



**WATER AGREEMENT
FLYING HORSE NORTH HOMEOWNERS ASSOCIATION, INC.**

This Water Agreement is made this 25 day of October, 2018, by PRI #2, LLC, a Colorado limited liability company, ("PRI #2"), and Flying Horse North Homeowners Association, Inc., a Colorado nonprofit corporation, ("Flying Horse HOA").

RECITALS

WHEREAS, Groundwater Production Lease No. OT-109328 was entered into between the State of Colorado, acting through its State Board of Land Commissioners, as Lessor (State Land Board), and the David Wismer and Mary Anne Wismer Trust, Lessee ("Wismer") on November 6, 2014 ("State Land Board Lease"), a copy of which is attached hereto; and

WHEREAS, the State Land Board Lease provides for the lease by the State Land Board of not nontributary and nontributary groundwater underlying approximately 640 acres in Section 36, Township 11 South, Range 66 West of the 6th P.M., in El Paso County, Colorado, decreed in Case No. 04CW098, Water Division No. 2, State of Colorado; and

WHEREAS, Wismer assigned the State Land Board Lease to Shamrock Preserve, LLC, ("Shamrock"), which then assigned the State Land Board Lease to PRI #2 by Assignment of State Water Lease made as of February 2, 2016; and

WHEREAS, the State Land Board Lease provides that title to the not nontributary and nontributary groundwater described there shall revert to Wismer on February 27, 2048, and that reversion interest was assigned to Shamrock; and

WHEREAS, the reversion interest to the not nontributary and nontributary groundwater described in the State Land Board Lease was assigned by Shamrock to PRI #2 by Assignment of Adjudication of Ground Water in Section 36, made as of February 2, 2016; and

WHEREAS, the State Land Board approved the assignment of the State Land Board Lease from Wismer and Shamrock, to PRI #2 on June 14, 2017; and

WHEREAS, PRI #2 has, by separate assignment dated October 25, 2018, assigned its reversion interest in title to the Dawson and Laramie-Fox Hills groundwater decreed in Case No. 04CW098 to Flying Horse HOA, which is duly recorded in the records of El Paso County, Colorado at Reception No. 218129417; and

WHEREAS, PRI #2 is the current lessee in the State Land Board Lease, pursuant to which PRI #2 leases the not nontributary and nontributary groundwater, decreed in Case No. 04CW098, Water Division No. 2 through February 27, 2048; and

WHEREAS, PRI #2 wishes to sell Dawson and Laramie-Fox Hills groundwater leased from the State Land Board to Flying Horse HOA, through February 27, 2048; and

WHEREAS, the use of the Dawson and Laramie-Fox Hills groundwater described in the State Land Board Lease is included in a plan for augmentation upon the Application of PRI #2, LLC in Case No. 16CW3190, Water Division No. 1 (“Augmentation Decree”).

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, PRI #2 and Flying Horse HOA agree as follows:

1. Compliance with State Land Board Lease: PRI #2 shall keep in full force and effect the State Land Board Lease by complying with all terms and conditions therein, including, without limitation, making all payments required by the State Land Board Lease, for the entire term, through February 27, 2048. The parties acknowledge that the payments under the State Land Board Lease are variable, depending on the amount of groundwater used.¹

2. Water Use: Flying Horse HOA is entitled to use up to an annual average of 171 acre-feet from the not nontributary Dawson aquifer groundwater and up to an annual average of 60 acre-feet from the nontributary Laramie-Fox Hills aquifer groundwater, for the purposes described in the Augmentation Decree. The Dawson aquifer groundwater shall be used for the purposes described in the Augmentation decree, including for domestic use. The Laramie-Fox Hills aquifer groundwater is reserved for replacement of post-pumping depletions associated with the use of the Dawson aquifer wells and shall only be used for that purpose.

3. Accounting: Flying Horse HOA shall meter and account for all of the Dawson and Laramie-Fox Hills groundwater used and shall provide to PRI #2 a written record of the annual amounts used no later than November 10 of each year and shall pay to PRI #2 the annual purchase price for the groundwater, as determined pursuant to the State Land Board Lease, no later than November 17 of each year.

