 th Percentile	Sample Size	Unit of Measure	90 th Percentile AL	Sample Sites Above AL	90 th Percentile AL Exceedance	Typical Sources
Copper	09/22/2022 to 09/22/2022	0.013 to 0.35	0.47	10	ppm	1.3	0	No	Corrosion of household plumbing systems; Erosion of natural deposits
Lead	09/22/2022 to 09/22/2022	0.57 to 2.6	2.9	10	ppb	15	0	No	Corrosion of household plumbing systems; Erosion of natural deposits

Disinfection Byproducts Sampled in the Distribution System

Name	Year	Average	Range Low - High	Sample Size	Unit of Measure	MCL	MCLG	MCL Violation	Typical Sources
Total Haloacetic Acids (HAA5)	2023	3.7	3.7 to 3.7	1	ppb	60	N/A	No	Byproduct of drinking water

Disinfection Byproducts Sampled in the Distribution System									
Name	Year	Average	Range Low - High	Sample Size	Unit of Measure	MCL	MCLG	MCL Violation	Typical Sources
									disinfection
Total Trihalomethanes (TTHM)	2023	8.15	0 to 16.3	2	ppb	80	N/A	No	Byproduct of drinking water disinfection

Violations, Significant Deficiencies, and Formal Enforcement Actions

No Violations or Formal Enforcement Actions
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CHEROKEE MD 2025 Drinking Water Quality Report

Covering Data For Calendar Year 2024

Public Water System ID: CO0121125

Esta es información importante. Si no la pueden leer, necesitan que alguien se la traduzca.

We are pleased to present to you this year’s water quality report. Our constant goal is to provide you with a safe and dependable supply of drinking water. Please contact MATTHEW MEVIS at 719-597-5080 with any questions or for public participation opportunities that may affect water quality. **Please see the water quality data from our wholesale system(s) (either attached or included in this report) for additional information about your drinking water.**

Source Water Assessment and Protection (SWAP)

The Colorado Department of Public Health and Environment may have provided us with a Source Water Assessment Report for our water supply. For general information or to obtain a copy of the report please visit wqcdcompliance.com/ccr. The report is located under “Guidance: Source Water Assessment Reports”. Search the table using our system name or ID, or by contacting MATTHEW MEVIS at 719-597-5080. The Source Water Assessment Report provides a screening-level evaluation of potential contamination that *could* occur. It *does not* mean that the contamination *has or will* occur. We can use this information to evaluate the need to improve our current water treatment capabilities and prepare for future contamination threats. This can help us ensure that quality finished water is delivered to your homes. In addition, the source water assessment results provide a starting point for developing a source water protection plan. Potential sources of contamination in our source water area are listed below. Please contact us to learn more about what you can do to help protect your drinking water sources, any questions about the Drinking Water Quality Report, to learn more about our system, or to attend scheduled public meetings. We want you, our valued customers, to be informed about the services we provide and the quality water we deliver to you every day.

Our Water Sources

Sources (Water Type - Source Type)	Potential Source(s) of Contamination
WELL NO 20 GOSS WELL (Groundwater-Well) WELL NO 2 (Groundwater-Well) WELL NO 17 (Groundwater-Well) WELL NO 19 DUNCAN WELL (Groundwater-Well) WELL 21 SWEETWATER 5 (Groundwater-Well) WELL AR-1 (Groundwater-Well) PURCHASED FROM CO0121150 (Surface Water-	Row Crops, Fallow, Small Grains, Pasture / Hay, Septic Systems, Road Miles

Consecutive Connection) WELL DN-4 (Groundwater-Well) WELL NO 18 TIPTON (Groundwater-Well) WELL NO 9 (Groundwater-Well) WELL NO 10 (Groundwater-Well) WELL NO 11 (Groundwater-Well) WELL NO 12 (Groundwater-Well) WELL NO 13 (Groundwater-Well) WELL NO 15 (Groundwater-Well) WELL NO 1 (Groundwater-Well) WELL NO 16 (Groundwater-Well) WELL NO 3 (Groundwater-Well) WELL NO 4 (Groundwater-Well) WELL NO 5 (Groundwater-Well) WELL NO 6 (Groundwater-Well) WELL NO 7 (Groundwater-Well) WELL NO 8 (Groundwater-Well)	
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Detected Contaminants

CHEROKEE MD routinely monitors for contaminants in your drinking water according to Federal and State laws. The following table(s) show all detections found in the period of January 1 to December 31, 2024 unless otherwise noted. The State of Colorado requires us to monitor for certain contaminants less than once per year because the concentrations of these contaminants are not expected to vary significantly from year to year, or the system is not considered vulnerable to this type of contamination. Therefore, some of our data, though representative, may be more than one-year-old. Violations and Formal Enforcement Actions, if any, are reported in the next section of this report.

Note: Only detected contaminants sampled within the last 5 years appear in this report. If no tables appear in this section, then no contaminants were detected in the last round of monitoring.

