

APN: _____

After Recording, Return To:

DEVIL'S GATE GENERAL
IMPROVEMENT DISTRICT
P.O. BOX 714
EUREKA, NEVADA 89316



AGREEMENT TO APPLY WATER CONNECTIONS

This AGREEMENT TO APPLY WATER CONNECTIONS, made and entered into by and between RUBY HILL RANCH, LLC, a Nevada Limited Liability Company, WILLIAM A. CRANE, JOHN A. GOURLEY and DEVIL'S GATE WATER GENERAL IMPROVEMENT DISTRICT, a political subdivision of the State of Nevada;

WITNESSETH

WHEREAS, RUBY HILL RANCH, LLC, WILLIAM A. CRANE, JOHN A. GOURLEY and DEVIL'S GATE WATER GENERAL IMPROVEMENT DISTRICT are the parties to that certain Amended Water Supply Agreement, dated July 26, 2006, recorded July 31, 2006, in Book 439, Page 339, as Document No. 205527 ("Amended Water Supply Agreement") wherein RUBY HILL RANCH, LLC has a beneficial interest in 41 water connections to be used within the service area of the DEVIL'S GATE WATER GENERAL IMPROVEMENT DISTRICT; and

WHEREAS, DEVIL'S GATE WATER GENERAL IMPROVEMENT DISTRICT filed a Complaint for Declaratory Relief against RUBY HILL RANCH, LLC, WILLIAM A. CRANE, and JOHN A. GOURLEY with the Seventh Judicial District Court of the State of Nevada in and for the County of Eureka in Case No. CV1202-172 to obtain an interpretation of the Amended Water Supply Agreement; and

WHEREAS, EUREKA COUNTY filed a Petition for Judicial Review of Ruling No. 6160 issued by the STATE ENGINEER which granted Application No. 80668 filed by RUBY HILL RANCH, LLC to change the point of diversion, place of use and manner of use of 20 acre feet of water appropriated pursuant to Permit No. 20376 with the Seventh Judicial District Court of the State of Nevada in and for the County of Eureka in Case No. CV1202-171; and

WHEREAS, RUBY HILL RANCH, LLC desires to resolve the above described pending litigation and desires to use a portion of its water connections, as provided in this Agreement to Apply Water Connections; and

WHEREAS, RUBY HILL RANCH, LLC has applied one (1) of the water connections described in the Amended Water Supply Agreement to the Ken and Karen Properties, APN 007-430-12, leaving a total of Forty (40) water connections.

NOW THEREFORE, in consideration of the mutual covenants and conditions contained herein, the parties enter into this Agreement to Apply Water Connections and to the extent the Amended Water Supply Agreement, dated July 26, 2006, needs to be clarified to reflect the following agreement of the parties, the parties hereto agree as follows:

1. RUBY HILL RANCH, LLC will apply to DEVIL'S GATE WATER GENERAL IMPROVEMENT DISTRICT for inclusion of the parcel of real property situated within Sections 21 and 28, T.20N., R.53E., M.D.B. & M., Eureka County, Nevada, identified as Parcel 3 of Map 175607, containing approximately 34 acres, being Assessor's Parcel Number 007-370-44, for inclusion within the DEVIL'S GATE GENERAL IMPROVEMENT DISTRICT. (Hereinafter "RV Park").

2. RUBY HILL RANCH, LLC will apply Twenty (20) of the water connections described in the Amended Water Supply Agreement, dated July 26, 2006, recorded July 31, 2006, in Book 439, Page 339, as Document No. 205527, to water connections for the RV Park for the following purposes:

- a. One (1) water connection for each Twenty (20) Recreational Vehicle spaces to be located on the above parcel, with a maximum build-out of Three Hundred (300) spaces (15 connections).
- b. One (1) water connection for a single family residence (Manager's Residence) located on the above parcel, with a maximum build-out of One (1) such residence (1 connection).
- c. One (1) water connection shall be applied to a Recreation Building containing laundry and shower facilities, or to separate buildings containing laundry and showers, with a maximum build-out of Four (4) shower heads and Five (5) washing machines, irrespective of location (1 connection).
- d. Three (3) water connections for miscellaneous uses, which could include additional shower facilities, laundry facilities, landscaping and trees, or additional single family residences. The maximum use shall be calculated at 1,000 gallons per day per water connection (3 connections).

3. RUBY HILL RANCH, LLC shall acquire or provide all necessary easements and rights of way to allow access to water as reasonably acceptable to DEVIL'S GATE WATER GENERAL IMPROVEMENT DISTRICT and for dedication to DEVIL'S GATE WATER GENERAL IMPROVEMENT DISTRICT; RUBY HILL RANCH, LLC shall be allowed to access either the mainline on 3rd Street (which includes the 6" line located in Cheyenne Way), or



the 12" line between DEVIL'S GATE GENERAL IMPROVEMENT DISTRICT 1 and DEVIL'S GATE GENERAL IMPROVEMENT DISTRICT 2, which runs adjacent to the Section 20/Section 21 boundary, as shall be determined to be necessary by RUBY HILL RANCH, LLC engineer and DEVIL'S GATE WATER GENERAL IMPROVEMENT DISTRICT.

