

Official Record

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Lincoln County - NV

Leslie Boucher - Recorder

Fee: \$207.00 Page 1 of 169
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APN# 005-021-05

Recording Requested by:

Name: First American Title Insurance
Company National Commercial
Services

Address: 2490 Paseo Verde Parkway, #100

City/State/Zip: Henderson, NV 89074

Order Number: NCS-419822-HHLV

Lincoln County



AGREEMENT BETWEEN THE
SOUTHERN NEVADA WATER
AUTHORITY AND CAVE VALLEY
RANCH, LLC, REGARDING
SETTLEMENT OF LAWSUITS AND
FORBEARANCE OF FUTURE
CHALLENGES TO SOUTHERN
NEVADA WATER AUTHORITY'S
PIPELINE PROJECT

(Title of Document)

(for Recorder's use only)

Recorder Affirmation Statement

Please complete Affirmation Statement below:

I the undersigned hereby affirm that the attached document, including any exhibits, hereby submitted for recording does not contain the social security number of any person or persons. (Per NRS 239B.030)

-OR-

I the undersigned hereby affirm that the attached document, including any exhibits, hereby submitted for recording does contain the social security number of a person or persons as required by law:

(State specific law)

A. Dion
Signature

Assistant Escrow Officer
Title

A. Dion
Print Signature

This page added to provide additional information required by NRS 111.312 Sections 1-2 and NRS 239B.030 Section 4.

(Additional recording fee applies)



**AGREEMENT BETWEEN THE SOUTHERN NEVADA WATER AUTHORITY
AND CAVE VALLEY RANCH, LLC, REGARDING SETTLEMENT
OF LAWSUITS AND FORBEARANCE OF FUTURE CHALLENGES
TO SOUTHERN NEVADA WATER AUTHORITY'S PIPELINE PROJECT**

This Agreement and Mutual Release ("**Agreement**") is made and entered into this 7th day of December, 2009, by and among (i) the SOUTHERN NEVADA WATER AUTHORITY, a political subdivision of the State of Nevada ("**SNWA**"), (ii) CAVE VALLEY RANCH, LLC, a Nevada limited liability company ("**CVR**"), and (iii) the individual members of CVR, CAVE VALLEY HORSE AND CATTLE, LLC, a Nevada limited liability company, Michael K. McBeath in his capacity as Manager of CVR and as an individual, and William McBeath individually (collectively, the "**CVR Related Entities**," and together with SNWA and CVR, the ("**Parties**")).

RECITALS

A. The Project. In October 1989, the Las Vegas Valley Water District ("**LVVWD**") filed 146 groundwater appropriation applications in twenty-six central, eastern, and southern Nevada groundwater basins in connection with LVVWD's effort to augment the water supply in fast-growing Southern Nevada. SNWA was created thereafter and acquired the rights to the applications. SNWA reduced the number of applications to thirty-four (the "**Applications**"). SNWA may develop water rights from at least seven basins, including Spring, Cave, Delamar, Dry Lake, Coyote Springs, Lake and Snake Valleys (the "**Source Basins**"). For the purposes of this Agreement, the term "**Project**" shall mean the Cooperative Water Project, now known as the Clark, Lincoln, and White Pine Counties Groundwater Development Project, which includes a system or systems of wells, pumps, motors, water transmission lines, and power infrastructure necessary to divert and transmit groundwater from the Source Basins to the Las Vegas Valley Basin pursuant to the Applications (or change applications thereof), together with all associated appurtenances, permitting, licensing, approvals or other necessary authorizations.

B. Cave Valley Ranch. On or about March 1, 2005, CVR purchased approximately 3,280 acres of land, BLM grazing permits, and water rights located in the Cave Valley Basin (the "**Ranch**"). The Ranch purchase included vested water rights in the form of springs and stream flows located on both deeded acreage and adjacent public lands and three stockwater wells that provide water for livestock operations.

C. Cave Valley Basin Preliminary Proceedings. On or about August 29, 2007, CVR filed with the State Engineer written protests of SNWA's two Cave Valley applications (Applications 53987 and 53988) and requested that it be permitted to participate as a protestant in the Cave, Delamar, and Dry Lake Valley hearings scheduled to begin February 4, 2008 (the "**Hearings**"). The State Engineer rejected CVR's request as untimely, and the matter was made the subject of petitions for judicial review filed by CVR in both Lincoln and White Pine Counties (consolidated into Lincoln County Case No. CV-1044007). Thereafter, CVR sought from the State Engineer and was denied permission to participate in the Hearings as an "interested person." CVR amended its petition for judicial review to include a review of the State Engineer's



interested person determination. In an order dated December 12, 2007, the District Court denied in part and granted in part CVR's petition. Both SNWA and CVR appealed, and the matter is pending before the Nevada Supreme Court as Case No. 50901. Case No. 50901 also includes SNWA's subsequent appeal of a January 11, 2007, Order of the Lincoln County District Court permitting CVR's disclosure of documents after a State Engineer imposed exchange date. Lincoln County Case No. CV-1044007 and Nevada Supreme Court Case No. 50901 are together referred to herein as the "*Appeal Proceedings*."

D. Ruling 5875. After holding Hearings in which CVR's participation was limited to that of an interested person, the State Engineer issued Ruling 5875 on July 9, 2008, granting in part and denying in part SNWA's Cave Valley Basin applications (the "*Ruling*"). On August 7, 2008, CVR filed a petition for judicial review of the Ruling in Lincoln County, Nevada (Case No. CV-0830008) (the "*Petition*," and together with the Appeal Proceedings, the "*Lawsuit*"). Additional petitioners, Carter Griffin, Inc., et al. ("*CG*"), also filed a petition for judicial review in Case No. CV-0830008.

E. Settlement. The Parties desire to resolve, pursuant to the terms hereof, all matters and disputes arising out of, or in any way related to the Lawsuit and its subject matter, and to agree that CVR will forbear from challenging the Project in the future, or assist any other party in challenging the Project.

NOW, THEREFORE, in consideration of the mutual covenants, representations, disclosures and agreements among the Parties set forth in this Agreement, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

Section I
Dismissal of Lawsuit With Prejudice

1.1 Effective Date. As used herein, the term "*Effective Date*" shall mean five (5) business days after the last of the following events: (i) Approval of this Agreement by SNWA's Board of Directors; and (ii) execution of this Agreement by all Parties and SNWA's General Counsel.

1.2 Initial Closing Date. As used herein, the term "*Initial Closing Date*" shall mean three (3) business days after the Effective Date.

1.3 Water Rights Closing Date. As used herein, the term "*Water Rights Closing Date*" shall mean ten (10) business days after the Ruling becomes final (including any amended Ruling upon remand) and the running of any applicable appeal periods.

1.4 Escrow. On or before the Effective Date, an escrow account ("*Escrow*") shall be opened by the Parties with First American Title Company of Nevada, Attention: Michelle Seibold, 2490 Paseo Verde Parkway, Suite 100, Henderson, Nevada 89074, telephone: 702-677-3500, fax: 866-236-4325, e-mail: mseibold@firstam.com ("*Escrowee*"). This Agreement constitutes escrow instructions to Escrowee. The Parties shall deliver to Escrowee all documents and do or cause to be done all other things necessary, in the reasonable judgment of Escrowee, to enable it to comply in good faith with its obligations under this Agreement. Escrowee shall perform its duties faithfully, timely, and in good faith according to the provisions set forth in this Agreement and at law relative to duties and obligations imposed on escrow agents. If Escrowee requires the execution of its standard form printed escrow instructions, the Parties agree to execute same; however, such instructions shall be construed as applying only to Escrowee's



engagement, and if there are conflicts between the terms of this Agreement and the terms of the printed escrow instructions, the terms of this Agreement shall in all respects control.

1.5 Closing. The consummation of the transactions contemplated hereunder shall take place in two separate closings through Escrow on the Initial Closing Date (the "*Initial Closing*"), and on the Water Rights Closing Date (the "*Water Rights Closing*").

1.6 Dismissal of Appeal Proceedings. CVR agrees to dismiss the Lawsuit pursuant to the terms set forth in this Agreement. On or before the Initial Closing Date, the Parties shall execute and deposit with Escrow a Stipulation for Dismissal with Prejudice in the form attached hereto as Exhibit "A" (the "*Appeal Proceedings Dismissal*").

1.7 Dismissal of Petition. On or before the Initial Closing Date, the Parties shall execute and deposit with Escrow a Stipulation for Dismissal with Prejudice in the form attached hereto as Exhibit "B" (the "*Petition Dismissal*").

Section II
Settlement Payment

2.1 Settlement Proceeds. On or before the Initial Closing Date, SNWA shall deposit with Escrow Four Million Fifty Thousand and no/100 Dollars (\$4,050,000.00) ("*Settlement Proceeds*") in exchange for CVR's conveyance to SNWA of a Conservation Easement (as such term is defined herein and attached hereto as Exhibit "F") to help preserve natural resources and benefit area wildlife, the release by CVR of CVR's claims set forth in the Appeal Proceedings and Petition, and for other good and valuable consideration as set forth in this Agreement.

Section III
Water Rights Matters

3.1 Water Rights Deed. On or before the Water Rights Closing Date, SNWA shall execute and deposit with Escrow a Grant, Bargain, Sale Deed in the form attached hereto as Exhibit "C" (the "*Water Rights Deed*") transferring to CVR a five hundred (500) acre-feet per annum ("*afa*") portion of Permit 53987 and/or Permit 53988, together with a pro-rated rate of diversion (the "*Water Rights*"), or a lesser amount of said water rights as determined pursuant to Section 3.2 below.

3.2 Water Rights Deed Contingent Reduction.

- a. CVR agrees that if and to the extent a final, non-appealable order is issued by the State Engineer or a court, which order reduces the amount of water available under Permits 53987 and 53988 to an amount less than 4,678 afa (a "*Reduction Order*"), then SNWA will only be required to convey to CVR 500 afa of Permit 53987 and/or 53988 less the amount by which 4,678 exceeds the amount ultimately authorized under Permits 53987 and 53988 pursuant to such Reduction Order; provided, however, that notwithstanding the foregoing and subject to Section 3.2(b) below, SNWA shall be required to convey at least 150 afa of Permits 53987 and/or 53988 to CVR, together with a pro-rated rate of diversion. In the event of a Reduction Order, SNWA shall execute and deposit with Escrow a Grant, Bargain, Sale Deed conveying the reduced amount of Permit 53987 and/or 53988 to CVR calculated pursuant to this Section. In the event of a Reduction Order, the lesser amount of water rights shall be known as the "*Water*



Rights" for the purposes of the Parties' remaining obligations under this Agreement.

- b. **New CVR Appropriation Reduction.** CVR agrees SNWA will only be required to convey to CVR at the Water Rights Closing 500 afa of Permits 53987 and/or 53988 less the amount of any New CVR Appropriation, as outlined below in Section 3.6, if the granting of such New CVR Appropriation occurs before the Water Right Closing Date.

3.3 **Water Rights Standing.** To and through the Water Rights Closing Date, SNWA shall, as and when required, make all payments to the State Engineer required for issuance of the Permits authorized in the Ruling, and shall otherwise take all actions necessary to keep the Applications and Permits in good standing. SNWA shall make a good faith effort to keep CVR apprised of matters that may affect CVR's interest in the Water Rights, and shall not take any action that might compromise CVR's interests in the Water Rights without CVR's written consent.

3.4 **Change Application.** CVR intends to file an application with the State Engineer of Nevada to change the place of use, point of diversion, and manner of use of the Water Rights to enable CVR to use the Water Rights in connection with CVR's operations in Cave Valley (the "***Change Application***"). SNWA agrees not to protest or otherwise oppose any Change Application filed by CVR.

3.5 **Monitoring and Mitigation.** SNWA shall do and perform, at SNWA's sole cost and expense, all monitoring and mitigation required under Permits 53987 and 53988 or change applications thereto if and to the extent such monitoring or mitigation would have been required in the absence of any Change Application filed by CVR. This would include all "macro" level type work (e.g., species monitoring, groundwater modeling efforts, water quality and groundwater level monitoring, report preparation, and analysis caused by the use of 5,000 afa in the basin, etc.) or the imposition of extraordinary requirements that the State Engineer would not normally impose on users under similar circumstances. If, on the other hand, there is a requirement of the State Engineer that specifically results from any Change Application that SNWA would not have had to perform in the absence of transferring the water to the Ranch (e.g., collecting and reporting water level measurements within a CVR well), such requirement would be complied with by CVR at CVR's cost.

3.6 **CVR to Retain Existing CVR Water Rights and Applications; Contingent Conveyance of Water Rights to SNWA.** CVR will retain all of its existing rights in and applications for groundwater and surface water in Cave Valley, and SNWA shall, within thirty (30) days of the Effective Date, withdraw any protests thereof. If CVR is granted a permit authorizing a new appropriation of underground water in Cave Valley, regardless of whether such water rights come from the 275 acre feet set aside by the State Engineer for future growth pursuant to Ruling 5875 (or such greater amount as is reserved for future growth and development within Cave Valley as a result of a Reduction Order) (a "***New CVR Appropriation***"), CVR shall, within thirty (30) days of receiving any permit for such New CVR Appropriation, convey an equivalent amount of Water Rights to SNWA. Said conveyance obligation shall be limited to the amount of Water Rights conveyed by SNWA to CVR hereunder. SNWA shall be responsible for recording with the State Engineer of Nevada and the appropriate counties, at its sole cost and expense, SNWA's interest in any Water Rights conveyed to SNWA by CVR pursuant to this Section 3.6.

3.7 **License to Pursue CVR Applications.** CVR hereby grants SNWA the non-exclusive authority to pursue, at SNWA's sole cost and expense, existing CVR groundwater applications; provided, however, that CVR shall retain the right to pursue any application at its election. CVR agrees to execute documents in the form required by the State Engineer to give effect to this authorization.



3.8 Geographic Limitation Affecting SNWA Change Applications. The Parties recognize that SNWA may file applications to change the points of diversion for many of the water rights that are part of the Project, including Applications/Permits 53987 and 53988 in Cave Valley Basin (assigned Hydrographic Basin No. 180 by the Nevada State Engineer). SNWA agrees, for the benefit of CVR and successor owners of any of the land currently owned by CVR within Cave Valley Basin, that SNWA shall not file any application to change the point of diversion to or otherwise locate a point of diversion within the Cave Valley Basin and within five (5) miles of any land currently owned by CVR within Cave Valley Basin. The lands currently owned by CVR within Cave Valley Basin are set forth in the legal descriptions and map attached hereto as Exhibit "D" and the lands currently owned by CVR within the Cave Valley Basin and the area within the Cave Valley Basin within which SNWA shall not file any application to change the point of diversion is depicted upon the map attached hereto as Exhibit "E". Notwithstanding anything to the contrary herein contained, in the event that SNWA files an application to change or otherwise locate a point of diversion within the area depicted on Exhibit "E", CVR or a successor owner of such land, as applicable, shall provide written notice to SNWA that such application is improper pursuant to this Agreement and SNWA shall have thirty (30) days from the receipt of written notice to cure the alleged violation by withdrawing the improper application. Neither CVR nor any CVR Related Entities shall file a protest against any SNWA change application that is filed in compliance with this Section. The Parties desire that the point of diversion limitation set forth in this Section shall be a covenant running with the land to successor owners of CVR lands and therefore agree to execute and record a Memorandum of Rights in the form attached hereto as Exhibit "F" (the "*Memorandum of Rights*"); the Parties intend that for purposes of interpretation the terms of the Memorandum of Rights shall be deemed to be, and in fact are, fully set forth in this Agreement as material terms and the terms of the Memorandum of Rights shall for no purpose be considered subservient to the other terms of this Agreement by virtue of their containment in an exhibit.

3.9 Priority. The Parties agree that in the event of any underground water shortage or curtailment of Cave Valley pumping by the State Engineer, they will share in such shortage in proportion to their ownership of underground water rights in Cave Valley. The Parties desire that the agreement regarding water rights priority set forth in this Section shall be a covenant running with the land, binding and benefitting successor owners of CVR lands, and therefore agree to execute and record the Memorandum of Rights.

Section IV Conservation Easement

4.1 Conservation Easement. On or before the Initial Closing Date, CVR shall execute and deposit with Escrow a Conservation Easement in the form attached hereto as Exhibit "G" in favor of SNWA and covering not less than 1,480 acres of CVR's existing lands to help preserve natural resources and benefit area wildlife (the "*Conservation Easement*").

4.2 Assignment of Conservation Easement. At any time during a period of twenty (20) years from the Initial Closing Date, SNWA, at no cost to SNWA and upon CVR's written request, shall convey SNWA's interest in the Conservation Easement to the Rocky Mountain Elk Foundation, the Nature Conservancy, or other natural resource, wildlife or habitat preservation entity. Any consideration paid by such entity upon conveyance of the Conservation Easement by SNWA pursuant to this Section shall accrue to SNWA in total.



Section V

Mutual Releases and Covenant not to Protest Project Matters

5.1 CVR and CVR Related Entities' Release of SNWA. Except as set forth in this Agreement, CVR and CVR Related Entities, on behalf of themselves, their past, present, and future subsidiaries, divisions, affiliated companies, parent companies, predecessors, joint venturers, affiliates, officers, volunteers, employees, representatives, agents, shareholders, members, managers, insurers, successors, and assigns, hereby releases and discharges SNWA and SNWA's Board, management, affiliated agencies, divisions, officers, volunteers, employees, representatives, agents, insurers, successors, and assigns of and from any and all claims, demands, liabilities, obligations, damages, payments, fees, losses, and expenses, known or unknown, asserted or unasserted, of whatever nature, now existing or hereafter arising in any way related to the Lawsuit or its subject matter.

5.2 SNWA Release of CVR and CVR Related Entities. Except as set forth in this Agreement, SNWA, on behalf of itself and its Board, management, affiliated agencies, divisions, officers, volunteers, employees, representatives, agents, insurers, successors, and assigns hereby releases and discharges CVR and the CVR Related Entities, together with their past, present, and future subsidiaries, divisions, affiliated companies, parent companies, predecessors, joint venturers, affiliates, officers, volunteers, employees, representatives, agents, shareholders, members, managers, insurers, successors, and assigns of and from any and all claims, demands, liabilities, obligations, damages, payments, fees, losses, and expenses, known or unknown, asserted or unasserted, of whatever nature, now existing or hereafter arising in any way related to the Lawsuit or its subject matter.

5.3 Unknown Facts. The Parties hereby agree and acknowledge that they may hereafter discover facts different from, or in addition to, those that they now believe to be true with respect to any and all liabilities, debts, demands, rights, covenants, judgments, controversies, claims, damages, or causes of action, here released. Nevertheless, the Parties hereby agree that the releases set forth shall be and remain effective and in full force in all respects, notwithstanding the discovery of different or additional facts, and that the releases contained herein extend and apply to and also cover and include all unknown, unforeseen, unsuspected, and unanticipated injuries, claims, damages, losses, and liabilities, if any, arising from the matters addressed herein. The Parties represent that they understand and acknowledge the legal significance and consequences of the foregoing release, dismissal and settlement of all unknown claims and hereby assume all responsibilities for any inquiries, damages, losses and/or liabilities that hereafter may occur.

5.4 Acknowledgments. The Parties mutually understand, agree, and warrant that:

- a. Each Party is fully and completely informed as to the facts relating to the subject matter of this Agreement and as to the rights, duties, and liabilities of all Parties.
- b. SNWA denies any legal liability or damages alleged in the Lawsuit or that could have been alleged in the Lawsuit and that distribution of any payment, as provided herein, is not to be construed as an admission of liability on the part of SNWA, but such payment and distribution is solely in compromise and settlement of disputed claims;
- c. No promise or inducement has been offered except as herein set forth herein;
- d. This settlement is in good faith and is equitable;



- e. This Agreement is executed without reliance upon any statement or representation by any Party or its representatives concerning the nature and extent of any claim or legal liability therefor;
- f. The Parties are legally competent to execute this Agreement and to accept full responsibility therefor;
- g. This Agreement and the releases set forth herein have been carefully read in their entirety by the Parties, who have had the benefit and advice of counsel of their choosing, that the Parties fully and completely understand each provision of this Agreement, and that this Agreement and the releases set forth herein are known by the Parties to be in full and final and complete compromise, settlement, release, accord and satisfaction, and discharge of all claims and actions as above stated; and
- h. In entering into this Agreement and the settlement and releases that are encompassed herein, the Parties are acting freely and voluntarily and without influence, coercion, compulsion, or duress of any kind from any source, including, but not limited to, any other party or parties, their attorneys, representatives, or anyone acting or purporting to act on behalf of any party.

5.5 Covenant not to Protest Project Matters. CVR and CVR Related Entities will forbear from challenging in any way, by legal challenge or otherwise, all present and future actions related to the Project including any and all state and federal permitting activities and the design, construction, operation and maintenance of the Project throughout the operational lifetime of the Project. CVR and CVR Related Entities shall also refrain from assisting any other party, including CG, in any way, in any attempt to challenge or protest the Project. Project components covered by CVR's agreement to forbear from any challenge include, without limitation, the following:

- a. Subject to Section 3.8 above, CVR shall not protest or otherwise oppose any change applications filed by SNWA with the State Engineer seeking to change the point of diversion, place of use or manner of use of any portion of Permits 53987 and 53988 and any permit and/or certificate for which Permits 53987 and 53988 are the base rights;
- b. Subject to Section 3.8 above, CVR shall not protest or otherwise oppose any change applications filed by SNWA with the State Engineer seeking to change the point of diversion, place of use or manner of use of any portion of any other permit or certificate associated with the Project.
- c. Any environmental review related to the Project including any claim based upon the National Environmental Policy Act, the Endangered Species Act, the National Historic Preservation Act, Clean Water Act, Clean Air Act and any other federal, state or local permitting for the design, construction, operation and maintenance of the Project;
- d. Any Record of Decision issued pursuant to NEPA for the Project and any Environmental Impact Statement, Environmental Assessment, Biological Assessment or Biological Opinion related thereto;



- e. The above restrictions will apply to any and all future heirs, executors, assigns, transferees and owners of the land and/or water rights currently owned by CVR, the water rights transferred to CVR by SNWA pursuant to this Agreement, or any water rights obtained by CVR as a New CVR Appropriation. As such, all future owners, in perpetuity, of CVR's currently owned land and/or water rights, the water rights transferred to CVR by SNWA pursuant to this Agreement, or any water rights obtained by CVR as a New CVR Appropriation, may not, subject to Section 3.8 above, challenge the Project in any way. The Parties desire that the covenants in this Section 5.5 shall be covenants running with the land, binding successor owners of all CVR lands and water rights, including the water rights transferred to CVR by SNWA pursuant to this Agreement, or any water rights obtained by CVR as a New CVR Appropriation, and therefore agree to execute and record the Memorandum of Rights.
- f. The covenants contained in Sections 5.5(a) through 5.5(e) of this Agreement apply to CVR, the CVR Related Entities and to the Individuals included in the CVR Related Entities and prohibit the Individuals right to form or be a member or major shareholder in any organization that challenges the Project in the methods prohibited by this Section 5.5, and the violation of this covenant by said Individuals shall constitute a breach of this Agreement and trigger the remedy specified in Section 5.7 below.

5.6 Notice to Future Owners. CVR and CVR Related Entities agree that the terms of this Agreement will run with the land and water rights currently owned by CVR, and that any future owner of CVR's currently owned land and/or water rights will be bound by the terms of this Agreement, including those terms set forth in Section 5. To ensure that any future owner of land and/or water rights currently owned by CVR has actual notice of the terms of this Agreement prior to obtaining the land, CVR, or the future owner of CVR's presently owned land and/or water rights, shall, prior to completing a sale for the land and/or water rights in question, provide a copy of this Agreement to the prospective owner.

5.7 Remedy for Breach of Section 5.5 by CVR. Given the unique nature of the covenants agreed to by CVR in Sections 5.5(a) through (e), inclusive, the Parties expressly agree that in the event CVR violates any term or provision contained in Sections 5.5(a) through (e), inclusive, CVR shall be obligated to: (1) refund to SNWA the total amount of the Settlement Funds together with 5% annual interest from the Initial Closing Date; and (2) convey to SNWA any Water Rights that were transferred to CVR from SNWA pursuant to Sections 2 or 3 of this Agreement.

5.8 Notwithstanding the foregoing protest and opposition limitations, CVR, the CVR Related Entities, and each of their successors and assigns, will have and retain all remedies available under State law if there are impacts to its existing groundwater or surface water rights or the Water Rights caused by SNWA pumping of Project water.

5.9 Nothing contained in this Section 5 shall prevent any Party from commencing any action necessary to enforce any provision of this Agreement.



Section VI
Closing

6.1 Closing Deliveries to Escrow.

- a. CVR shall, on or before the Initial Closing Date, deliver the following to Escrowee:
 - i. Appeal Proceedings Dismissal, executed by a duly authorized representative of CVR (Exhibit "A" hereto);
 - ii. Petition Dismissal, executed by a duly authorized representative of CVR (Exhibit "B" hereto);
 - iii. Memorandum of Rights, executed by a duly authorized representative of CVR (Exhibit "E" hereto);
 - iv. Conservation Easement, executed by a duly authorized representative of CVR (Exhibit "F" hereto), together with any necessary declarations of value; and
 - v. Instructions for wiring Settlement Proceeds (the "*Wire Instructions*").
- b. SNWA shall, on or before the Initial Closing Date, deliver the following to Escrowee:
 - i. Appeal Proceedings Dismissal, executed by a duly authorized representative of SNWA (Exhibit "A" hereto);
 - ii. Petition Dismissal, executed by a duly authorized representative of SNWA (Exhibit "B" hereto);
 - iii. Memorandum of Rights, executed by a duly authorized representative of SNWA (Exhibit "E" hereto);
 - iv. Conservation Easement, executed by a duly authorized representative of SNWA (Exhibit "F" hereto), together with any declarations of value; and
 - v. The Settlement Proceeds together with ½ of Escrow fees in cash or cash equivalent.

6.2 Initial Closing. On the Initial Closing Date, Escrowee shall:

- a. Deliver the fully executed Appeal Proceedings Dismissal and Petition Dismissal to SNWA;
- b. Record the Memorandum of Rights in Lincoln and White Pine Counties as the interests may appear;
- c. Record the Conservation Easement in Lincoln and White Pine Counties as the interests may appear;



- d. Distribute the Settlement Proceeds less ½ the Escrow fees to CVR pursuant to the Wire Instructions;
 - e. Prepare and deliver to the Parties a closing statement.
- 6.3 **Water Rights Closing.** On the Water Rights Closing Date, Escrowee shall:
- a. Collect from CVR any necessary real estate transfer tax and recording fees for recording the Water Rights Deed (or any substituted Water Rights Deed as provided in Section 3.2) in White Pine, Lincoln, and Clark Counties;
 - b. Record the Water Rights Deed (or any substituted Water Rights Deed as provided in Section 3.2) in White Pine, Lincoln, and Clark Counties.

Section VII
Recordation

7.1 **Recordation of Agreement.** Within ten (10) business days of execution of this Agreement, this Agreement shall be recorded in the County Recorder's office in Clark County, Lincoln County and White Pine County. A copy of this Agreement shall also be lodged with the Nevada State Engineer.

7.2 **Purposes of Recordation.** Recordation pursuant to Section 7.1 will allow for a neutral governmental agency to maintain a copy of an executed version of this Agreement. Recordation will also provide notice to any and all successors of interest to SNWA and CVR of any rights that may be encumbered by this Agreement.

Section VIII
Miscellaneous

8.1 **Compromise of Disputed Claims.** This Agreement constitutes a compromise of otherwise doubtful and disputed claims. Neither this settlement nor anything contained in this Agreement shall be construed as an admission of liability on the part of any Party.

8.2 **Severability.** The provisions of this Agreement are severable and the invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of the remaining provisions.

8.3 **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Nevada, except as such laws may be preempted or superseded by the laws of the United States.

8.4 **Attorney Fees.** In the event of a dispute over or relating to the terms of this Agreement, the prevailing Party in any action or proceeding brought in connection with such dispute or the enforcement of this Agreement shall be entitled to recover from the other Party his, her, or its costs, including reasonable attorney fees.



8.5 Litigation Fees and Expenses. Each Party hereto agrees to bear its own attorney fees and costs arising out of or related to the Action, including without limitation, the negotiation and documentation of this Agreement.

8.6 Agreement as Defenses to Future Actions. This Agreement may be pled as a full and complete defense to, and the Parties hereby consent that it may be used as the basis for, an injunction against any action, suit, or other proceeding based on the claims released by this Agreement.

8.7 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute but one and the same instrument. A facsimile signature shall also constitute an original signature of this Agreement.

8.8 Headings for Convenience Only. The Parties acknowledge that the paragraph headings contained herein are only for the convenience of the Parties. The substance and provisions hereof control without regard to the headings.

8.9 Preparation of Agreement. The Parties acknowledge that this Agreement has been negotiated and prepared in an arms-length transaction and that all Parties are deemed to have drafted this Agreement and this Agreement shall not be interpreted against any Party as the draftsman.

8.10 Authority to Execute Agreement. Each Party represents and warrants that it has the authority to execute this Agreement and that it has not assigned such rights, or any of its claims released herein, to any other Party by way of explicit assignment, subrogation, operation of law, or otherwise. These representations shall survive Closing.

8.11 Other Acts and Documents. The Parties agree to undertake such other acts and execute such other documents as may be reasonably necessary to affect the purpose and intent of this Agreement.

8.12 Notices. Any Notice required or desired to be given under this Agreement shall be in writing and personally hand delivered, given by overnight express delivery with receipt, or given by United States registered or certified mail, postage prepaid, return receipt requested. All Notices shall be sent to the receiving Party at the following address or at such other address as the Party may from time to time direct in writing:





To SNWA:

Southern Nevada Water Authority
Attn: General Manager
1001 South Valley View Blvd.
Las Vegas, Nevada 89153

With a copy to:

Southern Nevada Water Authority
Attn: General Counsel
1001 South Valley View Blvd.
Las Vegas, Nevada 89153

To CVR:

Cave Valley Ranch, LLC
Attn: Michael K. McBeath, Manager
2216 Timber Rose Drive
Las Vegas, Nevada 89134

With a copy to:

Santoro, Driggs, Walch, Kearney,
Holley & Thompson
Attn: Gregory J. Walch, Esq.
400 South Fourth Street, Third Floor
Las Vegas, Nevada 89101
Phone: (702) 791-0308

For purposes of this Agreement, Notices shall be deemed to have been given, delivered, or received upon personal delivery thereof or seventy-two (72) hours after having been deposited in the United States mail in the manner provided herein.

8.13 Successors and Assigns. This Agreement, except as otherwise expressly provided herein, will be binding on, and will inure to the benefit of, the respective legatees, devisees, heirs, executors, administrators, assigns, directors, trustees, successors, and partners of interest of the Parties. This Agreement is not intended to have any third party beneficiaries.

8.14 Amendment or Modification. This Agreement may only be amended or modified by a written instrument signed by all Parties. The Parties agree that any oral modification or termination, or modification or termination by conduct of any of the Parties will not be effective or enforceable unless the Parties have executed a written amendment expressly referring to this Agreement.

8.15 Waiver of Breach. The waiver by one Party of any breach of this Agreement by another Party will not be deemed a waiver of a future breach of the same provision, or a waiver of any other provision of this Agreement.

8.16 Containment of Entire Agreement. This Agreement is not subject to any condition precedent with respect to formation or performance, written, oral or otherwise implied not specifically set forth herein. This Agreement, including the exhibits hereto, contains the entire integrated agreement between the parties respecting the subject matter of this Agreement and supersedes all prior and contemporaneous understandings and agreements, whether oral or in writing, between the parties respecting the subject matter of this Agreement except as otherwise provided for herein. The terms of this Agreement are intended by the parties as a final expression of their agreement with respect to those terms and they may not be contradicted by evidence of any prior agreement or of any contemporaneous agreement. The parties further intend that this Agreement constitutes the complete and exclusive statement of its terms and that no extrinsic evidence whatsoever may be introduced in any judicial proceeding involving this Agreement.

8.17 Representation by Counsel. The Parties each warrant and acknowledge that (i) they have read and understood the terms of this Agreement; (ii) they have had the opportunity to retain legal counsel



of their choice throughout the negotiations which preceded the signing of this Agreement and rely solely on their counsel's representations.

8.18 Weekends; Holidays. Should the date provided for under this Agreement for the giving of any notice or the performance of any obligation be a Saturday, Sunday, or legal holiday for national banks in Clark County, Nevada, then the giving of such notice or the performance of such obligation, as applicable, shall be excused until the next day which is neither a Saturday, Sunday, or legal holiday.

8.19 Time of the Essence. Time, wherever specified herein for the performance by any of the Parties of any of their respective obligations hereunder, is hereby declared to be of the essence of this Agreement.

8.20 Tax-Deferred Exchange. If CVR elects to effect this transaction as a tax-deferred exchange under the Internal Revenue Code of 1986, as amended, SNWA, at no cost to SNWA, shall cooperate with CVR, subject to the following: (a) SNWA shall not be required to take title to any property or incur any liability or cost in connection therewith, (b) the exchange shall not delay any Closing and (c) CVR shall indemnify, defend and hold SNWA harmless from or against any claims, damages, liabilities or costs (including without limitation attorneys' fees) arising in connection with the exchange.

8.21 Exhibits. The Exhibits to this Agreement are hereby incorporated by this reference.

[Signatures on next page.]





IN WITNESS WHEREOF, the Parties execute this Agreement as of the day and year first written above.

SOUTHERN NEVADA WATER AUTHORITY, a governmental agency formed under the laws of the State of Nevada

CAVE VALLEY RANCH, LLC, a Nevada limited liability company,

By: *Patricia Mulroy*
Name: Patricia Mulroy
Its: General Manager

By: **SIGNED IN COUNTERPART**
Michael K. McBeath
Its: Manager

By: *Charles K. Hauser*
Name: Charles K. Hauser
Its: General Counsel

CAVE VALLEY HORSE AND CATTLE, LLC, a Nevada limited liability company

By: **SIGNED IN COUNTERPART**
Michael K. McBeath
Its: Manager

SIGNED IN COUNTERPART
Michael K. McBeath (individually)

SIGNED IN COUNTERPART
William McBeath (individually)



IN WITNESS WHEREOF, the Parties execute this Agreement as of the day and year first written above.

SOUTHERN NEVADA WATER AUTHORITY, a governmental agency formed under the laws of the State of Nevada

CAVE VALLEY RANCH, LLC, a Nevada limited liability company,

SIGNED IN COUNTERPART

By: _____
Name: Patricia Mulroy
Its: General Manager

By: Michael K. McBeath
Michael K. McBeath
Its: Manager

SIGNED IN COUNTERPART

By: _____
Name: Charles K. Hauser
Its: General Counsel

CAVE VALLEY HORSE AND CATTLE, LLC, a Nevada limited liability company

By: Michael K. McBeath
Michael K. McBeath
Its: Manager

Michael K. McBeath
Michael K. McBeath (individually)

SIGNED IN COUNTERPART

William McBeath (individually)



IN WITNESS WHEREOF, the Parties execute this Agreement as of the day and year first written above.

SOUTHERN NEVADA WATER AUTHORITY, a governmental agency formed under the laws of the State of Nevada

CAVE VALLEY RANCH, LLC, a Nevada limited liability company,

SIGNED IN COUNTERPART

By: _____
Name: Patricia Mulroy
Its: General Manager

SIGNED IN COUNTERPART

By: _____
Michael K. McBeath
Its: Manager


By: **SIGNED IN COUNTERPART**
Name: Charles K. Hauser
Its: General Counsel

CAVE VALLEY HORSE AND CATTLE, LLC, a Nevada limited liability company

SIGNED IN COUNTERPART

By: **SIGNED IN COUNTERPART**
Michael K. McBeath
Its: Manager

Michael K. McBeath (individually)

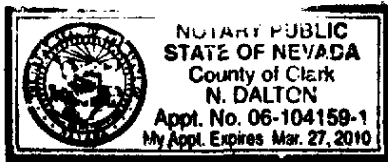


William McBeath (individually)



STATE OF NEVADA)
) SS.
COUNTY OF CLARK)

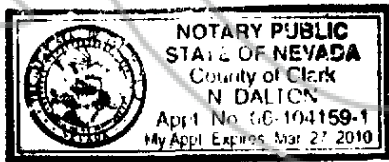
On this 7th day of December, 2009, personally appeared before me, a notary public, Michael K. McBeath, as Manager of CAVE VALLEY RANCH, LLC, a Nevada limited liability company, as Manager of CAVE VALLEY HORSE AND CATTLE, LLC, a Nevada limited liability company, and as an individual, personally known (or proved) to me to be the person whose name is subscribed to the foregoing instrument and who acknowledged that he executed the instrument.



N. Dalton
NOTARY PUBLIC

STATE OF NEVADA)
) SS.
COUNTY OF CLARK)

On this 4th day of December, 2009, personally appeared before me, a notary public, William McBeath, in his capacity as an individual, personally known (or proved) to me to be the person whose name is subscribed to the foregoing instrument and who acknowledged that he executed the instrument.



N. Dalton
NOTARY PUBLIC

STATE OF NEVADA)
)
) ss.
COUNTY OF CLARK)

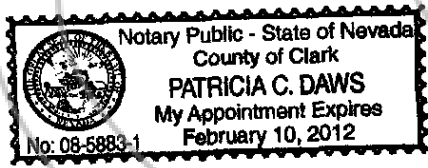
On this 7th day of ~~November~~ ^{December}, 2009, personally appeared before me, a notary public, Patricia Mulroy, in her capacity as General Manager of the Southern Nevada Water Authority, personally known (or proved) to me to be the person whose name is subscribed to the foregoing instrument and who acknowledged that she executed the instrument.



Patricia C. Daws
NOTARY PUBLIC

STATE OF NEVADA)
)
) ss.
COUNTY OF CLARK)

On this 7th day of ~~November~~ ^{December}, 2009, personally appeared before me, a notary public, Charles Hauser, in his capacity as General Counsel of the Southern Nevada Water Authority, personally known (or proved) to me to be the person whose name is subscribed to the foregoing instrument and who acknowledged that she executed the instrument.



Patricia C. Daws
NOTARY PUBLIC



EXHIBIT "A"
APPEAL PROCEEDINGS DISMISSAL

COPY



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IN THE SUPREME COURT OF THE STATE OF NEVADA

CAVE VALLEY RANCH, LLC,
Appellant/Cross-Respondent

v.

**THE STATE OF NEVADA and TRACY
TAYLOR, in his capacity as State Engineer of
Nevada; and THE SOUTHERN NEVADA
WATER AUTHORITY,**
Respondents/Cross-Appellants

Supreme Court Case No.: 50901

District Court Case No.: CV1044007

**On Appeal from a Petition for Judicial Review
in the State of Nevada, Court of the
State of Nevada, County of
Lincoln**
Tracie K. Lindeman

**Electronically Filed
Dec 09 2009 09:08 am**

STIPULATION TO DISMISS APPEAL AND CROSS-APPEALS

Submitted by:

**SANTORO, DRIGGS, WALCH,
KEARNEY, HOLLEY & THOMPSON
GREGORY J. WALCH, ESQ.
Nevada Bar No. 4780
STACY D. HARROP, ESQ.
Nevada Bar No. 9826
BRUCE F. JOHNSON, ESQ.
Nevada Bar No. 10631
400 South Fourth Street, Third Floor
Las Vegas, Nevada 89101
Telephone: (702) 791-0308
Facsimile: (702) 791-1912**

Attorneys for Cave Valley Ranch, LLC

**SANTORO, DRIGGS, WALCH,
KEARNEY, HOLLEY & THOMPSON**





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Pursuant to NRAP 42, the parties, by and through their undersigned counsel, hereby stipulate that the above-entitled action may be dismissed with prejudice in its entirety, each party to pay their own fees and costs.

Dated this 8th day of ~~October~~ December, 2009.

TAGGART & TAGGART, LTD.

OFFICE OF THE ATTORNEY GENERAL

Dana Walsh FOR

Bryan L. Stockton

PAUL G. TAGGART, ESQ.
Nevada Bar No. 6136
108 North Minnesota
Carson City, Nevada 89703
Telephone: (775) 882-9900
Facsimile: (775) 883-9900

BRYAN L. STOCKTON, ESQ.
Nevada Bar No. 4764
Deputy Attorney General
100 North Carson Street
Carson City, Nevada 89701
Telephone: (775) 684-1228
Facsimile: (775) 684-1103

Attorney for Southern Nevada Water Authority

Attorney for State of Nevada; and Tracy Taylor, in his capacity as State Engineer of Nevada

SANTORO, DRIGGS, WALCH, KEARNEY, HOLLEY & THOMPSON

GREGORY J. WALCH, ESQ.
Nevada Bar No. 4780
STACY D. HARROP, ESQ.
Nevada Bar No. 9826
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Facsimile: (702) 791-1912

Attorneys for Cave Valley Ranch, LLC

SANTORO, DRIGGS, WALCH, KEARNEY, HOLLEY & THOMPSON



1 Pursuant to NRAP 42, the parties, by and through their undersigned counsel, hereby
2 stipulate that the above-entitled action may be dismissed with prejudice in its entirety, each party
3 to pay their own fees and costs.

4 Dated this _____ day of _____, 2009.

5 **TAGGART & TAGGART, LTD.**

OFFICE OF THE ATTORNEY GENERAL

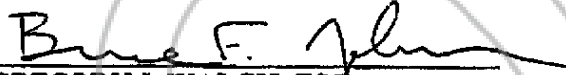
8 **PAUL G. TAGGART, ESQ.**
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Carson City, Nevada 89703
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100 North Carson Street
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Telephone: (775) 684-1228
Facsimile: (775) 684-1103

12 *Attorney for Southern Nevada Water
Authority*

*Attorney for State of Nevada; and Tracy Taylor,
in his capacity as State Engineer of Nevada*

14 **SANTORO, DRIGGS, WALCH,
KEARNEY, HOLLEY & THOMPSON**

16 
17 **GREGORY J. WALCH, ESQ.**
Nevada Bar No. 4780
18 **STACY D. HARROP, ESQ.**
Nevada Bar No. 9826
19 **BRUCE F. JOHNSON, ESQ.**
Nevada Bar No. 10631
20 400 South Fourth Street, Third Floor
21 Las Vegas, Nevada 89101
22 Telephone: (702) 791-0308
Facsimile: (702) 791-1912

23 *Attorneys for Cave Valley Ranch, LLC*

SANTORO, DRIGGS, WALCH,
KEARNEY, HOLLEY & THOMPSON



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CERTIFICATE OF SERVICE

Pursuant to NRAP 25(d), I hereby certify that I am an employee of the SOUTHERN NEVADA WATER AUTHORITY, and that on this date, I served or caused to be served, a true and correct copy of the STIPULATION TO DISMISS APPEAL AND CROSS-APPEALS, as follows:

[X]

By U.S. POSTAL SERVICE: I deposited for mailing in the United States Mail, with postage prepaid, an envelope containing the above-identified document, at Las Vegas, Nevada, in the ordinary course of business, addressed as follows:

Bryan Stockton
Deputy Attorney General
Attorney General's Office
100 North Carson Street
Carson City, Nevada 89701-4717

Gregory J. Walch, Esq.
Stacy D. Harrop, Esq.
Santoro, Driggs, Walch,
Kearney, Holley & Thompson
400 South Fourth Street, Third Floor
Las Vegas, Nevada 89101

DATED this 9th day of December, 2009.