4. Charge for Water: PRI #2 shall only charge to Flying Horse HOA the actual amounts paid to the State Land Board pursuant to the State Land Board Lease for the water used by Flying Horse HOA. The State Land Board Lease provides for a charge of \$1.00 per 1000 gallons, or \$325.85 per acre-foot for groundwater, as measured at the wellheads. The charge for the leased water is subject to increase starting on November 6, 2024, and every five years thereafter, based upon “the increase in the Consumer Price Index,” as described in the State Land Board Lease. PRI #2 shall be entitled to adjust the price per 1000 gallons, and per acre-foot, if the charge is increased pursuant to the State Land Board Lease.

5. Flying Horse HOA Compliance: Flying Horse HOA shall comply with all terms and conditions of the State Land Board Lease, the decree entered in Case No. 04CW098, and the Augmentation Decree. To the extent that Flying Horse HOA fails to comply with any of these terms and conditions, PRI #2 may require Flying Horse HOA to comply, including pursuing litigation, and be reimbursed for its reasonable costs, including attorney’s fees. For example, if Flying Horse HOA fails to account for the water use, and PRI #2 is required to read individual meters, PRI #2 would be entitled to be reimbursed for its actual expenses.

¹ The parties acknowledge that PRI #2 may also sell nontributary Arapahoe and Denver aquifers groundwater described in the State Land Board Lease for other purposes, and PRI #2 shall comply with all terms and conditions, including, without limitation, making all payments required.

6. PRI #2 Compliance: PRI #2 shall comply with all terms and conditions of the State Land Board Lease, the decree entered in Case No. 04CW098, and the Augmentation Decree. To the extent that PRI #2 fails to comply with any of these terms and conditions, Flying Horse HOA may require PRI #2 to comply, including pursuing litigation, and be reimbursed for its reasonable costs, including attorney's fees. For example, if PRI #2 fails to make a payment on the State Land Board Lease, Flying Horse HOA could make the payment, and would be entitled to be reimbursed for its actual expenses.

7. Term of Water Agreement: PRI #2 shall sell, and Flying Horse HOA shall purchase, the groundwater described herein until such time as the ownership of the water rights reverts to Flying Horse HOA. It is contemplated, based upon the State Land Board Lease, that the term will end February 27, 2048.

8. Costs and Attorney's Fees: In the event any litigation should arise under or relating to this Agreement, the Court shall award to the substantially prevailing party all of its costs and expenses, including reasonable attorney's fees

9. Default: The Water Agreement is intended to provide a legal water supply to Flying Horse HOA. Regardless of the conduct of the parties to this Water Agreement, including alleged failure to comply with the terms and conditions by either party (e.g., record keeping, failure to make payments, etc.), it shall not be terminated prior to February 27, 2048 unless there is an adequate alternative water supply, and the parties hereto agree to terminate. Either party may seek damages for the other's failure to perform.

10. Complete Agreement: The entire agreement of the parties is contained herein, and there are no promises, agreements, representations, warranties, conditions or understandings, either oral or written, between them.

11. Notices: All notices to be sent hereunder shall be deemed given and received upon personal delivery or upon transmission by email addressed as follows:

To PRI #2:

6385 Corporate Drive, Ste 200
Colorado Springs, Colo. 80919

To Flying Horse HOA:

6385 Corporate Drive, Ste 200
Colorado Springs Co 80919

12. Assignments and Encumbrances: The rights, obligations and benefits of this Water Agreement may be assigned by Flying Horse HOA only to an entity responsible for operating and administering the water supply and Augmentation Plan for Flying Horse North subdivision, with the same responsibilities to provide water rights for the benefit of the golf course, and with the prior written consent of PRI #2, which will not be unreasonably withheld. The rights, obligations

and benefits of this Water Agreement may be assigned by PRI #2 only to an entity that to which the State Land Board Lease has been assigned. The water rights described herein shall not be encumbered by either party.

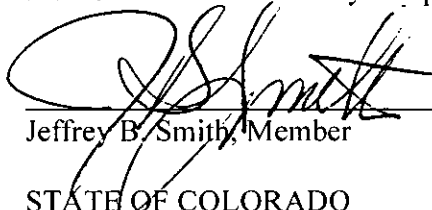
13. Amendments. No amendment, alteration, modification or addition to this Water Agreement shall be valid or binding unless expressed in writing and signed by the party or parties to be bound thereby.

