

Official Record

Recording requested By  
ALLISON MACKENZIE, PAVLAKIS, WRIGH

Lincoln County - NV

Leslie Boucher - Recorder

Fee \$17.00 Page 1 of 4

RPTT: \$7,757.10 Recorded By AE

Book- 262 Page- 0626

When recorded return to:  
VIDLER WATER COMPANY, INC  
3480 GS Richards Blvd. Ste. 101  
Carson City, NV 89703



WATER RIGHTS DEED

THIS INDENTURE, made this 20<sup>th</sup> day of September 2010, by LINCOLN COUNTY WATER DISTRICT, a political subdivision of the State of Nevada, and VIDLER WATER COMPANY, INC., a Nevada corporation as a "GRANTOR", and VIDLER WATER COMPANY, INC., a Nevada corporation as "GRANTEE", as their interests appear.

WITNESSETH:

That the GRANTOR, for good and valuable consideration delivered to them by the GRANTEE, the receipt and sufficiency of which is hereby acknowledged, does hereby grant, bargain and sell unto said GRANTEE, and to their successors and assigns forever, the GRANTOR's right, a portion of title and interest in and to those certain water rights described in Exhibit "A" which is incorporated by this reference as if fully set forth herein.

TOGETHER WITH all and singular the tenements, hereditaments and appurtenances thereunto belonging or in anywise appertaining and the reversion and reversions, remainder or remainders, rents, issues and profits thereof.





STATE OF NEVADA                    )  
  : ss.  
COUNTY OF CARSON CITY        )

On Sept. 20, 2010, Dorothy A. Timian-Palmer personally appeared before me, a notary public, personally known to me to be the person whose name is subscribed to the foregoing instrument and who acknowledged to me that she the President of Vidler Water Company, Inc. and who acknowledged to me that she executed the foregoing WATER RIGHTS DEED on behalf of said company.