Employee of SOUTHERN NEVADA WATER AUTHORITY



EXHIBIT "B"
PETITION DISMISSAL

COPY



1 Case No.: CV-0830008
2 Dept. No.: 2
3 GREGORY J. WALCH, ESQ.
4 Nevada Bar No. 4780
5 STACY D. HARROP, ESQ.
6 Nevada Bar No. 9826
7 SANTORO, DRIGGS, WALCH,
8 KEARNEY, HOLLEY & THOMPSON
9 400 South Fourth Street, Third Floor
10 Las Vegas, Nevada 89101
11 Telephone: 702/791-0308
12 Facsimile: 702/791-1912
13 GWalch@nevadafirm.com
14 SHarrop@nevadafirm.com

15 *Attorneys for Cave Valley Ranch, LLC*

16 **IN THE SEVENTH JUDICIAL DISTRICT COURT OF THE STATE OF NEVADA**
17 **LINCOLN COUNTY, NEVADA**

18 CARTER-GRIFFIN INC., et al. and CAVE
19 VALLEY RANCH, LLC,

20 Petitioners,

21 v.

22 STATE OF NEVADA and TRACY TAYLOR,
23 in his capacity as State Engineer of Nevada,

24 Respondents,

25 SOUTHERN NEVADA WATER
26 AUTHORITY, a political subdivision of the
27 State of Nevada,

28 Real Party in Interest.

STIPULATION AND ORDER TO
DISMISS WITH PREJUDICE CAVE
VALLEY RANCH'S PETITION FOR
JUDICIAL REVIEW

26 ...
27 ...
28 ...

SANTORO, DRIGGS, WALCH,
KEARNEY, HOLLEY & THOMPSON
SDW

1 COME NOW, Cave Valley Ranch, LLC, the Southern Nevada Water Authority, and the
2 State Engineer, who are the parties to Cave Valley Ranch, LLC's petition for judicial review (the
3 "parties"), by and through their undersigned counsel, and hereby stipulate that Cave Valley
4 Ranch, LLC's petition for judicial review in the above-entitled action may be dismissed with
5 prejudice, each party to pay its own fees and costs incurred in relation to Cave Valley Ranch,
6 LLC's petition for judicial review.

7 Dated this 8th day of ~~November~~ ^{December}, 2009.

8 **TAGGART & TAGGART, LTD.**

OFFICE OF THE ATTORNEY GENERAL

9
10 Dana Walsh *FOR*

Bryan L. Stockton

11 PAUL G. TAGGART, ESQ.
12 Nevada Bar No. 6136
13 108 North Minnesota
14 Carson City, Nevada 89703
15 Telephone: (775) 882-9900
16 Facsimile: (775) 883-9900

BRYAN L. STOCKTON, ESQ.
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Deputy Attorney General
100 North Carson Street
Carson City, Nevada 89701
Telephone: (775) 684-1228
Facsimile: (775) 684-1103

Attorney for Southern Nevada Water Authority

Attorney for State of Nevada; and Tracy Taylor, in his capacity as State Engineer of Nevada

17 **SANTORO, DRIGGS, WALCH,
18 KEARNEY, HOLLEY & THOMPSON**

19
20 GREGORY J. WALCH, ESQ.
21 Nevada Bar No. 4780
22 STACY D. HARROP, ESQ.
23 Nevada Bar No. 9826
24 BRUCE F. JOHNSON, ESQ.
25 Nevada Bar No. 10631
400 South Fourth Street, Third Floor
Las Vegas, Nevada 89101
Telephone: (702) 791-0308
Facsimile: (702) 791-1912

26 *Attorneys for Cave Valley Ranch, LLC*

SANTORO, DRIGGS, WALCH,
KEARNEY, HOLLEY & THOMPSON



27
28

1 COME NOW, Cave Valley Ranch, LLC, the Southern Nevada Water Authority, and the
2 State Engineer, who are the parties to Cave Valley Ranch, LLC's petition for judicial review (the
3 "parties"), by and through their undersigned counsel, and hereby stipulate that Cave Valley
4 Ranch, LLC's petition for judicial review in the above-entitled action may be dismissed with
5 prejudice, each party to pay its own fees and costs incurred in relation to Cave Valley Ranch,
6 LLC's petition for judicial review.

7 Dated this _____ day of _____, 2009.

8 **TAGGART & TAGGART, LTD.**

OFFICE OF THE ATTORNEY GENERAL

9
10 _____
11 PAUL G. TAGGART, ESQ.
12 Nevada Bar No. 6136
13 108 North Minnesota
14 Carson City, Nevada 89703
15 Telephone: (775) 882-9900
16 Facsimile: (775) 883-9900

11 BRYAN L. STOCKTON, ESQ.
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13 Deputy Attorney General
14 100 North Carson Street
15 Carson City, Nevada 89701
16 Telephone: (775) 684-1228
17 Facsimile: (775) 684-1103

15 *Attorney for Southern Nevada Water
16 Authority*

*Attorney for State of Nevada; and Tracy Taylor,
17 in his capacity as State Engineer of Nevada*

17 **SANTORO, DRIGGS, WALCH,
18 KEARNEY, HOLLEY & THOMPSON**

19 _____
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21 Nevada Bar No. 4780
22 STACY D. HARROP, ESQ.
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25 Nevada Bar No. 10631
26 400 South Fourth Street, Third Floor
27 Las Vegas, Nevada 89101
28 Telephone: (702) 791-0308
Facsimile: (702) 791-1912

Attorneys for Cave Valley Ranch, LLC

SANTORO, DRIGGS, WALCH,
KEARNEY, HOLLEY & THOMPSON

SDW



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ORDER

UPON STIPULATION OF THE PARTIES, and good cause appearing therefore, it is
HEREBY ORDERED, ADJUDGED, and DECREED that Cave Valley Ranch, LLC's
petition for judicial review in the above-entitled action be dismissed with prejudice. The parties
are to pay their own fees and costs incurred in relation to Cave Valley Ranch, LLC's petition for
judicial review.

DATED this _____ day of _____, 2009.

DISTRICT COURT JUDGE

Submitted by:

**SANTORO, DRIGGS, WALCH,
KEARNEY, HOLLEY & THOMPSON**

GREGORY J. WALCH, ESQ.

Nevada Bar No. 4780

STACY D. HARROP, ESQ.

Nevada Bar No. 9826

BRUCE F. JOHNSON, ESQ.

Nevada Bar No. 10631

400 South Fourth Street, Third Floor

Las Vegas, Nevada 89101

Telephone: (702) 791-0308

Facsimile: (702) 791-1912

Attorneys for Cave Valley Ranch, LLC

SANTORO, DRIGGS, WALCH,
KEARNEY, HOLLEY & THOMPSON





EXHIBIT "C"
WATER RIGHTS DEED

COPY



WHEN RECORDED RETURN TO:
SANTORO, DRIGGS, WALCH et al.
400 South Fourth Street, Third Floor
Las Vegas, Nevada 89101
Attn: Gregory J. Walch, Esq.

Grantee Address: 2216 Timber Rose Drive
Las Vegas, Nevada 89134

The undersigned hereby affirms that this document, including any exhibits, submitted for recording does not contain the social security number of any person or persons. (Per NRS 239B.030)

GRANT, BARGAIN, AND SALE DEED

THE SOUTHERN NEVADA WATER AUTHORITY, a political subdivision of the State of Nevada, as grantor ("Grantor"), for valuable consideration, the sufficiency and receipt of which is hereby acknowledged, does hereby grant, bargain, sell and convey to CAVE VALLEY RANCH, LLC, a Nevada limited liability company, as grantee (together with its successors and assigns, "Grantee"), in fee simple subject to conditions subsequent, and expressly subject to the conditions, covenants, restrictions, and servitudes set forth below, all of Grantor's right, title, and interest, in and to a Five Hundred (500) acre-feet per annum portion of Application 53987 (and any Permit issued pursuant thereto or any change application thereof), together with a pro-rated rate of diversion (the "Water Rights");

TOGETHER with all and singular the tenements, hereditaments and appurtenances thereunto belonging or in anywise appertaining.

SUBJECT, HOWEVER, to the following conditions, covenants, restrictions, and servitudes, each of which are accepted by Grantee by Grantee's recordation of this deed, and each of which, unless expressly stated to the contrary, run with the Water Rights conveyed by this deed (and any portion thereof or interest therein) in perpetuity:

Recitals and Initial Definitions. In October 1989, the Las Vegas Valley Water District ("LVVWD") filed 146 groundwater appropriation applications in twenty-six central, eastern, and southern Nevada groundwater basins in connection with LVVWD's effort to augment the water supply in fast-growing Southern Nevada. SNWA was created thereafter and acquired the rights to the applications. SNWA reduced the number of applications to thirty-four (the "Applications"). SNWA may develop water rights from at least seven basins, including Spring, Cave, Delamar, Dry Lake, Coyote Springs, Lake and Snake Valleys (the "Source



Basins”). For the purposes of this deed, the term “**Project**” shall mean the Cooperative Water Project, now known as the Clark, Lincoln, and White Pine Counties Groundwater Development Project, which includes a system or systems of wells, pumps, motors, water transmission lines, and power infrastructure necessary to divert and transmit groundwater from the Source Basins to Las Vegas Basin pursuant to the Applications (or change applications thereof), together with all associated appurtenances, permitting, licensing, approvals or other necessary authorizations.

1. **Grant of Fee Simple Title Subject to Condition Subsequent and Associated Right of Entry.** This conveyance is a grant of fee simple title to the Water Rights subject to conditions subsequent running with the Water Rights. Grantee takes title to the Water Rights subject to the following conditions (the “Conditions”):

(i) that Grantee shall not protest or otherwise oppose any water rights change applications filed by Grantor with the Nevada State Engineer seeking to change the point of diversion, place of use, or manner of use of any portion of Permits 53987 and 53988, any permit or certificate for which Permits 53987 and 53988 are the base rights, or any other permit or certificate associated with the Project; provided, however, that this specific Condition shall be deemed waived by Grantor if Grantor files an application with the Nevada State Engineer to change the point of diversion or otherwise locate a point of diversion of any Portion of Permits 53987 and 53988, or of any other Permit associated with the Project, to a location within five (5) miles of the real property owned by CVR as of the date of this Deed, which real property is more particular described on **Exhibit "1"** to this Deed attached hereto and incorporated herein by this reference (the “**CVR Property**”), and within Cave Valley Basin (assigned Hydrographic Basin No. 180 by the Nevada State Engineer). The CVR Property and the area within the Cave Valley Basin within which SNWA shall not file any application to change the point of diversion is depicted upon the map attached hereto as **Exhibit "2"** and incorporated herein by this reference. Notwithstanding anything to the contrary herein contained, in the event that SNWA files an application to change or otherwise locate a point of diversion within the area depicted on Exhibit "2", CVR or a successor owner of such land, as applicable, shall provide written notice to SNWA that such application is improper pursuant to this Agreement and SNWA shall have thirty (30) days from the receipt of written notice to cure the alleged violation by withdrawing the improper application;

(ii) that Grantee shall not protest or otherwise oppose any environmental review related to the Project, including, without limitation, any record of decision issued pursuant to the National Environmental Protection Act, and any environmental impact statement, environmental assessment, biological assessment, or biological opinion related to the National Environmental Protection Act, or any other environmental review related to the Project such as, without limitation, those based on the Endangered Species Act, National Historic Preservation Act, Clean Water Act, Clean Air Act, National Environmental Protection Act, or any other federal, state, county, or municipal permitting or review processes or procedures relating to the design, construction, operation, or maintenance of the



Project; provided, however, that this specific Condition shall be deemed waived by Grantor if Grantor files an application with the Nevada State Engineer to change the point of diversion or otherwise locate a point of diversion of any portion of Permits 53987 and 53988, or of any other Permit associated with the Project, to a location within five (5) miles of the CVR Property and within Cave Valley Basin (assigned Hydrographic Basin No. 180 by the Nevada State Engineer). The CVR Property and the area within the Cave Valley Basin within which SNWA shall not file any application to change the point of diversion is depicted upon the map attached hereto as Exhibit "2". Notwithstanding anything to the contrary herein contained, in the event that SNWA files an application to change or otherwise locate a point of diversion within the area depicted on Exhibit "2", CVR or a successor owner of such land, as applicable, shall provide written notice to SNWA that such application is improper pursuant to this Agreement and SNWA shall have thirty (30) days from the receipt of written notice to cure the alleged violation by withdrawing the improper application;

(iii) that Grantee, or any individual or business entity related to Grantee, shall not form, be a member or partner of, or be a major shareholder in, any formal or informal organization that challenges the Project through the methods prohibited in Conditions (i) or (ii). For the purposes of this Condition (iii), an individual or business entity shall be deemed related to Grantee if such person or entity either owns an interest in Grantee, or if Grantee owns an interest in it; and an individual or business entity shall be deemed to be a "major shareholder" if it owns at least ten (10%) percent of a corporation's preferred or common stock.

Grantee shall hold fee simple title to the Water Rights for so long as the Conditions are not breached by Grantee. In the event that any of the Conditions are breached by Grantee, Grantor shall have a right of entry to terminate Grantee's estate in the Water Rights and to recover title to the Water Rights. Grantee agrees that a breach of any of the Conditions shall be sufficient to entitle Grantor to terminate Grantee's estate in the Water Rights and to recover the Water Rights; Grantee acknowledges, by its acceptance of this deed, that Grantor would not have executed this deed if Grantor could not enforce the Conditions through a right of entry, and Grantee waives any challenge to Grantor's use of such right of entry if any of the Conditions are breached. In the event Grantor desires to exercise its right of entry regarding the Water Rights, Grantor shall do so by filing a complaint for declaratory relief in a court of competent jurisdiction requesting that such court issue an order terminating Grantee's estate in the Water Rights and restoring Grantor's title to the Water Rights. Grantor's right of entry shall be enforced by the issuance of a deed to the Water Rights by the Clerk of the Court. Pursuant to NRS 111.1031(1)(b), Grantor's right of entry shall terminate three hundred and sixty four (364) years from the date of this deed.

2. Restrictive Covenant and Equitable Servitude Running With the Water Rights. This deed creates a restrictive covenant and equitable servitude running with the Water Rights, the burdens and benefits of which shall run with the Water Rights and be enforceable by the successors of Grantor, and enforceable against the successors of Grantee, in law and in



equity, in perpetuity. Through its acceptance of this deed, Grantee acknowledges that, to the extent Nevada law requires privity of estate to allow the burden of a restrictive covenant to run with the land, that such requirement is met by Grantor's right of entry attendant to this grant of fee simple title subject to condition subsequent. The following restrictive covenants and equitable servitudes (the "Restrictions") are hereby imposed upon the Water Rights:

(i) that Grantee shall not protest or otherwise oppose any water rights change applications filed by Grantor with the Nevada State Engineer seeking to change the point of diversion, place of use, or manner of use of any portion of Permits 53987 and 53988, any permit or certificate for which Permits 53987 and 53988 are the base rights, or any other permit or certificate associated with the Project; provided, however, that this specific Restriction shall be deemed waived by Grantor if Grantor files an application with the Nevada State Engineer to change the point of diversion or otherwise locate a point of diversion of any Portion of Permits 53987 and 53988, or of any other Permit associated with the Project, to a location within five (5) miles of the CVR Property and within Cave Valley Basin (assigned Hydrographic Basin No. 180 by the Nevada State Engineer). The CVR Property and the area within the Cave Valley Basin within which SNWA shall not file any application to change the point of diversion is depicted upon the map attached hereto as Exhibit "2". Notwithstanding anything to the contrary herein contained, in the event that SNWA files an application to change or otherwise locate a point of diversion within the area depicted on Exhibit "2", CVR or a successor owner of such land, as applicable, shall provide written notice to SNWA that such application is improper pursuant to this Agreement and SNWA shall have thirty (30) days from the receipt of written notice to cure the alleged violation by withdrawing the improper application;

(ii) that Grantee shall not protest or otherwise oppose any environmental review related to the Project, including, without limitation, any record of decision issued pursuant to the National Environmental Protection Act and any environmental impact statement, environmental assessment, biological assessment, or biological opinion related to the National Environmental Protection Act, or any other environmental review related to the Project such as, without limitation, those based on the Endangered Species Act, National Historic Preservation Act, Clean Water Act, Clean Air Act, National Environmental Protection Act, or any other federal, state, county, or municipal permitting or review processes relating to the design, construction, operation, and maintenance of the Project; provided, however, that this specific Restriction shall be deemed waived by Grantor if Grantor files an application with the Nevada State Engineer to change the point of diversion or otherwise locate a point of diversion of any portion of Permits 53987 and 53988, or of any other Permit associated with the Project, to a location within five (5) miles of the CVR Property and within Cave Valley Basin (assigned Hydrographic Basin No. 180 by the Nevada State Engineer). The CVR Property and the area within the Cave Valley Basin within which SNWA shall not file any application to change the point of diversion is depicted upon the map attached hereto as Exhibit "2". Notwithstanding anything to the contrary herein contained, in the event that SNWA files an application to change or otherwise locate a point of diversion



within the area depicted on Exhibit "2", CVR or a successor owner of such land, as applicable, shall provide written notice to SNWA that such application is improper pursuant to this Agreement and SNWA shall have thirty (30) days from the receipt of written notice to cure the alleged violation by withdrawing the improper application;

(iii) that Grantee, or any individual or business entity related to Grantee, shall not form, be a member or partner of, or be a major shareholder in, any formal or informal organization that challenges the Project through the methods prohibited in Restrictions (i) or (ii). For the purposes of this Restriction (iii), an individual or business entity shall be deemed related to Grantee if such person or entity either owns an interest in Grantee, or if Grantee owns an interest in it; and a individual or business entity shall be deemed to be a "major shareholder" if it owns at least ten (10%) percent of a corporation's preferred or common stock.

In the event that any of the Restrictions are breached, or threatened to be breached, by Grantee, Grantor shall have the right to obtain preliminary and permanent injunctions against Grantee to ensure that the Water Rights are used in compliance with the Restrictions. Through its acceptance of this deed, Grantee acknowledges that damages would not be a sufficient remedy to Grantor in the event of a breach and that injunctive relief is appropriate to ensure compliance with the Restrictions. Grantee acknowledges that Grantor would not have executed this deed if Grantor could not enforce the Restrictions through injunctive relief, and Grantee hereby waives any challenge to Grantor's request for injunctive relief if any of the Restrictions are breached.

3. Notwithstanding the foregoing conditions subsequent, restrictive covenants, and equitable servitudes described in Sections 1 and 2 above, Grantee will have and retain all remedies available under State law if there are impacts to the Water Rights caused by SNWA pumping of Project water.

This Grant, Bargain, and Sale Deed to Cave Valley Ranch, LLC is dated this ___ day of December, 2009.

SOUTHERN NEVADA WATER
AUTHORITY,
a political subdivision of the State of Nevada

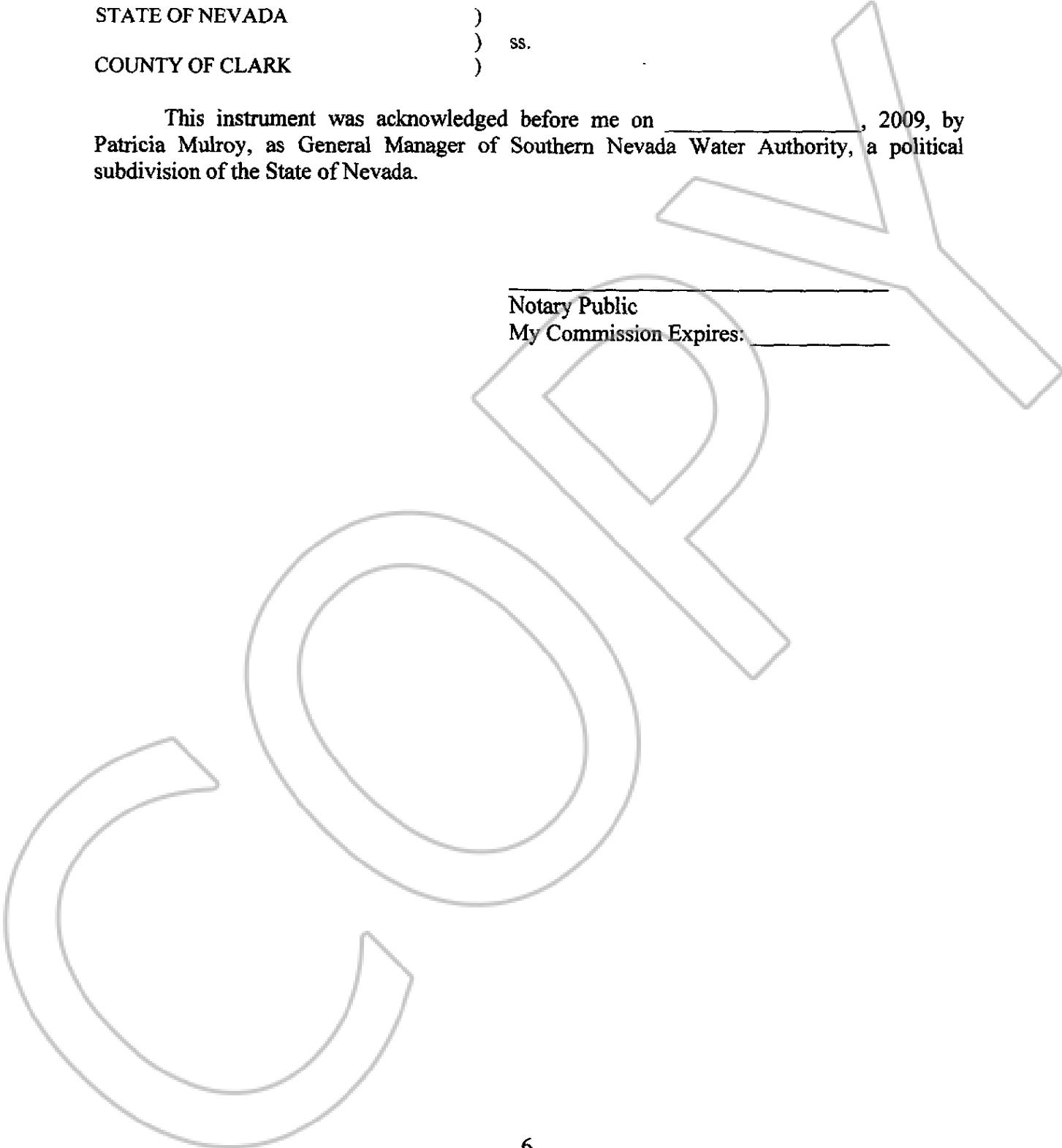
By: _____
Name: Patricia Mulroy
Its: General Manager



STATE OF NEVADA)
) ss.
COUNTY OF CLARK)

This instrument was acknowledged before me on _____, 2009, by Patricia Mulroy, as General Manager of Southern Nevada Water Authority, a political subdivision of the State of Nevada.

Notary Public
My Commission Expires: _____





0135032

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Exhibit "1"
(to Water Rights Deed)

COPY



DESCRIPTION OF EXISTING CAVE VALLEY RANCH LANDS

White Pine County:

Township	Range	Section	¼ Section	Lots
10N	63E	25	E ½ NE ¼	
10N	64E	19		2,3, & 4
10N	64E	22	SE ¼ SE ¼	
10N	64E	26		
10N	64E	27	SE ¼ SW ¼	
10N	64E	27	S ½ NW ¼	
10N	64E	27	NW ¼ NE ¼	
10N	64E	27	S ½ NE ¼	
10N	64E	28	S ½ NE ¼	
10N	64E	30		1,2, & 3
10N	64E	31	W ½ NW ¼	
10N	64E	31	SW ¼ SW ¼	
10N	64E	31	S ½ SW ¼	
10N	64E	31	N ½ SW ¼	
10N	64E	34	E ½ SE ¼	

**Lincoln County:**

Township	Range	Section	¼ Section	Lot
9N	63E	12	S ½ SW ¼	
9N	64E	4	NW ¼ NE ¼	
9N	64E	4	NE ¼ NE ¼	
9N	64E	4	SW ¼ SW ¼	
9N	64E	5	SW ¼ SE ¼	
9N	64E	5	SE ¼ SW ¼	
9N	64E	5	SW ¼ NE ¼	
9N	64E	6	N ½ NW ¼	
9N	64E	6	SE ¼ NW ¼	
9N	64E	6	W ½ NE ¼	
9N	64E	6	SW ¼ SE ¼	
9N	64E	6	NE ¼ SW ¼	
9N	64E	6	SW ¼ NW ¼	
9N	64E	6	NW ¼ SE ¼	
9N	64E	8	SW ¼ SE ¼	
9N	64E	8	NE ¼ NW ¼	
9N	64E	8	NW ¼ NE ¼	
9N	64E	8	E ½ NE ¼	
9N	64E	8	E ½ SW ¼	
9N	64E	8	NW ¼ SE ¼	
9N	64E	8	SW ¼ NW ¼	
9N	64E	8	NW ¼ SW ¼	
9N	64E	8	SE ¼ NW ¼	
9N	64E	8	SW ¼ NE ¼	
9N	64E	8	NE ¼ SE ¼	
9N	64E	9	W ½ NW ¼	
9N	64E	9	NW ¼ SW ¼	
9N	64E	15	SW ¼ NW ¼	
9N	64E	15	NW ¼ SW ¼	
9N	64E	16	SE ¼ NW ¼	
9N	64E	16	NE ¼ SW ¼	
9N	64E	16	S ½ NE ¼	
9N	64E	16	SE ¼	
9N	64E	16	W ½ NW ¼	
9N	64E	16	NE ¼ NW ¼	
9N	64E	16	W ½ SW ¼	
9N	64E	16	SE ¼ SW ¼	
9N	64E	17	W ½ NE ¼	
9N	64E	17	N ½ SE ¼	
9N	64E	17	SE ¼ SE ¼	
9N	64E	20	NE ¼ NE ¼	
9N	64E	21	NW ¼ NW ¼	



Water Rights:

Name of Source	Application/ Proof No.	Status	Certificate/Permit No.	Use
Cave Spring	4881	Certificate	1060	Irrigation
Antelope Spring	5071	Certificate	540	Stockwater
Rosebud Spring	5073	Certificate	542	Stockwater
Cave Valley Well No. 2	73168	Permit		Stockwater
Harris Well	73169	Permit		Stockwater
Urrutia Well	73170	Permit		Stockwater
Quartzite Spring No. 1	V01659	Vested		Stockwater
Brush Spring	V1675	Vested		Stockwater
North Branch Sheep Creek	V1678	Vested		Stockwater
Sheep Creek	V1680	Vested		Stockwater
North Creek	V1681	Vested		Stockwater
Mohogany Spring	V1697	Vested		Stockwater
Cave Valley or Sheep Creek	V1807	Vested		Irrigation
Wall Spring	V9522	Vested		Stockwater
South Branch Sheep Creek	V9523	Vested		Stockwater
Sage Hen Spring	V9524	Vested		Stockwater
Quartzite Spring No. 2	V9525	Vested		Stockwater
Cabin Spring	V9526	Vested		Stockwater
Canyon Spring	V9527	Vested		Stockwater



Water Right Applications:

Name of Source	Application No.	Source	Use
Homestead Well	75779	Underground	Quasi Municipal
Sheep Creek and its tributaries	76124	Stream	Fire Protection
Sheep Creek and its tributaries	76125	Stream	Recreation
Homestead Well	76126	Underground	Stockwater
Homestead Well	76127	Underground	Recreation
Homestead Well	76128	Underground	Fire Protection
Parker Station Well No. 1	76248	Underground	Irrigation
Cave Valley Wash Well No. 2	76249	Underground	Irrigation
Parker Station Well No. 2	76250	Underground	Irrigation
Cave Valley Wash Well No. 1	76251	Underground	Irrigation
Homestead Well No. 2	76252	Underground	Irrigation
Mike Urrutia Well No. 2	76257	Underground	Irrigation
Cave Spring Well	76258	Underground	Irrigation
Sheep Creek and its tributaries	76281	Stream	Stockwater



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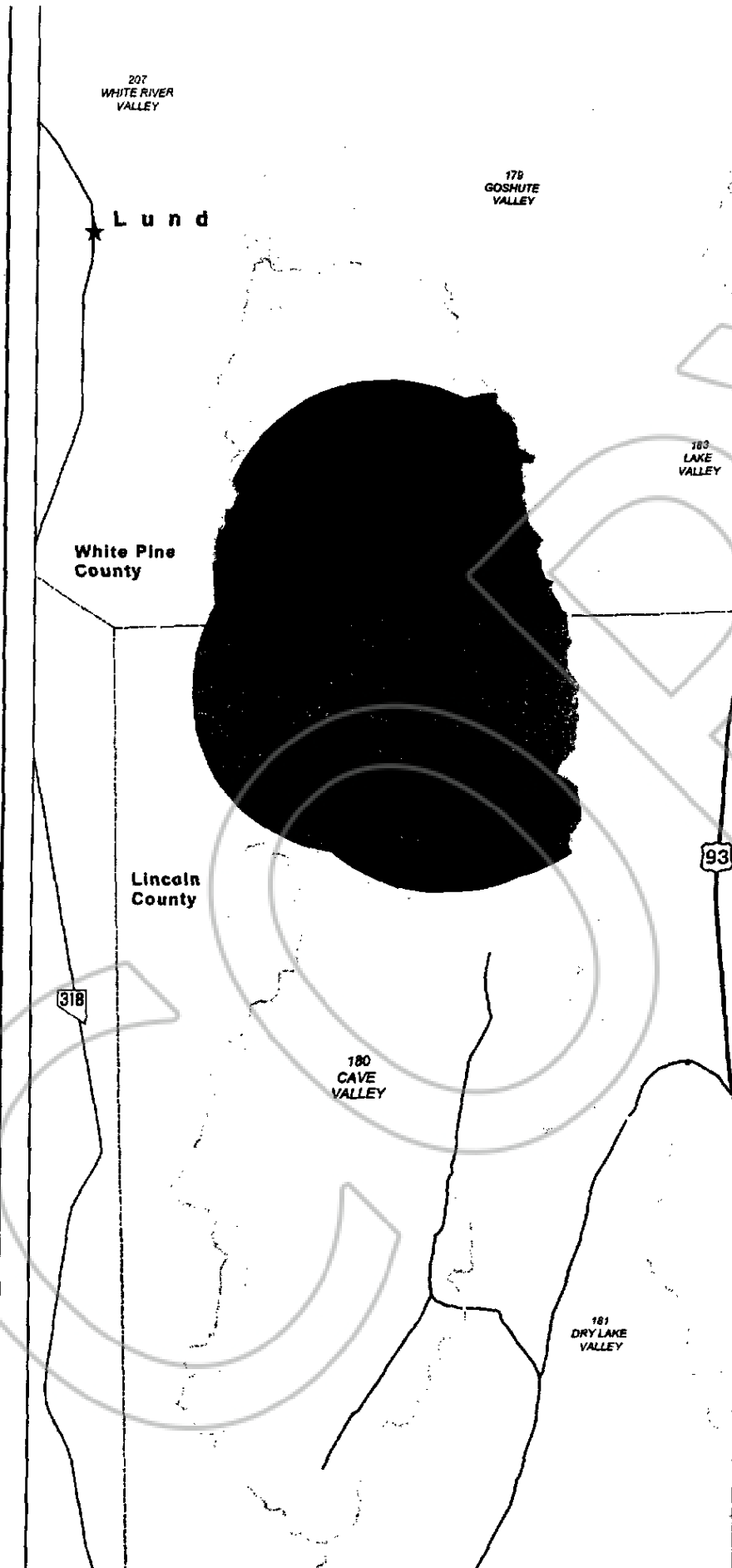
**Exhibit "2"
(to Water Rights Deed)**









COPY



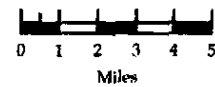
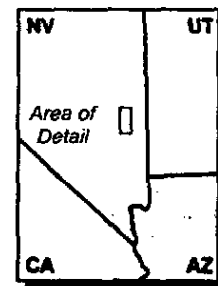
Cave Valley Ranch LLC Parcels in Lincoln & White Pine Counties

Groundwater Development Project



-  Cave Valley Ranch LLC Parcel
-  Cave Valley Ranch LLC Parcel:
5 Mile Buffer within Cave Valley
-  Town
-  Proposed Pipeline Alignment
-  County Boundary
-  Hydrographic Basin
- Roads**
-  U.S. Highway
-  State Route

Pipeline Iteration 258 - Last Updated 10/17/2008



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UTM ZONE 11 NORTH





EXHIBIT "D"

DESCRIPTION OF EXISTING CAVE VALLEY RANCH LANDS

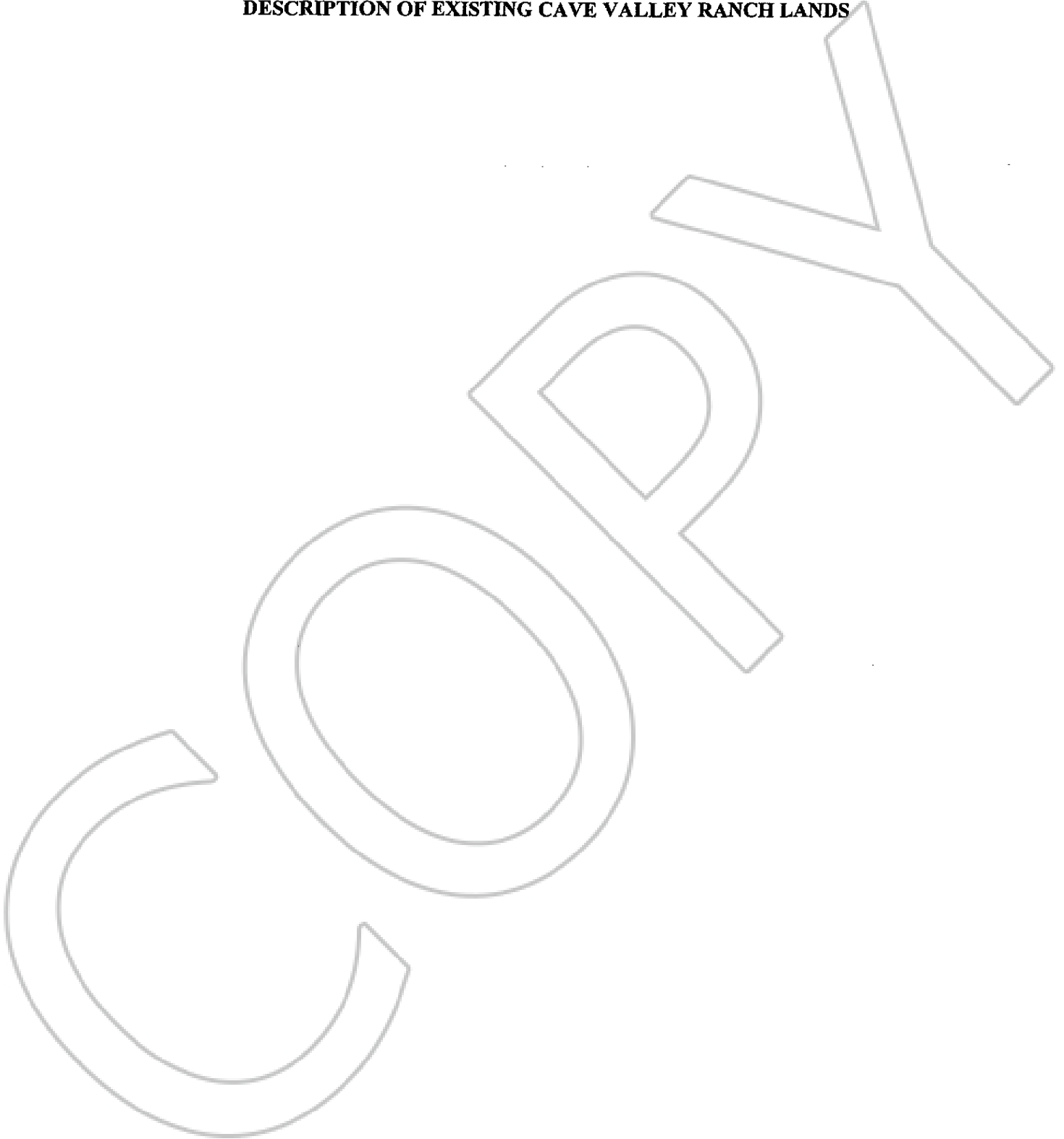




EXHIBIT "D"
DESCRIPTION OF EXISTING CAVE VALLEY RANCH LANDS

White Pine County:

Township	Range	Section	¼ Section	Lots
10N	63E	25	E ½ NE ¼	
10N	64E	19		2,3, & 4
10N	64E	22	SE ¼ SE ¼	
10N	64E	26		
10N	64E	27	SE ¼ SW ¼	
10N	64E	27	S ½ NW ¼	
10N	64E	27	NW ¼ NE ¼	
10N	64E	27	S ½ NE ¼	
10N	64E	28	S ½ NE ¼	
10N	64E	30		1,2, & 3
10N	64E	31	W ½ NW ¼	
10N	64E	31	SW ¼ SW ¼	
10N	64E	31	S ½ SW ¼	
10N	64E	31	N ½ SW ¼	
10N	64E	34	E ½ SE ¼	



Lincoln County:

Township	Range	Section	¼ Section	Lot
9N	63E	12	S ½ SW ¼	
9N	64E	4	NW ¼ NE ¼	
9N	64E	4	NE ¼ NE ¼	
9N	64E	4	SW ¼ SW ¼	
9N	64E	5	SW ¼ SE ¼	
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9N	64E	6	SE ¼ NW ¼	
9N	64E	6	W ½ NE ¼	
9N	64E	6	SW ¼ SE ¼	
9N	64E	6	NE ¼ SW ¼	
9N	64E	6	SW ¼ NW ¼	
9N	64E	6	NW ¼ SE ¼	
9N	64E	8	SW ¼ SE ¼	
9N	64E	8	NE ¼ NW ¼	
9N	64E	8	NW ¼ NE ¼	
9N	64E	8	E ½ NE ¼	
9N	64E	8	E ½ SW ¼	
9N	64E	8	NW ¼ SE ¼	
9N	64E	8	SW ¼ NW ¼	
9N	64E	8	NW ¼ SW ¼	
9N	64E	8	SE ¼ NW ¼	
9N	64E	8	SW ¼ NE ¼	
9N	64E	8	NE ¼ SE ¼	
9N	64E	9	W ½ NW ¼	
9N	64E	9	NW ¼ SW ¼	
9N	64E	15	SW ¼ NW ¼	
9N	64E	15	NW ¼ SW ¼	
9N	64E	16	SE ¼ NW ¼	
9N	64E	16	NE ¼ SW ¼	
9N	64E	16	S ½ NE ¼	
9N	64E	16	SE ¼	
9N	64E	16	W ½ NW ¼	
9N	64E	16	NE ¼ NW ¼	
9N	64E	16	W ½ SW ¼	
9N	64E	16	SE ¼ SW ¼	
9N	64E	17	W ½ NE ¼	
9N	64E	17	N ½ SE ¼	
9N	64E	17	SE ¼ SE ¼	
9N	64E	20	NE ¼ NE ¼	
9N	64E	21	NW ¼ NW ¼	

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North Creek	V1681	Vested		Stockwater
Mohogany Spring	V1697	Vested		Stockwater
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Wall Spring	V9522	Vested		Stockwater
South Branch Sheep Creek	V9523	Vested		Stockwater
Sage Hen Spring	V9524	Vested		Stockwater
Quartzite Spring No. 2	V9525	Vested		Stockwater
Cabin Spring	V9526	Vested		Stockwater
Canyon Spring	V9527	Vested		Stockwater

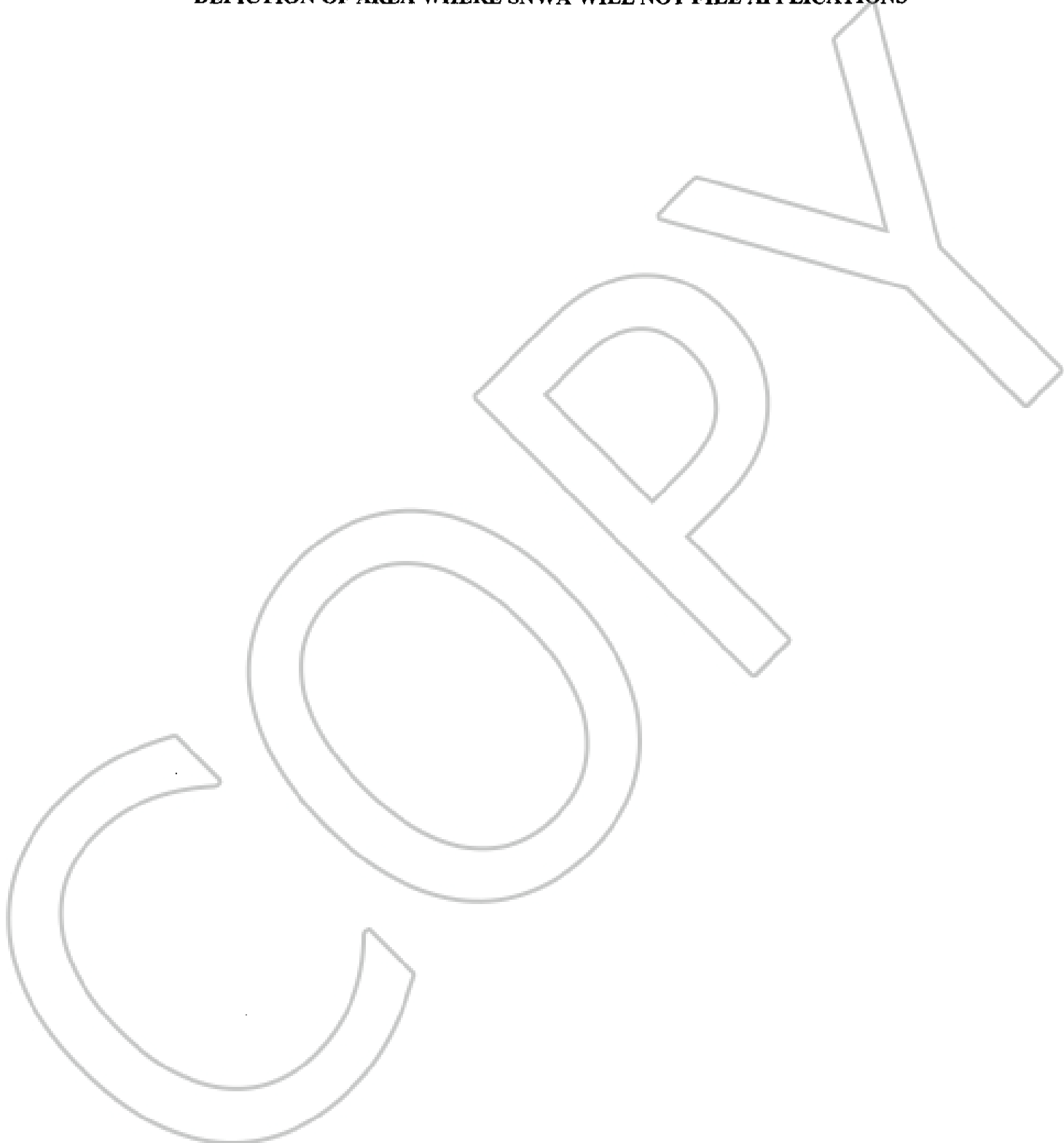
**Water Right Applications:**

Name of Source	Application No.	Source	Use
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Homestead Well	76126	Underground	Stockwater
Homestead Well	76127	Underground	Recreation
Homestead Well	76128	Underground	Fire Protection
Parker Station Well No. 1	76248	Underground	Irrigation
Cave Valley Wash Well No. 2	76249	Underground	Irrigation
Parker Station Well No. 2	76250	Underground	Irrigation
Cave Valley Wash Well No. 1	76251	Underground	Irrigation
Homestead Well No. 2	76252	Underground	Irrigation
Mike Urrutia Well No. 2	76257	Underground	Irrigation
Cave Spring Well	76258	Underground	Irrigation
Sheep Creek and its tributaries	76281	Stream	Stockwater