14. Governing Law and Venue: Any disputes arising under this Water Agreement shall be governed by the laws of the State of Colorado, and venue shall be in El Paso County, Colorado.

THE WATER RIGHTS THAT ARE THE SUBJECT MATTER OF THIS AGREEMENT ARE APPURTENANT TO THE PROPERTY DESCRIBED IN THE STATE LAND BOARD LEASE ("LEASE PROPERTY"), AND TITLE TO THOSE WATER RIGHTS SHALL NOT BE SEPARATED FROM TITLE TO THE LEASE PROPERTY.

Executed this 25 day of October, 2018.

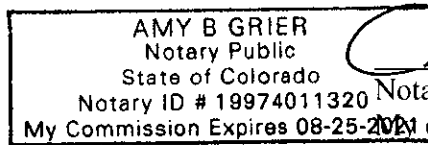
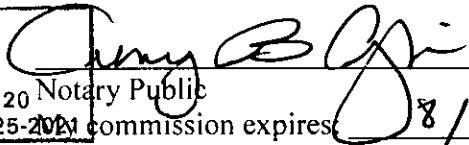
PRI #2, LLC
a Colorado limited liability company

 10-25-18
Jeffrey B. Smith, Member (date)


STATE OF COLORADO
COUNTY OF EL PASO

The foregoing instrument was acknowledged before me by Jeffrey B. Smith, member of PRI #2, LLC, on October 25, 2018.

Witness my hand and official seal.

 
AMY B GRIER
Notary Public
State of Colorado
Notary ID # 19974011320
My Commission Expires 08-25-2021
Notary Public
08/25/21

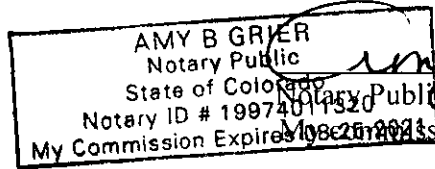
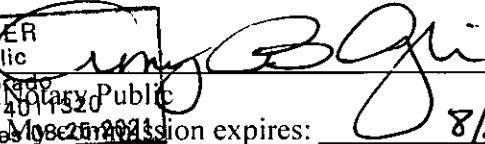
FLYING HORSE NORTH HOMEOWNERS ASSOCIATION, INC.
a Colorado nonprofit corporation


By: Drew Balsick
Print name and title

STATE OF COLORADO
COUNTY OF EL PASO

The foregoing instrument was acknowledged before me by Drew Balsick,
as President of Flying Horse North Homeowners Association,
Inc., on October 25, 2018.

Witness my hand and official seal.


AMY B GRIER
Notary Public
State of Colorado
Notary ID # 19974011320
My Commission Expires 08/25/2021

Commission expires: 8/25/21



STATE OF COLORADO
STATE BOARD OF LAND COMMISSIONERS

*John
revised*

Groundwater Production Lease No. OT-109328

THIS LEASE (the "Lease") is entered into on November 6, 2014, (the "Effective Date") by and between the State of Colorado, acting through its State Board of Land Commissioners ("the Board" or the "Lessor"), whose address is 1127 Sherman Street, Room 300, Denver, CO 80203, and the David Wismer and Mary Anne Wismer Trust ("the "Wismer Trust" or "Lessee", whether one or more), whose address is 15555 State Highway 83, Colorado Springs, CO 80921.