4. RUBY HILL RANCH, LLC shall be responsible to install all necessary water lines to provide water to the RV Park and all necessary fire hydrants; all such installation shall meet State of Nevada Drinking Water approval and DEVIL'S GATE WATER GENERAL IMPROVEMENT DISTRICT standards.

5. RUBY HILL RANCH, LLC shall install adequate size lines to meet all state and local requirements, including fire protection lines.

6. All water supplied by DEVIL'S GATE WATER GENERAL IMPROVEMENT DISTRICT to the RV Park shall be metered by not more than two (2) meters, size to be determined by RUBY HILL RANCH, LLC engineer, and location to be agreed between RUBY HILL RANCH, LLC and DEVIL'S GATE WATER GENERAL IMPROVEMENT DISTRICT personnel. RUBY HILL RANCH, LLC shall be responsible for purchasing and installing the meters.

7. Contemporaneously herewith, any and all water rights (being the equivalent of 20 afa being designated thereon as 12.5 acre feet for commercial consumptive use purposes) pursuant to State of Nevada Division of Water Resources Permit 80668 shall be withdrawn by RUBY HILL RANCH, LLC to the State of Nevada. The water rights pursuant to that permit shall revert to the ground water source and shall not be re-attached or re-assigned to the base right, State of Nevada Division of Water Resources Permit 20376, from which they were severed. The withdrawal and reversion shall be completed by RUBY HILL RANCH, LLC by the execution and filing with the State of Nevada Division of Water Resources of the correspondence attached hereto as Exhibit "1" and incorporated herein by this reference.

8. Upon acceptance of the terms of this Agreement by Eureka County Commissioners, no further approval (except building permits) will be required by Eureka County so long as the development of the RV Park is completed within 3 years from the date of this Agreement. If the RV Park is completed more than 3 years from the date of this Agreement, the RV Park must be developed and comply with the provisions of the Eureka County Code in effect at the time of development. The property described in Paragraph 9 below must be developed and comply with the provisions of the Eureka County Code in effect at the time of development.

9. RUBY HILL RANCH, LLC shall retain the remaining Twenty (20) water connections for use within the DEVIL'S GATE WATER GENERAL IMPROVEMENT DISTRICT upon petitioning for inclusion into the DEVIL'S GATE WATER GENERAL IMPROVEMENT DISTRICT for residential, commercial, industrial or any other use on the parcel owned by RUBY HILL RANCH, LLC in the Northwest Quarter of Section 21, T.20N., R.53E., M.D.B.&M., Eureka County, Nevada, being Assessor's Parcel Numbers 007-370-01;

007-370-44; 007-370-47; 007-430-02; 007-430-03; 007-430-04; 007-430-07; 007-430-08; 007-430-09; 007-430-10; 007-430-11; and 007-450-01 regardless of whether that real property is comprised of the 41 lots developed or to be developed RUBY HILL RANCH, LLC as discussed in the Amended Water Supply Agreement. In the event the use is for anything other than residential the number of connections required for such use will be determined by the parties based upon the actual use proposed.

10. Except as modified or clarified hereby, all remaining terms of the Amended Water Supply Agreement, dated July 26, 2006, recorded July 31, 2006, in Book 439, Page 339, as Document No. 205527, shall remain in full force and effect, without modification.

11. The parties hereto mutually release, compromise and settle any and all claims arising in the litigation pending in Case Nos. CV 1202-171 and CV 1202-172 filed in the Seventh Judicial District Court of the State of Nevada in and for the County of Eureka.

12. This Agreement may be signed in counterparts and may be recorded by the DEVIL'S GATE WATER GENERAL IMPROVEMENT DISTRICT against the real property owned by RUBY HILL RANCH, LLC.

WITNESSETH, the parties have hereunto attached their respective signatures effective this 1st day of November, 2012.

DEVIL'S GATE WATER GENERAL IMPROVEMENT DISTRICT

By [Signature]
J.P. Ithurralde Chairman

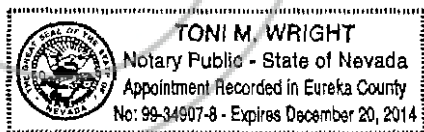
Attest:

By [Signature]
Jackie Berg Secretary

STATE OF NEVADA)
) SS.
 COUNTY OF EUREKA)

On this 1st day of November, 2012, personally appeared before me, a Notary Public, J.P. Ithurralde known or proved to me to be said person, who acknowledged that he executed the foregoing AGREEMENT TO APPLY WATER CONNECTIONS as Chairman of the DEVIL'S GATE WATER GENERAL IMPROVEMENT DISTRICT.