EXHIBIT "E"

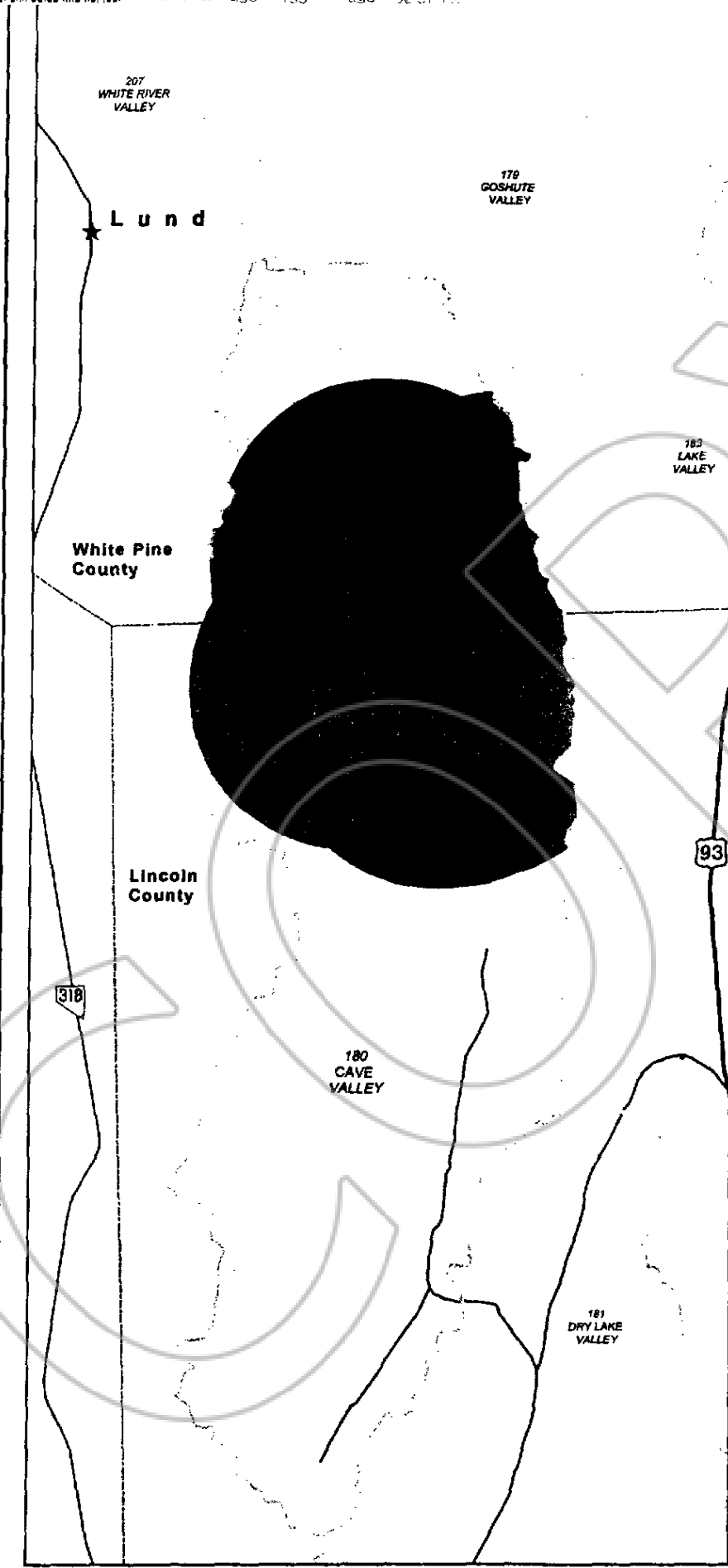
DEPICTION OF AREA WHERE SNWA WILL NOT FILE APPLICATIONS





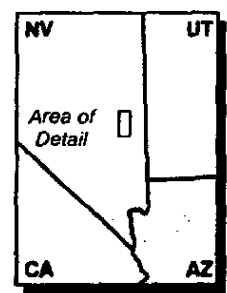
**Cave Valley Ranch LLC
 Parcels in Lincoln &
 White Pine Counties**

Groundwater
 Development Project



- Cave Valley Ranch LLC Parcel
- Cave Valley Ranch LLC Parcel:
5 Mile Buffer within Cave Valley
- Town
- Proposed Pipeline Alignment
- County Boundary
- Hydrographic Basin
- Roads**
- U.S. Highway
- State Route

Pipeline Iteration 258 - Last Updated 10/17/2008



1983 NORTH AMERICAN DATUM
 UTM ZONE 11 NORTH





EXHIBIT "F"

MEMORANDUM OF RIGHTS

COPY

APNs: 005-021-05

REQUESTED BY AND WHEN
RECORDED RETURN TO:

Southern Nevada Water Authority
Attn: General Counsel
1001 South Valley View Blvd.
Las Vegas, NV 89153

Escrow NCS-419822-MS



MEMORANDUM OF RIGHTS, RESTRICTIVE COVENANT AND EQUITABLE
SERVITUDE RUNNING WITH THE LAND, AND RIGHT OF FIRST OFFER

This Memorandum of Rights, Restrictive Covenant and Equitable Servitude Running With the Land, and Right of First Offer (this "*Instrument*") is made this 7th day of December, 2009, by and between the SOUTHERN NEVADA WATER AUTHORITY, a political subdivision of the State of Nevada ("*SNWA*"), (ii) CAVE VALLEY RANCH, LLC, a Nevada limited liability company ("*CVR*"), and (iii) the individual members of CVR, CAVE VALLEY HORSE AND CATTLE, LLC, a Nevada limited liability company, Michael K. McBeath in his capacity as Manager of CVR and as an individual, and William McBeath individually (collectively, the "*CVR Related Entities*," and together with SNWA and CVR, the "*Parties*").

RECITALS

A. Cave Valley Ranch. On or about March 1, 2005, CVR purchased approximately 3,280 acres of land, BLM grazing permits, and water rights located in the Cave Valley Basin Nevada in portions of Lincoln and White Pine Counties. The Ranch purchase included, among other things, vested water rights in the form of springs and stream flows located on both deeded acreage and adjacent public lands and three stockwater wells that provide water for livestock operations. CVR thereafter filed applications to appropriate groundwater within Cave Valley Basin. As used herein, the term "*Ranch Property*" shall mean the land described in **Exhibit "1"** attached hereto and incorporated by this reference, which real property comprises all the real property currently owned by CVR in the Cave Valley Basin (assigned Hydrographic Basin No. 180 by the Nevada State Engineer). As used herein, the term "*Water Rights*" shall mean the water rights described in **Exhibit "2"** attached hereto and incorporated herein by this reference.



B. The Project. In October 1989, the Las Vegas Valley Water District (“LVVWD”) filed 146 groundwater appropriation applications in twenty-six central, eastern, and southern Nevada groundwater basins in connection with LVVWD’s effort to augment the water supply in fast-growing Southern Nevada. SNWA was created thereafter and acquired the rights to the applications. SNWA reduced the number of applications to thirty-four (the “Applications”). SNWA may develop water rights from at least seven basins, including Spring, Cave, Delamar, Dry Lake, Coyote Springs, Lake and Snake Valleys (the “Source Basins”). For the purposes of this Agreement, the term “Project” shall mean the Cooperative Water Project, now known as the Clark, Lincoln, and White Pine Counties Groundwater Development Project, which includes a system or systems of wells, pumps, motors, water transmission lines, and power infrastructure necessary to divert and transmit groundwater from the Source Basins to Las Vegas Basin pursuant to the Applications (or change applications thereof), together with all associated appurtenances, permitting, licensing, approvals, or other necessary authorizations.

C. Litigation Proceedings and Settlement. On or about August 29, 2007, CVR filed with the State Engineer written protests of SNWA’s two Cave Valley applications (Applications 53987 and 53988). An entity known as Carter Griffin, Inc. (“CG”) also protested the granting of SNWA applications by the State Engineer. The protests and subsequent requests by CVR to be treated as an “interested person” during hearings set by the State Engineer, together with the State Engineer’s ultimate decision in the matter of SNWA’s Cave Valley (and adjacent valley) applications in Ruling 5875, and the various lawsuits related to that Ruling and to the Project generally, resulted in discussions that led to that certain “Agreement Between the Southern Nevada Water Authority and Cave Valley Ranch, LLC, Regarding Settlement of Lawsuits and Forbearance of Future Challenges to Southern Nevada Water Authority’s Pipeline Project” (“Agreement”).

D. Memorialization and Creation of Rights. This Instrument is intended to memorialize certain of the Parties’ respective rights as set forth in the Agreement; to create a restrictive covenant and equitable servitude running with the Water Rights and the Ranch Property; and to grant SNWA a right of first offer on the Water Rights.

NOW, THEREFORE, in consideration of the mutual covenants, representations, disclosures, and agreements by and among the Parties, including, without limitation, those of the Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

AGREEMENT

1. Restrictive Covenant and Equitable Servitude Running With the Water Rights and the Ranch Property. This Instrument creates a restrictive covenant and equitable servitude running with the Water Rights and the Ranch Property, and any interest therein or portion thereof, the burdens of which shall run with the Water Rights and the Ranch Property, and any interest therein or portion thereof, and be enforceable by the successors of SNWA, and



enforceable against the successors of CVR, in law and in equity, in perpetuity. This restrictive covenant and equitable servitude is specifically intended by the Parties to be a running obligation, burdening and benefitting the Parties' respective successors and assigns. The value of the "**SNWA Ranches**", which are more particularly described on **Exhibit "3"** attached hereto and incorporated herein by this reference, derive a continuing benefit and increase in value from this restrictive covenant and equitable servitude because the SNWA Ranches were specifically purchased for use with the Project; the non-protest covenants and servitudes created herein increase the likelihood of the Project's completion and operation, thereby increasing the value of the SNWA Ranches to SNWA and any successor-in-interest to SNWA, which increased value is derived from the non-protest restrictions and servitudes burdening the Ranch Property and the Water Rights. The Parties further intend that, to the extent Nevada law requires privity of estate to allow the burden of a restrictive covenant to run with the land, that such requirement is met by SNWA's continuing right of first offer on the Water Rights. The following restrictive covenants and equitable servitudes (the "**Restrictions**") are hereby imposed upon the Water Rights and the Ranch Property:

(i) that CVR shall not protest or otherwise oppose any water rights change applications filed by SNWA with the Nevada State Engineer seeking to change the point of diversion, place of use, or manner of use of any portion of Permits 53987 and 53988, any permit or certificate for which Permits 53987 and 53988 are the base rights, or any other permit or certificate associated with the Project; provided, however, that this specific Restriction shall be deemed waived by SNWA or its successors or assigns if SNWA or its successor or assigns files an application with the Nevada State Engineer to change the point of diversion or otherwise locate a point of diversion of any Portion of Permits 53987 and 53988, or of any other Permit associated with the Project, to a location within five (5) miles of the Ranch Property and within Cave Valley Basin. The Ranch Property and the area within the Cave Valley Basin within which SNWA shall not file any application to change the point of diversion is depicted upon the map attached hereto as **Exhibit "4"** and incorporated herein by this reference. Notwithstanding anything to the contrary herein contained, in the event that SNWA files an application to change or otherwise locate a point of diversion within the area depicted on Exhibit "4", CVR or a successor owner of such land, as applicable, shall provide written notice to SNWA that such application is improper pursuant to this Agreement and SNWA shall have thirty (30) days from the receipt of written notice to cure the alleged violation by withdrawing the improper application;

(ii) that CVR shall not protest or otherwise oppose any environmental review related to the Project, including, without limitation, any record of decision issued pursuant to the National Environmental Protection Act and any environmental impact statement, environmental assessment, biological assessment, or biological opinion related to the National Environmental Protection Act, or any other environmental review related to the Project such as, without limitation, those based on the Endangered Species Act, National Historic Preservation Act, Clean Water Act, Clean Air Act, National Environmental Protection Act, or any other federal, state, county, or municipal permitting or review

processes relating to the design, construction, operation, and maintenance of the Project; provided, however, that this specific Restriction shall be deemed waived by SNWA or its successors or assigns if SNWA or its successors or assigns files an application with the Nevada State Engineer to change the point of diversion or otherwise locate a point of diversion of any portion of Permits 53987 and 53988, or of any other Permit associated with the Project, to a location within five (5) miles of the Ranch Property and within Cave Valley Basin. The Ranch Property and the area within the Cave Valley Basin within which SNWA shall not file any application to change the point of diversion is depicted upon the map attached hereto as Exhibit "4". Notwithstanding anything to the contrary herein contained, in the event that SNWA files an application to change or otherwise locate a point of diversion within the area depicted on Exhibit "4", CVR or a successor owner of such land, as applicable, shall provide written notice to SNWA that such application is improper pursuant to this Agreement and SNWA shall have thirty (30) days from the receipt of written notice to cure the alleged violation by withdrawing the improper application;

(iii) that CVR, or any individual or business entity related to CVR, including, without limitation, the CVR Related Entities, shall not form, be a member or partner of, or be a major shareholder in, any formal or informal organization that challenges the Project through the methods prohibited in Restrictions (i) or (ii). For the purposes of this Restriction (iii), an individual or business entity shall be deemed related to CVR if such person or entity either owns an interest in CVR, or if CVR owns an interest in it; and an individual or business entity shall be deemed to be a "major shareholder" if it owns at least ten (10%) percent of a corporation's preferred or common stock.

In the event that any of the Restrictions are breached, or threatened to be breached, by CVR or the CVR Related Entities, SNWA shall have the right to obtain preliminary and permanent injunctions against such breaching party to ensure that the Water Rights and the Ranch Property are used in compliance with the Restrictions. CVR and the CVR Related Entities acknowledge that damages would not be a sufficient remedy to SNWA in the event of a breach and that injunctive relief is appropriate to ensure compliance with the Restrictions. CVR and the CVR Related Entities acknowledge that SNWA would not have executed either this Instrument or the Agreement if SNWA could not enforce the Restrictions through injunctive relief, and CVR and the CVR Related Entities hereby waive any challenge to SNWA's request for injunctive relief if any of the Restrictions are breached.

2. Continuing Right of First Offer. CVR hereby grants to SNWA a continuing right of first offer on the Water Rights, or any portion thereof or interest therein. Within five (5) days of marketing the Water Rights, or receiving an unsolicited offer from a third party to purchase the Water Rights, CVR, or CVR's successor-in-title or assign, as applicable, shall provide written notice to SNWA granting SNWA the right, but not the obligation, to make an offer to purchase the same quantity of Water Rights subject to sale. Should SNWA choose not to make an offer to purchase the Water Rights in any particular future sale (or should SNWA's offer be rejected), the new buyer from CVR (or from a subsequent new buyer, as applicable)

of the Water Rights shall affirm in writing to SNWA that each of the terms of this Instrument, including, without limitation, this continuing right of first offer, shall be enforceable against such new buyer and its successors-in-title. Such affirmation shall be in a form substantially similar to that attached to this Instrument as **Exhibit "5"**, and such affirmation must be recorded in the official records of White Pine County and Lincoln County, as well as filed with the Nevada State Engineer, for such sale or conveyance to have any force or effect. This right of first offer shall apply to all future conveyances of the Water Rights, or any portion thereof or interest therein. No future conveyance of the Water Rights shall have any force or effect unless SNWA was first given the opportunity to make an offer to purchase the Water Rights, and any purported conveyance not fully in compliance with the procedures and requirements of this paragraph shall be null and void. Pursuant to NRS 111.1031(1)(b), SNWA's right of first offer shall terminate three hundred and sixty four (364) years from the date of this Instrument.

3. Memorandum of Matters From the Agreement Running With the Ranch Property and the Water Rights and Binding Successor Owners. The Parties intend that the following terms of the Agreement shall be binding upon and run with the Ranch Property and the Water Rights and be binding upon all legal or beneficial owners of the Ranch Property and the Water Rights or any portion thereof or interest therein, and shall be binding upon SNWA, SNWA's successors, and any persons to whom SNWA assigns any water rights with a point of diversion in Cave Valley.

a. Geographic Limitation Affecting SNWA Change Applications. The Parties recognize that SNWA may file applications to change the points of diversion for many of the water rights that are part of the Project, including Applications/Permits 53987 and 53988 in Cave Valley Basin (assigned Hydrographic Basin No. 180 by the Nevada State Engineer). SNWA agrees, for the benefit of CVR and successor owners of any of the land currently owned by CVR within Cave Valley Basin (previously defined herein as the "Ranch Property"), that SNWA shall not file any application to change the point of diversion to or otherwise locate a point of diversion within the Cave Valley Basin and within five (5) miles of the Ranch Property. The Ranch Property and the area within the Cave Valley Basin within which SNWA shall not file any application to change the point of diversion is depicted upon the map attached hereto as Exhibit "4". Notwithstanding anything to the contrary herein contained, in the event that SNWA files an application to change or otherwise locate a point of diversion within the area depicted on Exhibit "4", CVR or a successor owner of such land, as applicable, shall provide written notice to SNWA that such application is improper pursuant to this Agreement and SNWA shall have thirty (30) days from the receipt of written notice to cure the alleged violation by withdrawing the improper application. Neither CVR nor any CVR Related Entities shall file a protest against any SNWA change application that is filed in compliance with this Section 3.a.



b. Monitoring and Mitigation. SNWA shall do and perform, at SNWA's sole cost and expense, all monitoring and mitigation required under Permits 53987 and 53988 or change applications thereto if and to the extent such monitoring or mitigation would have been required in the absence of any Change Application filed by CVR. This would include all "macro" level type work (e.g., species monitoring, groundwater modeling efforts, water quality and groundwater level monitoring, report preparation, and analysis caused by the use of 5000 afa in the basin, etc.) or the imposition of extraordinary requirements that the State Engineer would not normally impose on users under similar circumstances. If, on the other hand, there is a requirement of the State Engineer that specifically results from any Change Application that SNWA would not have had to perform in the absence of transferring the water to the Ranch (e.g., collecting and reporting water level measurements within a CVR well), such requirement would be complied with by CVR at CVR's cost.

c. Priority. The Parties agree that in the event of any underground water shortage or curtailment of Cave Valley pumping by the State Engineer, they will share in such shortage in proportion to their ownership of underground water rights in Cave Valley.

d. Covenant not to Protest Project Matters. CVR and CVR Related Entities will forbear from challenging in any way, by legal challenge or otherwise, all present and future actions related to the Project including any and all state and federal permitting activities and the design, construction, operation and maintenance of the Project throughout the operational lifetime of the Project. CVR and CVR Related Entities shall also refrain from assisting any other party, including CG, in any way, in any attempt to challenge or protest the Project. Project components covered by CVR's agreement to forbear from any challenge include, without limitation, the following:

i. Subject to CVR's right to enforce Section 3.a. above, CVR shall not protest or otherwise oppose any change applications filed by SNWA with the State Engineer seeking to change the point of diversion, place of use or manner of use of any portion of Permits 53987 and 53988 and any permit and/or certificate for which Permits 53987 and 53988 are the base rights;

ii. Subject to CVR's right to enforce Section 3.a. above, CVR shall not protest or otherwise oppose any change applications filed by SNWA with the State Engineer seeking to change the point of diversion, place of use or manner of use of any portion of any other permit or certificate associated with the Project.

iii. Any environmental review related to the Project including any claim based upon the National Environmental Policy Act, the Endangered Species Act, the National Historic Preservation Act, Clean Water Act, Clean



Air Act and any other federal, state or local permitting for the design, construction, operation and maintenance of the Project;

iv. Any Record of Decision issued pursuant to NEPA for the Project and any Environmental Impact Statement, Environmental Assessment, Biological Assessment or Biological Opinion related thereto;

v. The above restrictions will apply to any and all future heirs, executors, assigns, transferees and owners of the land and/or water rights currently owned by CVR, the water rights transferred to CVR by SNWA pursuant to this Agreement, or any water rights obtained by CVR as a New CVR Appropriation (as that term is defined in the Agreement). As such, all future owners, in perpetuity, of CVR's currently owned land and/or water rights, the water rights transferred to CVR by SNWA pursuant to the Agreement, or any water rights obtained by CVR as a New CVR Appropriation, may not, subject to Section 3.a above, challenge the Project in any way.

4. No Waiver of State Law Remedies for Pumping Impacts. Notwithstanding any contrary provision of Sections 1 and/or 2 above, CVR and its successors and assigns will have and retain all remedies available under State law if there are impacts to the Water Rights or any additional rights obtained pursuant to the Agreement caused by SNWA pumping of Project water.

5. Notice to Future Owners. CVR covenants and agrees to provide a copy of this Instrument to any new buyer of the Water Rights or the Ranch Property, as applicable, from CVR, and the new buyer from CVR (or from a subsequent new buyer, as applicable) of the Water Rights or the Ranch Property, as applicable, shall affirm in writing to SNWA that each of the terms of this Instrument shall be enforceable against such new buyer and its successors-in-title. Such affirmation shall be in a form substantially similar to that attached to this Instrument as **Exhibit "5"**, and such affirmation must be recorded in the official records of White Pine County and Lincoln County, as well as filed with the Nevada State Engineer for such sale, transfer, or conveyance to have any force or effect. SNWA covenants and agrees to provide a copy of this Instrument to any person to whom SNWA assigns any water right with a point of diversion in Cave Valley, and such assignee (or any subsequent assignee as the case may be) shall affirm in writing to CVR (and any person then owning any portion of the Ranch Property or the Water Rights) that each of the terms of this Instrument shall be enforceable against such assignee and its successors-in-title. Such affirmation shall be in a form substantially similar to that attached to this Instrument as **Exhibit "6"**, and such affirmation must be recorded in the official records of White Pine County and Lincoln County, as well as filed with the Nevada State Engineer for such sale, transfer, or conveyance to have any force or effect.



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6. Counterparts. This Instrument may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

7. Severability. The provisions of this Instrument are severable and the invalidity or unenforceability of any provision of this Instrument, as determined by a non-appealable judicial determination, shall not affect the validity or enforceability of the remaining provisions.

[signature page follows]





IN WITNESS WHEREOF, the Parties execute this Instrument as of the day and year first written above.

SOUTHERN NEVADA WATER AUTHORITY, a governmental agency formed under the laws of the State of Nevada

By: *Patricia Mulroy*
Name: Patricia Mulroy
Its: General Manager

By: *Charles K. Hauser*
Name: Charles K. Hauser
Its: General Counsel
Charles K. Hauser

CAVE VALLEY RANCH, LLC, a Nevada limited liability company,

By: *Signed in Counterpart*
Michael K. McBeath
Its: Manager

CAVE VALLEY HORSE AND CATTLE, LLC, a Nevada limited liability company

By: *Signed in Counterpart*
Michael K. McBeath
Its: Manager

Signed in Counterpart
Michael K. McBeath (individually)

Signed in Counterpart
William McBeath (individually)

IN WITNESS WHEREOF, the Parties execute this Instrument as of the day and year first written above.

SOUTHERN NEVADA WATER
AUTHORITY, a governmental agency
formed under the laws of the State of Nevada

By: Signed in counterpart
Name: Patricia Mulroy
Its: General Manager

CAVE VALLEY RANCH, LLC, a Nevada
limited liability company,

By: Michael K. McBeath
Michael K. McBeath
Its: Manager

By: Signed in counterpart
Name: Charles K. Hauser
Its: General Counsel

CAVE VALLEY HORSE AND CATTLE,
LLC, a Nevada limited liability company

By: Michael K. McBeath
Michael K. McBeath

Its: Manager

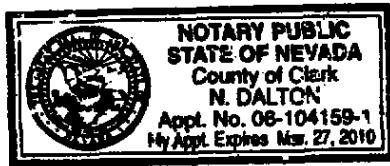
Michael K. McBeath
Michael K. McBeath (individually)

William McBeath
William McBeath (individually)



STATE OF NEVADA)
)
) ss.
COUNTY OF CLARK)

On this 14th ^{December} day of ~~November~~, 2009, personally appeared before me, a notary public, Michael K. McBeath, as Manager of CAVE VALLEY RANCH, LLC, a Nevada limited liability company, as Manager of CAVE VALLEY HORSE AND CATTLE, LLC, a Nevada limited liability company, and as an individual, personally known (or proved) to me to be the person whose name is subscribed to the foregoing instrument and who acknowledged that he executed the instrument.

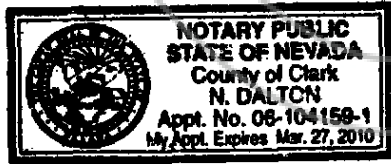


N. Dalton
NOTARY PUBLIC

N. Dalton
No. 06-104159-1
Expires March 27, 2010

STATE OF NEVADA)
)
) ss.
COUNTY OF CLARK)

On this 14th ^{December} day of ~~November~~, 2009, personally appeared before me, a notary public, William McBeath, in his capacity as an individual, personally known (or proved) to me to be the person whose name is subscribed to the foregoing instrument and who acknowledged that he executed the instrument.

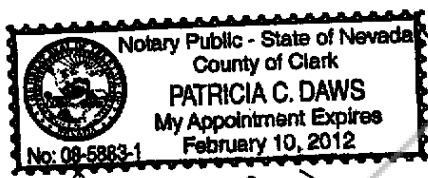


N. Dalton
NOTARY PUBLIC

N. Dalton
No 06-104159-1
Expires March 27, 2010

STATE OF NEVADA)
)
) ss.
COUNTY OF CLARK)

On this 7th day of ~~November~~ ^{December}, 2009, personally appeared before me, a notary public, Patricia Mulroy, in her capacity as General Manager of the Southern Nevada Water Authority, personally known (or proved) to me to be the person whose name is subscribed to the foregoing instrument and who acknowledged that she executed the instrument.



Patricia C. Daws
NOTARY PUBLIC

*Patricia C. Daws
No. 08-5883-1
Expires February 10, 2010*

STATE OF NEVADA)
)
) ss.
COUNTY OF CLARK)

On this 7th day of ~~November~~ ^{December}, 2009, personally appeared before me, a notary public, Charles Hauser, in his capacity as General Counsel of the Southern Nevada Water Authority, personally known (or proved) to me to be the person whose name is subscribed to the foregoing instrument and who acknowledged that she executed the instrument.



Patricia C. Daws
NOTARY PUBLIC

*Patricia C. Daws
No. 08-5883-1
Expires February 10, 2012*



Exhibit "1"
**(to Memorandum of Rights, Restrictive Covenant and
Equitable Servitude Running with the Land, and Right of First Offer)**

COPY



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DESCRIPTION OF EXISTING CAVE VALLEY RANCH LANDS

White Pine County:

Township	Range	Section	¼ Section	Lots
10N	63E	25	E ½ NE ¼	
10N	64E	19		2,3, & 4
10N	64E	22	SE ¼ SE ¼	
10N	64E	26		
10N	64E	27	SE ¼ SW ¼	
10N	64E	27	S ½ NW ¼	
10N	64E	27	NW ¼ NE ¼	
10N	64E	27	S ½ NE ¼	
10N	64E	28	S ½ NE ¼	
10N	64E	30		1,2, & 3
10N	64E	31	W ½ NW ¼	
10N	64E	31	SW ¼ SW ¼	
10N	64E	31	S ½ SW ¼	
10N	64E	31	N ½ SW ¼	
10N	64E	34	E ½ SE ¼	



Lincoln County:

Township	Range	Section	¼ Section	Lot
9N	63E	12	S ½ SW ¼	
9N	64E	4	NW ¼ NE ¼	
9N	64E	4	NE ¼ NE ¼	
9N	64E	4	SW ¼ SW ¼	
9N	64E	5	SW ¼ SE ¼	
9N	64E	5	SE ¼ SW ¼	
9N	64E	5	SW ¼ NE ¼	
9N	64E	6	N ½ NW ¼	
9N	64E	6	SE ¼ NW ¼	
9N	64E	6	W ½ NE ¼	
9N	64E	6	SW ¼ SE ¼	
9N	64E	6	NE ¼ SW ¼	
9N	64E	6	SW ¼ NW ¼	
9N	64E	6	NW ¼ SE ¼	
9N	64E	8	SW ¼ SE ¼	
9N	64E	8	NE ¼ NW ¼	
9N	64E	8	NW ¼ NE ¼	
9N	64E	8	E ½ NE ¼	
9N	64E	8	E ½ SW ¼	
9N	64E	8	NW ¼ SE ¼	
9N	64E	8	SW ¼ NW ¼	
9N	64E	8	NW ¼ SW ¼	
9N	64E	8	SE ¼ NW ¼	
9N	64E	8	SW ¼ NE ¼	
9N	64E	8	NE ¼ SE ¼	
9N	64E	9	W ½ NW ¼	
9N	64E	9	NW ¼ SW ¼	
9N	64E	15	SW ¼ NW ¼	
9N	64E	15	NW ¼ SW ¼	
9N	64E	16	SE ¼ NW ¼	
9N	64E	16	NE ¼ SW ¼	
9N	64E	16	S ½ NE ¼	
9N	64E	16	SE ¼	
9N	64E	16	W ½ NW ¼	
9N	64E	16	NE ¼ NW ¼	
9N	64E	16	W ½ SW ¼	
9N	64E	16	SE ¼ SW ¼	
9N	64E	17	W ½ NE ¼	
9N	64E	17	N ½ SE ¼	
9N	64E	17	SE ¼ SE ¼	
9N	64E	20	NE ¼ NE ¼	
9N	64E	21	NW ¼ NW ¼	



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Exhibit "2"
(to Memorandum of Rights, Restrictive Covenant and
Equitable Servitude Running with the Land, and Right of First Offer)

COPY

Water Rights:

Name of Source	Application/ Proof No.	Status	Certificate/Permit No.	Use
Cave Spring	4881	Certificate	1060	Irrigation
Antelope Spring	5071	Certificate	540	Stockwater
Rosebud Spring	5073	Certificate	542	Stockwater
Cave Valley Well No. 2	73168	Permit		Stockwater
Harris Well	73169	Permit		Stockwater
Urrutia Well	73170	Permit		Stockwater
Quartzite Spring No. 1	V01659	Vested		Stockwater
Brush Spring	V1675	Vested		Stockwater
North Branch Sheep Creek	V1678	Vested		Stockwater
Sheep Creek	V1680	Vested		Stockwater
North Creek	V1681	Vested		Stockwater
Mohogany Spring	V1697	Vested		Stockwater
Cave Valley or Sheep Creek	V1807	Vested		Irrigation
Wall Spring	V9522	Vested		Stockwater
South Branch Sheep Creek	V9523	Vested		Stockwater
Sage Hen Spring	V9524	Vested		Stockwater
Quartzite Spring No. 2	V9525	Vested		Stockwater
Cabin Spring	V9526	Vested		Stockwater
Canyon Spring	V9527	Vested		Stockwater

Water Right Applications:

Name of Source	Application No.	Source	Use
Homestead Well	75779	Underground	Quasi Municipal
Sheep Creek and its tributaries	76124	Stream	Fire Protection
Sheep Creek and its tributaries	76125	Stream	Recreation
Homestead Well	76126	Underground	Stockwater
Homestead Well	76127	Underground	Recreation
Homestead Well	76128	Underground	Fire Protection
Parker Station Well No. 1	76248	Underground	Irrigation
Cave Valley Wash Well No. 2	76249	Underground	Irrigation
Parker Station Well No. 2	76250	Underground	Irrigation
Cave Valley Wash Well No. 1	76251	Underground	Irrigation
Homestead Well No. 2	76252	Underground	Irrigation
Mike Urrutia Well No. 2	76257	Underground	Irrigation
Cave Spring Well	76258	Underground	Irrigation
Sheep Creek and its tributaries	76281	Stream	Stockwater



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Exhibit "3"
**(to Memorandum of Rights, Restrictive Covenant and
Equitable Servitude Running with the Land, and Right of First Offer)**

COPY

WAHOO RANCH

THE EAST HALF (E ½) OF THE SOUTHEAST QUARTER (SE ¼) OF SECTION 27, TOWNSHIP 13 NORTH, RANGE 67 EAST, M.D.B.&M.

THE SOUTHEAST QUARTER (SE ¼) OF THE NORTHEAST QUARTER (NE ¼) OF SECTION 27, TOWNSHIP 13 NORTH, RANGE 67 EAST, M.D.B.&M.

THE WEST HALF (W ½) OF THE NORTHEAST QUARTER (NE ¼) OF THE NORTHWEST QUARTER (NW ¼) OF SECTION 26, TOWNSHIP 13 NORTH, RANGE 67 EAST, M.D.B.&M., EXCEPTING THEREFROM ALL THAT REAL PROPERTY DESCRIBED AS FOLLOWS:

THAT PORTION OF THE NORTHWEST QUARTER (NW ¼) OF THE NORTHWEST QUARTER (NW ¼) SECTION 26, TOWNSHIP 13 NORTH, RANGE 67 EAST, M.D.B.&M., BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE NORTH LINE OF SECTION 26, TOWNSHIP 13 NORTH, RANGE 67 EAST, M.D.B.&M., WHENCE THE NORTHWEST CORNER OF SAID SECTION 26, BEARS NORTH 89°31'W. 991.35 FEET DISTANT, THENCE SOUTH 89°31' EAST, ALONG THE NORTH BOUNDARY OF SAID SECTION 26, A DISTANCE OF 215.71 FEET; THENCE SOUTH 32°31' EAST, ALONG THE WESTERLY RIGHT OF WAY LINE OF STATE ROUTE 23, A DISTANCE OF 400.00 FEET; THENCE NORTH 89°31' WEST, 453.57 FEET, THENCE NORTH 0°29' EAST, 335.47 FEET TO THE POINT OF BEGINNING.

TOWNSHIP 13 NORTH, RANGE 67 EAST, M.D.B.&M.

SECTION 26: SE ¼ NW ¼; W ½, NW ¼

EXCEPTING THEREFROM THE FOLLOWING DESCRIBED PARCEL OF LAND:

BEGINNING AT A POINT ON THE NORTH LINE OF SECTION 26, T.13 N., R.67 E., M.D.B.&M., THENCE THE NORTHWEST CORNER OF SAID SECTION 26, BEARS N. 89°31' W., 991.35 FEET DISTANT, THENCE S. 89°31' E., ALONG THE NORTH BOUNDARY OF SAID SECTION 26, A DISTANCE OF 215.71 FEET; THENCE S. 32°31' E., ALONG THE WESTERLY RIGHT OF WAY LINE OF STATE ROUTE 23 A DISTANCE OF 400.00 FEET; THENCE N. 89°31' W., 453.57 FEET; THENCE N. 0°29' E., 335.47 FEET TO THE POINT OF BEGINNING, BEING A PORTION OF THE NW ¼ NW ¼ OF SAID SECTION 26.

SECTION 27: W ½, NE ¼; NE ¼, NE ¼

SECTION 34; NE ¼

EXCEPTING THEREFROM THE FOLLOWING DESCRIBED PARCEL OF LAND:

BEGINNING AT THE NORTHEAST CORNER OF SECTION 34, T.13 N., R. 67 E., M.D.B.&M., AND RUNNING THENCE WESTERLY 150 FEET; THENCE SOUTHERLY 200 FEET; THENCE EASTERLY 150 FEET; THENCE NORTH 200 FEET TO THE POINT OF BEGINNING.

TOGETHER WITH A 33 FOOT RIGHT OF WAY ALONG THE EAST SIDE OF SAID EXCEPTED PARCEL.

BEGINNING AT A POINT ON THE NORTH LINE OF SECTION 26, T. 13 N., R. 67 E., M.D.B.&M., WHENCE THE NORTHWEST CORNER OF SAID SECTION 26, BEARS N. 89°31' W., 991.35 FEET DISTANT, THENCE S. 89°31' E., ALONG THE NORTH BOUNDARY OF SAID SECTION 26, A DISTANCE OF 215.71 FEET; THENCE S. 32°31' E., ALONG THE WESTERLY RIGHT OF WAY LINE OF STATE ROUTE 23 A DISTANCE OF 400.00 FEET; THENCE N. 89°31' W., 453.57



FEET; THENCE N. 0°29' E., 335.47 FEET TO THE POINT OF BEGINNING, BEING A PORTION OF THE NW ¼ NW ¼ OF SAID SECTION 26.

BEGINNING AT THE NORTHEAST CORNER OF SECTION 34, T. 13 N., R. 67 E., M.D.B.&M., AND RUNNING THENCE WESTERLY 150 FEET; THENCE SOUTHERLY 200 FEET; THENCE EASTERLY 150 FEET; THENCE NORTH 200 FEET TO THE POINT OF BEGINNING.

THE SOUTHEAST QUARTER (SE ¼) OF THE SOUTHEAST QUARTER (SE ¼) OF SECTION 31; AND THE WEST HALF (W ½) OF THE SOUTHWEST QUARTER (SW ¼) THE SOUTHEAST QUARTER (SE ¼) OF THE SOUTHWEST QUARTER (SW ¼), AND THE SOUTH HALF (S ½) OF THE NORTHEAST QUARTER (NE ¼) OF THE SOUTHWEST QUARTER (SW ¼) OF SECTION 32, ALL IN TOWNSHIP 13 NORTH, RANGE 67 EAST, M.D.B.&M.

NOTE: THE ABOVE LEGAL DESCRIPTION APPEARED IN DEED RECORDED FEBRUARY 17, 2004 IN BOOK 378, PAGE 268 AS INSTRUMENT NO. 319700.

TOWNSHIP 13 NORTH, RANGE 67 EAST, M.D.B.&M. SECTION 27: THE EAST HALF (E ½) OF THE NORTHWEST QUARTER (NW ¼) AND THE WEST HALF (W ½) OF THE SOUTHEAST QUARTER (SE ¼)

NOTE: THE ABOVE DESCRIPTION APPEARED IN DEED RECORDED JANUARY 22, 2003 IN BOOK 353, PAGE 330 AS INSTRUMENT NO. 315969.

HARBECKE RANCH

THE NORTHWEST QUARTER (NW ¼) OF THE SOUTHWEST QUARTER (SW ¼) AND THE SOUTH HALF (S ½) OF THE SOUTHWEST QUARTER (SW ¼) OF SECTION 15;

LOTS 1, 2, 3 AND THE EAST HALF (E ½) OF THE SOUTHWEST QUARTER (SW ¼) OF SECTION 16;

THE EAST HALF (E ½) OF THE NORTHWEST QUARTER (NW ¼) OF SECTION 21;

THE NORTH HALF (N ½) OF THE NORTHEAST QUARTER (NE ¼); THE SOUTHEAST QUARTER (SE ¼) OF THE NORTHEAST QUARTER (NE ¼) AND THE NORTHEAST QUARTER (NE ¼) OF THE SOUTHEAST QUARTER (SE ¼) OF SECTION 21;

THE SOUTHWEST QUARTER (SW ¼) OF THE NORTHEAST QUARTER (NE ¼) OF SECTION 21;

THE NORTHWEST QUARTER (NW ¼) AND THE SOUTH HALF (S ½) OF SECTION 22;

THAT PORTION OF SECTIONS 21 AND 23, DESCRIBED AS FOLLOWS:

PARCELS 1 AND 2 AS SHOWN UPON PARCEL MAP NO. 181 FOR JAMES B. RASMUSSEN RECORDED JUNE 28, 2001 AS FILE 311828;

THAT PORTION OF THE WEST HALF (W ½) OF THE NORTHEAST QUARTER (NE ¼) OF SECTION 22 DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTH ¼ CORNER OF SAID SECTION 22; THENCE SOUTH 00°18'57" EAST 2,729.78 FEET, THENCE SOUTH 89°49'40" WEST 84.29 FEET TO THE CENTER OF SAID SECTION 22, THENCE NORTH 01°27'10" EAST 2,731.00 FEET ALONG THE CENTERLINE OF SAID SECTION 22 TO THE POINT OF BEGINNING.

NOTE: METES AND BOUNDS DESCRIPTION APPEARED IN DOCUMENT RECORDED JANUARY 25, 2005 IN BOOK 407, PAGE 3 AS FILE 324695.

ALL OF THE ABOVE IN TOWNSHIP 13 NORTH, RANGE 67 EAST, M.D.B.&M, WHITE PINE COUNTY, NEVADA.

EL TEJON RANCH

TOWNSHIP 11 NORTH, RANGE 67 EAST, M.D.B. &M.

SECTION 1 : ALL THEREOF

SECTION 2: ALL THEREOF EXCEPT THE NW 1/4 OF NW 1/4

SECTION 3: SE 1/4 OF SE 1/4

SECTION 10: E 1/2 OF NE 1/4

SECTION 11: ALL THEREOF EXCEPT THE S 1/2 OF SW 1/4

SECTION 12: ALL THEREOF EXCEPT THE E 1/2 OF NE 1/4 OF SE 1/4

SECTION 13: NE 1/4, SE 1/4, NW 1/4, N 1/2 OF SW 1/4,

SECTION 14: NE 1/4

SECTION 24: E 1/2

TOWNSHIP 11 NORTH, RANGE 68 EAST, M.D.B. &M.