WHEREAS, the Board granted Patent 8167 on February 27, 1998 transferring Section 36, Township 11 South, Range 66 West of the 6th P.M., in El Paso County, Colorado, to David A. Wismer and Mary Anne Wismer in which the Board reserved all waters under the parcel for a term of fifty years (50 yrs) until February 27, 2048, as well as rights of ingress and egress for the purpose of exploring for water together with enough of the surface as may be necessary for the proper and convenient working of such water, and,

WHEREAS, on August 22, 2012, the Board and the Wismer Trust (together the "Parties") entered into a three-year agreement (the "Agreement") to allow the Wismer Trust to perform due diligence and planning to consider seeking a long term water lease and whereby the Board agreed not to lease the subject water rights to any third party during the term of the Agreement and the Parties may negotiate a water lease before the expiration date of the Agreement. and,

WHEREAS, pursuant to the terms of the Agreement, the Wismer Trust has requested that the Parties negotiate a groundwater lease for all decreed nontributary and not nontributary groundwater rights in the Dawson, Denver, Arapahoe, and Laramie-Fox Hills aquifers underlying said Section 36,

NOW THEREFORE, in consideration of the mutual promises and covenants contained herein, the Parties agree as follows:

1. DESCRIPTION OF THE LEASED WATER

The Board leases to the Wismer Trust, exclusively for the term and purposes indicated herein, all the not nontributary ("NNT") and nontributary ("NT") groundwater decreed in Case Number 2004-CW-098, Water Division 1 dated May 24, 2005, ("the Decree"), underlying Section 36, Township 11 South, Range 66 West of the 6th P.M. (the "Leased Water") from the Dawson, Denver, Arapahoe, and Laramie-Fox Hills aquifers in the approximate depths as indicated in the Decree. Development and use of the Leased Water is subject to the terms of the Lease and of the Decree, including the average annual amounts available for withdrawal from each aquifer as follows:

Dawson	515 acre-feet per year (NNT)
Denver	577 acre-feet per year (NNT)
Arapahoe	239 acre feet per year (NT)
Laramie-Fox Hills	182 acre feet per year (NT)

2. USE OF THE LEASED WATER

The use of the Leased Water shall be limited to and controlled by the terms of the Decree. Lessee shall have the exclusive right to use, recapture and reuse all such groundwater produced and to take credit for any and all return flows generated by the use of such produced groundwater.

3. LEASE TERM

This Lease shall have a Term beginning with the effective date first written above and ending on February 27, 2048, the date on which all the groundwater rights revert to the Wismer Trust, subject to the payment of compensation and compliance with covenants and agreements contained herein.

4. COMPENSATION

- A. Bonus: A one-time bonus in the amount of \$ 0.00.
- B. Lessee will pay a minimum annual payment of \$21,050.00, payable regardless of annual water production volumes (" Water Opportunity Charge")
- C. Lessee will pay a charge of \$1.00 per 1000 gallons, or \$325.85 per acre foot, for Leased Water produced, as measured at the wellheads. ("Volumetric Charge")

The Water Opportunity Charge payment is due on the Effective Date and annually thereafter on the anniversary date of the Effective Date. The Volumetric Charge is due annually within 30 days after the anniversary date for the preceding lease year.

Effective on November 6, 2024 and every five years thereafter, Lessor may increase the Volumetric Charge based on the increase in the Consumer Price Index - All Urban Consumers. "CPI-U" (CUUR0000SA4), (Base Period 1982-84=100) (the "Index"), as first published by the U. S. Department of Labor, Bureau of Labor Statistics, for the preceding ten year period for the 2024 adjustment, and for the preceding five year period for adjustments thereafter. The increase shall not exceed 10% for the 2024 adjustment or 5% for each 5 year period thereafter.

5. SURFACE ACCESS

The Board does not own the surface of Section 36-11S-66W. In Patent 8167, however, the Board reserved all waters under the parcel and access rights to develop this water. The Wismer Trust will have the sole responsibility for obtaining surface use rights and agreements to allow for the development of the Leased Water. Nothing in this Lease shall diminish the rights reserved by the Board in Patent 8167.

6. CARRIAGE LOSS

Lessee is responsible for, and shall bear, any carriage loss or charge, transit loss, ditch loss (whether by seep, evaporation, or otherwise) or similar loss of the amount of water from measurement of the water at the wellhead.

7. MEASUREMENT DEVICES

Lessee must install all necessary measurement devices and maintain the measurement devices in good working condition.

8. USE OF LEASED WATER

Lessee may not take any actions or fail to act in a manner which could result in the abandonment or diminution of the historic use of the Leased Water or that violates the terms of the Decree or the augmentation plan.