[Signature]
 NOTARY PUBLIC
 Commission Expires 12-20-14



William A. Crane
WILLIAM A. CRANE, individually

RUBY HILL RANCH, LLC,
a Nevada Limited Liability Company

By *William A. Crane*
WILLIAM A. CRANE, Managing Member

STATE OF MICHIGAN)
) SS.
COUNTY OF SAGINAW)

On this 15 day of October, 2012, personally appeared before me, a Notary Public, WILLIAM A. CRANE, known or proved to me to be said person, who acknowledged that he executed the foregoing AGREEMENT TO APPLY WATER CONNECTIONS individually and as Managing Member for RUBY HILL RANCH, LLC, a Nevada Limited Liability Company.

Linda D. Polzin
NOTARY PUBLIC LINDA D. POLZIN
Commission Expires 2-11-13

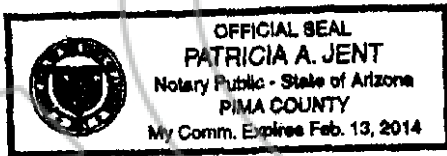
JOHN A. GOURLEY, individually

RUBY HILL RANCH, LLC
a Nevada Limited Liability Company

By _____
JOHN A. GOURLEY, Managing Member

STATE OF ARIZONA)
) SS.
COUNTY OF Pima)

On this 13 day of OCTOBER, 2012, personally appeared before me, a Notary Public, JOHN A. GOURLEY, known or proved to me to be said person, who acknowledged that he executed the foregoing AGREEMENT TO APPLY WATER CONNECTIONS individually and as Managing Member for RUBY HILL RANCH, LLC, a Nevada Limited Liability Company.



Patricia A Jent

NOTARY PUBLIC
Commission Expires 2-13-2014



EXHIBIT 1

(re: ¶7, page 3 of Agreement To Apply Water Connections)



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RUBY HILL RANCH, LLC
687 SIXTH STREET, SUITE 1
ELKO, NV 89801

October 12, 2012

Jason King, State Engineer
State of Nevada
Division of Water Resources
901 S. Stewart St., Suite 2002
Carson City, NV 89701


Re: Permit No. 80668/Permit No. 20376

Dear Mr. King:

Ruby Hill Ranch, LLC is involved in pending litigation with the Devil's Gate Water General Improvement District filed in the Seventh Judicial District Court of the State of Nevada in and for the County of Eureka in Case No. CV1202-172. In addition, Eureka County filed for judicial review of Ruling No. 6160 issued by the State Engineer in the Seventh Judicial District Court of the State of Nevada in and for the County of Eureka in Case No. CV1202-171. The above described litigation is being settled and as part of the settlement, Ruby Hill Ranch, LLC has agreed, contemporaneously with the settlement, application 80688 is hereby withdrawn and any permits issued as a result of application 80688 should be cancelled. We understand that the water rights (being the equivalent of 20 afa being designated thereon as 12.5 acre feet for commercial consumptive use purposes) pursuant to State of Nevada Division of Water Resources shall revert to the ground water source and shall not be re-attached or re-assigned to the base right.

Please confirm in writing that Application No. 80668 is withdrawn and that any and all permits have been cancelled. Thank you very much.

Sincerely,



William A. Crane, Manager

John A. Gourley, Manager

cc: Eureka County



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**RUBY HILL RANCH, LLC
687 SIXTH STREET, SUITE 1
ELKO, NV 89801**

October 12, 2012

Jason King, State Engineer
State of Nevada
Division of Water Resources
901 S. Stewart St., Suite 2002
Carson City, NV 89701

Re: Permit No. 80668/Permit No. 20376

Dear Mr. King:

Ruby Hill Ranch, LLC is involved in pending litigation with the Devil's Gate Water General Improvement District filed in the Seventh Judicial District Court of the State of Nevada in and for the County of Eureka in Case No. CV1202-172. In addition, Eureka County filed for judicial review of Ruling No. 6160 issued by the State Engineer in the Seventh Judicial District Court of the State of Nevada in and for the County of Eureka in Case No. CV1202-171. The above described litigation is being settled and as part of the settlement, Ruby Hill Ranch, LLC has agreed, contemporaneously with the settlement, application 80688 is hereby withdrawn and any permits issued as a result of application 80688 should be cancelled. We understand that the water rights (being the equivalent of 20 afa being designated thereon as 12.5 acre feet for commercial consumptive use purposes) pursuant to State of Nevada Division of Water Resources shall revert to the ground water source and shall not be re-attached or re-assigned to the base right.

Please confirm in writing that Application No. 80668 is withdrawn and that any and all permits have been cancelled. Thank you very much.

Sincerely,

William A. Crane, Manager

John A. Gourley, Manager

cc: Eureka County



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