SECTION 5: S 1/2 OF NW 1/4, NE 1/4 OF SW 1/4

SECTION 6: S 1/2 OF N 1/2

SECTION 18: LOTS 2, 3 AND 4, ALSO DESIGNATED AS SW 1/4 OF NW 1/4, NW 1/4 OF SW 1/4, SW 1/4 OF SW 1/4, LOT 1, ALSO DESIGNATED AS NW 1/4 OF NW 1/4

SECTION 7: S 1/2 OF S 1/2 OF S 1/2 OF LOT 4, (LOT 4 ALSO DESIGNATED AS SW 1/4 OF SW 1/4)

TOWNSHIP 12 NORTH, RANGE 67, M.D.B. &M.

SECTION 7: SE 1/4 OF SE 1/4

SECTION 17: NW 1/4 OF NW 1/4

SECTION 35: SW 1/4 OF NE 1/4, SE 1/4 OF NW 1/4, SE 1/4, E 1/2 OF SW 1/4

SECTION 36: W 1/2

TOWNSHIP 13 NORTH, RANGE 65 EAST, M.D.B. &M.

SECTION 3: SE 1/4 OF SW 1/4

SECTION 4: SE 1/4 OF NE 1/4

SECTION 10: W 1/2 OF NE 1/4, E 1/2 OF NW 1/4

SECTION 14: NE 1/4 OF SW 1/4

SECTION 21: SW 1/4 OF SW 1/4

SECTION 34: E 1/2 OF SW 1/4

TOWNSHIP 13 NORTH, RANGE 67 EAST, M.D.B. &M.



SECTION 35: N 1/2 OF N 1/2, S 1/2 OF NW 1/4

TOWNSHIP 14 NORTH, RANGE 65 EAST, M.D.B. &M.

SECTION 1: LOT 3 (ALSO DESIGNATED AS NE 1/4 OF NW 1/4), SW 1/4 OF SW 1/4

SECTION 2: SE 1/4 OF NE 1/4, SE 1/4 OF SE 1/4

SECTION 11: N 1/2 OF NE 1/4

TOWNSHIP 15 NORTH, RANGE 65 EAST, M.D.B. &M.

SECTION 9: W 1/2 OF NE 1/4, SE 1/4 OF NE 1/4, NE 1/4 OF SE 1/4

SECTION 10: S 1/2 OF SE 1/4, SE 1/4 OF SW 1/4, NW 1/4 OF SW 1/4

SECTION 16: NE 1/4 OF NE 1/4

SECTION 20: NE 1/4 OF SE 1/4

SECTION 21: NW 1/4 OF SW 1/4

SECTION 22: SW 1/4 OF NW 1/4, NW 1/4 OF SW 1/4, SE 1/4 OF SE 1/4

SECTION 23: SW 1/4 OF SW 1/4, E 1/2 OF SW 1/4

SECTION 24: SW 1/4 OF NW 1/4, NW 1/4 OF SW 1/4, SE 1/4 OF SW 1/4

SECTION 26: NW 1/4 OF NW 1/4, NW 1/4 OF NE 1/4

SECTION 27: NE 1/4 OF NE 1/4, SW 1/4 OF NE 1/4, NW 1/4 OF SE 1/4, SE 1/4 OF NW 1/4, NE 1/4 OF SW 1/4

SECTION 34: E 1/2 OF NW 1/4, W 1/2 OF NE 1/4, NE 1/4 OF NE 1/4, SW 1/4 OF SE 1/4

SECTION 35: SW 1/4

TOWNSHIP 14 NORTH, RANGE 67 EAST, M.D.B. &M.

SECTION 3: W 1/2 OF W 1/2

SECTION 4: E 1/2 OF NE 1/4, SE 1/4 OF SE 1/4

SECTION 20: SE 1/4 OF SE 1/4

SECTION 21: SW 1/4 OF SW 1/4

SECTION 28: W 1/2 OF NW 1/4

SECTION 29: NE 1/4 OF SE 1/4, NE 1/4

SECTION 32: N 1/2 OF NE 1/4, SW 1/4 OF NE 1/4

TOWNSHIP 15 NORTH, RANGE 67 EAST, M.D.B. &M.

SECTION 4: NE 1/4 OF NW 1/4 (LOT 3), SW 1/4 OF NW 1/4, W 1/2 OF SW 1/4

SECTION 9: N 1/2 OF NW 1/4

SECTION 17: SW 1/4, S 1/2 OF NW 1/4, S 1/2 OF NE 1/4, SW 1/4 OF SE 1/4, E 1/2 OF SE 1/4

SECTION 18: SE 1/4

SECTION 19: W 1/2 OF NE 1/4, NE 1/4 OF NE 1/4, W 1/2

SECTION 20: SE 1/4 OF NW 1/4, N 1/2 OF NW 1/4, NW 1/4 OF NE 1/4

SECTION 23: S 1/2 OF SW 1/4

SECTION 26: W 1/2, SUBJECT TO RIGHT OF WAY IN SE 1/4 OF SW 1/4 OF SAID SECTION TO STATE OF NEVADA FOR HIGHWAY PURPOSES BY DEED RECORDED IN BOOK 131 OF REAL ESTATE RECORDS, PAGE 328

SECTION 27: E 1/2 OF SE 1/4, SW 1/4 OF SE 1/4, SE 1/4 OF SW 1/4

SECTION 29: W 1/2 OF SE 1/4

SECTION 33: SE 1/4 OF NE 1/4, E 1/2 OF SE 1/4

SECTION 34: NE 1/4 OF NE 1/4, SW 1/4 OF SW 1/4, E 1/2 OF NW 1/4, N 1/2 OF SW 1/4, W 1/2 OF NE 1/4, SW 1/4 OF NW 1/4

TOWNSHIP 16 NORTH, RANGE 66 EAST, M.D.B. &M.

SECTION 24: NW 1/4 OF NE 1/4, SUBJECT TO RIGHT OF WAY TO STATE OF NEVADA FOR HIGHWAY PURPOSES BY DEED RECORDED IN BOOK 162 OF REAL ESTATE RECORDS, WHITE PINE COUNTY, PAGE 12.

E 1/2 OF NW 1/4, NE 1/4 OF SW 1/4, SW 1/4 OF SW 1/4

SECTION 26: NE 1/4 OF NE 1/4, SW 1/4 OF NE 1/4, N 1/2 OF SW 1/4

SECTION 27: N 1/2 OF SE 1/4, SW 1/4 OF NE 1/4

TOWNSHIP 15 NORTH, RANGE 66 EAST, M.D.B. &M.

SECTION 24: NE 1/4, NE 1/4 OF SW 1/4, N 1/2 OF SE 1/4, N 1/2 OF SE 1/4 OF SE 1/4

TOWNSHIP 16, NORTH, RANGE 67 EAST, M.D.B. &M.

SECTION 32: SW 1/4 OF NE 1/4, W 1/2 OF SE 1/4

(COUNTY OF LINCOLN)

TOWNSHIP 9 NORTH, RANGE 67 EAST, M.D.B. & M.

SECTION 10: SE 1/4 OF SW 1/4, S 1/2 OF SE 1/4

SECTION 15: NW 1/4 OF NE 1/4, NE 1/4 OF NW 1/4, W 1/2 OF NW 1/4, NW 1/4 OF SW 1/4

TOWNSHIP 2 NORTH, RANGE 63 EAST, M. D. B. & M.

SECTION 13: E 1/2 OF SW 1/4, SE 1/4 OF SE 1/4

TOWNSHIP 15 NORTH, RANGE 66 EAST, M.D.B. &M.

SECTION 24: NW 1/4 OF SE 1/4

HUNTSMAN RANCH

THE LAND REFERRED TO IS SITUATED IN THE COUNTY OF WHITE PINE, STATE OF NEVADA, AND IS DESCRIBED AS FOLLOWS:

THE NORTHWEST QUARTER (NW 1/4) OF THE SOUTHEAST QUARTER (SE 1/4) AND THE EAST HALF (E 1/2) OF THE SOUTHEAST QUARTER (SE 1/4) OF SECTION 11, THE SOUTH HALF (S 1/2) OF THE SOUTHEAST QUARTER (SE 1/4) AND THE WEST HALF (W 1/2) OF THE SOUTHWEST QUARTER (SW 1/4) AND THE SOUTHEAST QUARTER (SE 1/4) OF THE



SOUTHWEST QUARTER (SW ¼) OF SECTION 12, THE NORTH HALF (N ½) AND THE SOUTHWEST QUARTER (SW ¼) AND THE WEST HALF (W ½) OF THE SOUTHEAST QUARTER (SE ¼) AND NORTHEAST QUARTER (NE ¼) OF THE SOUTHEAST QUARTER (SE ¼) OF SECTION 13, THE EAST HALF (E ½) OF THE NORTHEAST QUARTER (NE ¼) AND THE NORTHEAST QUARTER (NE ¼) OF THE SOUTHEAST QUARTER (SE ¼) OF SECTION 14, THE SOUTH HALF (S ½) OF THE SOUTHWEST QUARTER (SW ¼) OF SECTION 22, THE NORTHWEST QUARTER (NW ¼) OF THE NORTHEAST QUARTER (NE ¼) AND THE NORTHWEST QUARTER (NW ¼) AND THE NORTH HALF (N ½) OF THE SOUTHWEST QUARTER (SW ¼) OF SECTION 24, THE NORTHWEST QUARTER (NW ¼) OF SECTION 27 ALL IN TOWNSHIP 12 NORTH, RANGE 67 EAST, M.D.B.&M.

PHILLIPS RANCH

TOWNSHIP 13 NORTH, RANGE 67 EAST. MDB&M:

SECTION 13: SE 1/4 of SE 1/4

SECTION 24: NE 1/4 of NE 1/4

SECTION 24: S 1/2 of NE 1/4

SECTION 24: N 1/2 of SE 1/4

SECTION 24: SW 1/4 of SE 1/4

SECTION 24: S 1/2 of SW 1/4

SECTION 25: NE 1/4 of NW 1/4

SECTION 26: NE 1/4 of NE 1/4

BRANSFORD RANCH

THE SOUTHWEST QUARTER (SW ¼) OF THE NORTHWEST QUARTER (NW ¼) AND THE NORTHEAST QUARTER (NE ¼) OF THE SOUTHWEST QUARTER (SW ¼) OF SECTION 12, TOWNSHIP 12 NORTH, RANGE 67 EAST, M.D.B.& M., WHITE PINE COUNTY, NEVADA

ROBISON RANCH

TOWNSHIP 11 NORTH, RANGE 66 EAST, M.D.B.&M.

SECTION 01: NE ¼ NE ¼

SECTION 35: NW ¼ SE ¼

TOWNSHIP 12 NORTH, RANGE 66 EAST. M.D.B.&M.

SECTION 36: E ½ SE ¼

TOWNSHIP 17 NORTH, RANGE 66 EAST, M.D.B.&M.

SECTION 12: E ½ E ½

TOWNSHIP 17 NORTH. RANGE 67 EAST, M.D.B.&M.

SECTION 05: LOT 3 (NE ¼ NW ¼), S ¼ NW ¼, N ½ SW ¼, NW ¼ NW ¼, S ½ S ½, SW ¼ NE ¼, NW ¼ SE ¼

SECTION 06: SE ¼ NE ¼, NE ¼ SE ¼, W ½, W ½ E ½, NE ¼ NE ¼, SE ¼ SE ¼

SECTION 07: W ½, W ½ E ½

TOWNSHIP 18 NORTH, RANGE 66 EAST, M.D.B.&M.

SECTION 01: SE $\frac{1}{4}$ SW $\frac{1}{4}$, SW $\frac{1}{4}$ SE $\frac{1}{4}$, LESS PORTION IN N $\frac{1}{2}$ SW $\frac{1}{4}$ SE $\frac{1}{4}$

SECTION 12: NE $\frac{1}{4}$ NW $\frac{1}{4}$, NW $\frac{1}{4}$ NW $\frac{1}{4}$, S $\frac{1}{2}$ NW $\frac{1}{4}$, W $\frac{1}{2}$ NE $\frac{1}{4}$, NW $\frac{1}{4}$ SE $\frac{1}{4}$, SE $\frac{1}{4}$ NE $\frac{1}{4}$, E $\frac{1}{2}$ SE $\frac{1}{4}$

SECTION 13: W $\frac{1}{2}$ NE $\frac{1}{4}$, NW $\frac{1}{4}$ SE $\frac{1}{4}$

SECTION 24: S $\frac{1}{2}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$ NW $\frac{1}{4}$, SW $\frac{1}{4}$ NW $\frac{1}{4}$, NW $\frac{1}{4}$ SE $\frac{1}{4}$, SW $\frac{1}{4}$ SE $\frac{1}{4}$, SW $\frac{1}{4}$

SECTION 25: N $\frac{1}{2}$ NW $\frac{1}{4}$

TOWNSHIP 18 NORTH, RANGE 67 EAST, M.D.B.&M.

SECTION 06: LOTS 3 AND 4 (N $\frac{1}{2}$ NW $\frac{1}{4}$)

SECTION 07: LOTS 2 AND 3 (SW $\frac{1}{4}$ NW $\frac{1}{4}$, NW $\frac{1}{4}$ SW $\frac{1}{4}$)

SECTION 30: W $\frac{1}{2}$ SE $\frac{1}{4}$, SE $\frac{1}{4}$ NW $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$, NW $\frac{1}{4}$ NE $\frac{1}{4}$

SECTION 31: S $\frac{1}{2}$, S $\frac{1}{2}$ N $\frac{1}{2}$

SECTION 32: S $\frac{1}{2}$ SW $\frac{1}{4}$

TOWNSHIP 19 NORTH, RANGE 66 EAST, M.D.B.&M.

SECTION 11: SE $\frac{1}{4}$ SW $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$, E $\frac{1}{2}$, E $\frac{1}{2}$ NW $\frac{1}{4}$, NW $\frac{1}{4}$ NW $\frac{1}{4}$

SECTION 12: W $\frac{1}{2}$ W $\frac{1}{2}$, W $\frac{1}{2}$ NE $\frac{1}{4}$, E $\frac{1}{2}$ NW $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$

SECTION 13: NW $\frac{1}{4}$ NW $\frac{1}{4}$

SECTION 14: N $\frac{1}{2}$ NE $\frac{1}{4}$, SW $\frac{1}{4}$ NE $\frac{1}{4}$, NE $\frac{1}{4}$ NW $\frac{1}{4}$

SECTION 24: NW $\frac{1}{4}$ NE $\frac{1}{4}$

SECTION 25: NW $\frac{1}{4}$, SE $\frac{1}{4}$

SECTION 26: E $\frac{1}{2}$ NE $\frac{1}{4}$

SECTION 36: NE $\frac{1}{4}$ SE $\frac{1}{4}$, NW $\frac{1}{4}$ SE $\frac{1}{4}$, SE $\frac{1}{4}$ SE $\frac{1}{4}$, E $\frac{1}{2}$ SW $\frac{1}{4}$, NE $\frac{1}{4}$, SW $\frac{1}{4}$ SE $\frac{1}{4}$

TOWNSHIP 19 NORTH, RANGE 67 EAST, M.D.B.&M.

SECTION 30: LOT 4 (SW $\frac{1}{4}$ SW $\frac{1}{4}$)

SECTION 31: W $\frac{1}{2}$ NW $\frac{1}{4}$, SE $\frac{1}{4}$ NW $\frac{1}{4}$, SW $\frac{1}{4}$, SW $\frac{1}{4}$ SE $\frac{1}{4}$

TOWNSHIP 21 NORTH, RANGE 66 EAST, M.D.B.&M.

SECTION 09: NW $\frac{1}{4}$

TOWNSHIP 22 NORTH, RANGE 66 EAST, M.D.B.&M.

SECTION 08: SW $\frac{1}{4}$ NW $\frac{1}{4}$, W $\frac{1}{2}$ SW $\frac{1}{4}$

SECTION 17: W $\frac{1}{2}$ NW $\frac{1}{4}$, SE $\frac{1}{4}$ NW $\frac{1}{4}$, NW $\frac{1}{4}$ SW $\frac{1}{4}$, E $\frac{1}{2}$ SW $\frac{1}{4}$, SW $\frac{1}{4}$ SE $\frac{1}{4}$

SECTION 20: W $\frac{1}{2}$ NE $\frac{1}{4}$

SECTION 29: W $\frac{1}{2}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$

SECTION 32: NW $\frac{1}{4}$ NE $\frac{1}{4}$, E $\frac{1}{2}$ NE $\frac{1}{4}$



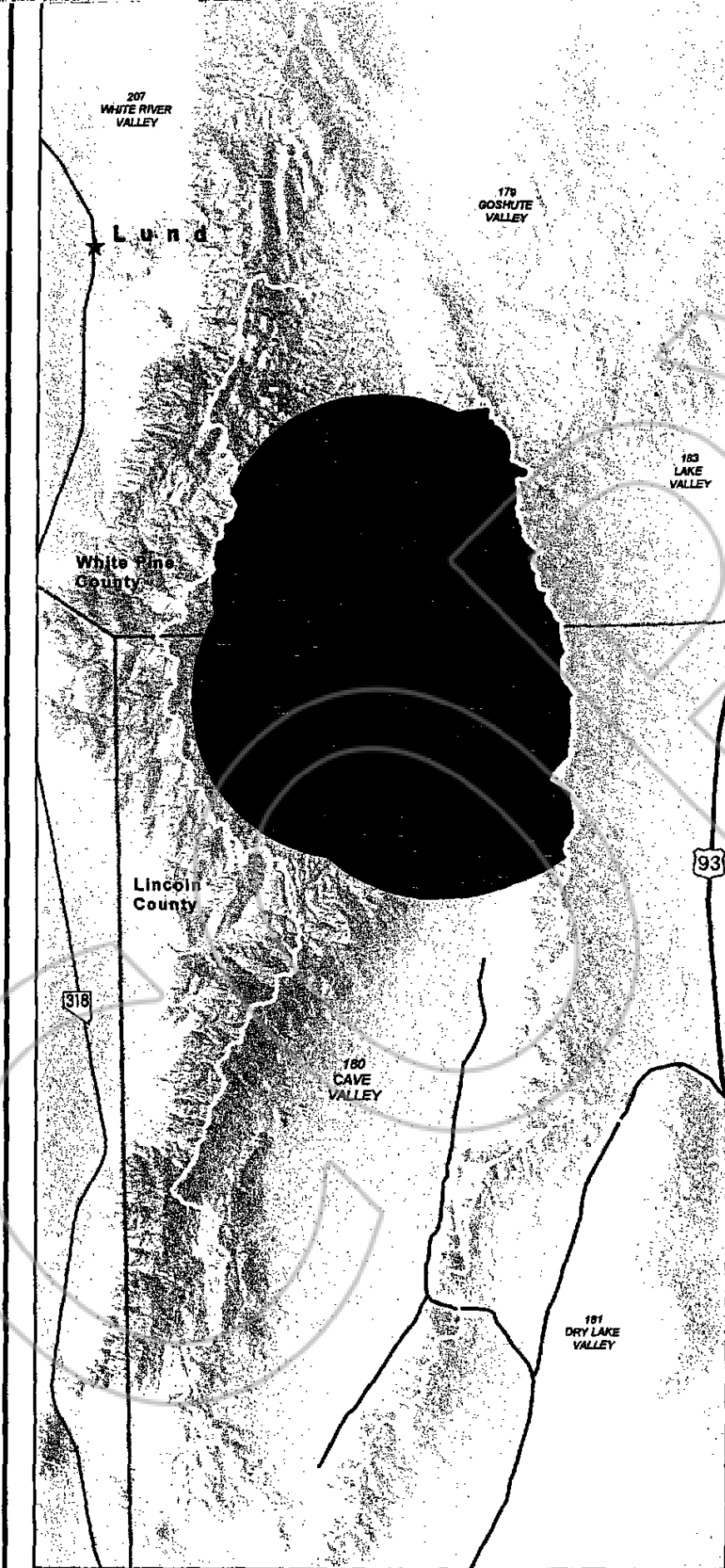
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







Exhibit "4"
**(to Memorandum of Rights, Restrictive Covenant and
Equitable Servitude Running with the Land, and Right of First Offer)**

COPY

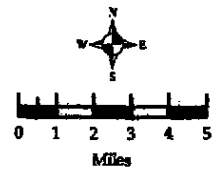
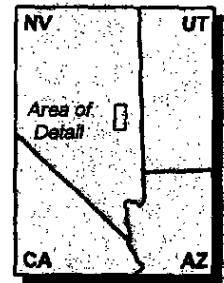


Cave Valley Ranch LLC Parcels in Lincoln & White Pine Counties

Groundwater Development Project

-  Cave Valley Ranch LLC Parcel
-  Cave Valley Ranch LLC Parcel:
5 Mile Buffer within Cave Valley
-  Town
-  Proposed Pipeline Alignment
-  County Boundary
-  Hydrographic Basin
- Roads**
-  U.S. Highway
-  State Route

Pipeline Iteration 258 - Last Updated 10/17/2008



1983 NORTH AMERICAN DATUM
 UTM ZONE 11 NORTH





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Exhibit "5"
**(to Memorandum of Rights, Restrictive Covenant and
Equitable Servitude Running with the Land, and Right of First Offer)**

COPY



APNs:

REQUESTED BY AND WHEN
 RECORDED RETURN TO:

Santoro, Driggs, Walch et al.
 400 S. Fourth Street, Third Floor
 Las Vegas, NV 89101
 Attn: Gregory J. Walch, Esq.



**AFFIRMATION OF MEMORANDUM OF RIGHTS, RESTRICTIVE COVENANT AND
 EQUITABLE SERVITUDE RUNNING WITH THE LAND, AND RIGHT OF FIRST OFFER**

This Affirmation of Memorandum of Rights, Restrictive Covenant and Equitable Servitude Running With the Land, and Right of First Offer (this "*Affirmation*") is made this ___ day of _____, _____, by _____, a _____ ("Assignee"), as successor-in-title [or assignee] of _____ [initially, SOUTHERN NEVADA WATER AUTHORITY], a _____ ("Assignor").

RECITALS

A. Memorandum of Rights, Restrictive Covenant and Equitable Servitude Running With the Land, and Right of First Offer. Southern Nevada Water Authority, a political subdivision of the State of Nevada ("Original Assignor"), entered into that certain Memorandum of Rights, Restrictive Covenant and Equitable Servitude Running With the Land, and Right of First Offer ("Agreement"), with Cave Valley Ranch, LLC, a Nevada limited liability company ("CVR"), which Agreement was dated December __, 2009, and recorded in the official records of White Pine County, Nevada, on _____, _____, as Document Number _____, and also recorded in the official records of Lincoln County, Nevada, on _____, _____, as Document Number _____.

B. Agreement Rights and Obligations Run With the Land. The Agreement creates certain rights and obligations running with the real property and the water rights described in the Agreement (the "Agreement Property"), all of which rights and obligations are described in the Agreement. Among other things, the Agreement requires that any successor-in-title or assignee of Original Assignor (or of an assignee of Original Assignor) affirm to CVR [or CVR's successor-in-interest, if applicable] that it will be bound by each of the terms of the Agreement before any sale or conveyance of the Agreement Property may have any force or effect. Assignee has reviewed the Agreement.



C. Chain of Title. Assignee desires to purchase or otherwise obtain the Agreement Property [or portion thereof or interest therein] from Assignor, which Assignor is a successor-in-title or assignee of Original Assignor [or of an assignee from Original Assignor]. Accordingly, and in compliance with the terms of the Agreement, Assignee hereby affirms to CVR that each of the terms of the Agreement will be binding on, and enforceable against, Assignee, following Assignee's acquisition of the Agreement Property [or portion thereof or interest therein].

NOW, THEREFORE, in consideration of the matters stated in the Recitals, which are true and correct and incorporated herein as material terms by this reference, and of the rights and obligations created in the Agreement, and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, Assignee covenants and warrants as follows:

Assignee hereby affirms, covenants, and warrants to CVR that each of the terms of the Agreement shall be binding on, and enforceable against, Assignee, and the assignees and successors-in-title of Assignee. Assignee intends that this Affirmation create privity of contract between CVR and Assignee regarding the Agreement.

IN WITNESS WHEREOF, the Assignee has executed this Affirmation as of the day and year first written above.

[ASSIGNEE:]

By: _____
Its: _____

SUBSCRIBED and SWORN to before
me this _____ day of _____, 20__.

NOTARY PUBLIC



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Exhibit "6"
(to Memorandum of Rights, Restrictive Covenant and
Equitable Servitude Running with the Land, and Right of First Offer)

COPY



APNs:

REQUESTED BY AND WHEN
RECORDED RETURN TO:

Southern Nevada Water Authority
Attn: General Counsel
1001 South Valley View Blvd.
Las Vegas, NV 89153



AFFIRMATION OF MEMORANDUM OF RIGHTS, RESTRICTIVE COVENANT AND
EQUITABLE SERVITUDE RUNNING WITH THE LAND, AND RIGHT OF FIRST OFFER

This Affirmation of Memorandum of Rights, Restrictive Covenant and Equitable Servitude Running With the Land, and Right of First Offer (this "*Affirmation*") is made this ___ day of _____, _____, by _____, a _____ ("Assignee"), as successor-in-title [or assignee] of _____ [initially, CAVE VALLEY RANCH, LLC], a _____ ("Assignor").

RECITALS

A. Memorandum of Rights, Restrictive Covenant and Equitable Servitude Running With the Land, and Right of First Offer. Cave Valley Ranch, LLC, a Nevada limited liability company ("Original Assignor"), entered into that certain Memorandum of Rights, Restrictive Covenant and Equitable Servitude Running With the Land, and Right of First Offer ("Agreement"), with Southern Nevada Water Authority, a political subdivision of the State of Nevada ("SNWA"), which Agreement was dated December _____, 2009, and recorded in the official records of White Pine County, Nevada, on _____, _____, as Document Number _____, and also recorded in the official records of Lincoln County, Nevada, on _____, _____, as Document Number _____.

B. Agreement Rights and Obligations Run With the Land. The Agreement creates certain rights and obligations running with the real property and the water rights described in the Agreement (the "Agreement Property"), all of which rights and obligations are described in the Agreement. Among other things, the Agreement requires that any successor-in-title or assignee of Original Assignor (or of an assignee of Original Assignor) affirm to SNWA [or SNWA's successor-in-interest, if applicable] that it will be bound by each of the terms of the Agreement before any sale or conveyance of the Agreement Property may have any force or effect. Assignee has reviewed the Agreement.



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0134970

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Page: 590

12/31/2009
Page: 34 of 34
12/10/2009

C. Chain of Title. Assignee desires to purchase or otherwise obtain the Agreement Property [or portion thereof or interest therein] from Assignor, which Assignor is a successor-in-title or assignee of Original Assignor [or of an assignee from Original Assignor]. Accordingly, and in compliance with the terms of the Agreement, Assignee hereby affirms to SNWA that each of the terms of the Agreement will be binding on, and enforceable against, Assignee, following Assignee's acquisition of the Agreement Property [or portion thereof or interest therein].

NOW, THEREFORE, in consideration of the matters stated in the Recitals, which are true and correct and incorporated herein as material terms by this reference, and of the rights and obligations created in the Agreement, and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, Assignee covenants and warrants as follows:

Assignee hereby affirms, covenants, and warrants to SNWA that each of the terms of the Agreement shall be binding on, and enforceable against, Assignee, and the assignees and successors-in-title of Assignee. Assignee intends that this Affirmation create privity of contract between SNWA and Assignee regarding the Agreement.

IN WITNESS WHEREOF, the Assignee has executed this Affirmation as of the day and year first written above.

[ASSIGNEE:]

By: _____
Its: _____

SUBSCRIBED and SWORN to before
me this _____ day of _____, 20__.

NOTARY PUBLIC



0347839

APNs: 012-660-06

REQUESTED BY AND WHEN
RECORDED RETURN TO:

Southern Nevada Water Authority
Attn: General Counsel
1001 South Valley View Blvd.
Las Vegas, NV 89153

Escrow NCS 419 822-MS

MEMORANDUM OF RIGHTS, RESTRICTIVE COVENANT AND EQUITABLE
SERVITUDE RUNNING WITH THE LAND, AND RIGHT OF FIRST OFFER

This Memorandum of Rights, Restrictive Covenant and Equitable Servitude Running With the Land, and Right of First Offer (this "*Instrument*") is made this 7th day of December, 2009, by and between the SOUTHERN NEVADA WATER AUTHORITY, a political subdivision of the State of Nevada ("*SNWA*"), (ii) CAVE VALLEY RANCH, LLC, a Nevada limited liability company ("*CVR*"), and (iii) the individual members of CVR, CAVE VALLEY HORSE AND CATTLE, LLC, a Nevada limited liability company, Michael K. McBeath in his capacity as Manager of CVR and as an individual, and William McBeath individually (collectively, the "*CVR Related Entities*," and together with SNWA and CVR, the "*Parties*").

RECITALS

A. Cave Valley Ranch. On or about March 1, 2005, CVR purchased approximately 3,280 acres of land, BLM grazing permits, and water rights located in the Cave Valley Basin Nevada in portions of Lincoln and White Pine Counties. The Ranch purchase included, among other things, vested water rights in the form of springs and stream flows located on both deeded acreage and adjacent public lands and three stockwater wells that provide water for livestock operations. CVR thereafter filed applications to appropriate groundwater within Cave Valley Basin. As used herein, the term "*Ranch Property*" shall mean the land described in Exhibit "1" attached hereto and incorporated by this reference, which real property comprises all the real property currently owned by CVR in the Cave Valley Basin (assigned Hydrographic Basin No. 180 by the Nevada State Engineer). As used herein, the term "*Water Rights*" shall mean the water rights described in Exhibit "2" attached hereto and incorporated herein by this reference.



B. The Project. In October 1989, the Las Vegas Valley Water District (“LVVWD”) filed 146 groundwater appropriation applications in twenty-six central, eastern, and southern Nevada groundwater basins in connection with LVVWD’s effort to augment the water supply in fast-growing Southern Nevada. SNWA was created thereafter and acquired the rights to the applications. SNWA reduced the number of applications to thirty-four (the “Applications”). SNWA may develop water rights from at least seven basins, including Spring, Cave, Delamar, Dry Lake, Coyote Springs, Lake and Snake Valleys (the “Source Basins”). For the purposes of this Agreement, the term “Project” shall mean the Cooperative Water Project, now known as the Clark, Lincoln, and White Pine Counties Groundwater Development Project, which includes a system or systems of wells, pumps, motors, water transmission lines, and power infrastructure necessary to divert and transmit groundwater from the Source Basins to Las Vegas Basin pursuant to the Applications (or change applications thereof), together with all associated appurtenances, permitting, licensing, approvals, or other necessary authorizations.

C. Litigation Proceedings and Settlement. On or about August 29, 2007, CVR filed with the State Engineer written protests of SNWA’s two Cave Valley applications (Applications 53987 and 53988). An entity known as Carter Griffin, Inc. (“CG”) also protested the granting of SNWA applications by the State Engineer. The protests and subsequent requests by CVR to be treated as an “interested person” during hearings set by the State Engineer, together with the State Engineer’s ultimate decision in the matter of SNWA’s Cave Valley (and adjacent valley) applications in Ruling 5875, and the various lawsuits related to that Ruling and to the Project generally, resulted in discussions that led to that certain “Agreement Between the Southern Nevada Water Authority and Cave Valley Ranch, LLC, Regarding Settlement of Lawsuits and Forbearance of Future Challenges to Southern Nevada Water Authority’s Pipeline Project” (“Agreement”).

D. Memorialization and Creation of Rights. This Instrument is intended to memorialize certain of the Parties’ respective rights as set forth in the Agreement; to create a restrictive covenant and equitable servitude running with the Water Rights and the Ranch Property; and to grant SNWA a right of first offer on the Water Rights.

NOW, THEREFORE, in consideration of the mutual covenants, representations, disclosures, and agreements by and among the Parties, including, without limitation, those of the Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

AGREEMENT

1. Restrictive Covenant and Equitable Servitude Running With the Water Rights and the Ranch Property. This Instrument creates a restrictive covenant and equitable servitude running with the Water Rights and the Ranch Property, and any interest therein or portion thereof, the burdens of which shall run with the Water Rights and the Ranch Property, and any interest therein or portion thereof, and be enforceable by the successors of SNWA, and



enforceable against the successors of CVR, in law and in equity, in perpetuity. This restrictive covenant and equitable servitude is specifically intended by the Parties to be a running obligation, burdening and benefitting the Parties' respective successors and assigns. The value of the **"SNWA Ranches"**, which are more particularly described on **Exhibit "3"** attached hereto and incorporated herein by this reference, derive a continuing benefit and increase in value from this restrictive covenant and equitable servitude because the SNWA Ranches were specifically purchased for use with the Project; the non-protest covenants and servitudes created herein increase the likelihood of the Project's completion and operation, thereby increasing the value of the SNWA Ranches to SNWA and any successor-in-interest to SNWA, which increased value is derived from the non-protest restrictions and servitudes burdening the Ranch Property and the Water Rights. The Parties further intend that, to the extent Nevada law requires privity of estate to allow the burden of a restrictive covenant to run with the land, that such requirement is met by SNWA's continuing right of first offer on the Water Rights. The following restrictive covenants and equitable servitudes (the **"Restrictions"**) are hereby imposed upon the Water Rights and the Ranch Property:

(i) that CVR shall not protest or otherwise oppose any water rights change applications filed by SNWA with the Nevada State Engineer seeking to change the point of diversion, place of use, or manner of use of any portion of Permits 53987 and 53988, any permit or certificate for which Permits 53987 and 53988 are the base rights, or any other permit or certificate associated with the Project, provided, however, that this specific Restriction shall be deemed waived by SNWA or its successors or assigns if SNWA or its successor or assigns files an application with the Nevada State Engineer to change the point of diversion or otherwise locate a point of diversion of any Portion of Permits 53987 and 53988, or of any other Permit associated with the Project, to a location within five (5) miles of the Ranch Property and within Cave Valley Basin. The Ranch Property and the area within the Cave Valley Basin within which SNWA shall not file any application to change the point of diversion is depicted upon the map attached hereto as **Exhibit "4"** and incorporated herein by this reference. Notwithstanding anything to the contrary herein contained, in the event that SNWA files an application to change or otherwise locate a point of diversion within the area depicted on **Exhibit "4"**, CVR or a successor owner of such land, as applicable, shall provide written notice to SNWA that such application is improper pursuant to this Agreement and SNWA shall have thirty (30) days from the receipt of written notice to cure the alleged violation by withdrawing the improper application;

(ii) that CVR shall not protest or otherwise oppose any environmental review related to the Project, including, without limitation, any record of decision issued pursuant to the National Environmental Protection Act and any environmental impact statement, environmental assessment, biological assessment, or biological opinion related to the National Environmental Protection Act, or any other environmental review related to the Project such as, without limitation, those based on the Endangered Species Act, National Historic Preservation Act, Clean Water Act, Clean Air Act, National Environmental Protection Act, or any other federal, state, county, or municipal permitting or review

processes relating to the design, construction, operation, and maintenance of the Project; provided, however, that this specific Restriction shall be deemed waived by SNWA or its successors or assigns if SNWA or its successors or assigns files an application with the Nevada State Engineer to change the point of diversion or otherwise locate a point of diversion of any portion of Permits 53987 and 53988, or of any other Permit associated with the Project, to a location within five (5) miles of the Ranch Property and within Cave Valley Basin. The Ranch Property and the area within the Cave Valley Basin within which SNWA shall not file any application to change the point of diversion is depicted upon the map attached hereto as Exhibit "4". Notwithstanding anything to the contrary herein contained, in the event that SNWA files an application to change or otherwise locate a point of diversion within the area depicted on Exhibit "4", CVR or a successor owner of such land, as applicable, shall provide written notice to SNWA that such application is improper pursuant to this Agreement and SNWA shall have thirty (30) days from the receipt of written notice to cure the alleged violation by withdrawing the improper application;

(iii) that CVR, or any individual or business entity related to CVR, including, without limitation, the CVR Related Entities, shall not form, be a member or partner of, or be a major shareholder in, any formal or informal organization that challenges the Project through the methods prohibited in Restrictions (i) or (ii). For the purposes of this Restriction (iii), an individual or business entity shall be deemed related to CVR if such person or entity either owns an interest in CVR, or if CVR owns an interest in it; and an individual or business entity shall be deemed to be a "major shareholder" if it owns at least ten (10%) percent of a corporation's preferred or common stock.

In the event that any of the Restrictions are breached, or threatened to be breached, by CVR or the CVR Related Entities, SNWA shall have the right to obtain preliminary and permanent injunctions against such breaching party to ensure that the Water Rights and the Ranch Property are used in compliance with the Restrictions. CVR and the CVR Related Entities acknowledge that damages would not be a sufficient remedy to SNWA in the event of a breach and that injunctive relief is appropriate to ensure compliance with the Restrictions. CVR and the CVR Related Entities acknowledge that SNWA would not have executed either this Instrument or the Agreement if SNWA could not enforce the Restrictions through injunctive relief, and CVR and the CVR Related Entities hereby waive any challenge to SNWA's request for injunctive relief if any of the Restrictions are breached.

2. Continuing Right of First Offer. CVR hereby grants to SNWA a continuing right of first offer on the Water Rights, or any portion thereof or interest therein. Within five (5) days of marketing the Water Rights, or receiving an unsolicited offer from a third party to purchase the Water Rights, CVR, or CVR's successor-in-title or assign, as applicable, shall provide written notice to SNWA granting SNWA the right, but not the obligation, to make an offer to purchase the same quantity of Water Rights subject to sale. Should SNWA choose not to make an offer to purchase the Water Rights in any particular future sale (or should SNWA's offer be rejected), the new buyer from CVR (or from a subsequent new buyer, as applicable)



of the Water Rights shall affirm in writing to SNWA that each of the terms of this Instrument, including, without limitation, this continuing right of first offer, shall be enforceable against such new buyer and its successors-in-title. Such affirmation shall be in a form substantially similar to that attached to this Instrument as **Exhibit "5"**, and such affirmation must be recorded in the official records of White Pine County and Lincoln County, as well as filed with the Nevada State Engineer, for such sale or conveyance to have any force or effect. This right of first offer shall apply to all future conveyances of the Water Rights, or any portion thereof or interest therein. No future conveyance of the Water Rights shall have any force or effect unless SNWA was first given the opportunity to make an offer to purchase the Water Rights, and any purported conveyance not fully in compliance with the procedures and requirements of this paragraph shall be null and void. Pursuant to NRS 111.1031(1)(b), SNWA's right of first offer shall terminate three hundred and sixty four (364) years from the date of this Instrument.

3. Memorandum of Matters From the Agreement Running With the Ranch Property and the Water Rights and Binding Successor Owners. The Parties intend that the following terms of the Agreement shall be binding upon and run with the Ranch Property and the Water Rights and be binding upon all legal or beneficial owners of the Ranch Property and the Water Rights or any portion thereof or interest therein, and shall be binding upon SNWA, SNWA's successors, and any persons to whom SNWA assigns any water rights with a point of diversion in Cave Valley.

a. Geographic Limitation Affecting SNWA Change Applications. The Parties recognize that SNWA may file applications to change the points of diversion for many of the water rights that are part of the Project, including Applications/Permits 53987 and 53988 in Cave Valley Basin (assigned Hydrographic Basin No. 180 by the Nevada State Engineer). SNWA agrees, for the benefit of CVR and successor owners of any of the land currently owned by CVR within Cave Valley Basin (previously defined herein as the "Ranch Property"), that SNWA shall not file any application to change the point of diversion to or otherwise locate a point of diversion within the Cave Valley Basin and within five (5) miles of the Ranch Property. The Ranch Property and the area within the Cave Valley Basin within which SNWA shall not file any application to change the point of diversion is depicted upon the map attached hereto as Exhibit "4". Notwithstanding anything to the contrary herein contained, in the event that SNWA files an application to change or otherwise locate a point of diversion within the area depicted on Exhibit "4", CVR or a successor owner of such land, as applicable, shall provide written notice to SNWA that such application is improper pursuant to this Agreement and SNWA shall have thirty (30) days from the receipt of written notice to cure the alleged violation by withdrawing the improper application. Neither CVR nor any CVR Related Entities shall file a protest against any SNWA change application that is filed in compliance with this Section 3.a.



b. Monitoring and Mitigation. SNWA shall do and perform, at SNWA's sole cost and expense, all monitoring and mitigation required under Permits 53987 and 53988 or change applications thereto if and to the extent such monitoring or mitigation would have been required in the absence of any Change Application filed by CVR. This would include all "macro" level type work (e.g., species monitoring, groundwater modeling efforts, water quality and groundwater level monitoring, report preparation, and analysis caused by the use of 5000 afa in the basin, etc.) or the imposition of extraordinary requirements that the State Engineer would not normally impose on users under similar circumstances. If, on the other hand, there is a requirement of the State Engineer that specifically results from any Change Application that SNWA would not have had to perform in the absence of transferring the water to the Ranch (e.g., collecting and reporting water level measurements within a CVR well), such requirement would be complied with by CVR at CVR's cost.

c. Priority. The Parties agree that in the event of any underground water shortage or curtailment of Cave Valley pumping by the State Engineer, they will share in such shortage in proportion to their ownership of underground water rights in Cave Valley.

d. Covenant not to Protest Project Matters. CVR and CVR Related Entities will forbear from challenging in any way, by legal challenge or otherwise, all present and future actions related to the Project including any and all state and federal permitting activities and the design, construction, operation and maintenance of the Project throughout the operational lifetime of the Project. CVR and CVR Related Entities shall also refrain from assisting any other party, including CG, in any way, in any attempt to challenge or protest the Project. Project components covered by CVR's agreement to forbear from any challenge include, without limitation, the following:

i. Subject to CVR's right to enforce Section 3.a. above, CVR shall not protest or otherwise oppose any change applications filed by SNWA with the State Engineer seeking to change the point of diversion, place of use or manner of use of any portion of Permits 53987 and 53988 and any permit and/or certificate for which Permits 53987 and 53988 are the base rights;

ii. Subject to CVR's right to enforce Section 3.a. above, CVR shall not protest or otherwise oppose any change applications filed by SNWA with the State Engineer seeking to change the point of diversion, place of use or manner of use of any portion of any other permit or certificate associated with the Project.

iii. Any environmental review related to the Project including any claim based upon the National Environmental Policy Act, the Endangered Species Act, the National Historic Preservation Act, Clean Water Act, Clean



Air Act and any other federal, state or local permitting for the design, construction, operation and maintenance of the Project;

iv. Any Record of Decision issued pursuant to NEPA for the Project and any Environmental Impact Statement, Environmental Assessment, Biological Assessment or Biological Opinion related thereto;

v. The above restrictions will apply to any and all future heirs, executors, assigns, transferees and owners of the land and/or water rights currently owned by CVR, the water rights transferred to CVR by SNWA pursuant to this Agreement, or any water rights obtained by CVR as a New CVR Appropriation (as that term is defined in the Agreement). As such, all future owners, in perpetuity, of CVR's currently owned land and/or water rights, the water rights transferred to CVR by SNWA pursuant to the Agreement, or any water rights obtained by CVR as a New CVR Appropriation, may not, subject to Section 3.a above, challenge the Project in any way.

