

THIS AGREEMENT made as of the 19th day of September, 1997, by and between the Devil's Gate General Improvement District, a political subdivision of the State of Nevada, hereinafter "First Party," and WILLIAM A. CRANE and JOHN A. GOURLEY, jointly and severally as their interests may appear, and/or RUBY HILL RANCH, LLC, as its interests may appear, hereinafter "Second Party."

WHEREAS, First Party currently is unable to provide municipal water service to all parcels situated within the district boundaries, and that condition is expected to continue for some time until pending improvement and expansion of the district's facilities is complete, which is anticipated to occur within twelve (12) months from date hereof, and

WHEREAS, Second Party owns certain water rights appurtenant to RUBY HILL RANCH, LLC, outside the boundaries of the district, as described in Applications Nos. 63052 and 63247 pending in the office of the Nevada State Engineer, and

WHEREAS, Second Party wishes to presently provide water from its water rights to certain developed parcels owned by Second Party and situate within the district, and

WHEREAS, Second Party wishes to prospectively provide water from its water rights to other parcels within the district to be developed by Second Party, and

WHEREAS, First Party is willing to accept conveyance of water rights from Second Party in order to more expeditiously provide municipal water service to the parcels owned by Second Party within the district, so long as that can be accomplished at no out-of-pocket expense to First Party, and

WHEREAS, Second Party is willing to convey to First Party water rights sufficient to service Second Party's parcels subject to the terms of this agreement,

NOW, THEREFORE, IT IS AGREED HEREBY:

1. Second Party William A. Crane agrees to give and convey to First Party forty-six (46) acre feet (AF) of water rights, and First Party agrees to allocate said rights as water for parcels within the district presently developed or to be developed by Second Party JOHN A. GOURLEY and/or Second Party WILLIAM A. CRANE, jointly or severally, on the basis of 1.12 AF per parcel for a total of forty-one (41) lots;

2. So long as Second Party has not developed as total of 41 lots to utilize the conveyed water, First Party may utilize the

SECOND PARTY

FIRST PARTY

DATED as of the day and date first above set forth.

10. As set forth in this instrument, this agreement is the sole and complete agreement between the parties, and may not be amended or modified except by another instrument in writing duly made and executed by the parties.

9. This agreement in no wise obligates First Party to accept into the district any parcels developed by Second Party situate without the district boundaries; likewise, this agreement does not obligate Second Party to petition for acceptance into the district for any parcels developed by Second Party situate without the district boundaries!

8. This agreement in no wise limits the rights of First Party to impose standby fees or service charges on parcels developed by Second Party and situate within the district boundaries!

7. Second Party shall provide at no expense to First Party a watermain extension from its well to the district boundary to deliver water to First Party, and said watermain shall be under the full ownership and control of Second Party, except that Second Party agrees to maintain the watermain in good condition so that water delivery to First Party is unimpaired!

6. First Party shall pay its pro rata share of the total electricity charge for pumping, based upon the proportion of water delivered to the district as against the total pumped!

5. Second Party shall install a totalizing meter on its well in Ruby Hill development, to measure the total water pumped, and a totalizing meter at the district's boundary to measure water delivered to First Party!

4. The parties agree that First Party shall be responsible for the cost of pumping water utilized by the district, and Second Party shall be responsible for the cost of pumping water utilized on parcels developed by Second Party outside the district!

3. In consideration of Second Party's conveyance of water, First Party hereby waives the connection fees permitted by district ordinance for the 41 lots to be developed by Second Party!

lots to utilize the conveyed water, First Party may utilize the conveyed water as it sees fit to provide service elsewhere within the district!

On this date there appeared before me, a notary public in and for said state and county, a person known or satisfactorily identified to me to be JOHN A. COURLEY, who then and there affirmed to me that he executed the foregoing instrument freely and voluntarily and for the purposes therein set forth, and that he is authorized to so act on behalf of Ruby Hill Ranch, LLC.

STATE OF NEVADA  
 )  
 ) ss  
 )  
 County of Eureka

On this date there appeared before me, a notary public in and for said state and county, a person known or satisfactorily identified to me to be WILLIAM A. CRANE, who then and there affirmed to me that he executed the foregoing instrument freely and voluntarily and for the purposes therein set forth, and that he is authorized to so act on behalf of Ruby Hill Ranch, LLC.

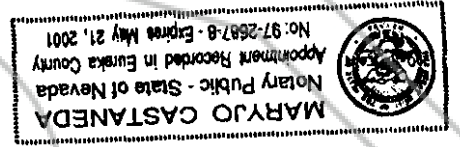
STATE OF NEVADA  
 )  
 ) ss  
 )  
 County of Eureka

JOHN A. COURLEY, co-manager and member, and severally

WILLIAM A. CRANE, co-manager and member, and severally  
 Ruby Hill Ranch, LLC

*Maryjo Castaneda*  
 Notary Public

*Maryjo Castaneda*  
 Notary Public



Devil's Gate General Improvement District, a political subdivision of the State of Nevada  
 By *John Bailey* Chairman  
 ATTEST: *John Bailey* Secretary

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COPY

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OFFICIAL RECORDS  
RECORDED AT THE REQUEST OF  
*Sierra County*  
97 OCT -1 AM 9:47  
EUREKA COUNTY NEVADA  
M.N. REBALCATTI, RECORDER  
FILE NO. *No file*  
FEES *No fee*