9. NO RIGHTS CONVEYED

This Lease does not convey or confer rights or ownership in the Leased Water other than as specifically stated in this Lease, nor shall any future needs of Lessee for water enable Lessee to make claim against Lessor for any water rights owned or controlled by Lessor.

10. PARTNERSHIP

Nothing in this Lease shall cause the Board in any way to be construed as a partner, a joint venture or associated in any way with the Lessee, or subject the Board to any obligation, loss, charge or expense connected with or arising from the operation or use of the Leased Water or any part thereof.

11. LIABILITY AND INDEMNITY

The Lessee assumes all liability arising directly or indirectly from the Lessee's use or development of the Leased Water under this Lease. This assumption includes, but is not limited to, liability for all personal injuries (including death) and environmental and property damage and destruction caused by or arising out of Lessee's operations, or caused by or arising out of operations conducted by any party at the direction of Lessee; with the exception of any injuries, damage, or destruction caused by the gross negligence or intentional misconduct of Lessor. Lessee agrees to defend, indemnify and hold harmless Lessor from and against liability, damage, expense, claim and judgment arising under this Lease caused by Lessee, or by any party acting at the direction of Lessee, or Lessee's designated operators, agents, employees or assigns. Lessee further agrees to indemnify Lessor for any costs, including costs of suit and fees for consultants, experts, and attorneys, incurred by Lessor in terminating or canceling, enforcing obligations or defending itself against any matter arising under this Lease. This provision shall survive termination, cancellation or relinquishment of this Lease and any cause of action by Lessor to enforce it shall not be deemed to accrue until Lessor's actual discovery of said liability, claim, loss, damage, or exposure.

12. RESERVATIONS TO THE BOARD

This Lease is subject to any and all presently existing easements, rights of way and other interests, whether or not visible on the ground; and, in addition to its reversion upon termination of this Lease, the Board hereby reserves:

- A. Upon termination of this Lease, the right to sell, exchange, or otherwise dispose of all or any portion of the Leased Water subject to this Lease and the Decree.
- B. Ownership of all water, water rights, ditch rights, water stock and/or ditch stock appurtenant to or used in connection with the Leased Water including wells, rights in ditch, water in canal organizations or companies, except those structures constructed or completed by the Lessee. All such rights shall be and remain the property of the Board, except as stated herein.
- C. The right to lease all or any portion of the mineral estate to other persons for the purposes of exploring for and removing minerals, ores, metals, coal, asphaltum, oil, gas, sand, gravel, clay, quarry products, peat, geothermal resources, and all other naturally occurring resources, together with reasonable and adequate rights of entry and surface rights necessary or convenient to exercise such reserved rights, subject to the terms of the Long-Term Agreement to Restrict Mineral Development # LT-3484 between the Board and Shamrock SS, LLC, dated March 31, 2011.
- D. All rights, privileges and uses of every kind or nature not specifically granted to Lessee by this Lease or the Decree.

13. ASSIGNMENTS, SUBLEASING AND ENCUMBRANCES

This Lease shall be binding on the parties hereto, their heirs, representatives, successors and permitted assigns. This Lease shall not be assigned, transferred or sold, voluntarily or by operation of law, without the prior written consent of the Board. Consent to an assignment shall be at the Board's sole discretion and upon such terms and conditions as determined by the Board, including the payment of an assignment fee not to exceed \$100.00, and such consent shall not be unreasonable withheld. Any name change, or changes in ownership of the Lessee shall be considered an assignment.

Assignment or other transfer without written consent of the Board shall not affect a novation of this Lease, and shall, nevertheless, make the assignee responsible and liable, along with the Lessee, for performing this Lease. The acceptance by the Board of any payment due hereunder from any person other than the Lessee shall not be deemed a waiver by the Board of any provision of this Lease or to be consent to any assignment.

14. DEFAULTS AND REMEDIES

- A. Defaults. The occurrences of any one or more of the following events shall constitute a default hereunder by the Lessee:
 - i. Failure by the Lessee to make any payment of rental or other payment required under the Lease when due.

- ii. Use of the Leased Water by the Lessee, its successors and assigns or attempted use of the Leased Water for any other purpose than those permitted by this Lease and the Decree.
- iii. Failure by the Lessee to perform any and all of the covenants, conditions or requirements contained herein.