4. No Waiver of State Law Remedies for Pumping Impacts. Notwithstanding any contrary provision of Sections 1 and/or 2 above, CVR and its successors and assigns will have and retain all remedies available under State law if there are impacts to the Water Rights or any additional rights obtained pursuant to the Agreement caused by SNWA pumping of Project water.

5. Notice to Future Owners. CVR covenants and agrees to provide a copy of this Instrument to any new buyer of the Water Rights or the Ranch Property, as applicable, from CVR, and the new buyer from CVR (or from a subsequent new buyer, as applicable) of the Water Rights or the Ranch Property, as applicable, shall affirm in writing to SNWA that each of the terms of this Instrument shall be enforceable against such new buyer and its successors-in-title. Such affirmation shall be in a form substantially similar to that attached to this Instrument as **Exhibit "5"**, and such affirmation must be recorded in the official records of White Pine County and Lincoln County, as well as filed with the Nevada State Engineer for such sale, transfer, or conveyance to have any force or effect. SNWA covenants and agrees to provide a copy of this Instrument to any person to whom SNWA assigns any water right with a point of diversion in Cave Valley, and such assignee (or any subsequent assignee as the case may be) shall affirm in writing to CVR (and any person then owning any portion of the Ranch Property or the Water Rights) that each of the terms of this Instrument shall be enforceable against such assignee and its successors-in-title. Such affirmation shall be in a form substantially similar to that attached to this Instrument as **Exhibit "6"**, and such affirmation must be recorded in the official records of White Pine County and Lincoln County, as well as filed with the Nevada State Engineer for such sale, transfer, or conveyance to have any force or effect.



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6. Counterparts. This Instrument may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

7. Severability. The provisions of this Instrument are severable and the invalidity or unenforceability of any provision of this Instrument, as determined by a non-appealable judicial determination, shall not affect the validity or enforceability of the remaining provisions.

[signature page follows]

COOPER

IN WITNESS WHEREOF, the Parties execute this Instrument as of the day and year first written above.

SOUTHERN NEVADA WATER AUTHORITY, a governmental agency formed under the laws of the State of Nevada

CAVE VALLEY RANCH, LLC, a Nevada limited liability company,

By: Patricia Mulroy
Name: Patricia Mulroy
Its: General Manager

By: Signed in counterpart
Michael K. McBeath
Its: Manager

By: Charles K. Häuser
Name: Charles K. Häuser
Its: General Counsel

CAVE VALLEY HORSE AND CATTLE, LLC, a Nevada limited liability company

By: Signed in counterpart
Michael K. McBeath
Its: Manager

Signed in counterpart
Michael K. McBeath (individually)

Signed in counterpart
William McBeath (individually)



IN WITNESS WHEREOF, the Parties execute this Instrument as of the day and year first written above.

SOUTHERN NEVADA WATER AUTHORITY, a governmental agency formed under the laws of the State of Nevada

CAVE VALLEY RANCH, LLC, a Nevada limited liability company,

By: Signed in counterpart
Name: Patricia Mulroy
Its: General Manager

By: Michael K. McBeath
Michael K. McBeath
Its: Manager

By: Signed in counterpart
Name: Charles K. Hauser
Its: General Counsel

CAVE VALLEY HORSE AND CATTLE, LLC, a Nevada limited liability company

By: Michael K. McBeath
Michael K. McBeath

By: Michael K. McBeath
Michael K. McBeath (individually)

Its: Manager

Signed in counterpart
William McBeath (individually)



IN WITNESS WHEREOF, the Parties execute this Instrument as of the day and year first written above.

SOUTHERN NEVADA WATER
AUTHORITY, a governmental agency
formed under the laws of the State of Nevada

By: Signed in counterpart
Name: Patricia Mulroy
Its: General Manager

By: Signed in counterpart
Name: Charles K. Hauser
Its: General Counsel

CAVE VALLEY RANCH, LLC, a Nevada
limited liability company,

By: Signed in counterpart
Michael K. McBeath
Its: Manager

CAVE VALLEY HORSE AND CATTLE,
LLC, a Nevada limited liability company

By: Signed in counterpart
Michael K. McBeath
Its: Manager

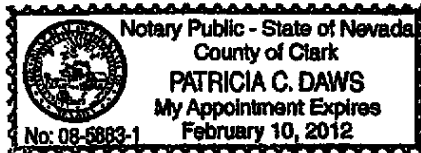
Signed in counterpart
Michael K. McBeath (individually)

William McBeath
William McBeath (individually)



STATE OF NEVADA)
)
) ss.
COUNTY OF CLARK)

On this 7th day of ~~November~~ ^{December}, 2009, personally appeared before me, a notary public, Patricia Mulroy, in her capacity as General Manager of the Southern Nevada Water Authority, personally known (or proved) to me to be the person whose name is subscribed to the foregoing instrument and who acknowledged that she executed the instrument.

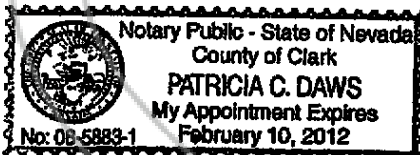


Patricia C. Daws
NOTARY PUBLIC

*Patricia C. Daws
No. 08-5883-1
Expires February 10, 2012*

STATE OF NEVADA)
)
) ss.
COUNTY OF CLARK)

On this 7th day of ~~November~~ ^{December}, 2009, personally appeared before me, a notary public, Charles Hauser, in his capacity as General Counsel of the Southern Nevada Water Authority, personally known (or proved) to me to be the person whose name is subscribed to the foregoing instrument and who acknowledged that she executed the instrument.



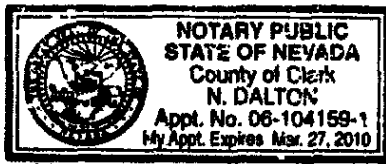
Patricia C. Daws
NOTARY PUBLIC

*Patricia C. Daws
No. 08-5883-1
Expires February 10, 2012*



STATE OF NEVADA)
)
) SS.
COUNTY OF CLARK)

On this 7th ^{December} ~~November~~ day of ~~November~~, 2009, personally appeared before me, a notary public, Michael K. McBeath, as Manager of CAVE VALLEY RANCH, LLC, a Nevada limited liability company, as Manager of CAVE VALLEY HORSE AND CATTLE, LLC, a Nevada limited liability company, and as an individual, personally known (or proved) to me to be the person whose name is subscribed to the foregoing instrument and who acknowledged that he executed the instrument.



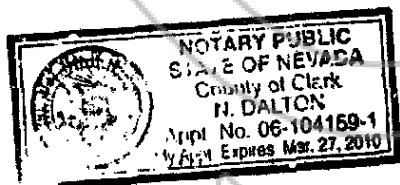
N. Dalton
NOTARY PUBLIC

N. Dalton

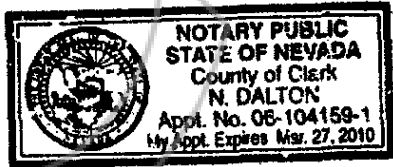
No 06-104159-1
Expires March 27, 2010

STATE OF NEVADA)
)
) SS.
COUNTY OF CLARK)

On this 4th day of November, 2009, personally appeared before me, a notary public, William McBeath, in his capacity as an individual, personally known (or proved) to me to be the person whose name is subscribed to the foregoing instrument and who acknowledged that he executed the instrument.



N. Dalton
NOTARY PUBLIC



N. Dalton
Appt No. 06-104159-1
Expires March 27, 2010



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EXHIBIT "1"
DESCRIPTION OF EXISTING CAVE VALLEY RANCH LANDS

White Pine County:

Township	Range	Section	¼ Section	Lots
10N	63E	25	E ½ NE ¼	
10N	64E	19		2,3, & 4
10N	64E	22	SE ¼ SE ¼	
10N	64E	26		
10N	64E	27	SE ¼ SW ¼	
10N	64E	27	S ½ NW ¼	
10N	64E	27	NW ¼ NE ¼	
10N	64E	27	S ½ NE ¼	
10N	64E	28	S ½ NE ¼	
10N	64E	30		1,2, & 3
10N	64E	31	W ½ NW ¼	
10N	64E	31	SW ¼ SW ¼	
10N	64E	31	S ½ SW ¼	
10N	64E	31	N ½ SW ¼	
10N	64E	34	E ½ SE ¼	

**Lincoln County:**

Township	Range	Section	¼ Section	Lot
9N	63E	12	S ½ SW ¼	
9N	64E	4	NW ¼ NE ¼	
9N	64E	4	NE ¼ NE ¼	
9N	64E	4	SW ¼ SW ¼	
9N	64E	5	SW ¼ SE ¼	
9N	64E	5	SE ¼ SW ¼	
9N	64E	5	SW ¼ NE ¼	
9N	64E	6	N ½ NW ¼	
9N	64E	6	SE ¼ NW ¼	
9N	64E	6	W ½ NE ¼	
9N	64E	6	SW ¼ SE ¼	
9N	64E	6	NE ¼ SW ¼	
9N	64E	6	SW ¼ NW ¼	
9N	64E	6	NW ¼ SE ¼	
9N	64E	8	SW ¼ SE ¼	
9N	64E	8	NE ¼ NW ¼	
9N	64E	8	NW ¼ NE ¼	
9N	64E	8	E ½ NE ¼	
9N	64E	8	E ½ SW ¼	
9N	64E	8	NW ¼ SE ¼	
9N	64E	8	SW ¼ NW ¼	
9N	64E	8	NW ¼ SW ¼	
9N	64E	8	SE ¼ NW ¼	
9N	64E	8	SW ¼ NE ¼	
9N	64E	8	NE ¼ SE ¼	
9N	64E	9	W ½ NW ¼	
9N	64E	9	NW ¼ SW ¼	
9N	64E	15	SW ¼ NW ¼	
9N	64E	15	NW ¼ SW ¼	
9N	64E	16	SE ¼ NW ¼	
9N	64E	16	NE ¼ SW ¼	
9N	64E	16	S ½ NE ¼	
9N	64E	16	SE ¼	
9N	64E	16	W ½ NW ¼	
9N	64E	16	NE ¼ NW ¼	
9N	64E	16	W ½ SW ¼	
9N	64E	16	SE ¼ SW ¼	
9N	64E	17	W ½ NE ¼	
9N	64E	17	N ½ SE ¼	
9N	64E	17	SE ¼ SE ¼	
9N	64E	20	NE ¼ NE ¼	
9N	64E	21	NW ¼ NW ¼	



EXHIBIT "2"
DESCRIPTION OF EXISTING CAVE VALLEY WATER RIGHTS

Water Rights:

Name of Source	Application/ Proof No.	Status	Certificate/Permit No.	Use
Cave Spring	4881	Certificate	1060	Irrigation
Antelope Spring	5071	Certificate	540	Stockwater
Rosebud Spring	5073	Certificate	542	Stockwater
Cave Valley Well No. 2	73168	Permit		Stockwater
Harris Well	73169	Permit		Stockwater
Urrutia Well	73170	Permit		Stockwater
Quartzite Spring No. 1	V01659	Vested		Stockwater
Brush Spring	V1675	Vested		Stockwater
North Branch Sheep Creek	V1678	Vested		Stockwater
Sheep Creek	V1680	Vested		Stockwater
North Creek	V1681	Vested		Stockwater
Mohogany Spring	V1697	Vested		Stockwater
Cave Valley or Sheep Creek	V1807	Vested		Irrigation
Wall Spring	V9522	Vested		Stockwater
South Branch Sheep Creek	V9523	Vested		Stockwater
Sage Hen Spring	V9524	Vested		Stockwater
Quartzite Spring No. 2	V9525	Vested		Stockwater
Cabin Spring	V9526	Vested		Stockwater
Canyon Spring	V9527	Vested		Stockwater



Water Right Applications:

Name of Source	Application No.	Source	Use
Homestead Well	75779	Underground	Quasi Municipal
Sheep Creek and its tributaries	76124	Stream	Fire Protection
Sheep Creek and its tributaries	76125	Stream	Recreation
Homestead Well	76126	Underground	Stockwater
Homestead Well	76127	Underground	Recreation
Homestead Well	76128	Underground	Fire Protection
Parker Station Well No. 1	76248	Underground	Irrigation
Cave Valley Wash Well No. 2	76249	Underground	Irrigation
Parker Station Well No. 2	76250	Underground	Irrigation
Cave Valley Wash Well No. 1	76251	Underground	Irrigation
Homestead Well No. 2	76252	Underground	Irrigation
Mike Urrutia Well No. 2	76257	Underground	Irrigation
Cave Spring Well	76258	Underground	Irrigation
Sheep Creek and its tributaries	76281	Stream	Stockwater



Exhibit "3"
**(to Memorandum of Rights, Restrictive Covenant and
Equitable Servitude Running with the Land, and Right of First Offer)**

COPY



WAHOO RANCH

THE EAST HALF (E ½) OF THE SOUTHEAST QUARTER (SE ¼) OF SECTION 27, TOWNSHIP 13 NORTH, RANGE 67 EAST, M.D.B.&M.

THE SOUTHEAST QUARTER (SE ¼) OF THE NORTHEAST QUARTER (NE ¼) OF SECTION 27, TOWNSHIP 13 NORTH, RANGE 67 EAST, M.D.B.&M.

THE WEST HALF (W ½) OF THE NORTHEAST QUARTER (NE ¼) OF THE NORTHWEST QUARTER (NW ¼) OF SECTION 26, TOWNSHIP 13 NORTH, RANGE 67 EAST, M.D.B.&M., EXCEPTING THEREFROM ALL THAT REAL PROPERTY DESCRIBED AS FOLLOWS:

THAT PORTION OF THE NORTHWEST QUARTER (NW ¼) OF THE NORTHWEST QUARTER (NW ¼) SECTION 26, TOWNSHIP 13 NORTH, RANGE 67 EAST, M.D.B.&M., BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE NORTH LINE OF SECTION 26, TOWNSHIP 13 NORTH, RANGE 67 EAST, M.D.B.&M., WHENCE THE NORTHWEST CORNER OF SAID SECTION 26, BEARS NORTH 89°31'W. 991.35 FEET DISTANT, THENCE SOUTH 89°31' EAST, ALONG THE NORTH BOUNDARY OF SAID SECTION 26, A DISTANCE OF 215.71 FEET; THENCE SOUTH 32°31' EAST, ALONG THE WESTERLY RIGHT OF WAY LINE OF STATE ROUTE 23, A DISTANCE OF 400.00 FEET; THENCE NORTH 89°31' WEST, 453.57 FEET, THENCE NORTH 0°29' EAST, 335.47 FEET TO THE POINT OF BEGINNING.

TOWNSHIP 13 NORTH, RANGE 67 EAST, M.D.B.&M.

SECTION 26: SE ¼ NW ¼; W ½, NW ¼

EXCEPTING THEREFROM THE FOLLOWING DESCRIBED PARCEL OF LAND:

BEGINNING AT A POINT ON THE NORTH LINE OF SECTION 26, T.13 N., R. 67 E., M.D.B.&M., THENCE THE NORTHWEST CORNER OF SAID SECTION 26, BEARS N. 89°31' W., 991.35 FEET DISTANT, THENCE S. 89°31' E., ALONG THE NORTH BOUNDARY OF SAID SECTION 26, A DISTANCE OF 215.71 FEET; THENCE S. 32°31' E., ALONG THE WESTERLY RIGHT OF WAY LINE OF STATE ROUTE 23 A DISTANCE OF 400.00 FEET; THENCE N. 89°31' W., 453.57 FEET; THENCE N. 0°29' E., 335.47 FEET TO THE POINT OF BEGINNING, BEING A PORTION OF THE NW ¼ NW ¼ OF SAID SECTION 26.

SECTION 27: W ½, NE ¼; NE ¼, NE ¼

SECTION 34: NE ¼

EXCEPTING THEREFROM THE FOLLOWING DESCRIBED PARCEL OF LAND:

BEGINNING AT THE NORTHEAST CORNER OF SECTION 34, T.13 N., R. 67 E., M.D.B.&M., AND RUNNING THENCE WESTERLY 150 FEET; THENCE SOUTHERLY 200 FEET; THENCE EASTERLY 150 FEET; THENCE NORTH 200 FEET TO THE POINT OF BEGINNING.

TOGETHER WITH A 33 FOOT RIGHT OF WAY ALONG THE EAST SIDE OF SAID EXCEPTED PARCEL.

BEGINNING AT A POINT ON THE NORTH LINE OF SECTION 26, T. 13 N., R. 67 E., M.D.B.&M., WHENCE THE NORTHWEST CORNER OF SAID SECTION 26, BEARS N. 89°31' W., 991.35 FEET DISTANT, THENCE S. 89°31' E., ALONG THE NORTH BOUNDARY OF SAID SECTION 26, A DISTANCE OF 215.71 FEET; THENCE S. 32°31' E., ALONG THE WESTERLY RIGHT OF WAY LINE OF STATE ROUTE 23 A DISTANCE OF 400.00 FEET; THENCE N. 89°31' W., 453.57



FEET; THENCE N. 0°29' E., 335.47 FEET TO THE POINT OF BEGINNING, BEING A PORTION OF THE NW ¼ NW ¼ OF SAID SECTION 26.

BEGINNING AT THE NORTHEAST CORNER OF SECTION 34, T. 13 N., R. 67 E., M.D.B.&M., AND RUNNING THENCE WESTERLY 150 FEET; THENCE SOUTHERLY 200 FEET; THENCE EASTERLY 150 FEET; THENCE NORTH 200 FEET TO THE POINT OF BEGINNING.

THE SOUTHEAST QUARTER (SE ¼) OF THE SOUTHEAST QUARTER (SE ¼) OF SECTION 31; AND THE WEST HALF (W ½) OF THE SOUTHWEST QUARTER (SW ¼) THE SOUTHEAST QUARTER (SE ¼) OF THE SOUTHWEST QUARTER (SW ¼), AND THE SOUTH HALF (S ½) OF THE NORTHEAST QUARTER (NE ¼) OF THE SOUTHWEST QUARTER (SW ¼) OF SECTION 32, ALL IN TOWNSHIP 13 NORTH, RANGE 67 EAST, M.D.B.&M.

NOTE: THE ABOVE LEGAL DESCRIPTION APPEARED IN DEED RECORDED FEBRUARY 17, 2004 IN BOOK 378, PAGE 268 AS INSTRUMENT NO. 319700.

TOWNSHIP 13 NORTH, RANGE 67 EAST, M.D.B.&M. SECTION 27: THE EAST HALF (E ½) OF THE NORTHWEST QUARTER (NW ¼) AND THE WEST HALF (W ½) OF THE SOUTHEAST QUARTER (SE ¼)

NOTE: THE ABOVE DESCRIPTION APPEARED IN DEED RECORDED JANUARY 22, 2003 IN BOOK 353, PAGE 330 AS INSTRUMENT NO. 315969.

HARBECKE RANCH

THE NORTHWEST QUARTER (NW ¼) OF THE SOUTHWEST QUARTER (SW ¼) AND THE SOUTH HALF (S ½) OF THE SOUTHWEST QUARTER (SW ¼) OF SECTION 15;

LOTS 1, 2, 3 AND THE EAST HALF (E ½) OF THE SOUTHWEST QUARTER (SW ¼) OF SECTION 16;

THE EAST HALF (E ½) OF THE NORTHWEST QUARTER (NW ¼) OF SECTION 21;

THE NORTH HALF (N ½) OF THE NORTHEAST QUARTER (NE ¼); THE SOUTHEAST QUARTER (SE ¼) OF THE NORTHEAST QUARTER (NE ¼) AND THE NORTHEAST QUARTER (NE ¼) OF THE SOUTHEAST QUARTER (SE ¼) OF SECTION 21;

THE SOUTHWEST QUARTER (SW ¼) OF THE NORTHEAST QUARTER (NE ¼) OF SECTION 21;

THE NORTHWEST QUARTER (NW ¼) AND THE SOUTH HALF (S ½) OF SECTION 22;

THAT PORTION OF SECTIONS 21 AND 23, DESCRIBED AS FOLLOWS:

PARCELS 1 AND 2 AS SHOWN UPON PARCEL MAP NO. 181 FOR JAMES B. RASMUSSEN RECORDED JUNE 28, 2001 AS FILE 311828;

THAT PORTION OF THE WEST HALF (W ½) OF THE NORTHEAST QUARTER (NE ¼) OF SECTION 22 DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTH ¼ CORNER OF SAID SECTION 22; THENCE SOUTH 00°18'57" EAST 2,729.78 FEET, THENCE SOUTH 89°49'40" WEST 84.29 FEET TO THE CENTER OF SAID SECTION 22, THENCE NORTH 01°27'10" EAST 2,731.00 FEET ALONG THE CENTERLINE OF SAID SECTION 22 TO THE POINT OF BEGINNING.

NOTE: METES AND BOUNDS DESCRIPTION APPEARED IN DOCUMENT RECORDED JANUARY 25, 2005 IN BOOK 407, PAGE 3 AS FILE 324695.

ALL OF THE ABOVE IN TOWNSHIP 13 NORTH, RANGE 67 EAST, M.D.B.&M, WHITE PINE COUNTY, NEVADA.

EL TEJON RANCH

TOWNSHIP 11 NORTH, RANGE 67 EAST, M.D.B. &M.

SECTION 1 : ALL THEREOF

SECTION 2: ALL THEREOF EXCEPT THE NW 1/4 OF NW 1/4

SECTION 3: SE 1/4 OF SE 1/4

SECTION 10: E 1/2 OF NE 1/4

SECTION 11: ALL THEREOF EXCEPT THE S 1/2 OF SW 1/4

SECTION 12: ALL THEREOF EXCEPT THE E 1/2 OF NE 1/4 OF SE 1/4

SECTION 13: NE 1/4, SE 1/4, NW 1/4, N 1/2 OF SW 1/4,

SECTION 14: NE 1/4

SECTION 24: E 1/2

TOWNSHIP 11 NORTH, RANGE 68 EAST, M.D.B. &M.

SECTION 5: S 1/2 OF NW 1/4, NE 1/4 OF SW 1/4

SECTION 6: S 1/2 OF N 1/2

SECTION 18: LOTS 2, 3 AND 4, ALSO DESIGNATED AS SW 1/4 OF NW 1/4, NW 1/4 OF SW 1/4, SW 1/4 OF SW 1/4, LOT 1, ALSO DESIGNATED AS NW 1/4 OF NW 1/4

SECTION 7: S 1/2 OF S 1/2 OF S 1/2 OF LOT 4, (LOT 4 ALSO DESIGNATED AS SW 1/4 OF SW 1/4)

TOWNSHIP 12 NORTH, RANGE 67, M.D.B. &M.

SECTION 7: SE 1/4 OF SE 1/4

SECTION 17: NW 1/4 OF NW 1/4

SECTION 35: SW 1/4 OF NE 1/4, SE 1/4 OF NW 1/4, SE 1/4, E 1/2 OF SW 1/4

SECTION 36: W 1/2

TOWNSHIP 13 NORTH, RANGE 65 EAST, M.D.B. &M.

SECTION 3: SE 1/4 OF SW 1/4

SECTION 4: SE 1/4 OF NE 1/4

SECTION 10: W 1/2 OF NE 1/4, E 1/2 OF NW 1/4

SECTION 14: NE 1/4 OF SW 1/4

SECTION 21: SW 1/4 OF SW 1/4

SECTION 34: E 1/2 OF SW 1/4

TOWNSHIP 13 NORTH, RANGE 67 EAST, M.D.B. &M.



SECTION 35: N 1/2 OF N 1/2, S 1/2 OF NW 1/4

TOWNSHIP 14 NORTH, RANGE 65 EAST, M.D.B. &M.

SECTION 1: LOT 3 (ALSO DESIGNATED AS NE 1/4 OF NW 1/4), SW 1/4 OF SW 1/4

SECTION 2: SE 1/4 OF NE 1/4, SE 1/4 OF SE 1/4

SECTION 11: N 1/2 OF NE 1/4

TOWNSHIP 15 NORTH, RANGE 65 EAST, M.D.B. &M.

SECTION 9: W 1/2 OF NE 1/4, SE 1/4 OF NE 1/4, NE 1/4 OF SE 1/4

SECTION 10: S 1/2 OF SE 1/4, SE 1/4 OF SW 1/4, NW 1/4 OF SW 1/4

SECTION 16: NE 1/4 OF NE 1/4

SECTION 20: NE 1/4 OF SE 1/4

SECTION 21: NW 1/4 OF SW 1/4

SECTION 22: SW 1/4 OF NW 1/4, NW 1/4 OF SW 1/4, SE 1/4 OF SE 1/4

SECTION 23: SW 1/4 OF SW 1/4, E 1/2 OF SW 1/4

SECTION 24: SW 1/4 OF NW 1/4, NW 1/4 OF SW 1/4, SE 1/4 OF SW 1/4

SECTION 26: NW 1/4 OF NW 1/4, NW 1/4 OF NE 1/4

SECTION 27: NE 1/4 OF NE 1/4, SW 1/4 OF NE 1/4, NW 1/4 OF SE 1/4, SE 1/4 OF NW 1/4, NE 1/4 OF SW 1/4

SECTION 34: E 1/2 OF NW 1/4, W 1/2 OF NE 1/4, NE 1/4 OF NE 1/4, SW 1/4 OF SE 1/4

SECTION 35: SW 1/4

TOWNSHIP 14 NORTH, RANGE 67 EAST, M.D.B. &M.

SECTION 3: W 1/2 OF W 1/2

SECTION 4: E 1/2 OF NE 1/4, SE 1/4 OF SE 1/4

SECTION 20: SE 1/4 OF SE 1/4

SECTION 21: SW 1/4 OF SW 1/4

SECTION 28: W 1/2 OF NW 1/4

SECTION 29: NE 1/4 OF SE 1/4, NE 1/4

SECTION 32: N 1/2 OF NE 1/4, SW 1/4 OF NE 1/4

TOWNSHIP 15 NORTH, RANGE 67 EAST, M.D.B. &M.

SECTION 4: NE 1/4 OF NW 1/4 (LOT 3), SW 1/4 OF NW 1/4, W 1/2 OF SW 1/4

SECTION 9: N 1/2 OF NW 1/4

SECTION 17: SW 1/4, S 1/2 OF NW 1/4, S 1/2 OF NE 1/4, SW 1/4 OF SE 1/4, E 1/2 OF SE 1/4

SECTION 18: SE 1/4

SECTION 19: W 1/2 OF NE 1/4, NE 1/4 OF NE 1/4, W 1/2

SECTION 20: SE 1/4 OF NW 1/4, N 1/2 OF NW 1/4, NW 1/4 OF NE 1/4

SECTION 23: S 1/2 OF SW 1/4

SECTION 26: W 1/2, SUBJECT TO RIGHT OF WAY IN SE 1/4 OF SW 1/4 OF SAID SECTION TO STATE OF NEVADA FOR HIGHWAY PURPOSES BY DEED RECORDED IN BOOK 131 OF REAL ESTATE RECORDS, PAGE 328

SECTION 27: E 1/2 OF SE 1/4, SW 1/4 OF SE 1/4, SE 1/4 OF SW 1/4

SECTION 29: W 1/2 OF SE 1/4

SECTION 33: SE 1/4 OF NE 1/4, E 1/2 OF SE 1/4

SECTION 34: NE 1/4 OF NE 1/4, SW 1/4 OF SW 1/4, E 1/2 OF NW 1/4, N 1/2 OF SW 1/4, W 1/2 OF NE 1/4, SW 1/4 OF NW 1/4

TOWNSHIP 16 NORTH, RANGE 66 EAST, M.D.B. &M.

SECTION 24: NW 1/4 OF NE 1/4, SUBJECT TO RIGHT OF WAY TO STATE OF NEVADA FOR HIGHWAY PURPOSES BY DEED RECORDED IN BOOK 162 OF REAL ESTATE RECORDS, WHITE PINE COUNTY, PAGE 12.

E 1/2 OF NW 1/4, NE 1/4 OF SW 1/4, SW 1/4 OF SW 1/4

SECTION 26: NE 1/4 OF NE 1/4, SW 1/4 OF NE 1/4, N 1/2 OF SW 1/4

SECTION 27: N 1/2 OF SE 1/4, SW 1/4 OF NE 1/4

TOWNSHIP 15 NORTH, RANGE 66 EAST, M.D.B. &M.

SECTION 24: NE 1/4, NE 1/4 OF SW 1/4, N 1/2 OF SE 1/4, N 1/2 OF SE 1/4 OF SE 1/4

TOWNSHIP 16, NORTH, RANGE 67 EAST, M.D.B. &M.

SECTION 32: SW 1/4 OF NE 1/4, W 1/2 OF SE 1/4

(COUNTY OF LINCOLN)

TOWNSHIP 9 NORTH, RANGE 67 EAST, M.D.B. & M.

SECTION 10: SE 1/4 OF SW 1/4, S 1/2 OF SE 1/4

SECTION 15: NW 1/4 OF NE 1/4, NE 1/4 OF NW 1/4, W 1/2 OF NW 1/4, NW 1/4 OF SW 1/4

TOWNSHIP 2 NORTH, RANGE 63 EAST, M. D. B. & M.

SECTION 13: E 1/2 OF SW 1/4, SE 1/4 OF SE 1/4

TOWNSHIP 15 NORTH, RANGE 66 EAST, M.D.B. &M.

SECTION 24: NW 1/4 OF SE 1/4

HUNTSMAN RANCH

THE LAND REFERRED TO IS SITUATED IN THE COUNTY OF WHITE PINE, STATE OF NEVADA, AND IS DESCRIBED AS FOLLOWS:

THE NORTHWEST QUARTER (NW 1/4) OF THE SOUTHEAST QUARTER (SE 1/4) AND THE EAST HALF (E 1/2) OF THE SOUTHEAST QUARTER (SE 1/4) OF SECTION 11, THE SOUTH HALF (S 1/2) OF THE SOUTHEAST QUARTER (SE 1/4) AND THE WEST HALF (W 1/2) OF THE SOUTHWEST QUARTER (SW 1/4) AND THE SOUTHEAST QUARTER (SE 1/4) OF THE

SOUTHWEST QUARTER (SW ¼) OF SECTION 12, THE NORTH HALF (N ½) AND THE SOUTHWEST QUARTER (SW ¼) AND THE WEST HALF (W ½) OF THE SOUTHEAST QUARTER (SE ¼) AND NORTHEAST QUARTER (NE ¼) OF THE SOUTHEAST QUARTER (SE ¼) OF SECTION 13, THE EAST HALF (E ½) OF THE NORTHEAST QUARTER (NE ¼) AND THE NORTHEAST QUARTER (NE ¼) OF THE SOUTHEAST QUARTER (SE ¼) OF SECTION 14, THE SOUTH HALF (S ½) OF THE SOUTHWEST QUARTER (SW ¼) OF SECTION 22, THE NORTHWEST QUARTER (NW ¼) OF THE NORTHEAST QUARTER (NE ¼) AND THE NORTHWEST QUARTER (NW ¼) AND THE NORTH HALF (N ½) OF THE SOUTHWEST QUARTER (SW ¼) OF SECTION 24, THE NORTHWEST QUARTER (NW ¼) OF SECTION 27 ALL IN TOWNSHIP 12 NORTH, RANGE 67 EAST, M.D.B.&M.

PHILLIPS RANCH

TOWNSHIP 13 NORTH, RANGE 67 EAST. MDB&M:

SECTION 13: SE 1/4 of SE 1/4

SECTION 24: NE 1/4 of NE 1/4

SECTION 24: S 1/2 of NE 1/4

SECTION 24: N 1/2 of SE 1/4

SECTION 24: SW 1/4 of SE 1/4

SECTION 24: S 1/2 of SW 1/4

SECTION 25: NE 1/4 of NW 1/4

SECTION 26: NE 1/4 of NE 1/4

BRANSFORD RANCH

THE SOUTHWEST QUARTER (SW ¼) OF THE NORTHWEST QUARTER (NW ¼) AND THE NORTHEAST QUARTER (NE ¼) OF THE SOUTHWEST QUARTER (SW ¼) OF SECTION 12, TOWNSHIP 12 NORTH, RANGE 67 EAST, M.D.B. & M., WHITE PINE COUNTY, NEVADA

ROBISON RANCH

TOWNSHIP 11 NORTH, RANGE 66 EAST, M.D.B.&M.

SECTION 01: NE ¼ NE ¼

SECTION 35: NW ¼ SE ¼

TOWNSHIP 12 NORTH, RANGE 66 EAST. M.D.B.&M.

SECTION 36: E ½ SE ¼

TOWNSHIP 17 NORTH, RANGE 66 EAST, M.D.B.&M.

SECTION 12: E ½ E ½

TOWNSHIP 17 NORTH. RANGE 67 EAST, M.D.B.&M.

SECTION 05: LOT 3 (NE ¼ NW ¼), S ¼ NW ¼, N ½ SW ¼, NW ¼ NW ¼, S ½ S ½, SW ¼ NE ¼, NW ¼ SE ¼

SECTION 06: SE ¼ NE ¼, NE ¼ SE ¼, W ½, W ½ E ½, NE ¼ NE ¼, SE ¼ SE ¼

SECTION 07: W ½, W ½ E ½

TOWNSHIP 18 NORTH, RANGE 66 EAST, M.D.B.&M.

SECTION 01: SE $\frac{1}{4}$ SW $\frac{1}{4}$, SW $\frac{1}{4}$ SE $\frac{1}{4}$, LESS PORTION IN N $\frac{1}{2}$ SW $\frac{1}{4}$ SE $\frac{1}{4}$

SECTION 12: NE $\frac{1}{4}$ NW $\frac{1}{4}$, NW $\frac{1}{4}$ NW $\frac{1}{4}$, S $\frac{1}{2}$ NW $\frac{1}{4}$, W $\frac{1}{2}$ NE $\frac{1}{4}$, NW $\frac{1}{4}$ SE $\frac{1}{4}$, SE $\frac{1}{4}$ NE $\frac{1}{4}$, E $\frac{1}{2}$ SE $\frac{1}{4}$

SECTION 13: W $\frac{1}{2}$ NE $\frac{1}{4}$, NW $\frac{1}{4}$ SE $\frac{1}{4}$

SECTION 24: S $\frac{1}{2}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$ NW $\frac{1}{4}$, SW $\frac{1}{4}$ NW $\frac{1}{4}$, NW $\frac{1}{4}$ SE $\frac{1}{4}$, SW $\frac{1}{4}$ SE $\frac{1}{4}$, SW $\frac{1}{4}$

SECTION 25: N $\frac{1}{2}$ NW $\frac{1}{4}$

TOWNSHIP 18 NORTH, RANGE 67 EAST, M.D.B.&M.

SECTION 06: LOTS 3 AND 4 (N $\frac{1}{2}$ NW $\frac{1}{4}$)

SECTION 07: LOTS 2 AND 3 (SW $\frac{1}{4}$ NW $\frac{1}{4}$, NW $\frac{1}{4}$ SW $\frac{1}{4}$)

SECTION 30: W $\frac{1}{2}$ SE $\frac{1}{4}$, SE $\frac{1}{4}$ NW $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$, NW $\frac{1}{4}$ NE $\frac{1}{4}$

SECTION 31: S $\frac{1}{2}$, S $\frac{1}{2}$ N $\frac{1}{2}$

SECTION 32: S $\frac{1}{2}$ SW $\frac{1}{4}$

TOWNSHIP 19 NORTH, RANGE 66 EAST, M.D.B.&M.

SECTION 11: SE $\frac{1}{4}$ SW $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$, E $\frac{1}{2}$, E $\frac{1}{2}$ NW $\frac{1}{4}$, NW $\frac{1}{4}$ NW $\frac{1}{4}$

SECTION 12: W $\frac{1}{2}$ W $\frac{1}{2}$, W $\frac{1}{2}$ NE $\frac{1}{4}$, E $\frac{1}{2}$ NW $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$

SECTION 13: NW $\frac{1}{4}$ NW $\frac{1}{4}$

SECTION 14: N $\frac{1}{2}$ NE $\frac{1}{4}$, SW $\frac{1}{4}$ NE $\frac{1}{4}$, NE $\frac{1}{4}$ NW $\frac{1}{4}$

SECTION 24: NW $\frac{1}{4}$ NE $\frac{1}{4}$

SECTION 25: NW $\frac{1}{4}$, SE $\frac{1}{4}$

SECTION 26: E $\frac{1}{2}$ NE $\frac{1}{4}$

SECTION 36: NE $\frac{1}{4}$ SE $\frac{1}{4}$, NW $\frac{1}{4}$ SE $\frac{1}{4}$, SE $\frac{1}{4}$ SE $\frac{1}{4}$, E $\frac{1}{2}$ SW $\frac{1}{4}$, NE $\frac{1}{4}$, SW $\frac{1}{4}$ SE $\frac{1}{4}$

TOWNSHIP 19 NORTH, RANGE 67 EAST, M.D.B.&M.

SECTION 30: LOT 4 (SW $\frac{1}{4}$ SW $\frac{1}{4}$)

SECTION 31: W $\frac{1}{2}$ NW $\frac{1}{4}$, SE $\frac{1}{4}$ NW $\frac{1}{4}$, SW $\frac{1}{4}$, SW $\frac{1}{4}$ SE $\frac{1}{4}$

TOWNSHIP 21 NORTH, RANGE 66 EAST, M.D.B.&M.

SECTION 09: NW $\frac{1}{4}$

TOWNSHIP 22 NORTH, RANGE 66 EAST, M.D.B.&M.

SECTION 08: SW $\frac{1}{4}$ NW $\frac{1}{4}$, W $\frac{1}{2}$ SW $\frac{1}{4}$

SECTION 17: W $\frac{1}{2}$ NW $\frac{1}{4}$, SE $\frac{1}{4}$ NW $\frac{1}{4}$, NW $\frac{1}{4}$ SW $\frac{1}{4}$, E $\frac{1}{2}$ SW $\frac{1}{4}$, SW $\frac{1}{4}$ SE $\frac{1}{4}$

SECTION 20: W $\frac{1}{2}$ NE $\frac{1}{4}$

SECTION 29: W $\frac{1}{2}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$

SECTION 32: NW $\frac{1}{4}$ NE $\frac{1}{4}$, E $\frac{1}{2}$ NE $\frac{1}{4}$



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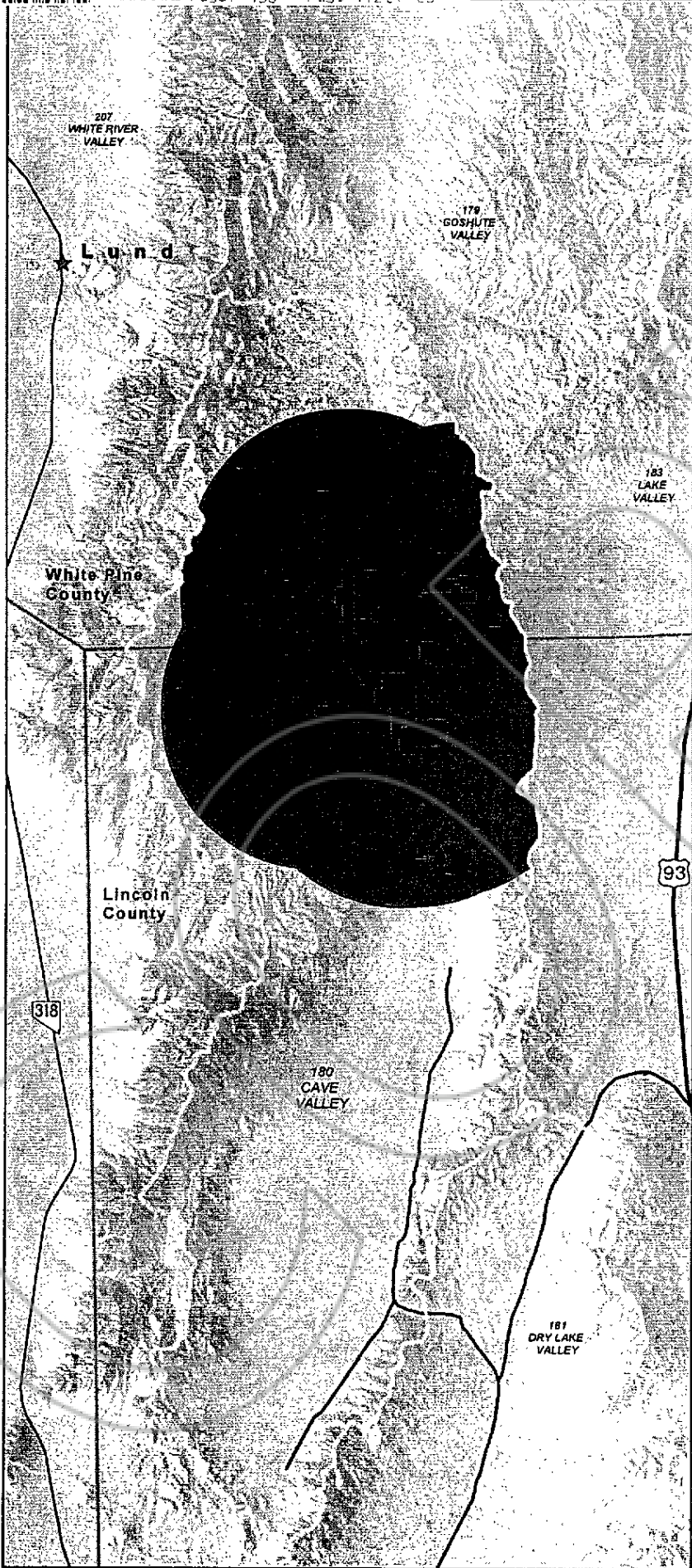
0347839

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Exhibit "4"
**(to Memorandum of Rights, Restrictive Covenant and
Equitable Servitude Running with the Land, and Right of First Offer)**

COPY

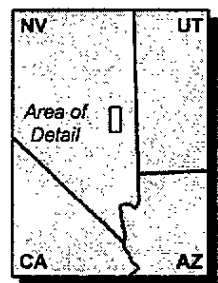


Cave Valley Ranch LLC Parcels in Lincoln & White Pine Counties

Groundwater Development Project

-  Cave Valley Ranch LLC Parcel
-  Cave Valley Ranch LLC Parcel:
5 Mile Buffer within Cave Valley
-  Town
-  Proposed Pipeline Alignment
-  County Boundary
-  Hydrographic Basin
- Roads**
-  U.S. Highway
-  State Route

Pipeline Iteration 258 - Last Updated 10/17/2008



1983 NORTH AMERICAN DATUM
 UTM ZONE 11 NORTH



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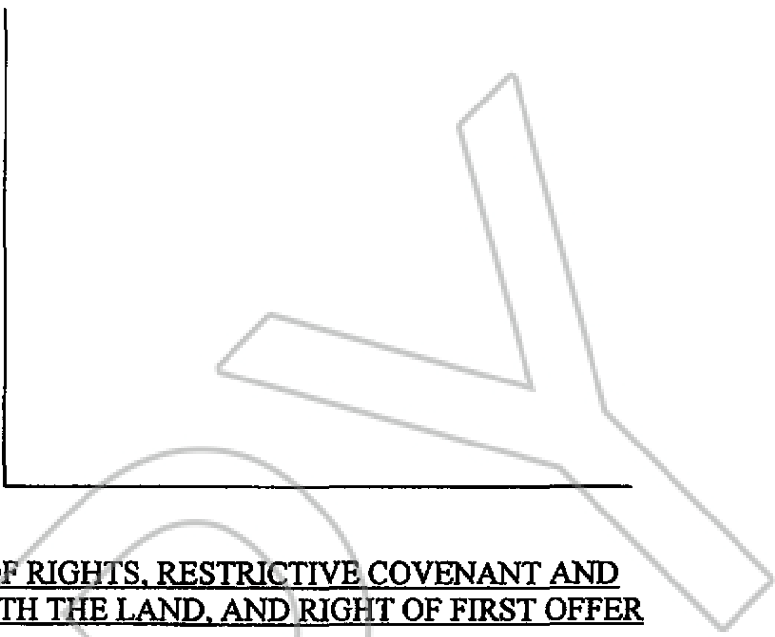
Exhibit "5"
(to Memorandum of Rights, Restrictive Covenant and
Equitable Servitude Running with the Land, and Right of First Offer)

COPY

APNs:

REQUESTED BY AND WHEN
RECORDED RETURN TO:

Southern Nevada Water Authority
Attn: General Counsel
1001 South Valley View Blvd.
Las Vegas, NV 89153



**AFFIRMATION OF MEMORANDUM OF RIGHTS, RESTRICTIVE COVENANT AND
EQUITABLE SERVITUDE RUNNING WITH THE LAND, AND RIGHT OF FIRST OFFER**

This Affirmation of Memorandum of Rights, Restrictive Covenant and Equitable Servitude Running With the Land, and Right of First Offer (this "*Affirmation*") is made this ____ day of _____, _____, by _____, a _____ ("Assignee"), as successor-in-title [or assignee] of _____ [initially, CAVE VALLEY RANCH, LLC], a _____ ("Assignor").

