

**AGREEMENT CONCERNING OWNERSHIP OF
WATER RIGHTS AND WATER USAGE**

THIS AGREEMENT is made and entered into this 26th day of March, 1998, by and between BLAIR A. KIEFER, hereinafter called "Kiefer" and N. LARRY HANSEN and MARY J. HANSEN, hereinafter called "Hansen".

EXPLANATORY STATEMENT

Kiefer is the owner of a one hundred percent (100%) interest in the water and water rights in and to the Paige Brothers Reservoir as decreed October 31, 1972, in Case No. W-1028 in the Water Court in and for Water Division I, State of Colorado, hereinafter referred to as the "Water Rights". By Special Warranty Deed dated March 26th, 1998, Kiefer has conveyed to Hansen an undivided 37.20 percent interest in the Water Rights and conveyed to himself as a tenant in common a 62.80% interest in such Water Rights, which conveyance is made subject to the terms of this Agreement (the Agreement).

1. Kiefer Lands. Kiefer is the owner of real property described on Exhibit A attached hereto and incorporated by reference herein (the Kiefer Land).
2. Hansen Lands. Hansen is the owner of the real property described on Exhibit B attached hereto and incorporated by reference herein (the Hansen Land).
3. Ownership Interest. Hansen acknowledges that after the conveyance of the Water Rights from Kiefer to Hansen and Kiefer as referred to in the Explanatory Statement hereinabove, that the parties' respective ownership of an undivided percentage interest as tenants in common in the Water Rights is as follows:

Kiefer	62.80%
Hansen	37.20%

4. Restriction on Hansen Transfer of Water Rights. So long as Blair A. Kiefer and his heirs or devisees under the Kiefer Last Will and Testament (or under the Estate of Blair A. Kiefer as admitted to probate in the District Court of Larimer County, Colorado) are owners of the Kiefer Land (but in no event for a period longer than five (5) years from the date of this Agreement), Hansen agrees that his 37.20% undivided interest in the Water Rights shall not be severed, conveyed or pledged separate from the Hansen Land, but rather shall be deemed to be attached to and appurtenant to the aforesaid Hansen Land. If Hansen should attempt to sever or pledge, convey or attempt to convey, sever or convey or pledge the Hansen Water Rights separate from the conveyance of Hansen Land during such five (5) year period, such conveyance shall be deemed to be null and void. If Hansen receives or accepts a third-party offer to sell his land and water, or any portion thereof, which offer he desires to accept (the Third-Party Offer), Hansen

O&B - 3/24/98

David R. Ostan
217 W. Olive
Fort Collins CO 80521

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8. **Remedies.** The remedies of law may not be adequate to compensate a non-defaulting party for a violation of this Agreement by the defaulting party, and therefore a non-defaulting party shall have a right to obtain from any court of competent jurisdiction injunctive relief against the defaulting owner, as well as monetary relief in the form of damages. All reasonable costs incurred in any litigation involving or enforcing the terms of this Agreement (including expert witness fees), attorney's fees shall be awarded as additional damages to the prevailing party who shall also be entitled to collect such additional costs incurred in enforcing or collecting any judgment rendered.

9. **Severability.** If any provisions of this Agreement shall be held to be unlawful, void, or for any reason unenforceable, such provisions shall be deemed severed and shall in no way affect the validity of enforceability of the remaining provisions of this Agreement.

10. **Non-Waiver.** Failure to enforce any provisions of this Agreement shall not constitute a waiver of any right hereafter to enforce such provision or any provision thereof.

11. **Notice.** Any notice or other communication by either party to the other party to this Agreement shall be personally delivered or served by certified mail, return receipt requested, at the address of the party at the respective addresses set forth below (such other addresses as may be designated from time to time by notice pursuant to Paragraph 11) and if mailed to such owners, other communications shall be deemed given three business days after being placed certified mail in the United States mail addressed to addressee at:

Blair A. Kiefer	5901 East Prospect Road Fort Collins, CO 80525
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N. Larry Hansen and Mary J. Hansen	1738 Avian Drive Fort Collins, CO 80525
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12. **No Third-Party Beneficiary.** This Agreement shall not be construed as creating any right of the benefit of any other parties.

13. **Headings.** Paragraph headings used herein are for the convenience of reference and shall in no way define, limit or prescribe the scope or intent of any provision of this Agreement.

14. **Entire Agreement.** This Agreement sets forth the entire understanding of the parties with respect to the subject matter hereof and may not be changed except by written document signed by all parties hereto. There shall be deemed to be no other terms, conditions, promises, understandings, statements or representations expressed or implied concerning this Agreement unless set forth in writing and signed by the parties hereto.

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EXHIBIT B

AGREEMENT CONCERNING OWNERSHIP OF WATER RIGHTS AND WATER USAGE

A parcel of land situate in the Northwest 1/4 of Section 24, Township 7 North, Range 68 West of the 6th P.M., County of Larimer, State of Colorado, being more particularly described as follows: Considering the North Line of said Northwest 1/4 as bearing N 89°37'52" W, and with all bearings contained herein relative thereto; commencing at the North 1/4 corner of said section, thence S00°05'34" E, along the East Line of said Northwest 1/4 a distance of 2645.09 feet to a point on the south line of said Northwest 1/4, said point also being the center 1/4 corner of said section, thence along said south line N 89°39'49" W, a distance of 1175.00 feet to the true point of beginning; thence continuing along said south line N 89°39'49" W, a distance of 1476.29 feet to a point on the west line of said Northwest 1/4, said point also being the West 1/4 corner of said section, thence along said West line N00°01'00" W, a distance of 1261.80 feet; thence S 80°22'34" E a distance of 1517.62 feet; thence S01°06'23" W, a distance of 1016.95 feet to the true point of beginning.

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