Any of the above events of default may be cured by the Lessee within thirty (30) days after written notice thereof from the Board to the Lessee in accordance with Paragraph 24.1 - "Miscellaneous, Notices" section of this Lease. If the nature of the Lessee's default is such that more than thirty (30) days are reasonably required to cure such default then the Lessee shall not be deemed to be in default if the Lessee shall commence such cure within said thirty (30) day period and thereafter diligently pursue such cure to completion.

- B. Remedies. In any event of default and in addition to any or all other rights or remedies of the Board hereunder or by the law provided, the Board may exercise the following remedies at its sole option:
 - i. Termination. Terminate the Lessee's right to possession of the Leased Water by any lawful means, in which case this Lease shall terminate and the Lessee shall immediately surrender possession of the Leased Water to the Board according to the terms of Paragraph 15 - "Surrender" section of this Lease. In such event of termination the Board shall be entitled to recover from the Lessee:
 - a. The unpaid rental, and other payments owed pursuant to this Lease which have accrued together with interest; and,
 - b. Any other amount necessary to compensate the Board for the Lessee's failure to perform its obligations under this Lease or which would be likely to result therefrom, including, but not limited to, the cost of recovering possession of the Leased Water, expenses of reletting, reasonable damages, reasonable attorneys fees, and any other reasonable costs.
 - c. Compensation for costs incurred for use of the Leased Water, including ongoing obligations under the Decree,
 - d. Interest - The interest shall be one and one half percent (1-1/2%) compounded monthly. Said interest shall accrue from the dates such amounts accrued to the Board until paid by the Lessee.
 - ii. Cumulative Rights. The rights and remedies reserved to the Board, including those not specifically described, shall be cumulative, and the Board may pursue any or all of such rights and remedies, at the same time or separately.

15. SURRENDER

Upon expiration or termination of this Lease prior to February 27, 2048, the Lessee shall peaceably and quietly surrender possession of the Leased Water to the Board.

16. LIENS AND CLAIMS

A. Mechanics' Liens

The Lessee shall not suffer or permit to be enforced against the Leased Water, or any part thereof, or any improvements, any mechanics', material men's, contractors', or subcontractors' liens arising from, or any claim for damage growing out of the work of any construction, or improvement related to the Leased Water, or any other claim or demand howsoever the same may arise, but the Lessee shall pay or cause to be paid all of said liens, claims, or demands before any action is brought to enforce the same against the Leased Water or improvements. The Lessee agrees to defend, indemnify and hold the Board and the Leased Water free and harmless from all liability for any and all such liens, claims, demands, and actions (collectively, the "liens") together with reasonable attorneys fees and all costs and expenses in connection herewith.

B. Rights to Contest

Notwithstanding the foregoing, if the Lessee shall in good faith contest the validity of any such lien, then the Lessee shall at its sole expense defend itself and the Board against the same and shall pay and satisfy any adverse expense or cost or adverse judgment that may be rendered thereon before the enforcement thereof against the Board or the Leased Water, upon the condition that if the Board shall require, the Lessee shall furnish a surety bond satisfactory in form and amount to the Board. Said bond shall not be less than one hundred twenty percent (120%) of such contested lien indemnifying the Board against liability for the same, and holding the Leased Water free from the effect of such lien.

17. NO REPRESENTATIONS OR WARRANTIES

Lessor makes no representations or warranties as to the Leased Water, its quantity, quality, or availability. Lessee may terminate this Lease if the Leased Water does not satisfy the requirements of Lessee in any way. Such termination is the sole recourse. All prior rent and royalty payments will be forfeited.

18. RECORDS

Lessee agrees to keep and to have in possession complete and accurate books and records regarding the Lessee's payment obligations under this Lease, including, but not limited to, contracts and agreements for the sale or exchange, or other disposition of the Leased Water, and records showing the production, water levels, sale, exchange and disposition of any and all Leased Water, including all information necessary to determine the Volumetric Charge for the Leased Water and all information and accounts required under the Decree. In conjunction with the payment of the annual Volumetric Charge, Lessee shall provide to Lessor an annual summary report containing such information as may be necessary to confirm the accuracy of the payment. Lessee shall permit Lessor, at all reasonable hours, to audit, examine, or copy such books, accounts, and records, or to furnish copies of same to Lessor within 10 days of request. Any confidential information reviewed during such audit or examination shall be kept confidential by Lessor to the extent allowed by law. Lessor will not be unreasonable with requests. All said books, accounts, and records shall be retained by Lessee and made available in Colorado to Lessor for a period of not less than 7 years.

19. SURVIVAL OF TERMS, CONDITIONS, RESTRICTIONS, RESERVATIONS, AND COVENANTS

Any term, condition, restriction, reservation or covenant that gives rise to any rights or claims of Lessor against Lessee shall be deemed to survive the termination, relinquishment, surrender, or abandonment of this Lease until all claims and issues have been settled or resolved. Upon termination, surrender, or abandonment of this Lease for any reason, provided Lessor does not expressly take over or assume any of Lessee's obligations hereunder, Lessor shall not be liable or responsible for compliance with the Decree, any laws, rules, regulations, orders, local ordinances or resolutions applicable to this Lease.

20. NO WAIVER

Failure or delay by either party to exercise any right, power or privilege hereunder will not operate as a waiver hereof, nor will any single or partial exercise of any right or privilege hereunder preclude further exercise of the same right or the exercise of any right hereunder. A waiver on one or more occasions of any of the provisions hereof shall not be deemed a continuing one. Acceptance of payments by Lessor shall not be deemed to effect (a) a ratification, renewal, extension, or amendment of this Lease, or (b) a waiver of any rights granted to Lessor, the obligations imposed upon Lessee, express or implied, or the remedies for Lessee's breach, or (c) an estoppel against Lessor preventing Lessor from enforcing Lessor's rights or Lessee's obligations hereunder, express or implied, or from seeking damages for Lessee's breach thereof. No instrument executed by Lessor shall be effective to constitute ratification, renewal, extension or amendment of this Lease unless the instrument is clearly titled to indicate its purpose and intent.

21. INSURANCE

The Lessee at its sole cost and expense shall, during the entire term hereof procure, pay for and keep in full force and effect a comprehensive policy of public liability insurance covering the Leased Water and the improvements, insuring the Lessee in an amount that complies with the policy of the Board, currently one million dollars (\$1,000,000.00), protecting the Board and covering bodily injury, including death to persons, personal injury and property damage liability. Such coverage shall include, without limitation, legal liability of the insured for property damage, bodily injuries and deaths of persons in connection with the operation, maintenance or use of the Leased Water and shall name the Board as an additional or co-insured.

The policy shall contain a provision that it cannot be cancelled or materially altered either by the insured or the insurance company until thirty (30) days prior written notice thereof is given to the Lessee and the Board. The Lessee shall furnish a duplicate original of such policies or renewal thereof with proof of premium payment to the Board.

No policy of insurance shall include a deductible clause in an amount greater than 1% of the face amount of the policy.

Notwithstanding anything to the contrary contained herein, the Lessee's obligation to carry insurance as provided herein may be brought within the coverage of a "blanket" policy or policies of insurance carried and maintained by the Lessee, so long as such policy(s) segregates the amount of coverage applicable to the Leased Water.

22. NO THIRD PARTY BENEFICIARY

Nothing in this Lease is intended, nor will be deemed, to confer rights or remedies upon any person or legal entity not a party to this Lease.

23. COMPLIANCE WITH LAW

Lessee shall comply fully with all provisions, terms, conditions of all laws, whether local, state or federal, and orders issued thereunder, including but not limited to the rules and regulations of the Colorado Division of Water Resources, the Colorado Ground Water Commission, any ground water management district, and any other state, local, or federal agency or commission with authority to regulate activities pursuant to this Lease. In the event that the Lessee is required to file applications, instruments, and documents with other agencies, Lessee shall notify Lessor of said filing and Lessor reserves the right to request and obtain copies of such applications, instruments, and documents from the Lessee.

24. MISCELLANEOUS

A. False Statements

Any false certification or statement by the Lessee in the application, public disclosure statement or qualification of financial responsibility statement required to be submitted with the application for the Lease, or in any other document or report required to be submitted under this Lease or under the Decree, shall, at the discretion of the Board, result in termination of this Lease and an action for damages.

B. Controlling Documents

In the event of inconsistency or conflict between this Lease and documents incorporated herein by reference, this Lease shall control. In the event of inconsistency or conflict between this Lease and the Decree, the Decree shall control.

C. Compliance with Laws

The Lessee shall comply with the Decree and all applicable federal, state and local ordinances, rules, regulations, and laws regarding the Leased Water and activities conducted in the use thereof. Furthermore the Lessee shall not use or permit the Leased Water to be used in violation of the Decree and any rule, regulation or law or for any purpose tending to damage or harm the Leased Water.

D. Lessee's Authority

If the Lessee is an entity other than an individual, each individual executing this Lease on behalf of said entity represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of said entity and that this Lease is binding upon said entity in accordance with its terms. The Lessee shall deliver a certified copy of the appropriate document evidencing authorization for such execution.

E. Entire Agreement

This Lease and all documents incorporated herein by reference represent the entire agreement between the Parties. No oral agreement or implied covenant shall be held to vary the provisions hereof.

F. Amendments.

This Lease shall not be amended or ratified except by written document executed by the Parties hereto.

G. Certain Rules of Construction

Time is of the essence in the performance of this Lease. Unless the context clearly implies otherwise, each and every act to be performed or obligation to be fulfilled by the Lessee under this Lease shall be performed or fulfilled at the Lessee's sole cost and expense.

H. Governing Law and Venue

This Lease shall be governed by and construed in accordance with the laws of the State of Colorado and Venue shall be in the City and County of Denver.

I. Notices

Every notice, demand, request, designation, consent, approval or other document or instrument required or permitted to be served hereunder shall be in writing, shall be deemed to have been duly served on the day of receipt and shall be sent by certified United States mail, postage prepaid, return receipt requested, as addressed to the parties hereto. The Parties may change the place for serving of such papers on it, or provide for the delivery of not more than two (2) additional copies, by giving the other party at least ten (10) days prior written notice to such effect.

J. If for any reason provisions of this Lease or the application thereof to any person or circumstances, shall to any extent, be deemed invalid or unenforceable, the remainder of this Lease shall not necessarily be affected thereby and each provision of the Lease shall be valid and enforceable to the fullest extent permitted by law.

K. Costs of Suit: Attorneys Fees

In the event that the Board shall, without fault on the Board's part, be made party to any litigation instituted by the Lessee or by any third party against the Lessee, or by or against any person holding under or using the Leased Water by license of the Lessee, or for the foreclosure of any lien for labor or material furnished to or for the Lessee or any such other person or otherwise arising out of or resulting from any action or transaction of the Lessee or of any such other person, the Lessee hereby indemnifies and holds the Board harmless from and against any judgment rendered against the Board or the improvements or any part thereof, and all costs and expenses, including reasonable attorneys fees, incurred by the Board in or in connection with such litigation.

L. Board's Authority

This Lease is entered into pursuant to the authority granted to the Board by Colorado law.

IN WITNESS WHEREOF, the Board and the Wismer Trust, by their signatures below, agree to the terms of this Lease:

LESSOR: State Board of Land Commissioners

Pete Milonas
Pete Milonas
Minerals Director

State of Colorado
City & County of Denver

The foregoing instrument was acknowledged before me this 15th day of December, 2014, by Pete Milonas, Minerals Director, State Board of Land Commissioners.

Witness my hand and official seal.



[Signature]
Notary Public
My commission expires: 4/22/2015

LESSEE: David Wismer and Mary Anne Wismer Trust

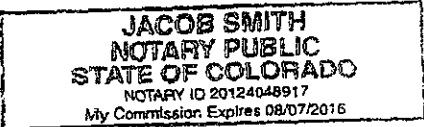
David Wismer
David Wismer

Mary Anne Wismer
Mary Anne Wismer

State of Colorado
City & County of Colorado Springs, El Paso

The foregoing instrument was acknowledged before me this 28th day of November, 2014, by David and Mary Anne Wismer.

Witness my hand and official seal.



[Signature]
Notary Public
My commission expires: 8/7/2014