RECITALS

A. Memorandum of Rights, Restrictive Covenant and Equitable Servitude Running With the Land, and Right of First Offer. Cave Valley Ranch, LLC, a Nevada limited liability company ("Original Assignor"), entered into that certain Memorandum of Rights, Restrictive Covenant and Equitable Servitude Running With the Land, and Right of First Offer ("Agreement"), with Southern Nevada Water Authority, a political subdivision of the State of Nevada ("SNWA"), which Agreement was dated December _____, 2009, and recorded in the official records of White Pine County, Nevada, on _____, _____, as Document Number _____, and also recorded in the official records of Lincoln County, Nevada, on _____, _____, as Document Number _____.

B. Agreement Rights and Obligations Run With the Land. The Agreement creates certain rights and obligations running with the real property and the water rights described in the Agreement (the "Agreement Property"), all of which rights and obligations are described in the Agreement. Among other things, the Agreement requires that any successor-in-title or assignee of Original Assignor (or of an assignee of Original Assignor) affirm to SNWA [or SNWA's successor-in-interest, if applicable] that it will be bound by each of the terms of the Agreement before any sale or conveyance of the Agreement Property may have any force or effect. Assignee has reviewed the Agreement.



C. Chain of Title. Assignee desires to purchase or otherwise obtain the Agreement Property [or portion thereof or interest therein] from Assignor, which Assignor is a successor-in-title or assignee of Original Assignor [or of an assignee from Original Assignor]. Accordingly, and in compliance with the terms of the Agreement, Assignee hereby affirms to SNWA that each of the terms of the Agreement will be binding on, and enforceable against, Assignee, following Assignee's acquisition of the Agreement Property [or portion thereof or interest therein].

NOW, THEREFORE, in consideration of the matters stated in the Recitals, which are true and correct and incorporated herein as material terms by this reference, and of the rights and obligations created in the Agreement, and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, Assignee covenants and warrants as follows:

Assignee hereby affirms, covenants, and warrants to SNWA that each of the terms of the Agreement shall be binding on, and enforceable against, Assignee, and the assignees and successors-in-title of Assignee. Assignee intends that this Affirmation create privity of contract between SNWA and Assignee regarding the Agreement.

IN WITNESS WHEREOF, the Assignee has executed this Affirmation as of the day and year first written above.

[ASSIGNEE:]

By: _____
Its: _____

[NOTARY BLOCK]



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Exhibit "6"
(to Memorandum of Rights, Restrictive Covenant and
Equitable Servitude Running with the Land, and Right of First Offer)

COPY



APNs:

REQUESTED BY AND WHEN
RECORDED RETURN TO:

Santoro, Driggs, Walch et al.
400 S. Fourth Street, Third Floor
Las Vegas, NV 89101
Attn: Gregory J. Walch, Esq.



**AFFIRMATION OF MEMORANDUM OF RIGHTS, RESTRICTIVE COVENANT AND
EQUITABLE SERVITUDE RUNNING WITH THE LAND, AND RIGHT OF FIRST OFFER**

This Affirmation of Memorandum of Rights, Restrictive Covenant and Equitable Servitude Running With the Land, and Right of First Offer (this "*Affirmation*") is made this ___ day of _____, _____, by _____, a _____ ("Assignee"), as successor-in-title [or assignee] of _____ [initially, SOUTHERN NEVADA WATER AUTHORITY], a _____ ("Assignor").

RECITALS

A. **Memorandum of Rights, Restrictive Covenant and Equitable Servitude Running With the Land, and Right of First Offer.** Southern Nevada Water Authority, a political subdivision of the State of Nevada ("Original Assignor"), entered into that certain Memorandum of Rights, Restrictive Covenant and Equitable Servitude Running With the Land, and Right of First Offer ("Agreement"), with Cave Valley Ranch, LLC, a Nevada limited liability company ("CVR"), which Agreement was dated December __, 2009, and recorded in the official records of White Pine County, Nevada, on _____, _____, as Document Number _____, and also recorded in the official records of Lincoln County, Nevada, on _____, _____, as Document Number _____.

B. **Agreement Rights and Obligations Run With the Land.** The Agreement creates certain rights and obligations running with the real property and the water rights described in the Agreement (the "Agreement Property"), all of which rights and obligations are described in the Agreement. Among other things, the Agreement requires that any successor-in-title or assignee of Original Assignor (or of an assignee of Original Assignor) affirm to CVR [or CVR's successor-in-interest, if applicable] that it will be bound by each of the terms of the Agreement before any sale or conveyance of the Agreement Property may have any force or effect. Assignee has reviewed the Agreement.



C. Chain of Title. Assignee desires to purchase or otherwise obtain the Agreement Property [or portion thereof or interest therein] from Assignor, which Assignor is a successor-in-title or assignee of Original Assignor [or of an assignee from Original Assignor]. Accordingly, and in compliance with the terms of the Agreement, Assignee hereby affirms to CVR that each of the terms of the Agreement will be binding on, and enforceable against, Assignee, following Assignee's acquisition of the Agreement Property [or portion thereof or interest therein].

NOW, THEREFORE, in consideration of the matters stated in the Recitals, which are true and correct and incorporated herein as material terms by this reference, and of the rights and obligations created in the Agreement, and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, Assignee covenants and warrants as follows:

Assignee hereby affirms, covenants, and warrants to CVR that each of the terms of the Agreement shall be binding on, and enforceable against, Assignee, and the assignees and successors-in-title of Assignee. Assignee intends that this Affirmation create privity of contract between CVR and Assignee regarding the Agreement.

IN WITNESS WHEREOF, the Assignee has executed this Affirmation as of the day and year first written above.

[ASSIGNEE:]

By: _____
Its: _____

[NOTARY BLOCK]



EXHIBIT "G"
CONSERVATION EASEMENT

COPY



APN: 005-021-05

After Recording, Return to:
Southern Nevada Water Authority
Attn: General Counsel
1001 South Valley View Blvd.
Las Vegas, NV 89153



The undersigned hereby affirms that this document, including any exhibits, submitted for recording does not contain the social security number of any person or persons. (Per NRS 239B.030)

Escrow NCS-419822-ms

**Grant of Conservation Easement
Cave Valley Ranch, Nevada**

THIS GRANT OF CONSERVATION EASEMENT ("*Easement*"), dated this 7th day of December, 2009, is made by Cave Valley Ranch, LLC a Nevada limited liability company whose address is 2216 Timber Rose Drive, Las Vegas, Nevada 89134-5915 (the "*Grantor*"), and the Southern Nevada Water Authority, a political subdivision of the State of Nevada whose address is 1001 South Valley View Blvd., Las Vegas, Nevada 89153 (the "*Grantee*", and together with Grantor, the "*Parties*");

RECITALS:

A. The Grantor is the sole owner in fee simple of certain real property in White Pine County and Lincoln County, Nevada, described in Exhibit "A" attached hereto and incorporated herein by this reference (the "*Property*"), which Property is approximately located on the map attached hereto as Exhibit "B" and incorporated herein by this reference, and owns the rights to identify, to conserve and protect in perpetuity, and to enhance by restoration the Property's significant, relatively natural habitat of fish, wildlife and plants and the Conservation Purposes identified in Section 170(h)(4)(A) of the Internal Revenue Code (the "*Code*").

B. Grantor is the sole owner in fee simple of the water rights described in Exhibit "C" attached hereto and incorporated herein by this reference ("*Water Rights*"), which Water Rights are currently used on, and appurtenant to, the Property.

C. The protection of the Property's Conservation Values (as such term is defined in Recital D below, retains or protects natural resources, assures the availability of the Property to perpetuate certain Grantor uses, maintains or enhances the quality of air or water, and is authorized by and recognized in the Nevada Uniform Conservation Easement Act, NRS 111.390 through 111.440, inclusive (the "*Act*"). Grantor intends to convey this Easement pursuant to the Act and other applicable provisions of Nevada Revised Statutes. Grantee is a governmental body empowered



to hold an interest in real property and is qualified to act as a "Holder" pursuant to NRS 111.410(2)(a).

D. The Property constitutes a valuable element of the relatively natural habitat of the Cave Valley watershed and associated ecosystem. The Property provides significant habitat for elk and sage grouse, as well as habitat for mule deer, antelope, and other regional Nevada wildlife, and the maintenance of such natural habitat helps support wildlife populations. For purposes of this Easement, the term "**Conservation Values**" means:

(i) The Property's relatively natural habitat for native plants, fish, and wildlife, including significant habitat and crucial summer and winter range for elk and critical habitat for sage grouse, mule deer, antelope and other regional Nevada wildlife, containing thermal cover for elk and critical winter forage and water resources for elk and sage grouse. Further, the Property is adjacent to public lands administered by the Bureau of Land Management including the Mt. Grafton Wilderness Area, and is near the South Egan Wilderness Area and the Far South Egan Wilderness Area, and the protection of the Property contributes to the ecological viability of these public lands by ensuring the relatively natural habitat, historic and archeological values of the Property; and

(ii) Other characteristics described as Conservation Values in the "**Baseline Documentation**" described in Section X hereof.

The Conservation Values are of great importance to the Grantor and to the people of the State of Nevada, and are worthy of conservation. In addition to protecting the Conservation Values, it is the purpose of the Conservation Easement (defined below) granted in this Agreement to provide a significant public benefit by protecting and preserving in perpetuity the highly scenic and open views and associated vegetation across the fields on the Property, which are enjoyed by the general public who travel and live in the area of the Property, to preserve the traditional and scenic rural, ranching, and agrarian character of the Protected Property, and to maintain and enhance the quality of water provided by Grantee to the residents of the Las Vegas Valley. Grantor intends that the Conservation Values be preserved and maintained by the continuation of the natural and agricultural land uses on the Property, which will require that the Water Rights remain in use on, and appurtenant to, the Property.

E. The Grantor desires and intends that the Conservation Values of the Property be conserved and maintained by the continuation, initiation, or introduction of activities on the Property that will not interfere with or substantially disrupt the Conservation Values, including the Permitted Uses identified in Section III.

F. Grantor and the Grantee recognize the Conservation Values of the Property, and have the common purpose of the conservation and protection in perpetuity of the Property through the use of restrictions granted in perpetuity on use of the Property as described in § 170(h)(2)(C) of the Code as well as the other restrictions set forth in this Easement, and the Parties intend the grant of such restrictions and rights to qualify as a "qualified conservation contribution" under § 170(h) of the Code.

G. Grantor recognizes that the Grantee, as a qualified organization, in accepting this Easement, undertakes the obligation, in perpetuity, to monitor and protect the Conservation Values existing on the Property; to enforce the terms and conditions of the Easement against actual or



potential violation; and to defend the Easement against any and all legal and equitable claims or challenges. Grantor further recognizes that the obligations hereby undertaken by the Grantee create a substantial financial burden and responsibility for the Grantee.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and pursuant to the Act and other applicable provisions of Nevada Revised Statutes, the Parties covenant and agree as follows:

Section I

Easement Grant, Purpose, and Effect

A. **Grant and Purpose:** Grantor hereby grants, conveys and warrants to the Grantee, under the terms, conditions, and limitations set forth herein, a perpetual Easement over the Property for the purposes set forth in this Section I(A). It is the purpose of this Easement to protect the Conservation Values in perpetuity through private conservation efforts, and to prevent any use of the Property that is not consistent with the Easement and which will significantly impair or interfere with the Conservation Values.

B. **Perpetual Restrictions:** This Easement shall run with the land and encumber the title to the Property in perpetuity and shall bind the Grantor and all future owners, tenants, licensees, occupants and users of the Property.

C. **Permitted Uses in General:** This Easement shall confine the use of the Property to the Permitted Uses, discussed in Section III below, which are to be conducted in a manner consistent with the purposes and terms of this Easement. Any activity on or use of the Property inconsistent with the purposes or terms of this Easement or detrimental to the Conservation Values is expressly prohibited.

D. **Dedication of Property:** Pursuant to the terms of the Act, the Property conserved by this Easement is declared to be relatively natural habitat for elk and sage grouse, as well as habitat for mule deer, antelope and other regional Nevada wildlife and may not be converted or directed to any uses other than those provided in this Easement.

Section II

Rights of Grantee

The rights conveyed by the Grantor to the Grantee to perpetually maintain the Conservation Values of the Property in this Easement include the following:

A. **Identification and Protection:** The Grantee has the right to identify, to conserve and protect in perpetuity, and to enhance by mutual agreement the Conservation Values on the Property in the manner set forth in this Easement, subject, however, to the Grantor's reserved rights in this Easement.



B. **Access:** The general public is not granted access to the Property under this Easement. The Grantee shall have the right of immediate entry upon the Property after making a good faith attempt to provide notice to Grantor, if, in the Grantee's sole judgment, such entry is necessary to prevent immediate damage to or the immediate destruction of the Conservation Values of this Easement.

The Grantee also has the right to enter upon the Property to inspect, monitor, and enforce compliance with this Easement at reasonable times. The Grantee also has the right to enter upon the Property with advance notice to and permission from the Grantor or Grantor's agent to undertake observations or ecological studies of natural resources protected by this Easement in a manner that will not unreasonably interfere with the use of the Property by the Grantor.

C. **Water Rights:** Grantee has the right to prevent the transfer or severance of the Water Rights from the Property.

D. **Conservation, Enforcement, Injunction, and Restoration:** The Grantee has the right to enjoin or otherwise prevent any practice or use on the Property that violates the terms of this Easement and to enforce the restoration of such areas of the Property that may be damaged by such prohibited practice or use and to seek and recover damages and costs, all pursuant to Section VI, below.

E. **Signs:** The Grantee has the right to place signs on the Property which identify the Property as being protected by this Easement. The number, size and location of the signs are subject to the Grantor's approval.

Section III

Uses and Practices Reserved to Grantor

The following uses and practices of the Grantor, subject to the provisions below and any specific standards or conditions provided in connection with such use or practices, are consistent with the Conservation Purposes of, and are permitted by, this Easement. These uses and practices may not be precluded or prevented by this Easement, except when this Easement requires prior approval of an activity by the Grantee as provided in Section IV of this Easement or when such use or practice is conducted or allowed to take place in a manner which violates the terms of this Easement, poses a serious threat of material damage to the Conservation Values protected by this Easement, or constitutes a prohibited use or practice as set forth in Section V of this Easement. The Property shall remain available for Grantor's farming, ranching, timber, and recreational uses, as described herein.

A. **Residential Facilities:** There are no residential facilities or associated outbuildings on the Property, and none are permitted under the terms of this Easement.

B. **Recreational Uses:** Unless otherwise restricted herein, any recreational use that does not require, or potentially result in, surface alteration or other development of the land or impact the Conservation Values, in particular wildlife and wildlife habitat, is permitted. Hunting, fishing, trapping and predator control, in a manner consistent with state and federal laws and regulations, are



expressly permitted on the Property, as are non-motorized recreational activities. Grantor expressly reserves to itself all hunting rights inuring to an owner of the Property under Nevada law, together with the right to pursue and hold Property-based incentive or deprecation tags under the Nevada Revised Statutes, if any.

C. Ranching Facilities: The Grantor may construct, maintain, replace, and repair, fences, stock tanks, stock wells, pipelines, windmills, generators for pumping water, corrals, livestock pens, livestock handling and loading facilities, covered hay storage, ranch/agricultural buildings, and other necessary livestock related ranching facilities for ranching/agricultural purposes. Improvements located on the Property as of the date of this Easement are identified in the Baseline Documentation described in Section X. Ranch/agricultural buildings built upon lands described in Section III.A above may be constructed of a size reasonably necessary to accommodate the structure's ranching or agricultural purposes. No such structure constructed, maintained, repaired or replaced for ranching/agricultural purposes may be used for a dwelling place or human habitation. Big game proof fences are permitted immediately around harvested crops (e.g., haystacks) without prior approval of Grantee. All other fences must be built to allow for the passage of wildlife and shall be built in accordance with recommendations made by the Nevada Department of Wildlife. Pursuant to Section IV, Subsection S, page 10, no other big game proof fences will be constructed on the Property.

D. Utilities/Renewable Energy Options: The Grantor may construct or install utility structures and/or systems, including renewable energy structures such as a windmill and solar panels or geothermal systems, which are necessary for the permitted ranching activities and/or facilities so long as such structures and/or systems do not adversely impact the Conservation Values. Any incidental sale of energy to the grid shall not be deemed in violation of this provision, provided the renewable energy system is primarily designed and scaled to solely provide energy for the Property and its permitted uses. The Grantor may not grant a major utility corridor right-of-way across the Property without the express written consent of Grantee; provided, however, that Grantor may grant easements on, over, or under, the Property, for utilities serving Grantor uses permitted by this Easement.

E. Roads: The Grantor may maintain existing roads, and with prior approval of the Grantee pursuant to Section IV may construct new roads as necessary for the permitted uses of the Property under the terms of this Easement. Provided, however, any road shall be sited, constructed, and maintained to minimize adverse effect on the Conservation Values of the Property. Other than roads permitted in Section III, Grantee may refuse to approve any new road which threatens to adversely impact the Conservation Values of the Property. Any road constructed for temporary use must be stabilized and protected from erosion and weed invasion within six (6) months after discontinued use. The Grantor may only grant right-of-way easements across the Property with the prior approval of the Grantee.

F. Range Management and Ranching Activities: The Grantor may use the Property for common or typical ranching and farming activities, including hay production, grazing, feeding, breeding, raising, and managing livestock and clearing brush, provided these activities do not materially jeopardize the Conservation Values. The term "livestock" includes livestock that are considered "traditional" at the time of the execution of this Easement and within the local area



surrounding the Property, provided that traditional livestock shall not include any of the game farm animals discussed in Section V of this Easement.

Sound range stewardship and livestock management are integral to the protection of the wildlife habitat and other Conservation Values protected by this Easement. As such, all activities affecting range health will be conducted in a manner that fosters and/or maintains the ecological function of the land, water processes and plant community succession.

Livestock grazing shall not exceed a degree of use described as full by the United States Department of Agriculture - Natural Resource Conservation Service, as identified in Exhibit D, attached hereto, and shall not materially degrade or deteriorate the range and aquatic resources and wildlife and riparian habitats. It is acknowledged by the Grantor and Grantee that due to the nature of feeding and watering livestock there may be localized areas of high impact on the Property. These high impact areas may permissibly exceed the degree of use described as full in Exhibit D, provided such overused areas are not representative of the overall range condition of the Property, comprise less than 10 percent of pasture area, are not a permanent condition on the Property in that they are provided an opportunity to recover from time to time throughout the year, and do not impair or interfere with the Conservation Values protected by this Easement.

If the Grantee, in its sole discretion, decides that the grazing on the Property exceeds the degree of use beyond the localized areas of high impact described above, or the Grantor decides to use a different grazing system, or range management is detrimental to the Conservation Values, the Grantor will prepare or have prepared a Grazing Management Plan ("**GMP**") to govern grazing activity on the Property. The GMP shall be prepared by a qualified natural resource specialist and reviewed and approved by the Grantee, as provided in Section IV. Any modifications to the GMP shall be reviewed and approved by the Grantee, as provided in Section IV. The Grantee reserves the right to have professional consultants review the GMP and make on-site evaluations to provide recommendations to the Grantee and the Grantor.

If a GMP is required, the GMP shall be prepared within one year of the Grantee's notice that a GMP is required and shall be paid for by the Grantor. The GMP will consider the long-term health of the range resource and wildlife habitat. The GMP will describe appropriate use levels, seasons of use, kinds of livestock that will be grazing and necessary management practices. The GMP must meet all applicable state and federal laws, policies, guidelines, and regulations. Once a GMP is approved by Grantee, all livestock grazing taking place on the Property must comply with the GMP.

G. Division or Subdivision of the Property: Notwithstanding that the Property may have been divided or subdivided prior to this Easement, the Property subject to this Conservation Easement may only be conveyed as a single tract, the right to divide, subdivide, or take any action that creates an actual or *de facto* division or subdivision of the Property being expressly prohibited in Section V. Notwithstanding the foregoing or any other contrary provision herein, Grantor may, at Grantor's sole discretion, and on one or more occasions, convey the Property or any portion or portions thereof to the United States or the State of Nevada, provided such Property portion(s) remains subject to this Easement.

H. Water Resources and Water Rights Reservation: Grantor reserves to itself the Water Rights. In accordance with applicable laws and regulations, the Grantor may maintain, restore, enhance and develop new or existing water resources and facilities on the Property for permitted



agricultural and ranching activities, domestic needs, fish and wildlife uses and private recreational uses or activities. Such activities may include stream bank stabilization, improvement to the quality and quantity of water available, and development of watering facilities, pipelines, stock tanks and ponds, provided such activities are conducted in a manner consistent with state and federal laws and regulations and do not conflict with the Conservation Values. The Grantor may maintain, replace and repair existing stream crossings, culvert and bridges on the Property according to all applicable, local, county, state and federal laws and regulations. Grantor expressly reserves the right to develop underground water resources within the Property for permitted uses on the Property or on any other lands owned or controlled by Grantor or Grantor's successors provided such underground water use does not adversely impact the Conservation Values. Notwithstanding the foregoing, Grantor may not sever any surface water rights appurtenant to the Property on the Effective Date as set forth in the Baseline Documentation, except to legally designate those water rights for in-stream flows. The Grantor will make reasonable efforts to ensure continuation of instream flows.

I. Agrichemicals and Biological Controls: The Grantor may use agrichemicals and biological controls, including but not limited to insects, fertilizers, biocides, herbicides, pesticides, insecticides and rodenticides, but only in accordance with all applicable laws and in those amounts and with that frequency of application constituting the minimum necessary to accomplish reasonable ranching and grazing objectives and/or to improve wildlife habitat. The use of such agents shall be conducted in such a manner as to minimize any adverse effect upon the natural values of the Property and to avoid any impairment of the natural ecosystems and their processes.

J. Forest Management: Maintenance of a healthy forest and tree cover is integral to wildlife, wildlife habitat, and water quality. As such, all activities affecting the forest and tree cover will be conducted in a manner that maintains healthy forest conditions over time and sustains and perpetuates the mix of naturally occurring species in representative ages and group sizes, in accordance with sound silvicultural practices and with best management practices for the benefit of wildlife.

The Grantor may: (i) cut trees for posts and poles; (ii) cut and gather dead, dying and down trees for firewood and to abate disease and infestation; (iii) cut or prune trees and brush, which constitute a hazard to persons, property, or road; (iv) cut trees for non-commercial uses on the Property; and (v) thin Pinion - Juniper through harvesting or controlled burns in order to enhance grasses and forage for livestock and wildlife.

Any commercial timber harvesting, will be conducted in accordance with an approved Timber Management Plan ("*TMP*") prepared by a qualified natural resource manager or professional forester. The *TMP* must be approved by the Grantee, as provided in Section IV, prior to any tree cutting activity other than that listed in parts i-iv in the immediately preceding paragraph. The Grantee reserves the right to have professional consultants review the *TMP* and make on-site evaluations to provide recommendations to the Grantee and the Grantor.

The *TMP* will encompass the long-term management of the forestland to provide diverse habitat for elk and other wildlife, to perpetuate a healthy forest, and to abate fuels and erosion. Timber harvest activity will be undertaken at times and by methods that will have the most reasonably minimum impact on the use of the Property by wildlife. All applicable state and federal forestry laws, plans, practices, guidelines and regulations must be met.



K. Cultivation or Farming: The Grantor may plow, cultivate and/or farm on those lands identified as plowed, cultivated or farmed lands, or sub-irrigated hay meadows in the Baseline Documentation referred to in Section X. The introduction of any noxious or detrimental plant species is expressly prohibited in accordance with the provisions of Section V. Any other plowing, cultivation or farming on the Property, including plowing associated with planting food plots or for weed control, must have the Grantee's prior written approval, pursuant to Section IV of this Easement.

L. Habitat Improvement: Subject to other provisions of this Easement, the Grantor reserves the right to undertake habitat improvement projects, including controlled burns, that will enhance aquatic and terrestrial wildlife habitat, with an emphasis on improving the land as elk habitat. All such activities shall be undertaken in order to protect the Conservation Values of the Property. Pursuant to Section V, the Grantor will not introduce into the Property any plant species as defined or listed as noxious or detrimental to wildlife by local, state, or federal land or wildlife agencies. The Grantor may reseed disturbed areas with high quality, certified weed-free seed that is commonly used and that is acceptable to the natural resource agencies in Nevada.

M. Residual Rights: Except as limited by this Easement, the Grantor may exercise and enjoy all rights as owner of the Property, including the right to use the Property for any purpose consistent with this Easement.

Section IV

Prior Approval of Actions by Grantee

If any provision of this Easement requires the Grantor to obtain the prior approval of the Grantee before performing any activity or undertaking any use on the Property, or if the Grantor proposes to undertake any activity or use that is contemplated but not expressly addressed in Section III or Section V of this Easement, then the Grantor shall not perform that activity or undertake that use until Grantor has satisfied the notice and approval provisions of this Section. Nothing in this Section shall prohibit or limit in any manner the ability of the Grantee to obtain writs or injunctive relief relating to any violation of this Easement.

A. Grantor's Written Notice: Prior to the commencement of any activity in or use of the Property which requires the Grantee's approval or notice to Grantee, the Grantor will notify the Grantee in writing of the activity or use which the Grantor intends to undertake. This notice must inform the Grantee of all material aspects of such proposed activity or use. The Grantor will send such notices to the Grantee by registered or certified mail, return receipt requested, or by recognized commercial courier service, addressed to the Grantee at 1001 South Valley View Blvd., Las Vegas NV 89153 (for commercial courier delivery), Attention: General Counsel, or to such other address as the Grantee may designate in writing. In the event notice only is required, such notice is complete upon Grantee's receipt of the notice.

B. Grantee's Response: If Grantor's proposed activity requires approval, the Grantee shall have forty five (45) days from the date that it receives such notice to review the proposed activity or use and to approve such use or to notify the Grantor of any objections that it may have. The objections, if any, shall be based upon the Grantee's opinion that the proposed activity or use may cause material damage to the Conservation Values, or otherwise be in violation of the



provisions of this Easement, and is therefore inconsistent with the Conservation Purpose and/or provisions of this Easement. If in Grantee's sole opinion, the notice does not inform Grantee of all material aspects of such proposed activity or use, the Grantee's response may be a temporary objection, specifically requesting additional material information. Grantee shall then have forty five (45) days from the date it receives additional requested information, as indicated by the registered or certified return receipt, to review the proposed activity, use, and to notify the Grantor of any objections that it may have to the activity, or use. If, in the Grantee's judgment, the proposal set forth by the Grantor can be modified to avoid material damage to the Conservation Values and therefore conform with the Conservation Values and provisions of this Easement, then the response shall inform the Grantor of the manner in which the proposed activity or use can be modified to be consistent with this Easement. Except as provided in Subsection C of this Section, the Grantor may commence or conduct the proposed activity or use only if it receives the Grantee's express written approval, and only in the manner explicitly proposed by the Grantor and approved by the Grantee. The Grantee will send such response to the Grantor by registered or certified mail, return receipt requested, addressed to the Grantor at 2216 Timber Rose Drive, Las Vegas, NV 89134, or to such other address as the Grantor may designate in writing.

C. Grantee's Failure to Respond: If the Grantee fails to post its response to a proposal sent to it by the Grantor within forty five (45) days after it receives the proposal, then the proposed activity or use shall automatically be deemed consistent with the terms of this Easement, and the Grantee will have no further right to object to the activity, use or enterprise described in the proposal.

D. Force Majeure: The Grantor will not be obligated to send any prior notice to the Grantee, and the Grantee will not be entitled to bring any action against the Grantor, with respect to any prudent, good faith activity undertaken by the Grantor to prevent, abate, or mitigate injury to the Property immediately before, during, or immediately following fire, flood, storm, earth movement, acts of war, and similar causes beyond the control of the Grantor. The Grantor will promptly inform the Grantee of injury to the Property caused by such events or actions. In the event the Grantor wishes to take reasonable actions, not otherwise permitted under this Easement to prevent, abate or mitigate less immediate threats to the Property, Grantor and Grantee must mutually agree in writing to any action. Grantee shall not unreasonably withhold approval of any such action that does not materially impact the Conservation Values this Easement protects.

Section V

Prohibited Uses and Practices

Any activity on or use of the Property inconsistent with the purposes of this Conservation Easement or which is likely to cause material damage to the Conservation Values is expressly prohibited. The Grantor states and agrees that the following uses and practices, though not an exhaustive recital of inconsistent uses and practices, are deemed to be inconsistent with the purposes of this Easement, and shall be prohibited.

A. Residential, Commercial or Industrial Facilities and Activities: Any commercial or industrial activities that damage or interfere with wildlife or wildlife habitat are prohibited. The Grantor will not establish, allow or conduct any residential, commercial or industrial facilities or



activities on the Property, other than those expressly permitted in any Subsection of Section III of this Easement. Prohibited commercial uses include, but are not limited to, any restaurant, night club, campground, trailer park, bed and breakfast, motel, hotel, guest ranch, commercial swimming pool, snowmobiling, gas station, equestrian park, ski area, retail outlet or facility for the manufacture or distribution of any product that would likely cause material damage to the Conservation Values.

B. Game Farming or Game Farm Animals: The Grantor shall not construct, conduct, or operate a game farm, or raise or hold game farm animals or alternative livestock on the Property. Game farm animals include penned, enclosed or privately-owned caribou, black bear, grizzly bear, mountain lion, white-tailed deer, mule deer, black-tailed deer, coues deer, elk, moose, antelope, mountain sheep, mountain goat, red deer, and any other cloven-hoofed ungulate which is indigenous to Nevada and any non-indigenous or exotic cloven-hoofed ungulate which could interbreed with or spread disease to any cloven-hoofed ungulate indigenous to Nevada, provided however that "traditional" domestic livestock, including domestic cattle, domestic sheep, domestic goats, domestic pigs, domestic buffalo and domestic llamas are not included in the definition of game farm animals.

C. Wildlife Harassment: Harassment of elk or other wildlife, as defined by Nevada law, by people, vehicles or domestic animals is prohibited. Lawful hunting and hazing of wildlife as directed and recommended by the Nevada Department of Wildlife to protect cultivated crops from wildlife depredation or as a wildlife management technique is not wildlife harassment.

D. Alteration of Watercourses and Topography: The Grantor shall not change, disturb, alter, excavate, or impair any watercourse or wetland on the Property, except as expressly reserved in Section III of this Easement. The Grantor will not change the topography of the surface of the Property except as incidental and necessary to expressly reserved uses and activities.

E. Noxious and Detrimental Species. The Grantor shall not introduce into the Property any plant species designated as noxious or detrimental to wildlife by local, state, or federal land or wildlife agencies.

F. Subdivision: Notwithstanding that the Property may have been subdivided prior to the granting of this Conservation Easement, except as expressly reserved in Section III of this Easement, The Grantor does not have the right to divide, subdivide, or take any action which creates an actual or *de facto* subdivision of the Property.

G. Construction: The Grantor shall not construct any structures or facilities except as expressly reserved in Section III. The Grantor shall not construct, modify or use any structure for human habitation or dwelling.

H. Roads: The Grantor shall not construct any new roads except as expressly reserved in Section III.

I. Off-Road Vehicles: The Grantor shall not use vehicles off of existing roads and travelways in a manner that may result in significant erosion or compaction of the soil, impact on the natural appearance of the Property, damage or destruction to vegetation, or interference with use of the natural habitats by the wildlife species occurring on the Property. Off-road vehicle use shall be expressly allowed for uses necessary for fire suppression, emergency or severe weather access; normal maintenance, reserved agricultural uses, as may be necessary in property management and for



retrieval of harvested big game animals, and such limited use is therefore expressly permitted, provided that all reasonable efforts are made to minimize any adverse impact of the use, consistent with the terms and intent of this Easement. Any off-road vehicle use must not constitute wildlife harassment.

J. Commercial Feed Lot: The Grantor shall not establish or maintain any commercial feedlot. For the purposes of this Easement, a commercial feed lot shall be defined as a confined area or facility where livestock is fed and fattened for commercial slaughter as opposed to the grazing of livestock on growing vegetation in open fields or pastures.

K. Dumping and Deposit of Hazardous Waste: No trash, debris, ashes, sawdust, and other non-compostable refuse may be dumped or otherwise disposed of on the Property, except that waste generated by the uses permitted in this Easement, and permitted by applicable state and federal laws may be disposed of on the Property so long as there are no adverse impacts to the Conservation Values. If the Grantor becomes aware of any accidental, illegal, or other placement or spilling of hazardous waste or toxic materials on the Property, the Grantor shall notify the Grantee on a timely basis.

L. Utilities: Other than those expressly permitted by Section III, additional utility structures and systems are prohibited. Without limiting the foregoing, commercial solar and wind farms are expressly prohibited.

M. Mineral Activities and Reservation: Grantor expressly reserves to itself Grantor's right, if any, to explore for and extract any oil, gas, mineral, or geothermal resource located within, on, under, or accessible from the Property; provided, however, there shall be no extraction or removal of minerals by any surface mining method within the meaning of Section 170(h)(5)(b) of the Code and the regulations promulgated thereunder, and any surface mineral extraction activities in compliance with Section 170(h)(5)(b) of the Code and the regulations promulgated thereunder, must be exercised only for non-commercial use on the Property. To the extent consistent with the Conservation Values and applicable law, Grantor may explore for and extract any oil, gas, mineral, or geothermal resource located under or which is accessible from the Property; provided, however, that any surface disturbance resulting from permitted exploration or extraction activities shall be restored upon completion of such activities to a condition similar or equivalent to its state prior to the disturbance by restoring soils and replanting suitable native vegetation.

N. Timber Harvesting: The Grantor does not have the right to harvest timber on the Property except as expressly permitted by Section III.

O. Billboards: The Grantor shall not construct, maintain, or erect any commercial signs or billboards on the Property. Small signage may, however, be displayed to state the name of the owner and the Property and that the Property is protected by this Easement, to prohibit any unauthorized entry or use, or to advertise for the sale of the Property or goods produced on the Property.

P. Aircraft Facilities: The Grantor shall not construct or erect any aircraft facilities or aircraft landing facilities on the Property.



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Q. **Cultivation or Farming:** Farming, plowing or any type of cultivation outside the areas authorized in Section III is prohibited.

R. **Game Proof Fences:** Grantor shall not construct any big game proof fences, defined as any fence which cannot be crossed by elk, deer or other big game wildlife, except as temporarily placed around harvested crops or sensitive agricultural areas such as cultivated crops experiencing depredation by big game as documented by the Nevada Department of Wildlife, calving areas, etc. or as specifically permitted in Section III.

Section VI

Breach, Restoration, and Remedies

A. **Right to Injunction:** The Grantor and Grantee recognize that money damages, or other non-injunctive relief, may not adequately remedy a violation of the terms of this Easement. Therefore, the Grantor and Grantee hereby agree that any violation shall be subject to injunctive proceedings, including the imposition of temporary restraining orders, preliminary injunctions, specific performance, or any other legal means. The Parties also agree that no proof of damages, or the inadequacy of other remedies, shall be required of either Party, in seeking any such injunctive relief.

B. **Right to Restoration.** In addition, Grantee shall have the right to enforce the restoration of any, and all, of the Conservation Values damaged by activities in violation of this Easement. Such restoration shall be, as nearly as possible, to the condition that existed prior to such injury.

C. **Right to Recover Damages.** In the event of a violation of the terms of this Easement, in addition to the other remedies provided for in this Section VI, and any other remedies available in law or equity, the Grantee shall also be entitled to recover from the person violating the Easement all damages necessary to place the Grantee in the same position that it would have been in before the violation, including, but not limited to, the costs of restoration of the Property as provided in Section VI.B above.

D. **Costs and Attorney's Fees.** In addition to any other damages to which it may be entitled, Grantee shall be entitled to recover from the person violating the Easement the costs of enforcement of any of the terms of this Easement, including actual attorney's fees, expenses and court costs, provided that it is, at least in substantial part, the prevailing party in any such action.

E. **Cumulative Remedies:** The remedies of the Grantee set forth in this Easement are cumulative. Any, or all, of the remedies may be invoked by the Grantee if there is an actual or threatened violation of this Easement.

F. **Delay in Enforcement:** Any forbearance on behalf of the Grantee to exercise its rights hereunder in the event of any breach by Grantors or their respective heirs, personal representatives, or assigns shall not be deemed or construed to be a waiver of the Grantee's rights hereunder in the event of any subsequent breach.



G. **Other Parties:** These remedies may be sought by any other party authorized by state law to enforce the terms and conditions of conservation easements; provided, however, that the Parties do not intend that any third party shall inure to the benefit of, or be entitled to enforce, any provision of this Easement other than as may be expressly provided by state or federal statutes; provided, however, that this Section VI.G is not intended to, and indeed does not, abrogate in any manner Grantee's "right of enforcement by a third person" in the event the Conservation Easement is assigned pursuant to Section IX.

Section VII

Costs and Taxes

The Grantor retains all responsibilities and shall bear all costs and liabilities of any kind related to the ownership, operation, upkeep and maintenance of the Property, including responsibility for the control of noxious weeds in accordance with any applicable laws. The Grantor shall pay before delinquency any and all lawful taxes, assessments, fees, and charges (collectively "taxes") levied by competent authority on the Property. The Grantee is authorized, but in no event obligated, to make or advance any payment of taxes upon 3 days prior written notice to the Grantor, in accordance with any bill, statement, or estimate procured from the appropriate authority, without inquiry into the validity of the taxes or the accuracy of the bill, statement, or estimate, and the Grantor shall be obligated to repay Grantee for all costs it incurs in making such payment, together with interest at the maximum rate allowed by law until all sums are paid by the Grantor.

Section VIII

Indemnity

The Grantor shall hold harmless, indemnify, and defend the Grantee and the Grantee's members, directors, officers, employees, agents, and contractors and the heirs, personal representatives, successors, and assigns of each of them from and against all liabilities, penalties, costs, losses, damages, expenses, causes of action, claims, demands, or judgments, including, without limitation, actual attorney's fees, arising from or in any way connected with the presence or release of any hazardous material or substance of any kind on the Grantor's Property. This paragraph shall not apply in the case of any hazardous material or substance in any manner placed on the Grantor's Property by the Grantee or the Grantee's representatives or agents.

Section IX

Assignment of Easement

At any time during a period extending to twenty (20) years from the Effective Date (defined below), Grantee, at no cost to Grantee and upon Grantor's written request, shall convey Grantee's interest in the Conservation Easement as the "Holder" of the Conservation Easement to the Rocky Mountain Elk Foundation, the Nature Conservancy, or other natural resource, wildlife or habitat preservation entity that is a "**Qualified Organization**" (within the meaning of IRC §170(h)(3)) and is qualified to act as a "Holder" pursuant to NRS 111.410(2)(b) and is organized or operated primarily or substantially for one or more of the conservation purposes specified in IRC §170(h)(4)(a), and which is not engaged in as of the Effective Date, and has not engaged in as of the date of the



requested assignment, litigation against Grantee or the Project ("*End User*"). End User shall agree to enforce the Conservation Easement. Any consideration paid by End User upon conveyance of the Conservation Easement by Grantee pursuant to this Section shall accrue to Grantee in total, and Grantor and/or End User shall bear all costs of any such conveyance. The Conservation Easement shall not be assignable by End User except in the limited circumstance where such assignment is made necessary by either operation of law or upon dissolution of the End User, in which event the Conservation Easement shall be assigned to another Qualified Organization. Notwithstanding anything to the contrary contained in this Agreement, in the event that Grantee assigns its rights as the holder of the Conservation Easement, Grantee shall retain, and does hereby create and retain, a "right of enforcement by a third person", as that term is defined in NRS 111.410(3), to enforce each and every term of the Conservation Easement, including, without limitation, the Restrictions, and those terms restricting the severance and transfer of the Water Rights. Grantee's right of enforcement by a third person shall not be impacted by any future legislative changes to the Act.

Section X

Baseline Documentation

The parties agree that the specific Conservation Values of the Property and other natural resources and development on the Property are documented in the Baseline Documentation, which report will be furnished by the Grantor to the Grantee to be kept on file at the offices of the Grantee, and which documentation the parties agree provides an accurate representation of the Property as of the Effective Date in accordance with Treasury Regulation §1.170A-14(g)(5)(i). The Baseline Documentation is intended to serve as an objective baseline for monitoring compliance with the terms of this Easement. Notwithstanding the foregoing, in the event of a controversy arising with respect to the nature of the biological and/or physical condition of the Property, the parties shall not be foreclosed from using any and all other relevant or material documents, surveys, reports and other information to assist in the resolution of that controversy.