*Danielle Bettridge*  
NOTARY PUBLIC

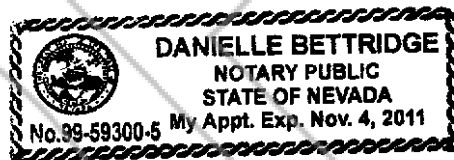
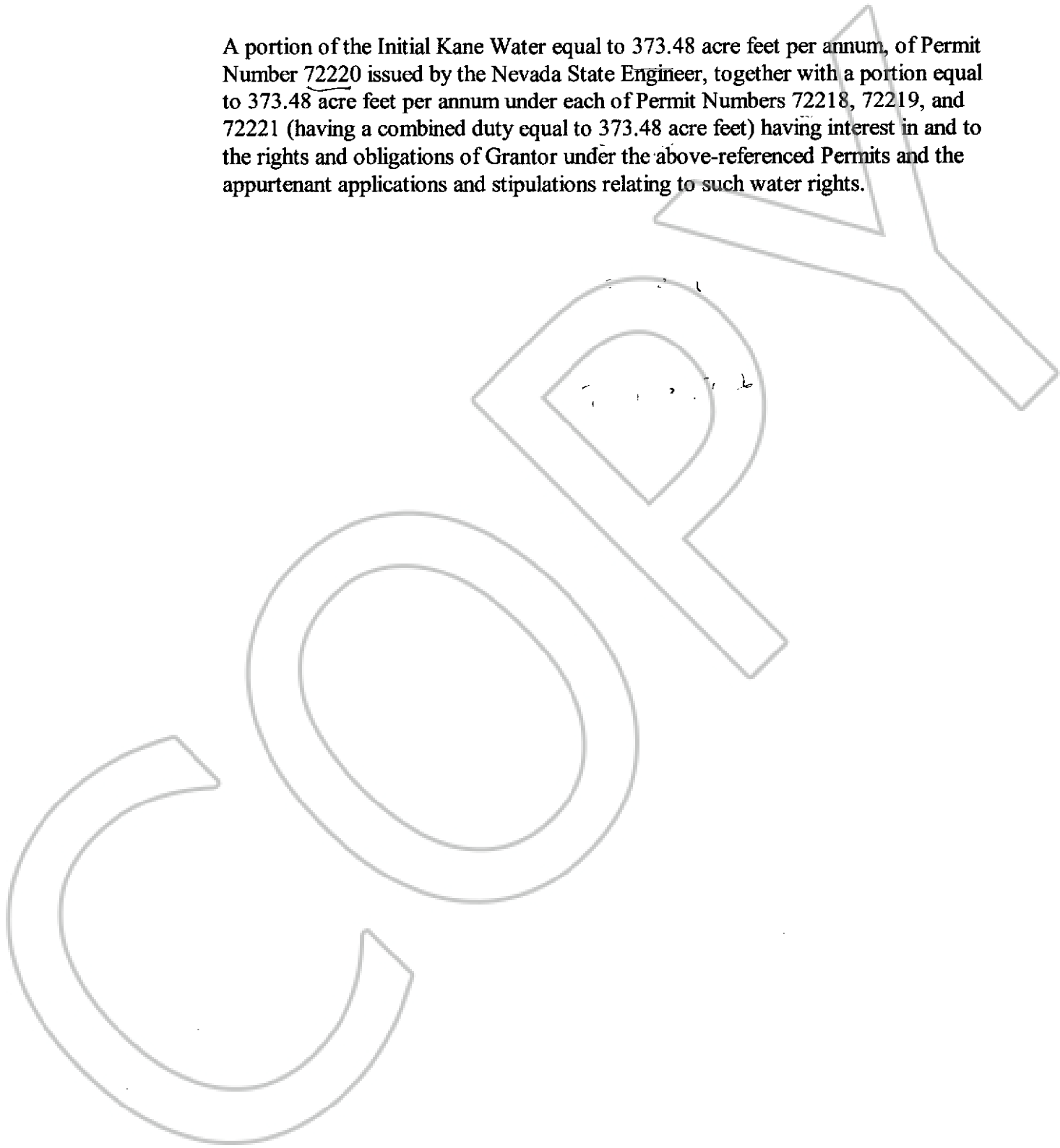




Exhibit "A"

A portion of the Initial Kane Water equal to 373.48 acre feet per annum, of Permit Number 72220 issued by the Nevada State Engineer, together with a portion equal to 373.48 acre feet per annum under each of Permit Numbers 72218, 72219, and 72221 (having a combined duty equal to 373.48 acre feet) having interest in and to the rights and obligations of Grantor under the above-referenced Permits and the appurtenant applications and stipulations relating to such water rights.



State of Nevada  
Declaration of Value

Recording requested By  
ALLISON, MACKENZIE, PAVLAKIS, WRIGH

Lincoln County - NV  
Leslie Boucher - Recorder

Page 1 of 12 Fee: \$17.00  
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- 1. Assessor Parcel Number(s)
  - a) NA
  - b) \_\_\_\_\_
  - c) \_\_\_\_\_
  - d) \_\_\_\_\_

- 2. Type of Property:
  - a)  Vacant Land      b)  Single Fam. Res.
  - c)  Condo/Twnh      d)  2-4 Plex
  - e)  Apt. Bldg.      f)  Comm'l/Ind'l
  - g)  Agricultural      h)  Mobile Home
  - i)  Other Water Rights

FOR RECORDER'S OPTIONAL USE ONLY  
 Document/Instrument #: \_\_\_\_\_  
 Book: \_\_\_\_\_ Page: \_\_\_\_\_  
 Date of Recording: spoke w/ bookie @ taxation  
she gave us an rptt amount 3/18/2011

3. Total Value/Sales Price of Property: \$ 6,014,932.75  
 Deed in Lieu of Foreclosure Only (value of property) \$ \_\_\_\_\_  
 Transfer Tax Value: \$ 1,988,657.75  
 Real Property Transfer Tax Due: \$ 7,757.10