Disinfectants Sampled in the Distribution System

**TT Requirement: At least 95% of samples per period (month or quarter) must be at least 0.2 ppm OR
 If sample size is less than 40 no more than 1 sample is below 0.2 ppm
 Typical Sources: Water additive used to control microbes**

Disinfectant Name	Time Period	Results	Number of Samples Below Level	Sample Size	TT Violation	MRDL
Chlorine	August, 2024	Lowest period percentage of samples meeting TT requirement: 96.67%	1	30	No	4.0 ppm

Lead and Copper Sampled in the Distribution System

Lead and Copper Individual Sample Results

Contaminant Name	Time Period	Tap Sample Range Low - High	90 th Percentile	Sample Size	Unit of Measure	90 th Percentile AL	Sample Sites Above AL	90 th Percentile AL Exceedance	Typical Sources
Copper	08/19/2024 to 09/12/2024	0.076 to 0.769	0.41	30	ppm	1.3	0	No	Corrosion of household plumbing systems; Erosion of natural deposits
Lead	08/19/2024 to	0 to 4	2	30	ppb	15	0	No	Corrosion of household plumbing

Lead and Copper Sampled in the Distribution System									
<u>Lead and Copper Individual Sample Results</u>									
Contaminant Name	Time Period	Tap Sample Range Low - High	90 th Percentile	Sample Size	Unit of Measure	90 th Percentile AL	Sample Sites Above AL	90 th Percentile AL Exceedance	Typical Sources
	09/12/2024								systems; Erosion of natural deposits

Disinfection Byproducts Sampled in the Distribution System									
Name	Year	Average	Range Low - High	Sample Size	Unit of Measure	MCL	MCLG	MCL Violation	Typical Sources
Total Haloacetic Acids (HAA5)	2024	9.2	9.1 to 9.3	2	ppb	60	N/A	No	Byproduct of drinking water disinfection
Total Trihalomethanes (TTHM)	2024	35.35	35.2 to 35.5	2	ppb	80	N/A	No	Byproduct of drinking water disinfection

Radionuclides Sampled at the Entry Point to the Distribution System									
Contaminant Name	Year	Average	Range Low - High	Sample Size	Unit of Measure	MCL	MCLG	MCL Violation	Typical Sources

Disinfection Byproducts Sampled in the Distribution System

Name	Year	Average	Range Low - High	Sample Size	Unit of Measure	MCL	MCLG	MCL Violation	Typical Sources
Gross Alpha	2022	6.97	6.31 to 7.64	2	pCi/L	15	0	No	Erosion of natural deposits
Combined Radium	2022	2.25	2.1 to 2.4	2	pCi/L	5	0	No	Erosion of natural deposits
Combined Uranium	2022	7.5	7 to 8	2	ppb	30	0	No	Erosion of natural deposits

Inorganic Contaminants Sampled at the Entry Point to the Distribution System

Contaminant Name	Year	Average	Range Low - High	Sample Size	Unit of Measure	MCL	MCLG	MCL Violation	Typical Sources
Arsenic	2022	2	2 to 2	2	ppb	10	0	No	Erosion of natural deposits; runoff from orchards; runoff from glass and electronics production wastes
Barium	2022	0.07	0.07 to 0.08	2	ppm	2	2	No	Discharge of drilling wastes; discharge from

Inorganic Contaminants Sampled at the Entry Point to the Distribution System									
Contaminant Name	Year	Average	Range Low - High	Sample Size	Unit of Measure	MCL	MCLG	MCL Violation	Typical Sources
									metal refineries; erosion of natural deposits
Chromium	2022	4	4 to 4	2	ppb	100	100	No	Discharge from steel and pulp mills; erosion of natural deposits
Fluoride	2022	0.36	0.35 to 0.36	2	ppm	4	4	No	Erosion of natural deposits; water additive which promotes strong teeth; discharge from fertilizer and aluminum factories
Nitrate	2024	5.19	0 to 6.3	9	ppm	10	10	No	Runoff from fertilizer use; leaching from septic tanks, sewage; erosion of natural deposits
Selenium	2022	5	5 to 5	2	ppb	50	50	No	Discharge from petroleum and metal refineries;

Inorganic Contaminants Sampled at the Entry Point to the Distribution System

Contaminant Name	Year	Average	Range Low - High	Sample Size	Unit of Measure	MCL	MCLG	MCL Violation	Typical Sources
									erosion of natural deposits; discharge from mines

Nitrate: Nitrate in drinking water at levels above 10 ppm is a health risk for infants of less than six months of age. High nitrate levels in drinking water can cause blue baby syndrome. Nitrate levels may rise quickly for short periods of time because of rainfall or agricultural activity. If you are caring for an infant you should ask advice from your health care provider.

Secondary Contaminants**

**Secondary standards are non-enforceable guidelines for contaminants that may cause cosmetic effects (such as skin, or tooth discoloration) or aesthetic effects (such as taste, odor, or color) in drinking water

Contaminant Name	Year	Average	Range Low - High	Sample Size	Unit of Measure	Secondary Standard
Sodium	2022	89.55	85.3 to 93.8	2	ppm	N/A

Unregulated Contaminants***

EPA has implemented the Unregulated Contaminant Monitoring Rule (UCMR) to collect data for contaminants that are suspected to be present in drinking water and do not have health-based standards set under the Safe Drinking Water Act. EPA uses the results of UCMR monitoring to learn about the occurrence of unregulated contaminants in drinking water and to decide whether or not these contaminants will be regulated in the future. We performed monitoring and reported the analytical results of the monitoring to EPA in accordance with its Unregulated Contaminant Monitoring Rule (UCMR). Once EPA reviews the submitted results, the results are made available in the EPA’s National Contaminant Occurrence Database (NCOD) (epa.gov/dwucmr/national-contaminant-occurrence-database-ncod) Consumers can review UCMR results by accessing the NCOD. Contaminants that were detected during our UCMR sampling and the corresponding analytical results are provided below.

Contaminant Name	Year	Average	Range Low - High	Sample Size	Unit of Measure
Lithium	2025	20.633	16.5 - 25.7	6	µg/L
PFPeA	2025	0.012	0.003 - 0.0198	3	µg/L
PFBS	2025	0.006	0.0051 - 0.0076	2	µg/L
PFHxA	2025	0.015	0.0122 - 0.0176	2	µg/L
PFOA	2025	0.005	0.0042 - 0.0061	2	µg/L

Violations, Significant Deficiencies, and Formal Enforcement Actions

No Violations or Formal Enforcement Actions