In the event that range or habitat conditions significantly improve on the Property, the parties may agree to prepare an updated Baseline Documentation to reflect the improved conditions. The updated inventory of baseline data must be approved in writing by the parties. Upon approval by the parties, the updated Baseline Documentation will be used as the baseline for future monitoring and compliance with the terms of this Easement.

Section XI

Extinguishment of Development Rights

The Grantor and Grantee hereby acknowledge the extinguishment of all development rights except as specifically reserved by the Grantor in Section III, herein. For the purpose of this Section XI, development rights shall be deemed to include all potential rights that are now or hereafter allocated to or inherent in the division of the Property or density for industrial, commercial or residential units on the Property including, but not limited to, all subdivision and density rights as well as the right to use any of the acreage of the Property in any acreage calculation having the effect of creating or contributing to additional development on or off the Property. The Grantor



unconditionally and irrevocably relinquishes the right to transfer any such development rights. The Grantor and Grantee agree that all such development rights are hereby terminated and extinguished.

Section XII

Extinguishment or Involuntary Conversion

The Grantor and the Grantee agree that the conveyance of this Easement gives rise to a property right, immediately vested in the Grantee. The Grantee's property right in this Easement shall be based on the condition and improvements on the Property at the time that the Easement is established, and this condition shall be documented as referred to in Section X, above. For purposes of this Section, the Grantee's property right shall be deemed to have a fair market value at least equal to the proportionate value that this Easement bears to the entire value of the Property as a whole at the time of its creation. In the event Grantor undertakes an appraisal in association with the conveyance of this Easement, the values established in that appraisal shall be used to determine the proportionate value that the Easement bears to the entire value of the Property as a whole at the time of its creation. ***In the event no appraisal is undertaken, the parties agree to a proportionate value of 75%, which value is a reasonable estimation of the value the Easement bears to the entire value of the Property at the time of its creation.*** That proportionate value of the Grantee's property rights shall remain constant. Should a change in conditions give rise to the extinguishment of this Easement, as provided in Treasury Regulation §1.170A-14(g)(6)(i), or extinguishment of a portion of the Grantee's rights under this Easement due to an exercise of eminent domain, a condemnation action, or an involuntary conversion of the Property or a portion of the Property, the Grantee shall be entitled to a portion of the proceeds at least equal to such proportionate value of this Easement as established at the time of its creation, unless otherwise provided by Nevada law.

All interpretations of the Grantee's property rights shall follow Treasury Regulation Section 1.170A. The Grantor hereby agrees to provide Grantee with a copy of the appraisal used to support any tax deduction associated with the donation of this Easement, for valuation purposes.

In the event all or part of the Property is taken in exercise of eminent domain, or under claim of rights of eminent domain, by public, corporate, or other authority, by condemnation action or an involuntary conversion, so as to abrogate the restrictions imposed by this Easement, the Grantor shall and the Grantee may join in appropriate actions to recover the full value of the Property taken and all incidental or direct damages resulting from such taking. All reasonable expenses incurred by the Grantor and the Grantee in any such action shall first be reimbursed out of the recovered proceeds; the remainder of such proceeds shall be divided between the Grantor and the Grantee in proportion to their interest in the Property, as provided in the first paragraph of this Section. If the recovered proceeds are not sufficient to reimburse all reasonable expenses incurred by the Grantor and the Grantee, the recovered proceeds shall be divided between the Grantor and the Grantee in proportion to their reasonable expenses.

If a subsequent unexpected change in conditions surrounding the Property render the Conservation Purposes of this Easement impossible or impractical to accomplish, this Easement may be extinguished, whether in whole or in part, by a non-appealable final determination by a court of competent jurisdiction as provided for in Treasury Regulations Section 1.170A-14(g)(6)(i). All of Grantee's proceeds, from such a subsequent sale, exchange or involuntary conversion of all or any



portion of the Property, shall be used by Grantee in a manner consistent with the protection of the Conservation Purposes of the original conveyance of this Easement.

Section XIII

Subsequent Sale

The Grantor agrees that reference to this Easement will be made in any subsequent deed, or other legal instrument, by means of which any interest in the Property (including any leasehold interest) is conveyed, and that a reference will be made that any use of this Property shall be subject to the terms and conditions of this Easement, which Easement shall be attached as an exhibit to in any subsequent deed, or other legal instrument, by means of which any interest in the Property (including any leasehold interest) is conveyed. The Grantor will notify the Grantee in writing of any conveyance of interest by sending written notice to the Grantee as provided in Section IV. The Grantor agrees to provide notice of this Easement to successor owners of interest, and to any potential purchasers or subsequent owners. In the event the Grantor elects to sell the Property, the Grantor agrees to provide notice of this Easement in any sale or solicitation materials or information. Any failure to comply with the terms of this paragraph shall in no manner render this Easement or any provisions of this Easement unenforceable. Failure to comply with the requirements of this paragraph shall in no way impact the perpetual nature or enforceability of this Easement.

Section XIV

Miscellaneous Provisions

A. **Partial Invalidity:** If any provision of this Easement, or the application of this Easement, or the application of this Easement to any person or circumstance is found to be invalid, the remainder of the provisions of this Easement, and the application of such provisions to persons or circumstances other than those to which it is found to be invalid, shall not be affected thereby.

B. **Enforcement:** The Grantor intends that enforcement of the terms and provisions of this Easement shall be at the discretion of the Grantee, and that the Grantee's failure to exercise its rights under this Easement, in the event of any breach of this Easement by the Grantor, shall not be deemed or construed to be a waiver of the Grantee's rights under this Easement in the event of any subsequent breach.

C. **"Grantor" and "Grantee":** The term "Grantor," as used in this Easement, and any pronouns used in place thereof shall mean and include the above-named Grantor, and its successors and assigns. In the event the Property encumbered by this Easement has been transferred by the original Grantor, then the term "Grantor" shall then refer to such successor or assign. The term "Grantee," as used in this Easement, and any pronouns used in place thereof shall mean the Southern Nevada Water Authority and its successors and assigns.

D. **Titles:** Section and Subsection titles and subtitles are for convenience only and shall not be deemed to have legal effect.

E. **Liberal Construction:** This Easement shall be liberally construed in favor of maintaining the Conservation Values of the Property, and in accordance with the Act.



F. **Perpetuity of Easement:** This Easement shall run with and burden the title to the Property and the Water Rights in perpetuity and is binding upon, and will inure to the benefit of the Grantor's and the Grantee's successors in interest and assigns. All subsequent owners of the Property and the Water Rights, and any portion thereof or interest therein, are bound to all provisions of this Easement to the same extent as the Grantor.

G. **Governing Law:** This Easement will be construed in accordance with Nevada law.

H. **Entire Agreement:** This Easement sets forth the entire agreement of the parties. It is intended to supersede all prior discussions or understandings.

I. **Compliance With Law:** All uses and practices permitted by this Easement, including the Permitted Uses, will not exceed or violate but will be in full compliance with all applicable state and federal laws.

J. **Amendment:** If an amendment to or modification of this Easement is made, the amendment or modification must be in compliance with the terms of this Easement, must strengthen the protection of the Conservation Values protected by this Easement and may not affect its perpetual duration. Any amendment must be in writing, signed by both the parties and any other party required by law, and recorded in the official records of Lincoln and White Pine Counties, Nevada. The Grantor or, in the event of the Grantor's death, the personal representative of the Grantor may amend this Easement to be more restrictive regarding commercial recreational activities, in order to comply with the *de minimis* standard set forth in 26 U.S.C. §2031(c).

K. **Effective Date:** This Easement shall be effective when signed by all parties (the "*Effective Date*"), and it is the intent of the parties that this Easement shall be effective in the year 2009.

L. **Counterparts:** The Parties may execute this Agreement in two counterparts. Each counterpart shall be deemed an original instrument.

M. **Recordation:** Grantor may record this Agreement in the official records of Lincoln County and White Pine County, Nevada, as well as the records of the Nevada State Engineer.

N. **Recitals:** The Recitals to this Agreement are true and correct and are incorporated herein by this reference.

[signature page follows.]



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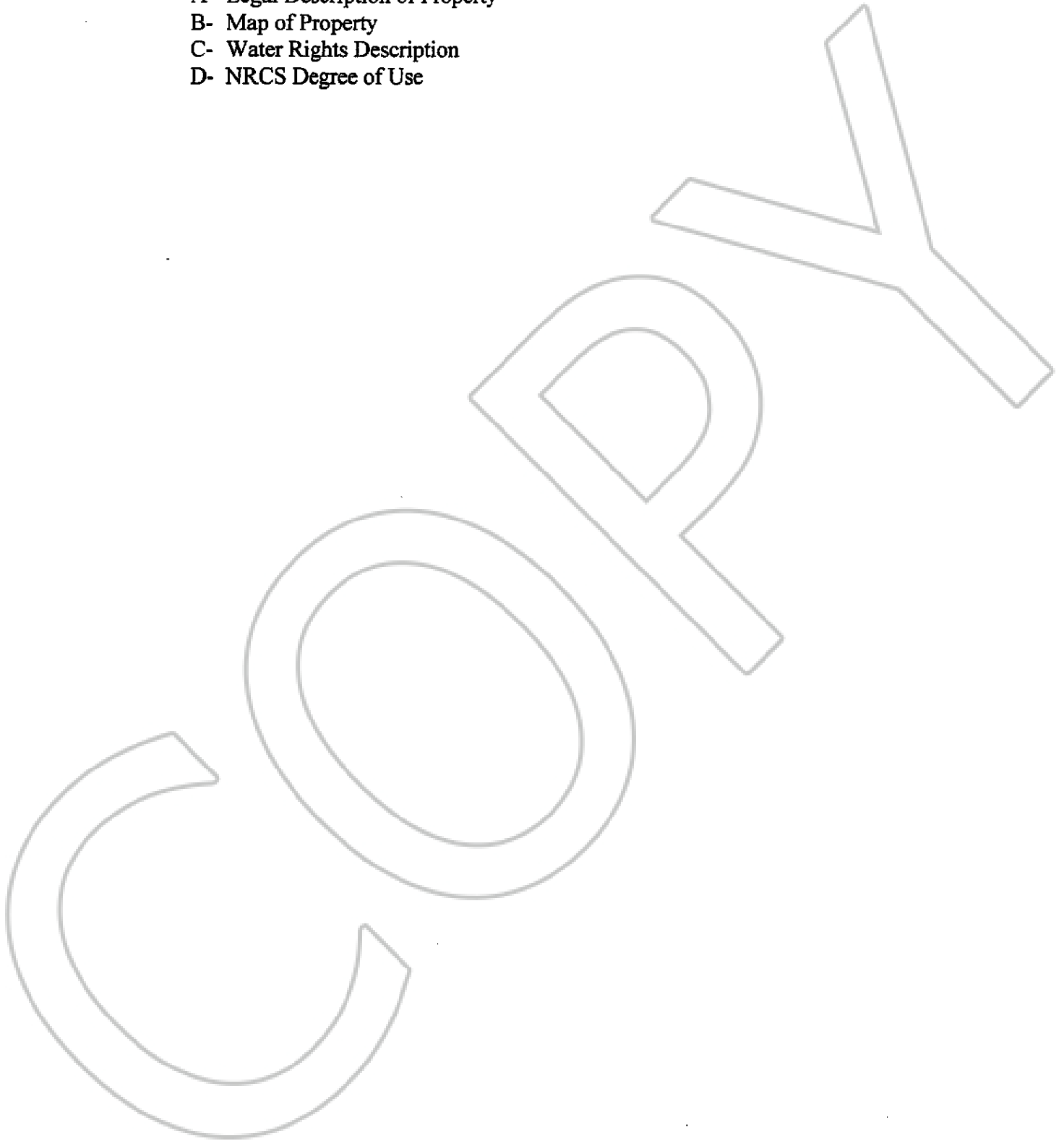
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Exhibits:

- A- Legal Description of Property
- B- Map of Property
- C- Water Rights Description
- D- NRCS Degree of Use





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**Exhibit A
To Conservation Easement**

Legal Description

TOWNSHIP	RANGE	SECTION	¼ SECTION	ACRES
10N	63E	25	E1/2NE1/4	80
10N	64E	19	W1/2SW1/4	80
10N	64E	19	S1/4NW1/4	40
10N	64E	22	SE1/4SE1/4	40
10N	64E	27	SE1/4SW1/4	40
10N	64E	27	S1/2NW1/4	80
10N	64E	27	NW1/4NE1/4	40
10N	64E	27	S1/2NE1/4	80
10N	64E	28	S1/2NE1/4	80
10N	64E	30	W1/2SW1/4	80
10N	64E	30	W1/2NW1/4	80
10N	64E	31	W1/2NW1/4	80
10N	64E	31	SW1/4	160
10N	64E	34	E1/2SE1/4	80
9N	64E	4	N1/2NE1/4	80
10N	64E	26	SW1/4NW1/4	40
9N	64E	15	SW1/4NW1/4	40
9N	64E	15	NW1/4SW1/4	40
9N	64E	16	S1/2NE1/4	80
9N	64E	16	SE1/4	160
TOTAL ACRES				1480



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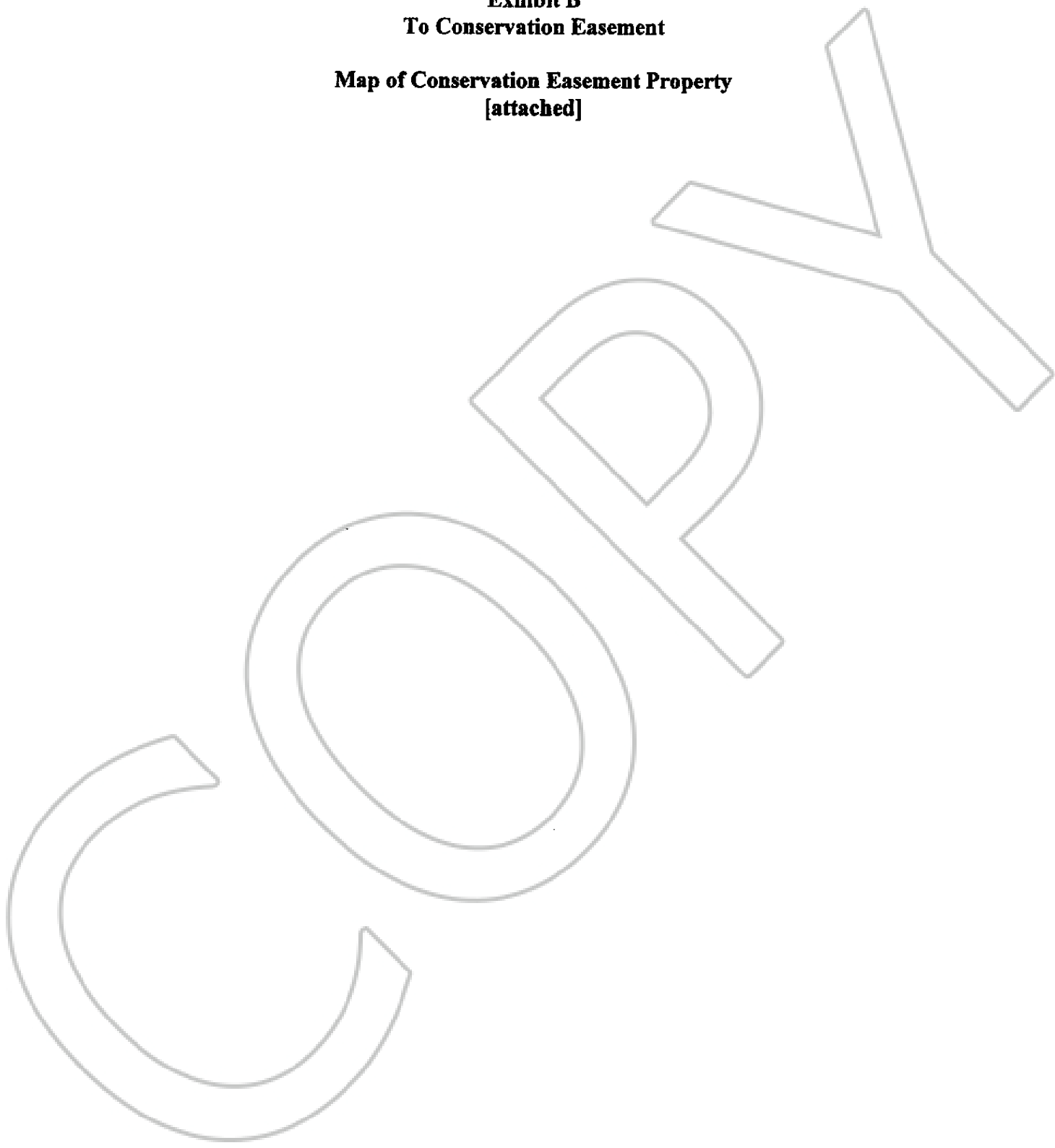


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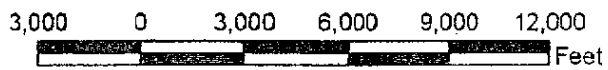
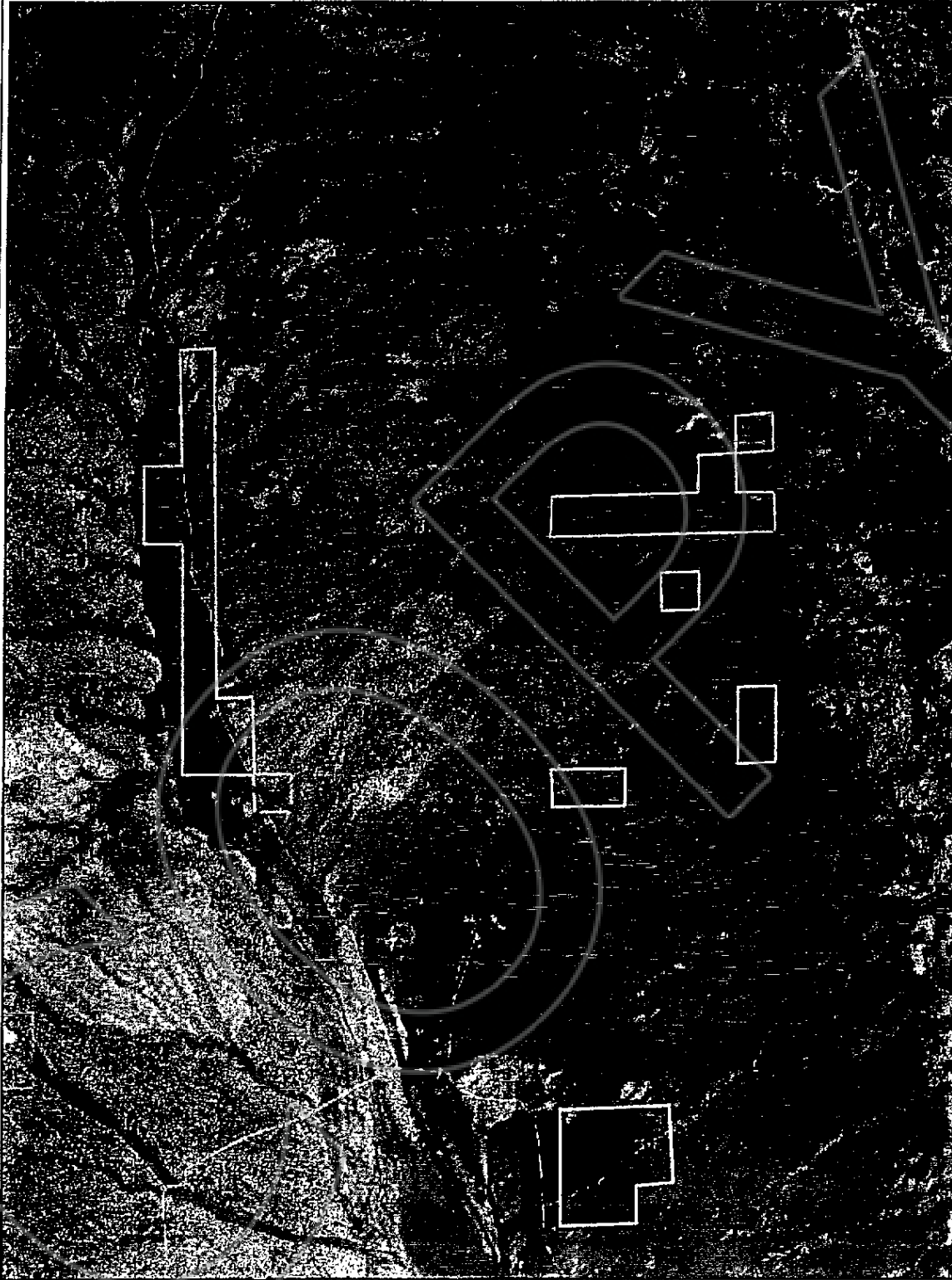
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**Exhibit B
To Conservation Easement
Map of Conservation Easement Property
[attached]**





Cave Valley Easement Boundries





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Exhibit C To Conservation Easement

Water Rights Description

Name of Source	Application/ Proof No.	Status	Certificate/Permit No.	Use
Cave Spring	4881	Certificate	1060	Irrigation
Urrutia Well	73170	Permit		Stockwater
Cave Valley or Sheep Creek	V1807	Vested		Irrigation

COOPER



**Exhibit D
To Conservation Easement**

NRCS Degree of Use

UNITED STATES DEPARTMENT OF AGRICULTURE
Soil Conservation Service

MT-JS-WS-502
RANGE (Rev. July 1986)

Guide to Degree of Use

<i>Degree of Use</i>	<i>Description</i>
Unused 0 percent	No livestock use.
Slight 1-20 percent	Practically undisturbed. Only choice areas and Choice forage grazed.
Moderate 21-40 percent	Most of the accessible range shows grazing. Little or no use of poor forage. Little trailing to grazing.
Full (<i>This or less Use is Proper Use</i>) 41-50 percent	All fully accessible areas are grazed. Major sites have key forage species properly utilized. Overused areas less than 10 percent of pasture area.
Close 51-60 percent	All accessible range plainly shows use and major sections are closely cropped. Livestock forced to use much poorer forage.
Severe 61-80 percent	Key forage species almost completely used. Low-value forage carrying grazing load. Trampling damage is wide-spread in accessible area.
Extreme 81-100 percent	Range appears stripped of vegetation. Key forage species are weak from continual grazing of regrowth. Poor quality forage closely grazed.

1. Determine the degree of use at or near the end of the grazing period.
2. Proper use determination is based on key species on major sites, not total vegetation.
3. When properly grazed, the vegetation left will supply adequate cover for soil protection and will maintain or improve the quantity and quality of desirable vegetation.

Proper use of Annual Growth Depends on SEASON OF USE:

Spring Use	(Moderate)
Summer and Early Fall Use	(Full)
Late Fall and Winter Use	Dormant season (Close)

Remarks:



APN: 012-660-06

After Recording, Return to:
Southern Nevada Water Authority
Attn: General Counsel
1001 South Valley View Blvd.
Las Vegas, NV 89153

DOC # 0347840

12/11/2009 12:01 PM

Official Record
Recording requested by
FIRST AMERICAN TITLE

White Pine County - NV
Martha Rivera Sindelar - Recorder

Fee: \$38.00 Page 1 of 25
RPTT: Recorded By: LAD
Book- 536 Page- 8139



0347840

The undersigned hereby affirms that this document, including any exhibits, submitted for recording does not contain the social security number of any person or persons. (Per NRS 239B.030)

NCS-419822-MS

Grant of Conservation Easement
Cave Valley Ranch, Nevada

THIS GRANT OF CONSERVATION EASEMENT ("*Easement*"), dated this 7th day of December, 2009, is made by Cave Valley Ranch, LLC a Nevada limited liability company whose address is 2216 Timber Rose Drive, Las Vegas, Nevada 89134-5915 (the "*Grantor*"), and the Southern Nevada Water Authority, a political subdivision of the State of Nevada whose address is 1001 South Valley View Blvd., Las Vegas, Nevada 89153 (the "*Grantee*"), and together with Grantor, the "*Parties*");

RECITALS:

A. The Grantor is the sole owner in fee simple of certain real property in White Pine County and Lincoln County, Nevada, described in Exhibit "A" attached hereto and incorporated herein by this reference (the "*Property*"), which Property is approximately located on the map attached hereto as Exhibit "B" and incorporated herein by this reference, and owns the rights to identify, to conserve and protect in perpetuity, and to enhance by restoration the Property's significant, relatively natural habitat of fish, wildlife and plants and the Conservation Purposes identified in Section 170(h)(4)(A) of the Internal Revenue Code (the "*Code*").

B. Grantor is the sole owner in fee simple of the water rights described in Exhibit "C" attached hereto and incorporated herein by this reference ("*Water Rights*"), which Water Rights are currently used on, and appurtenant to, the Property.

C. The protection of the Property's Conservation Values (as such term is defined in Recital D below, retains or protects natural resources, assures the availability of the Property to perpetuate certain Grantor uses, maintains or enhances the quality of air or water, and is authorized by and recognized in the Nevada Uniform Conservation Easement Act, NRS 111.390 through 111.440, inclusive (the "*Act*"). Grantor intends to convey this Easement pursuant to the Act and other applicable provisions of Nevada Revised Statutes. Grantee is a governmental body empowered



to hold an interest in real property and is qualified to act as a "Holder" pursuant to NRS 111.410(2)(a).

D. The Property constitutes a valuable element of the relatively natural habitat of the Cave Valley watershed and associated ecosystem. The Property provides significant habitat for elk and sage grouse, as well as habitat for mule deer, antelope, and other regional Nevada wildlife, and the maintenance of such natural habitat helps support wildlife populations. For purposes of this Easement, the term "**Conservation Values**" means:

(i) The Property's relatively natural habitat for native plants, fish, and wildlife, including significant habitat and crucial summer and winter range for elk and critical habitat for sage grouse, mule deer, antelope and other regional Nevada wildlife, containing thermal cover for elk and critical winter forage and water resources for elk and sage grouse. Further, the Property is adjacent to public lands administered by the Bureau of Land Management including the Mt. Grafton Wilderness Area, and is near the South Egan Wilderness Area and the Far South Egan Wilderness Area, and the protection of the Property contributes to the ecological viability of these public lands by ensuring the relatively natural habitat, historic and archeological values of the Property; and

(ii) Other characteristics described as Conservation Values in the "**Baseline Documentation**" described in Section X hereof.

The Conservation Values are of great importance to the Grantor and to the people of the State of Nevada, and are worthy of conservation. In addition to protecting the Conservation Values, it is the purpose of the Conservation Easement (defined below) granted in this Agreement to provide a significant public benefit by protecting and preserving in perpetuity the highly scenic and open views and associated vegetation across the fields on the Property, which are enjoyed by the general public who travel and live in the area of the Property, to preserve the traditional and scenic rural, ranching, and agrarian character of the Protected Property, and to maintain and enhance the quality of water provided by Grantee to the residents of the Las Vegas Valley. Grantor intends that the Conservation Values be preserved and maintained by the continuation of the natural and agricultural land uses on the Property, which will require that the Water Rights remain in use on, and appurtenant to, the Property.

E. The Grantor desires and intends that the Conservation Values of the Property be conserved and maintained by the continuation, initiation, or introduction of activities on the Property that will not interfere with or substantially disrupt the Conservation Values, including the Permitted Uses identified in Section III.

F. Grantor and the Grantee recognize the Conservation Values of the Property, and have the common purpose of the conservation and protection in perpetuity of the Property through the use of restrictions granted in perpetuity on use of the Property as described in § 170(h)(2)(C) of the Code as well as the other restrictions set forth in this Easement, and the Parties intend the grant of such restrictions and rights to qualify as a "qualified conservation contribution" under § 170(h) of the Code.

G. Grantor recognizes that the Grantee, as a qualified organization, in accepting this Easement, undertakes the obligation, in perpetuity, to monitor and protect the Conservation Values existing on the Property; to enforce the terms and conditions of the Easement against actual or



potential violation; and to defend the Easement against any and all legal and equitable claims or challenges. Grantor further recognizes that the obligations hereby undertaken by the Grantee create a substantial financial burden and responsibility for the Grantee.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and pursuant to the Act and other applicable provisions of Nevada Revised Statutes, the Parties covenant and agree as follows:

Section I

Easement Grant, Purpose, and Effect

A. Grant and Purpose: Grantor hereby grants, conveys and warrants to the Grantee, under the terms, conditions, and limitations set forth herein, a perpetual Easement over the Property for the purposes set forth in this Section I(A). It is the purpose of this Easement to protect the Conservation Values in perpetuity through private conservation efforts, and to prevent any use of the Property that is not consistent with the Easement and which will significantly impair or interfere with the Conservation Values.

B. Perpetual Restrictions: This Easement shall run with the land and encumber the title to the Property in perpetuity and shall bind the Grantor and all future owners, tenants, licensees, occupants and users of the Property.

C. Permitted Uses in General: This Easement shall confine the use of the Property to the Permitted Uses, discussed in Section III below, which are to be conducted in a manner consistent with the purposes and terms of this Easement. Any activity on or use of the Property inconsistent with the purposes or terms of this Easement or detrimental to the Conservation Values is expressly prohibited.

D. Dedication of Property: Pursuant to the terms of the Act, the Property conserved by this Easement is declared to be relatively natural habitat for elk and sage grouse, as well as habitat for mule deer, antelope and other regional Nevada wildlife and may not be converted or directed to any uses other than those provided in this Easement.

Section II

Rights of Grantee

The rights conveyed by the Grantor to the Grantee to perpetually maintain the Conservation Values of the Property in this Easement include the following:

A. Identification and Protection: The Grantee has the right to identify, to conserve and protect in perpetuity, and to enhance by mutual agreement the Conservation Values on the Property in the manner set forth in this Easement, subject, however, to the Grantor's reserved rights in this Easement.



B. Access: The general public is not granted access to the Property under this Easement. The Grantee shall have the right of immediate entry upon the Property after making a good faith attempt to provide notice to Grantor, if, in the Grantee's sole judgment, such entry is necessary to prevent immediate damage to or the immediate destruction of the Conservation Values of this Easement.

The Grantee also has the right to enter upon the Property to inspect, monitor, and enforce compliance with this Easement at reasonable times. The Grantee also has the right to enter upon the Property with advance notice to and permission from the Grantor or Grantor's agent to undertake observations or ecological studies of natural resources protected by this Easement in a manner that will not unreasonably interfere with the use of the Property by the Grantor.

C. Water Rights: Grantee has the right to prevent the transfer or severance of the Water Rights from the Property.

D. Conservation, Enforcement, Injunction, and Restoration: The Grantee has the right to enjoin or otherwise prevent any practice or use on the Property that violates the terms of this Easement and to enforce the restoration of such areas of the Property that may be damaged by such prohibited practice or use and to seek and recover damages and costs, all pursuant to Section VI, below.

E. Signs: The Grantee has the right to place signs on the Property which identify the Property as being protected by this Easement. The number, size and location of the signs are subject to the Grantor's approval.

Section III

Uses and Practices Reserved to Grantor

The following uses and practices of the Grantor, subject to the provisions below and any specific standards or conditions provided in connection with such use or practices, are consistent with the Conservation Purposes of, and are permitted by, this Easement. These uses and practices may not be precluded or prevented by this Easement, except when this Easement requires prior approval of an activity by the Grantee as provided in Section IV of this Easement or when such use or practice is conducted or allowed to take place in a manner which violates the terms of this Easement, poses a serious threat of material damage to the Conservation Values protected by this Easement, or constitutes a prohibited use or practice as set forth in Section V of this Easement. The Property shall remain available for Grantor's farming, ranching, timber, and recreational uses, as described herein.

A. Residential Facilities: There are no residential facilities or associated outbuildings on the Property, and none are permitted under the terms of this Easement.

B. Recreational Uses: Unless otherwise restricted herein, any recreational use that does not require, or potentially result in, surface alteration or other development of the land or impact the Conservation Values, in particular wildlife and wildlife habitat, is permitted. Hunting, fishing, trapping and predator control, in a manner consistent with state and federal laws and regulations, are

expressly permitted on the Property, as are non-motorized recreational activities. Grantor expressly reserves to itself all hunting rights inuring to an owner of the Property under Nevada law, together with the right to pursue and hold Property-based incentive or depredation tags under the Nevada Revised Statutes, if any.

C. Ranching Facilities: The Grantor may construct, maintain, replace, and repair, fences, stock tanks, stock wells, pipelines, windmills, generators for pumping water, corrals, livestock pens, livestock handling and loading facilities, covered hay storage, ranch/agricultural buildings, and other necessary livestock related ranching facilities for ranching/agricultural purposes. Improvements located on the Property as of the date of this Easement are identified in the Baseline Documentation described in Section X. Ranch/agricultural buildings built upon lands described in Section III.A above may be constructed of a size reasonably necessary to accommodate the structure's ranching or agricultural purposes. No such structure constructed, maintained, repaired or replaced for ranching/agricultural purposes may be used for a dwelling place or human habitation. Big game proof fences are permitted immediately around harvested crops (e.g., haystacks) without prior approval of Grantee. All other fences must be built to allow for the passage of wildlife and shall be built in accordance with recommendations made by the Nevada Department of Wildlife. Pursuant to Section IV, Subsection S, page 10, no other big game proof fences will be constructed on the Property.

D. Utilities/Renewable Energy Options: The Grantor may construct or install utility structures and/or systems, including renewable energy structures such as a windmill and solar panels or geothermal systems, which are necessary for the permitted ranching activities and/or facilities so long as such structures and/or systems do not adversely impact the Conservation Values. Any incidental sale of energy to the grid shall not be deemed in violation of this provision, provided the renewable energy system is primarily designed and scaled to solely provide energy for the Property and its permitted uses. The Grantor may not grant a major utility corridor right-of-way across the Property without the express written consent of Grantee; provided, however, that Grantor may grant easements on, over, or under, the Property, for utilities serving Grantor uses permitted by this Easement.

E. Roads: The Grantor may maintain existing roads, and with prior approval of the Grantee pursuant to Section IV may construct new roads as necessary for the permitted uses of the Property under the terms of this Easement. Provided, however, any road shall be sited, constructed, and maintained to minimize adverse effect on the Conservation Values of the Property. Other than roads permitted in Section III, Grantee may refuse to approve any new road which threatens to adversely impact the Conservation Values of the Property. Any road constructed for temporary use must be stabilized and protected from erosion and weed invasion within six (6) months after discontinued use. The Grantor may only grant right-of-way easements across the Property with the prior approval of the Grantee.

F. Range Management and Ranching Activities: The Grantor may use the Property for common or typical ranching and farming activities, including hay production, grazing, feeding, breeding, raising, and managing livestock and clearing brush, provided these activities do not materially jeopardize the Conservation Values. The term "livestock" includes livestock that are considered "traditional" at the time of the execution of this Easement and within the local area

surrounding the Property, provided that traditional livestock shall not include any of the game farm animals discussed in Section V of this Easement.

Sound range stewardship and livestock management are integral to the protection of the wildlife habitat and other Conservation Values protected by this Easement. As such, all activities affecting range health will be conducted in a manner that fosters and/or maintains the ecological function of the land, water processes and plant community succession.

Livestock grazing shall not exceed a degree of use described as full by the United States Department of Agriculture - Natural Resource Conservation Service, as identified in Exhibit D, attached hereto, and shall not materially degrade or deteriorate the range and aquatic resources and wildlife and riparian habitats. It is acknowledged by the Grantor and Grantee that due to the nature of feeding and watering livestock there may be localized areas of high impact on the Property. These high impact areas may permissibly exceed the degree of use described as full in Exhibit D, provided such overused areas are not representative of the overall range condition of the Property, comprise less than 10 percent of pasture area, are not a permanent condition on the Property in that they are provided an opportunity to recover from time to time throughout the year, and do not impair or interfere with the Conservation Values protected by this Easement.

If the Grantee, in its sole discretion, decides that the grazing on the Property exceeds the degree of use beyond the localized areas of high impact described above, or the Grantor decides to use a different grazing system, or range management is detrimental to the Conservation Values, the Grantor will prepare or have prepared a Grazing Management Plan ("GMP") to govern grazing activity on the Property. The GMP shall be prepared by a qualified natural resource specialist and reviewed and approved by the Grantee, as provided in Section IV. Any modifications to the GMP shall be reviewed and approved by the Grantee, as provided in Section IV. The Grantee reserves the right to have professional consultants review the GMP and make on-site evaluations to provide recommendations to the Grantee and the Grantor.

If a GMP is required, the GMP shall be prepared within one year of the Grantee's notice that a GMP is required and shall be paid for by the Grantor. The GMP will consider the long-term health of the range resource and wildlife habitat. The GMP will describe appropriate use levels, seasons of use, kinds of livestock that will be grazing and necessary management practices. The GMP must meet all applicable state and federal laws, policies, guidelines, and regulations. Once a GMP is approved by Grantee, all livestock grazing taking place on the Property must comply with the GMP.

G. Division or Subdivision of the Property: Notwithstanding that the Property may have been divided or subdivided prior to this Easement, the Property subject to this Conservation Easement may only be conveyed as a single tract, the right to divide, subdivide, or take any action that creates an actual or *de facto* division or subdivision of the Property being expressly prohibited in Section V. Notwithstanding the foregoing or any other contrary provision herein, Grantor may, at Grantor's sole discretion, and on one or more occasions, convey the Property or any portion or portions thereof to the United States or the State of Nevada, provided such Property portion(s) remains subject to this Easement.

H. Water Resources and Water Rights Reservation: Grantor reserves to itself the Water Rights. In accordance with applicable laws and regulations, the Grantor may maintain, restore, enhance and develop new or existing water resources and facilities on the Property for permitted

agricultural and ranching activities, domestic needs, fish and wildlife uses and private recreational uses or activities. Such activities may include stream bank stabilization, improvement to the quality and quantity of water available, and development of watering facilities, pipelines, stock tanks and ponds, provided such activities are conducted in a manner consistent with state and federal laws and regulations and do not conflict with the Conservation Values. The Grantor may maintain, replace and repair existing stream crossings, culvert and bridges on the Property according to all applicable, local, county, state and federal laws and regulations. Grantor expressly reserves the right to develop underground water resources within the Property for permitted uses on the Property or on any other lands owned or controlled by Grantor or Grantor's successors provided such underground water use does not adversely impact the Conservation Values. Notwithstanding the foregoing, Grantor may not sever any surface water rights appurtenant to the Property on the Effective Date as set forth in the Baseline Documentation, except to legally designate those water rights for in-stream flows. The Grantor will make reasonable efforts to ensure continuation of instream flows.

I. Agrichemicals and Biological Controls: The Grantor may use agrichemicals and biological controls, including but not limited to insects, fertilizers, biocides, herbicides, pesticides, insecticides and rodenticides, but only in accordance with all applicable laws and in those amounts and with that frequency of application constituting the minimum necessary to accomplish reasonable ranching and grazing objectives and/or to improve wildlife habitat. The use of such agents shall be conducted in such a manner as to minimize any adverse effect upon the natural values of the Property and to avoid any impairment of the natural ecosystems and their processes.

J. Forest Management: Maintenance of a healthy forest and tree cover is integral to wildlife, wildlife habitat, and water quality. As such, all activities affecting the forest and tree cover will be conducted in a manner that maintains healthy forest conditions over time and sustains and perpetuates the mix of naturally occurring species in representative ages and group sizes, in accordance with sound silvicultural practices and with best management practices for the benefit of wildlife.

The Grantor may: (i) cut trees for posts and poles; (ii) cut and gather dead, dying and down trees for firewood and to abate disease and infestation; (iii) cut or prune trees and brush, which constitute a hazard to persons, property, or road; (iv) cut trees for non-commercial uses on the Property; and (v) thin Pinion - Juniper through harvesting or controlled burns in order to enhance grasses and forage for livestock and wildlife.

Any commercial timber harvesting, will be conducted in accordance with an approved Timber Management Plan ("*TMP*") prepared by a qualified natural resource manager or professional forester. The *TMP* must be approved by the Grantee, as provided in Section IV, prior to any tree cutting activity other than that listed in parts i-iv in the immediately preceding paragraph. The Grantee reserves the right to have professional consultants review the *TMP* and make on-site evaluations to provide recommendations to the Grantee and the Grantor.

The *TMP* will encompass the long-term management of the forestland to provide diverse habitat for elk and other wildlife, to perpetuate a healthy forest, and to abate fuels and erosion. Timber harvest activity will be undertaken at times and by methods that will have the most reasonably minimum impact on the use of the Property by wildlife. All applicable state and federal forestry laws, plans, practices, guidelines and regulations must be met.

K. Cultivation or Farming: The Grantor may plow, cultivate and/or farm on those lands identified as plowed, cultivated or farmed lands, or sub-irrigated hay meadows in the Baseline Documentation referred to in Section X. The introduction of any noxious or detrimental plant species is expressly prohibited in accordance with the provisions of Section V. Any other plowing, cultivation or farming on the Property, including plowing associated with planting food plots or for weed control, must have the Grantee's prior written approval, pursuant to Section IV of this Easement.

L. Habitat Improvement: Subject to other provisions of this Easement, the Grantor reserves the right to undertake habitat improvement projects, including controlled burns, that will enhance aquatic and terrestrial wildlife habitat, with an emphasis on improving the land as elk habitat. All such activities shall be undertaken in order to protect the Conservation Values of the Property. Pursuant to Section V, the Grantor will not introduce into the Property any plant species as defined or listed as noxious or detrimental to wildlife by local, state, or federal land or wildlife agencies. The Grantor may reseed disturbed areas with high quality, certified weed-free seed that is commonly used and that is acceptable to the natural resource agencies in Nevada.

M. Residual Rights: Except as limited by this Easement, the Grantor may exercise and enjoy all rights as owner of the Property, including the right to use the Property for any purpose consistent with this Easement.

Section IV

Prior Approval of Actions by Grantee

If any provision of this Easement requires the Grantor to obtain the prior approval of the Grantee before performing any activity or undertaking any use on the Property, or if the Grantor proposes to undertake any activity or use that is contemplated but not expressly addressed in Section III or Section V of this Easement, then the Grantor shall not perform that activity or undertake that use until Grantor has satisfied the notice and approval provisions of this Section. Nothing in this Section shall prohibit or limit in any manner the ability of the Grantee to obtain writs or injunctive relief relating to any violation of this Easement.

A. Grantor's Written Notice: Prior to the commencement of any activity in or use of the Property which requires the Grantee's approval or notice to Grantee, the Grantor will notify the Grantee in writing of the activity or use which the Grantor intends to undertake. This notice must inform the Grantee of all material aspects of such proposed activity or use. The Grantor will send such notices to the Grantee by registered or certified mail, return receipt requested, or by recognized commercial courier service, addressed to the Grantee at 1001 South Valley View Blvd., Las Vegas NV 89153 (for commercial courier delivery), Attention: General Counsel, or to such other address as the Grantee may designate in writing. In the event notice only is required, such notice is complete upon Grantee's receipt of the notice.