**If Exemption Claimed:**

- 4.
  - a. Transfer Tax Exemption, per NRS 375.090, Section: (3) and (4)
  - b. Explain Reason for Exemption: This deed recognizes the true status of ownership of real property and is a transfer without consideration from one tenant in common to another. See attached supporting Affidavit of Dorothy A. Timian Palmer.
- 5. Partial Interest: Percentage being transferred: 24.6%

The undersigned declares and acknowledges, under penalty of perjury, pursuant to NRS 375.060 and NRS 375.110, that the information provided is correct to the best of their information and belief, and can be supported by documentation if called upon to substantiate the information provided herein. Furthermore, the disallowance of any claimed exemption, or other determination of additional tax due, may result in a penalty of 10% of the tax due plus interest at 1% per month.

Pursuant to NRS 375.030, the Buyer and Seller shall be jointly and severally liable for any additional amount owed.

Signature \_\_\_\_\_  
 Signature \_\_\_\_\_  
**SELLER (GRANTOR) INFORMATION**  
 (REQUIRED)

Capacity GRANTOR  
 Capacity GRANTEE  
**BUYER (GRANTEE) INFORMATION**  
 (REQUIRED)

Print Name: Lincoln County Water District  
 Address: P.O. Box 206  
 City: Pioche  
 State: NV Zip: 89043

Print Name: Vidler Water Company, Inc.  
 Address: 3480 GS Richards Blvd. Ste 101  
 City: Carson City  
 State: NV Zip: 89703

**COMPANY/PERSON REQUESTING RECORDING (REQUIRED IF NOT THE SELLER OR BUYER)**

Print Name: Allison, MacKenzie, Pavlakis, Wright & Fagan, LTD. Escrow # \_\_\_\_\_  
 Address: 402 N. Division St., P.O. Box 646  
 City: Carson City State NV Zip 89702



**AFFIDAVIT OF DOROTHY A. TIMIAN-PALMER**

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STATE OF NEVADA        )  
                                  : ss.  
CARSON CITY            )

DOROTHY A. TIMIAN-PALMER states under penalty of perjury that the following assertions are true and correct:

1. That she is the President and Chief Operating Officer of VIDLER WATER COMPANY, INC., a Nevada corporation ("VIDLER").

2. That VIDLER and LINCOLN COUNTY WATER DISTRICT, a political subdivision of the State of Nevada ("LINCOLN"), filed Application Nos. 72218, 72219, 72220 and 72221 to appropriate water with the State of Nevada, Department of Conservation and Natural Resources, Division of Water Resources ("State Engineer") in February, 2005.

3. That at the time of filing such applications VIDLER and LINCOLN intended that they would each own a one half interest in the pending applications and in any water rights permits granted by the State Engineer as a result of the applications.

4. VIDLER and LINCOLN memorialized their one half ownership interests in the pending applications and in any water rights permits, should they be granted, in the Coyote Springs Project Agreement dated April 4, 2005. A true and correct copy of the Coyote Springs Project Agreement is attached hereto as Exhibit "A" and incorporated herein by this reference.

5. In May, 2007 the State Engineer granted VIDLER and LINCOLN's applications and issued Permit Nos. 72218, 72219, 72220 and 72221 (the "Permits").

6. Pursuant to the VIDLER and LINCOLN agreement, they each owned a one half interest in Permit Nos. 72218, 72219, 72220 and 72221.

7. Thereafter, LINCOLN transferred to VIDLER pursuant to a Water Rights Deed dated September 20, 2010, an additional 24.696% of the entirety of the Permits,

ALLISON, MacKENZIE, PAVLAKIS, WRIGHT & FAGAN, LTD.  
402 North Division Street, P.O. Box 646, Carson City, NV 89702  
Telephone: (775) 687-0202 Fax: (775) 882-7918  
E-Mail Address: law@allisonmackenzie.com



1 causing LINCOLN to have a 25.304% ownership interest in the Permits and VIDLER to have  
2 a 74.696% ownership interest in the Permits.

3 8. On that same date, VIDLER executed a Water Rights Deed transferring  
4 and acknowledging the true status of LINCOLN's share of the Permits, a 25.304% ownership  
5 interest in the Permits.

6 9. Pursuant to NRS 375.090(3) and (4) and NAC 375.150(13) VIDLER is  
7 exempt from transfer tax for the one half ownership interest it originally held in the Permits  
8 and is only obligated to pay transfer tax for the 24.696% ownership interest in the Permits it  
9 thereafter acquired from LINCOLN.

10 10. The transfer of title evidenced by the Water Rights Deeds was done to  
11 reflect the true status of the ownership of the Permits and to evidence the chain of title of the  
12 Permits for purposes of complying with NRS 533.384 and the requirements of the State  
13 Engineer.

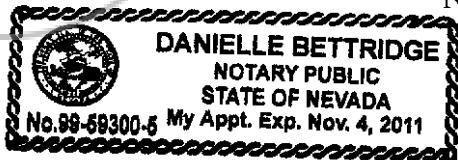
14 DATED this 10<sup>th</sup> day of March, 2011.

  
DOROTHY A. TIMIAN-PALMER  
President and Chief Operating Officer

17 STATE OF NEVADA )  
18 CARSON CITY ) : ss.

19 On March 10<sup>th</sup>, 2011, personally appeared before me, a  
20 notary public, DOROTHY A. TIMIAN-PALMER, personally known (or proved) to me to be  
21 the person whose name is subscribed to the foregoing instrument, who acknowledged to me  
22 that she is the President and Chief Operating Officer of VIDLER WATER COMPANY, INC.,  
23 a Nevada corporation, and who further acknowledged to me that she executed the foregoing  
24 Affidavit of Dorothy A. Timian-Palmer on behalf of said corporation.

  
NOTARY PUBLIC



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Telephone: (775) 687-0202 Fax: (775) 882-7918  
E-Mail Address: law@allisonmackenzie.com



COPY

**EXHIBIT "A"**





COYOTE SPRINGS PROJECT AGREEMENT

This Agreement entered into this 4<sup>th</sup> day of April, 2005, by and between LINCOLN COUNTY WATER DISTRICT, a political subdivision of the STATE OF NEVADA, hereinafter "LCWD," and VIDLER WATER COMPANY, INC., hereinafter "VIDLER."

RECITALS

1. On September 21, 1998, VIDLER and Lincoln County entered into a Water Resource Planning Memorandum of Understanding ("MOU") for water resource planning of water resources in Lincoln County.

2. Based upon resolutions of the Board of the Lincoln County Water District and the Lincoln County Board of Commissioners, the MOU, water rights applications and permits together with other agreements related to water resource planning and development were assigned by Lincoln County to LCWD.

3. In conjunction with the development and implementation of the Lincoln County Master Plan, LCWD and VIDLER subsequently filed additional water rights applications and currently hold the Water Resources.

4. Pursuant to the MOU and other agreements between the parties, LCWD and VIDLER each own a one-half (1/2) interest in certain water right applications and permits, which more particularly described in Exhibit "A" which is incorporated by this reference as if fully set forth herein ("Water Resources");

5. By the terms of this Agreement, LCWD and VIDLER intend to permit a portion of the WATER RESOURCES and necessary rights of way sufficient to serve the area commonly

Coyote Springs Project Agreement.2005

known as the COYOTE SPRINGS PROJECT which is a real estate development project planned for the area generally abutting Highway 93 containing approximately 25,000 acres within Lincoln County, Nevada and which also straddles the Clark County/Lincoln County boundary and, is the subject of a NRS Chapter 318 District approval and is hereinafter referred to as the COYOTE SPRINGS PROJECT AREA.

NOW, THEREFORE, the parties desire to enter into this Agreement in order to provide adequate water rights for the COYOTE SPRINGS PROJECT AREA development and the distribution of proceeds from the conveyance and transfer of such water rights.

1. COYOTE SPRINGS PROJECT. The COYOTE SPRINGS PROJECT AREA is anticipated to be planned to include residential, commercial and recreational uses for which the developers and builders require the commitment of water resources. Pursuant to the terms of this Agreement, LCWD and VIDLER agree to permit a portion of the Water Resources in Lincoln County to be conveyed to and made available to serve the COYOTE SPRINGS PROJECT AREA.

2. WATER RESOURCES. The parties agree to endeavor to develop sufficient water rights to meet the projected and anticipated needs for the COYOTE SPRINGS PROJECT AREA.

3. DEVELOPMENT OF RESOURCES. LCWD authorizes VIDLER and any of its affiliates to take any and all actions necessary to develop a portion of the Water Resources in order to have water rights available for the Project for the purpose of generating economic activity and creating jobs in southwestern Lincoln County, Nevada. This includes serving as the



Lincoln County technical representative during all BLM/NEPA processes relating to the development of water resources and transmission lines within Lincoln County, regardless of the developer of the resources. UNDER NO CIRCUMSTANCES WILL LCWD BE RESPONSIBLE FOR THE PAYMENT OF ANY COSTS OR EXPENSES ASSOCIATED WITH THE DEVELOPMENT OF THE WATER RESOURCES OR ASSOCIATED WITH PROVIDING WATER RIGHTS TO THE PROJECT, EXCEPT FOR LCWD'S OBLIGATIONS TO REIMBURSE VIDLER AND/OR ITS AFFILIATE FROM REVENUE DERIVED FROM CONVEYING WATER RESOURCES TO THE COYOTE SPRINGS PROJECT AREA AS PROVIDED FOR HEREIN.

4. PAYMENT. Upon conveyance of any portion of the Water Resources to a third party, LCWD and VIDLER shall each be paid, after reimbursement to Vidler, the net revenues generated from the utilization of the Water Resources within or on the COYOTE SPRINGS PROJECT AREA. Revenue from the utilization of the Water Resources within or on the Project shall include, but not be limited to, the following:

1. Any Standby Fees or Commitment Fees paid by any owner, builder or developer within the Project;
2. Any one-time price per acre foot paid by owner, builder or developer within the COYOTE SPRINGS Project Area;
3. Any negotiated ongoing fee for water based upon actual usage by owner, builder or developer within the Project;
4. Any negotiated, ongoing fee for use of reclaimed water derived from Water Resources by owner, builder or developer within the Project.



VIDLER in its sole discretion, will advance or pay any and all costs associated with the permitting and development of the Water Resources and related rights of way developed and made available to the Project which may include any and all consultants required for environmental permitting, governmental relations, engineering, administrative assistants or related services. VIDLER shall provide to LCWD verification of the capital expenditures and debt service, if any, related to permitting and development of the Water Resources for the Coyote Springs Project Area, which verification shall be prepared in accordance with generally accepted accounting principles and executed by VIDLER in affidavit form. All of VIDLER's records relating to providing Water Resources for the Project shall be available for inspection by LCWD. Upon review and approval by the Board of LCWD of VIDLER's capital expenditures solely related to providing Water Resources for the Coyote Springs Project Area, VIDLER shall be entitled to recover said approved capital expenditures from revenue derived from the conveyance or transfer of the Water Resources for the Project prior to any payments made to LCWD. The remainder of such revenue, ("net revenue") shall be shared equally between LCWD and VIDLER as payment for each party's interest in the Water Resources made available to and utilized for the Coyote Springs Project Area.

LCWD IS NOT RESPONSIBLE FOR ANY MONETARY APPROPRIATION FOR THE PERMITTING AND DEVELOPMENT OF THE WATER RESOURCES, OR ANY PORTION THEREOF, FOR THE PROJECT OR UNDER THE TERMS OF THIS AGREEMENT. REIMBURSEMENT OF CAPITAL EXPENDITURES MADE BY VIDLER SHALL ONLY OCCUR FROM PROCEEDS FROM THE USE OF THE WATER



RESOURCES, OR ANY PORTION THEREOF, IN OR TO THE PROJECT AS PROVIDED FOR HEREIN. IN THE EVENT REVENUE FROM THE PROVISION OF WATER SERVICE TO THE PROJECT IS INSUFFICIENT TO COVER VIDLER'S EXPENDITURES RELATED TO SUCH ACTIVITY, LCWD SHALL HAVE NO OBLIGATION OR RESPONSIBILITY TO REIMBURSE VIDLER FOR SUCH EXPENDITURES.

Following review and approval by LCWD of VIDLER's expenditures, the parties hereto agree that there will be a disbursement of funds within ninety (90) days after the determination of "net revenues".

5. LCWD AUTHORITY. This Agreement and its terms are not intended to and do not constitute a delegation or assignment of any governmental and/or statutory authority, obligation or essential government function of LCWD.

6. TERM OF AGREEMENT. This Agreement and any party's obligations hereunder shall remain in full force and effect for a period of fifteen (15) years from the date of this Agreement, unless sooner terminated in accordance with the provisions contained herein.

7. ASSIGNABILITY. This Agreement shall be binding upon and shall inure to the benefit of the parties and their respective successors in interest. This Agreement may NOT be assigned by either party without the express written consent of the other party except that VIDLER may assign this Agreement and the rights hereunder to an affiliated or parent company.

8. SURVIVAL. This Agreement and the covenants, warranties and representations contained herein shall survive the execution of this Agreement.

9. ENTIRE AGREEMENT. This Agreement contains the complete and entire agreement between the parties, and no modification, alteration or change of this Agreement shall  
Coyote Springs Project Agreement.2005



be binding upon the parties unless evidenced by an agreement in writing, signed by the parties, after the date of this Agreement.

10. CHOICE OF LAW. This Agreement shall be construed and interpreted under, governed and enforced according to the laws of the state of Nevada.

11. ENFORCEABILITY. If any term, covenant, condition, or provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms, covenants, conditions, and provisions shall remain in full force and effect, and shall in no way be affected, impaired or invalidated.

12. RELATIONSHIP OF PARTIES. The relationship between the parties created by this Agreement shall be limited to the performance of this Agreement and does not concern any other activities or business of either party. Nothing herein shall be construed to authorize either party to act as a general agent for the other party. This Agreement shall not be construed as a partnership or joint venture, and neither party shall be liable or responsible for any obligation, liability or claim incurred by the other, except as specifically provided for herein. By the terms of this Agreement, LCWD does not abdicate, delegate or waive any of its statutory authority and/or police powers as a political subdivision of the state of Nevada.

13. SEVERABILITY. If any term, covenant, condition, or provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms, covenants, conditions, and provisions shall remain in full force and effect, and shall in no way be affected, impaired or invalidated.

14. AUTHORITY. Each party respectively warrants, represents and covenants to the other that it has full authority to enter into this Agreement and execute all documents on its Coyote Springs Project Agreement.2005



behalf.

IN WITNESS WHEREOF, the parties hereto have set their hands the day and year first above written.

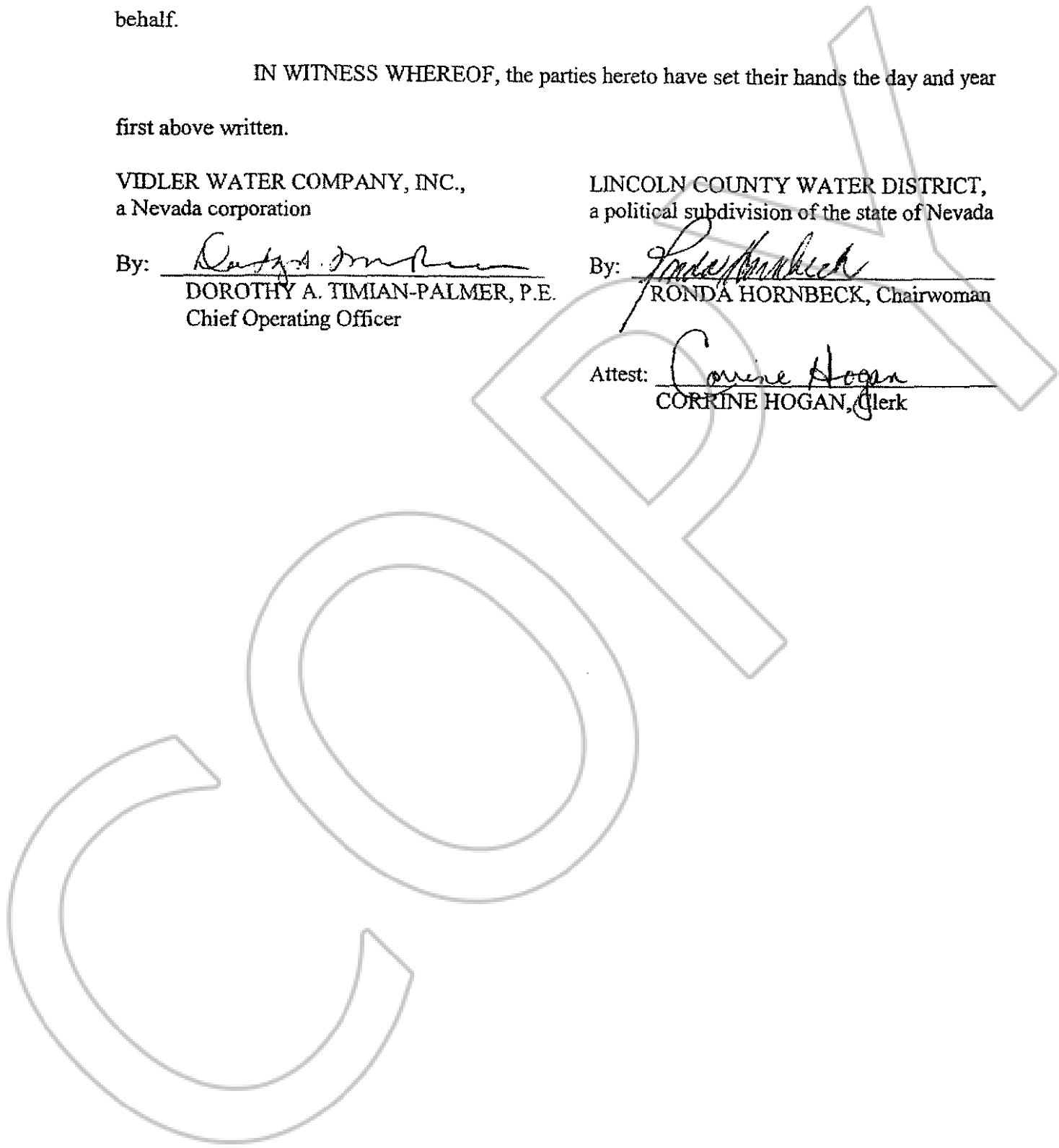
VIDLER WATER COMPANY, INC.,  
a Nevada corporation

LINCOLN COUNTY WATER DISTRICT,  
a political subdivision of the state of Nevada

By: *Dorothy A. Timian-Palmer*  
DOROTHY A. TIMIAN-PALMER, P.E.  
Chief Operating Officer

By: *Ronda Hornbeck*  
RONDA HORNBECK, Chairwoman

Attest: *Corrine Hogan*  
CORRINE HOGAN, Clerk





**EXHIBIT A**  
**“Water Resources”**

Coyote Springs Project Agreement by and between  
Lincoln County Water District and Vidler Water Company

Basin

- Kane Springs Valley (206)
- Pahroc Valley (208)
- Delamar Valley (182)
- Coal Valley (171)
- Garden Valley (172)