B. Grantee's Response: If Grantor's proposed activity requires approval, the Grantee shall have forty five (45) days from the date that it receives such notice to review the proposed activity or use and to approve such use or to notify the Grantor of any objections that it may have. The objections, if any, shall be based upon the Grantee's opinion that the proposed activity or use may cause material damage to the Conservation Values, or otherwise be in violation of the

provisions of this Easement, and is therefore inconsistent with the Conservation Purpose and/or provisions of this Easement. If in Grantee's sole opinion, the notice does not inform Grantee of all material aspects of such proposed activity or use, the Grantee's response may be a temporary objection, specifically requesting additional material information. Grantee shall then have forty five (45) days from the date it receives additional requested information, as indicated by the registered or certified return receipt, to review the proposed activity, use, and to notify the Grantor of any objections that it may have to the activity, or use. If, in the Grantee's judgment, the proposal set forth by the Grantor can be modified to avoid material damage to the Conservation Values and therefore conform with the Conservation Values and provisions of this Easement, then the response shall inform the Grantor of the manner in which the proposed activity or use can be modified to be consistent with this Easement. Except as provided in Subsection C of this Section, the Grantor may commence or conduct the proposed activity or use only if it receives the Grantee's express written approval, and only in the manner explicitly proposed by the Grantor and approved by the Grantee. The Grantee will send such response to the Grantor by registered or certified mail, return receipt requested, addressed to the Grantor at 2216 Timber Rose Drive, Las Vegas, NV 89134, or to such other address as the Grantor may designate in writing.

C. Grantee's Failure to Respond: If the Grantee fails to post its response to a proposal sent to it by the Grantor within forty five (45) days after it receives the proposal, then the proposed activity or use shall automatically be deemed consistent with the terms of this Easement, and the Grantee will have no further right to object to the activity, use or enterprise described in the proposal.

D. Force Majeure: The Grantor will not be obligated to send any prior notice to the Grantee, and the Grantee will not be entitled to bring any action against the Grantor, with respect to any prudent, good faith activity undertaken by the Grantor to prevent, abate, or mitigate injury to the Property immediately before, during, or immediately following fire, flood, storm, earth movement, acts of war, and similar causes beyond the control of the Grantor. The Grantor will promptly inform the Grantee of injury to the Property caused by such events or actions. In the event the Grantor wishes to take reasonable actions, not otherwise permitted under this Easement to prevent, abate or mitigate less immediate threats to the Property, Grantor and Grantee must mutually agree in writing to any action. Grantee shall not unreasonably withhold approval of any such action that does not materially impact the Conservation Values this Easement protects.

Section V

Prohibited Uses and Practices

Any activity on or use of the Property inconsistent with the purposes of this Conservation Easement or which is likely to cause material damage to the Conservation Values is expressly prohibited. The Grantor states and agrees that the following uses and practices, though not an exhaustive recital of inconsistent uses and practices, are deemed to be inconsistent with the purposes of this Easement, and shall be prohibited.

A. Residential, Commercial or Industrial Facilities and Activities: Any commercial or industrial activities that damage or interfere with wildlife or wildlife habitat are prohibited. The Grantor will not establish, allow or conduct any residential, commercial or industrial facilities or

activities on the Property, other than those expressly permitted in any Subsection of Section III of this Easement. Prohibited commercial uses include, but are not limited to, any restaurant, night club, campground, trailer park, bed and breakfast, motel, hotel, guest ranch, commercial swimming pool, snowmobiling, gas station, equestrian park, ski area, retail outlet or facility for the manufacture or distribution of any product that would likely cause material damage to the Conservation Values.

B. Game Farming or Game Farm Animals: The Grantor shall not construct, conduct, or operate a game farm, or raise or hold game farm animals or alternative livestock on the Property. Game farm animals include penned, enclosed or privately-owned caribou, black bear, grizzly bear, mountain lion, white-tailed deer, mule deer, black-tailed deer, coues deer, elk, moose, antelope, mountain sheep, mountain goat, red deer, and any other cloven-hoofed ungulate which is indigenous to Nevada and any non-indigenous or exotic cloven-hoofed ungulate which could interbreed with or spread disease to any cloven-hoofed ungulate indigenous to Nevada, provided however that "traditional" domestic livestock, including domestic cattle, domestic sheep, domestic goats, domestic pigs, domestic buffalo and domestic llamas are not included in the definition of game farm animals.

C. Wildlife Harassment: Harassment of elk or other wildlife, as defined by Nevada law, by people, vehicles or domestic animals is prohibited. Lawful hunting and hazing of wildlife as directed and recommended by the Nevada Department of Wildlife to protect cultivated crops from wildlife depredation or as a wildlife management technique is not wildlife harassment.

D. Alteration of Watercourses and Topography: The Grantor shall not change, disturb, alter, excavate, or impair any watercourse or wetland on the Property, except as expressly reserved in Section III of this Easement. The Grantor will not change the topography of the surface of the Property except as incidental and necessary to expressly reserved uses and activities.

E. Noxious and Detrimental Species. The Grantor shall not introduce into the Property any plant species designated as noxious or detrimental to wildlife by local, state, or federal land or wildlife agencies.

F. Subdivision: Notwithstanding that the Property may have been subdivided prior to the granting of this Conservation Easement, except as expressly reserved in Section III of this Easement, The Grantor does not have the right to divide, subdivide, or take any action which creates an actual or *de facto* subdivision of the Property.

G. Construction: The Grantor shall not construct any structures or facilities except as expressly reserved in Section III. The Grantor shall not construct, modify or use any structure for human habitation or dwelling.

H. Roads: The Grantor shall not construct any new roads except as expressly reserved in Section III.

I. Off-Road Vehicles: The Grantor shall not use vehicles off of existing roads and travelways in a manner that may result in significant erosion or compaction of the soil, impact on the natural appearance of the Property, damage or destruction to vegetation, or interference with use of the natural habitats by the wildlife species occurring on the Property. Off-road vehicle use shall be expressly allowed for uses necessary for fire suppression, emergency or severe weather access; normal maintenance, reserved agricultural uses, as may be necessary in property management and for

retrieval of harvested big game animals, and such limited use is therefore expressly permitted, provided that all reasonable efforts are made to minimize any adverse impact of the use, consistent with the terms and intent of this Easement. Any off-road vehicle use must not constitute wildlife harassment.

J. Commercial Feed Lot: The Grantor shall not establish or maintain any commercial feedlot. For the purposes of this Easement, a commercial feed lot shall be defined as a confined area or facility where livestock is fed and fattened for commercial slaughter as opposed to the grazing of livestock on growing vegetation in open fields or pastures.

K. Dumping and Deposit of Hazardous Waste: No trash, debris, ashes, sawdust, and other non-compostable refuse may be dumped or otherwise disposed of on the Property, except that waste generated by the uses permitted in this Easement, and permitted by applicable state and federal laws may be disposed of on the Property so long as there are no adverse impacts to the Conservation Values. If the Grantor becomes aware of any accidental, illegal, or other placement or spilling of hazardous waste or toxic materials on the Property, the Grantor shall notify the Grantee on a timely basis.

L. Utilities: Other than those expressly permitted by Section III, additional utility structures and systems are prohibited. Without limiting the foregoing, commercial solar and wind farms are expressly prohibited.

M. Mineral Activities and Reservation: Grantor expressly reserves to itself Grantor's right, if any, to explore for and extract any oil, gas, mineral, or geothermal resource located within, on, under, or accessible from the Property; provided, however, there shall be no extraction or removal of minerals by any surface mining method within the meaning of Section 170(h)(5)(b) of the Code and the regulations promulgated thereunder, and any surface mineral extraction activities in compliance with Section 170(h)(5)(b) of the Code and the regulations promulgated thereunder, must be exercised only for non-commercial use on the Property. To the extent consistent with the Conservation Values and applicable law, Grantor may explore for and extract any oil, gas, mineral, or geothermal resource located under or which is accessible from the Property; provided, however, that any surface disturbance resulting from permitted exploration or extraction activities shall be restored upon completion of such activities to a condition similar or equivalent to its state prior to the disturbance by restoring soils and replanting suitable native vegetation.

N. Timber Harvesting: The Grantor does not have the right to harvest timber on the Property except as expressly permitted by Section III.

O. Billboards: The Grantor shall not construct, maintain, or erect any commercial signs or billboards on the Property. Small signage may, however, be displayed to state the name of the owner and the Property and that the Property is protected by this Easement, to prohibit any unauthorized entry or use, or to advertise for the sale of the Property or goods produced on the Property.

P. Aircraft Facilities: The Grantor shall not construct or erect any aircraft facilities or aircraft landing facilities on the Property.



Q. Cultivation or Farming: Farming, plowing or any type of cultivation outside the areas authorized in Section III is prohibited.

R. Game Proof Fences: Grantor shall not construct any big game proof fences, defined as any fence which cannot be crossed by elk, deer or other big game wildlife, except as temporarily placed around harvested crops or sensitive agricultural areas such as cultivated crops experiencing depredation by big game as documented by the Nevada Department of Wildlife, calving areas, etc. or as specifically permitted in Section III.

Section VI

Breach, Restoration, and Remedies

A. Right to Injunction: The Grantor and Grantee recognize that money damages, or other non-injunctive relief, may not adequately remedy a violation of the terms of this Easement. Therefore, the Grantor and Grantee hereby agree that any violation shall be subject to injunctive proceedings, including the imposition of temporary restraining orders, preliminary injunctions, specific performance, or any other legal means. The Parties also agree that no proof of damages, or the inadequacy of other remedies, shall be required of either Party, in seeking any such injunctive relief.

B. Right to Restoration. In addition, Grantee shall have the right to enforce the restoration of any, and all, of the Conservation Values damaged by activities in violation of this Easement. Such restoration shall be, as nearly as possible, to the condition that existed prior to such injury.

C. Right to Recover Damages. In the event of a violation of the terms of this Easement, in addition to the other remedies provided for in this Section VI, and any other remedies available in law or equity, the Grantee shall also be entitled to recover from the person violating the Easement all damages necessary to place the Grantee in the same position that it would have been in before the violation, including, but not limited to, the costs of restoration of the Property as provided in Section VI.B above.

D. Costs and Attorney's Fees. In addition to any other damages to which it may be entitled, Grantee shall be entitled to recover from the person violating the Easement the costs of enforcement of any of the terms of this Easement, including actual attorney's fees, expenses and court costs, provided that it is, at least in substantial part, the prevailing party in any such action.

E. Cumulative Remedies: The remedies of the Grantee set forth in this Easement are cumulative. Any, or all, of the remedies may be invoked by the Grantee if there is an actual or threatened violation of this Easement.

F. Delay in Enforcement: Any forbearance on behalf of the Grantee to exercise its rights hereunder in the event of any breach by Grantors or their respective heirs, personal representatives, or assigns shall not be deemed or construed to be a waiver of the Grantee's rights hereunder in the event of any subsequent breach.



G. **Other Parties:** These remedies may be sought by any other party authorized by state law to enforce the terms and conditions of conservation easements; provided, however, that the Parties do not intend that any third party shall inure to the benefit of, or be entitled to enforce, any provision of this Easement other than as may be expressly provided by state or federal statutes; provided, however, that this Section VI.G is not intended to, and indeed does not, abrogate in any manner Grantee's "right of enforcement by a third person" in the event the Conservation Easement is assigned pursuant to Section IX.

Section VII

Costs and Taxes

The Grantor retains all responsibilities and shall bear all costs and liabilities of any kind related to the ownership, operation, upkeep and maintenance of the Property, including responsibility for the control of noxious weeds in accordance with any applicable laws. The Grantor shall pay before delinquency any and all lawful taxes, assessments, fees, and charges (collectively "taxes") levied by competent authority on the Property. The Grantee is authorized, but in no event obligated, to make or advance any payment of taxes upon 3 days prior written notice to the Grantor, in accordance with any bill, statement, or estimate procured from the appropriate authority, without inquiry into the validity of the taxes or the accuracy of the bill, statement, or estimate, and the Grantor shall be obligated to repay Grantee for all costs it incurs in making such payment, together with interest at the maximum rate allowed by law until all sums are paid by the Grantor.

Section VIII

Indemnity

The Grantor shall hold harmless, indemnify, and defend the Grantee and the Grantee's members, directors, officers, employees, agents, and contractors and the heirs, personal representatives, successors, and assigns of each of them from and against all liabilities, penalties, costs, losses, damages, expenses, causes of action, claims, demands, or judgments, including, without limitation, actual attorney's fees, arising from or in any way connected with the presence or release of any hazardous material or substance of any kind on the Grantor's Property. This paragraph shall not apply in the case of any hazardous material or substance in any manner placed on the Grantor's Property by the Grantee or the Grantee's representatives or agents.

Section IX

Assignment of Easement

At any time during a period extending to twenty (20) years from the Effective Date (defined below), Grantee, at no cost to Grantee and upon Grantor's written request, shall convey Grantee's interest in the Conservation Easement as the "Holder" of the Conservation Easement to the Rocky Mountain Elk Foundation, the Nature Conservancy, or other natural resource, wildlife or habitat preservation entity that is a "**Qualified Organization**" (within the meaning of IRC §170(h)(3)) and is qualified to act as a "Holder" pursuant to NRS 111.410(2)(b) and is organized or operated primarily or substantially for one or more of the conservation purposes specified in IRC §170(h)(4)(a), and which is not engaged in as of the Effective Date, and has not engaged in as of the date of the



requested assignment, litigation against Grantee or the Project ("*End User*"). End User shall agree to enforce the Conservation Easement. Any consideration paid by End User upon conveyance of the Conservation Easement by Grantee pursuant to this Section shall accrue to Grantee in total, and Grantor and/or End User shall bear all costs of any such conveyance. The Conservation Easement shall not be assignable by End User except in the limited circumstance where such assignment is made necessary by either operation of law or upon dissolution of the End User, in which event the Conservation Easement shall be assigned to another Qualified Organization. Notwithstanding anything to the contrary contained in this Agreement, in the event that Grantee assigns its rights as the holder of the Conservation Easement, Grantee shall retain, and does hereby create and retain, a "right of enforcement by a third person", as that term is defined in NRS 111.410(3), to enforce each and every term of the Conservation Easement, including, without limitation, the Restrictions, and those terms restricting the severance and transfer of the Water Rights. Grantee's right of enforcement by a third person shall not be impacted by any future legislative changes to the Act.

Section X

Baseline Documentation

The parties agree that the specific Conservation Values of the Property and other natural resources and development on the Property are documented in the Baseline Documentation, which report will be furnished by the Grantor to the Grantee to be kept on file at the offices of the Grantee, and which documentation the parties agree provides an accurate representation of the Property as of the Effective Date in accordance with Treasury Regulation §1.170A-14(g)(5)(i). The Baseline Documentation is intended to serve as an objective baseline for monitoring compliance with the terms of this Easement. Notwithstanding the foregoing, in the event of a controversy arising with respect to the nature of the biological and/or physical condition of the Property, the parties shall not be foreclosed from using any and all other relevant or material documents, surveys, reports and other information to assist in the resolution of that controversy.

In the event that range or habitat conditions significantly improve on the Property, the parties may agree to prepare an updated Baseline Documentation to reflect the improved conditions. The updated inventory of baseline data must be approved in writing by the parties. Upon approval by the parties, the updated Baseline Documentation will be used as the baseline for future monitoring and compliance with the terms of this Easement.

Section XI

Extinguishment of Development Rights

The Grantor and Grantee hereby acknowledge the extinguishment of all development rights except as specifically reserved by the Grantor in Section III, herein. For the purpose of this Section XI, development rights shall be deemed to include all potential rights that are now or hereafter allocated to or inherent in the division of the Property or density for industrial, commercial or residential units on the Property including, but not limited to, all subdivision and density rights as well as the right to use any of the acreage of the Property in any acreage calculation having the effect of creating or contributing to additional development on or off the Property. The Grantor

unconditionally and irrevocably relinquishes the right to transfer any such development rights. The Grantor and Grantee agree that all such development rights are hereby terminated and extinguished.

Section XII

Extinguishment or Involuntary Conversion

The Grantor and the Grantee agree that the conveyance of this Easement gives rise to a property right, immediately vested in the Grantee. The Grantee's property right in this Easement shall be based on the condition and improvements on the Property at the time that the Easement is established, and this condition shall be documented as referred to in Section X, above. For purposes of this Section, the Grantee's property right shall be deemed to have a fair market value at least equal to the proportionate value that this Easement bears to the entire value of the Property as a whole at the time of its creation. In the event Grantor undertakes an appraisal in association with the conveyance of this Easement, the values established in that appraisal shall be used to determine the proportionate value that the Easement bears to the entire value of the Property as a whole at the time of its creation. *[In the event no appraisal is undertaken, the parties agree to a proportionate value of 75%, which value is a reasonable estimation of the value the Easement bears to the entire value of the Property at the time of its creation.]* That proportionate value of the Grantee's property rights shall remain constant. Should a change in conditions give rise to the extinguishment of this Easement, as provided in Treasury Regulation §1.170A-14(g)(6)(i), or extinguishment of a portion of the Grantee's rights under this Easement due to an exercise of eminent domain, a condemnation action, or an involuntary conversion of the Property or a portion of the Property, the Grantee shall be entitled to a portion of the proceeds at least equal to such proportionate value of this Easement as established at the time of its creation, unless otherwise provided by Nevada law.

All interpretations of the Grantee's property rights shall follow Treasury Regulation Section 1.170A. The Grantor hereby agrees to provide Grantee with a copy of the appraisal used to support any tax deduction associated with the donation of this Easement, for valuation purposes.

In the event all or part of the Property is taken in exercise of eminent domain, or under claim of rights of eminent domain, by public, corporate, or other authority, by condemnation action or an involuntary conversion, so as to abrogate the restrictions imposed by this Easement, the Grantor shall and the Grantee may join in appropriate actions to recover the full value of the Property taken and all incidental or direct damages resulting from such taking. All reasonable expenses incurred by the Grantor and the Grantee in any such action shall first be reimbursed out of the recovered proceeds; the remainder of such proceeds shall be divided between the Grantor and the Grantee in proportion to their interest in the Property, as provided in the first paragraph of this Section. If the recovered proceeds are not sufficient to reimburse all reasonable expenses incurred by the Grantor and the Grantee, the recovered proceeds shall be divided between the Grantor and the Grantee in proportion to their reasonable expenses.

If a subsequent unexpected change in conditions surrounding the Property render the Conservation Purposes of this Easement impossible or impractical to accomplish, this Easement may be extinguished, whether in whole or in part, by a non-appealable final determination by a court of competent jurisdiction as provided for in Treasury Regulations Section 1.170A-14(g)(6)(i). All of Grantee's proceeds, from such a subsequent sale, exchange or involuntary conversion of all or any



portion of the Property, shall be used by Grantee in a manner consistent with the protection of the Conservation Purposes of the original conveyance of this Easement.

Section XIII

Subsequent Sale

The Grantor agrees that reference to this Easement will be made in any subsequent deed, or other legal instrument, by means of which any interest in the Property (including any leasehold interest) is conveyed, and that a reference will be made that any use of this Property shall be subject to the terms and conditions of this Easement, which Easement shall be attached as an exhibit to in any subsequent deed, or other legal instrument, by means of which any interest in the Property (including any leasehold interest) is conveyed. The Grantor will notify the Grantee in writing of any conveyance of interest by sending written notice to the Grantee as provided in Section IV. The Grantor agrees to provide notice of this Easement to successor owners of interest, and to any potential purchasers or subsequent owners. In the event the Grantor elects to sell the Property, the Grantor agrees to provide notice of this Easement in any sale or solicitation materials or information. Any failure to comply with the terms of this paragraph shall in no manner render this Easement or any provisions of this Easement unenforceable. Failure to comply with the requirements of this paragraph shall in no way impact the perpetual nature or enforceability of this Easement.

Section XIV

Miscellaneous Provisions

A. Partial Invalidity: If any provision of this Easement, or the application of this Easement, or the application of this Easement to any person or circumstance is found to be invalid, the remainder of the provisions of this Easement, and the application of such provisions to persons or circumstances other than those to which it is found to be invalid, shall not be affected thereby.

B. Enforcement: The Grantor intends that enforcement of the terms and provisions of this Easement shall be at the discretion of the Grantee, and that the Grantee's failure to exercise its rights under this Easement, in the event of any breach of this Easement by the Grantor, shall not be deemed or construed to be a waiver of the Grantee's rights under this Easement in the event of any subsequent breach.

C. "Grantor" and "Grantee": The term "Grantor," as used in this Easement, and any pronouns used in place thereof shall mean and include the above-named Grantor, and its successors and assigns. In the event the Property encumbered by this Easement has been transferred by the original Grantor, then the term "Grantor" shall then refer to such successor or assign. The term "Grantee," as used in this Easement, and any pronouns used in place thereof shall mean the Southern Nevada Water Authority and its successors and assigns.

D. Titles: Section and Subsection titles and subtitles are for convenience only and shall not be deemed to have legal effect.

E. Liberal Construction: This Easement shall be liberally construed in favor of maintaining the Conservation Values of the Property, and in accordance with the Act.

F. **Perpetuity of Easement:** This Easement shall run with and burden the title to the Property and the Water Rights in perpetuity and is binding upon, and will inure to the benefit of the Grantor's and the Grantee's successors in interest and assigns. All subsequent owners of the Property and the Water Rights, and any portion thereof or interest therein, are bound to all provisions of this Easement to the same extent as the Grantor.

G. **Governing Law:** This Easement will be construed in accordance with Nevada law.

H. **Entire Agreement:** This Easement sets forth the entire agreement of the parties. It is intended to supersede all prior discussions or understandings.

I. **Compliance With Law:** All uses and practices permitted by this Easement, including the Permitted Uses, will not exceed or violate but will be in full compliance with all applicable state and federal laws.

J. **Amendment:** If an amendment to or modification of this Easement is made, the amendment or modification must be in compliance with the terms of this Easement, must strengthen the protection of the Conservation Values protected by this Easement and may not affect its perpetual duration. Any amendment must be in writing, signed by both the parties and any other party required by law, and recorded in the official records of Lincoln and White Pine Counties, Nevada. The Grantor or, in the event of the Grantor's death, the personal representative of the Grantor may amend this Easement to be more restrictive regarding commercial recreational activities, in order to comply with the *de minimis* standard set forth in 26 U.S.C. §2031(c).

K. **Effective Date:** This Easement shall be effective when signed by all parties (the "Effective Date"), and it is the intent of the parties that this Easement shall be effective in the year 2009.

L. **Counterparts:** The Parties may execute this Agreement in two counterparts. Each counterpart shall be deemed an original instrument.

M. **Recordation:** Grantor may record this Agreement in the official records of Lincoln County and White Pine County, Nevada, as well as the records of the Nevada State Engineer.

N. **Recitals:** The Recitals to this Agreement are true and correct and are incorporated herein by this reference.

[signature page follows.]



IN WITNESS WHEREOF, Grantor and Grantee execute this Agreement.

Grantor:

Cave Valley Ranch, LLC,
a Nevada limited liability company

By: Signed in counterpart
Michael K. McBeath, its Manager

Grantee:

Southern Nevada Water Authority, a political
subdivision of the State of Nevada

By: [Signature]
Patricia Mulroy, General Manager

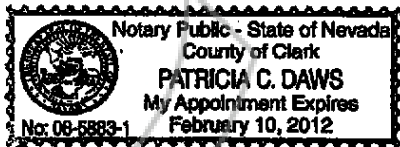
STATE OF NEVADA)
SS.)
COUNTY OF CLARK)

This instrument was acknowledged before me on _____, 2009, by Michael K. McBeath, as Manager of Cave Valley Ranch, LLC, a Nevada limited liability company.

Notary Public
My Commission Expires: _____

STATE OF NEVADA)
SS.)
COUNTY OF CLARK)

This instrument was acknowledged before me on December 7th, 2009, by Patricia Mulroy, as General Manager of Southern Nevada Water Authority, a political subdivision of the State of Nevada.



Patricia C. Daws
No. 08-5883-1
Expires February 10, 2012.

[Signature]
Notary Public
My Commission Expires: 2/10/2012



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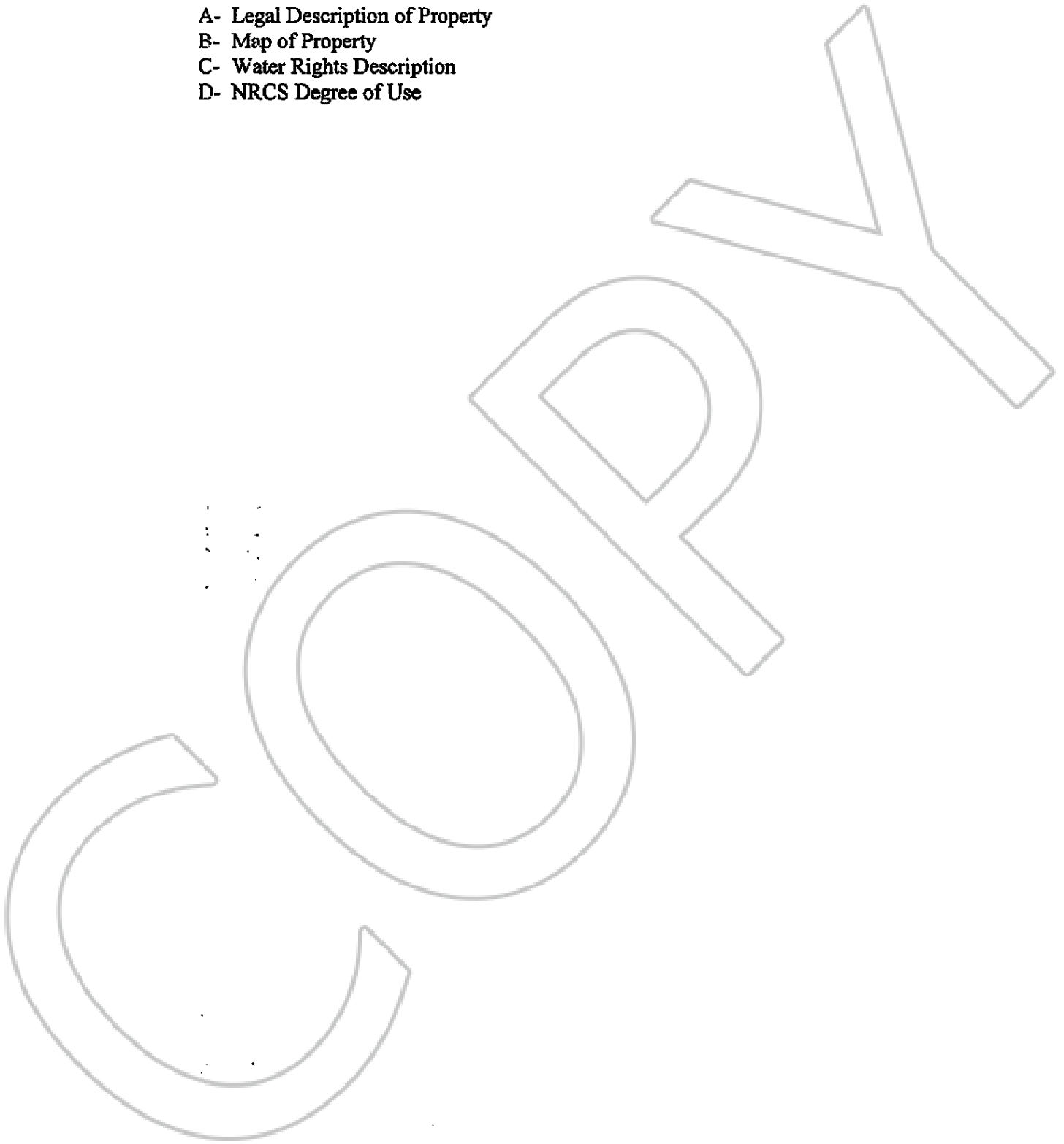
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Exhibits:

- A- Legal Description of Property
- B- Map of Property
- C- Water Rights Description
- D- NRCS Degree of Use



**Exhibit A
 To Conservation Easement**

Legal Description

TOWNSHIP	RANGE	SECTION	¼ SECTION	ACRES
10N	63E	25	E1/2NE1/4	80
10N	64E	19	W1/2SW1/4	80
10N	64E	19	S1/4NW1/4	40
10N	64E	22	SE1/4SE1/4	40
10N	64E	27	SE1/4SW1/4	40
10N	64E	27	S1/2NW1/4	80
10N	64E	27	NW1/4NE1/4	40
10N	64E	27	S1/2NE1/4	80
10N	64E	28	S1/2NE1/4	80
10N	64E	30	W1/2SW1/4	80
10N	64E	30	W1/2NW1/4	80
10N	64E	31	W1/2NW1/4	80
10N	64E	31	SW1/4	160
10N	64E	34	E1/2SE1/4	80
9N	64E	4	N1/2NE1/4	80
10N	64E	26	SW1/4NW1/4	40
9N	64E	15	SW1/4NW1/4	40
9N	64E	15	NW1/4SW1/4	40
9N	64E	16	S1/2NE1/4	80
9N	64E	16	SE1/4	160
TOTAL ACRES				1480



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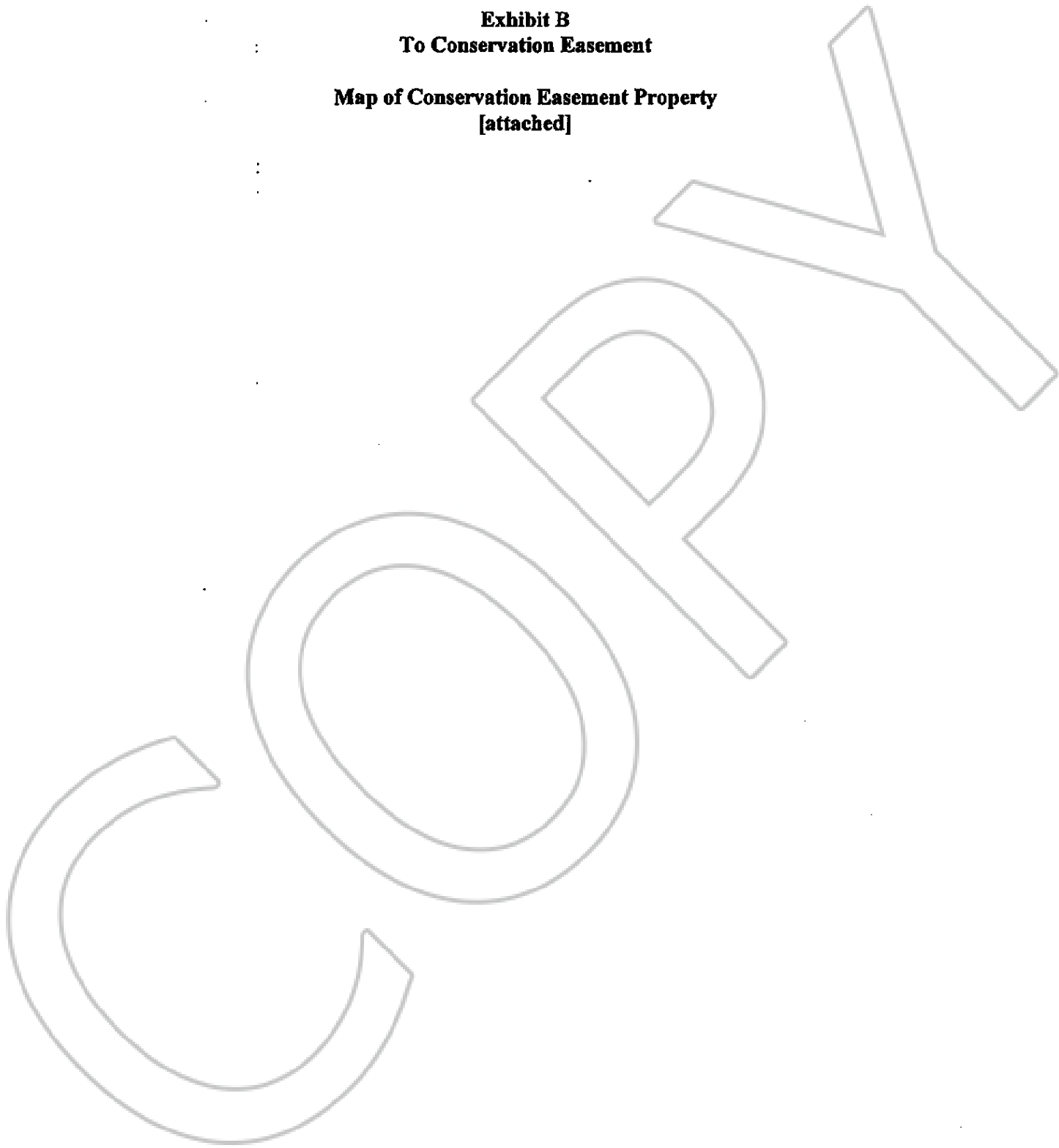


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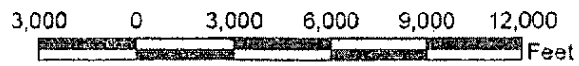
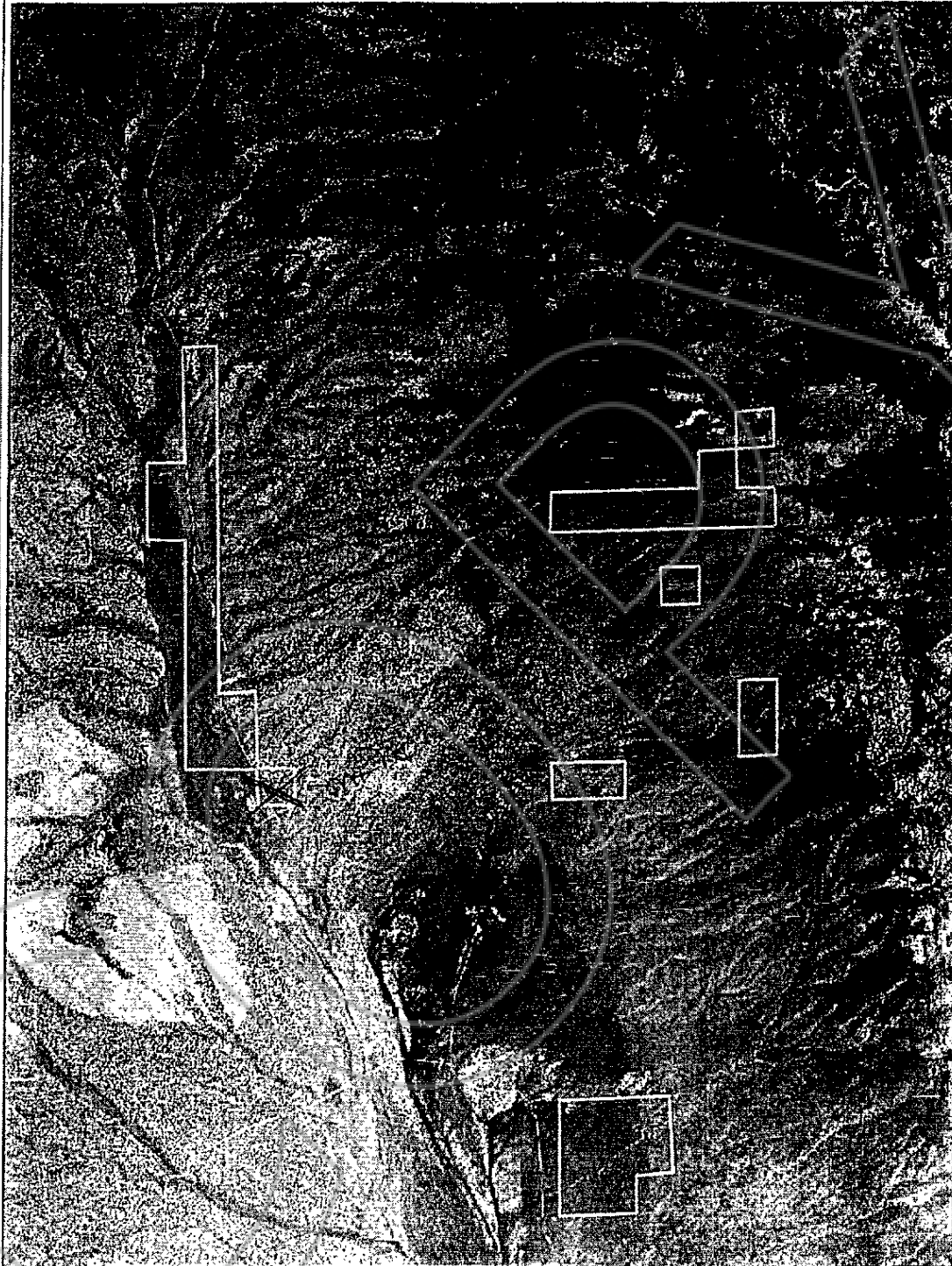
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Exhibit B
To Conservation Easement
Map of Conservation Easement Property
[attached]





Cave Valley Easement Boundries





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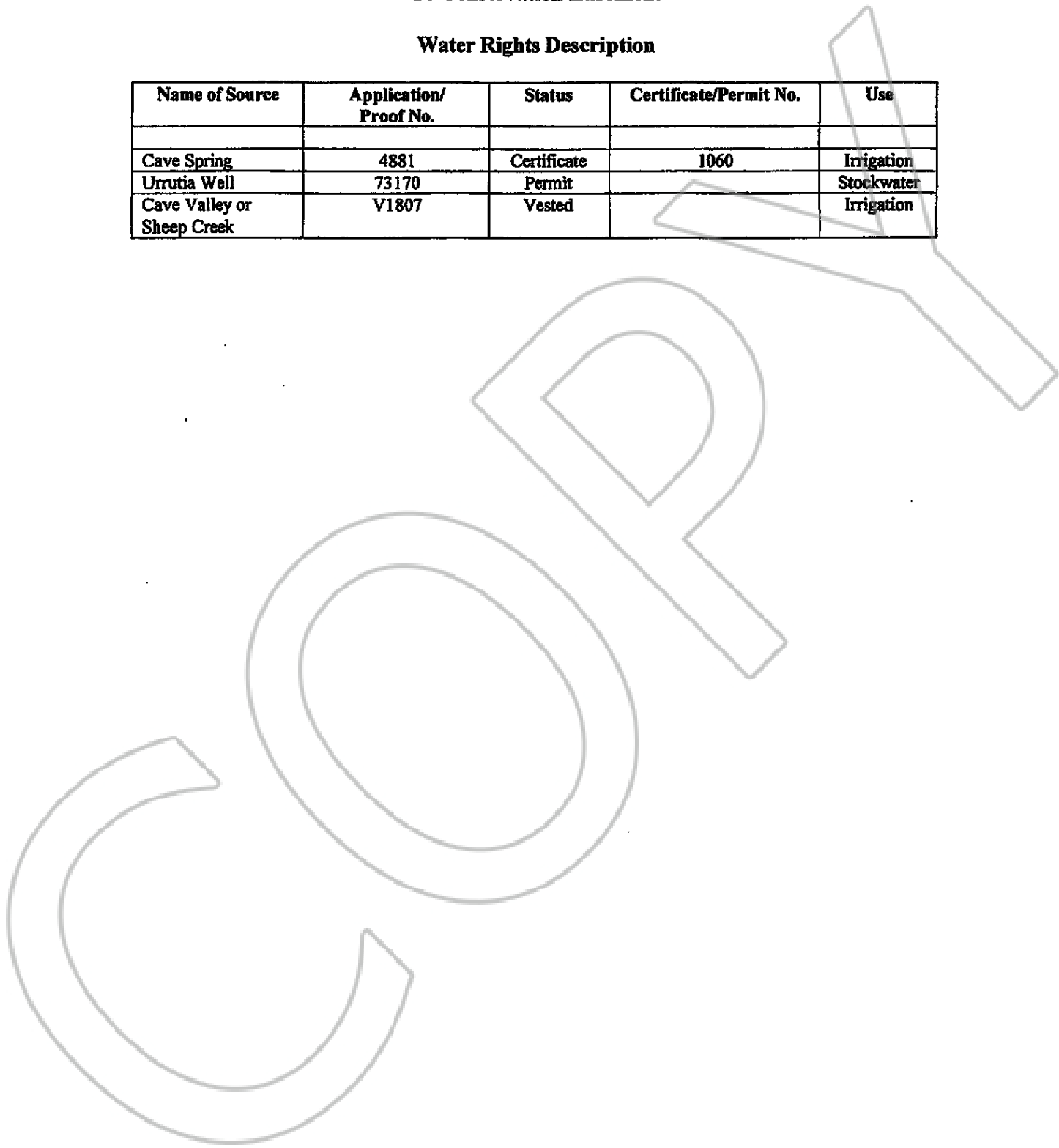
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**Exhibit C
To Conservation Easement**

Water Rights Description

Name of Source	Application/ Proof No.	Status	Certificate/Permit No.	Use
Cave Spring	4881	Certificate	1060	Irrigation
Urrutia Well	73170	Permit		Stockwater
Cave Valley or Sheep Creek	V1807	Vested		Irrigation





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**Exhibit D
To Conservation Easement**

NRCS Degree of Use

UNITED STATES DEPARTMENT OF AGRICULTURE
Soil Conservation Service

MT-JS-WS-502
RANGE (Rev. July 1986)

Guide to Degree of Use

<i>Degree of Use</i>	<i>Description</i>
Unused 0 percent	No livestock use.
Slight 1-20 percent	Practically undisturbed. Only choice areas and Choice forage grazed.
Moderate 21-40 percent	Most of the accessible range shows grazing. Little or no use of poor forage. Little trailing to grazing.
Full (<i>This or less Use is Proper Use</i>) 41-50 percent	All fully accessible areas are grazed. Major sites have key forage species properly utilized. Overused areas less than 10 percent of pasture area.
Close 51-60 percent	All accessible range plainly shows use and major sections are closely cropped. Livestock forced to use much poorer forage.
Severe 61-80 percent	Key forage species almost completely used. Low-value forage carrying grazing load. Trampling damage is wide-spread in accessible area.
Extreme 81-100 percent	Range appears stripped of vegetation. Key forage species are weak from continual grazing of regrowth. Poor quality forage closely grazed.

1. Determine the degree of use at or near the end of the grazing period.
2. Proper use determination is based on key species on major sites, not total vegetation.
3. When properly grazed, the vegetation left will supply adequate cover for soil protection and will maintain or improve the quantity and quality of desirable vegetation.

Proper use of Annual Growth Depends on SEASON OF USE:

Spring Use	(Moderate)
Summer and Early Fall Use	(Full)
Late Fall and Winter Use	Dormant season (Close)

Remarks: