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ERNEST D ROWLEY, WEBER COUNTY RECORDER
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REC FOR: WEBER BASIN WATER CONSERV DIST

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Contract # 44607

CONTRACT AND LIEN BETWEEN WEBER BASIN WATER CONSERVANCY DISTRICT
AND

Mountain Land Estates, LLC

FOR THE SALE AND USE OF UNTREATED WATER

THIS CONTRACT, made this 16th, day of December, 2006 between
the WEBER BASIN WATER CONSERVANCY DISTRICT, organized under the laws of the
State of Utah, herein styled "District", and Mountain Land Estates, LLC
of Weber County, Utah herein styled the "Purchaser",

WITNESSETH:

WHEREAS, the Purchaser desires, by means of a well/spring to divert or withdraw
underground water for domestic and miscellaneous purposes, which diversion will intercept
and withdraw water that will require replacement, and the district has water to sell to the
Purchaser to replace the water so intercepted and withdrawn; and

WHEREAS, Purchaser intends to utilize said water upon the following described
lands: **SEE ATTACHED "EXHIBIT A"**

and

WHEREAS, this contract and purchaser's obligation to pay for the water as set forth
herein shall constitute a lien upon the real property described in Exhibit "A";

NOW, THEREFORE, in consideration of the mutual and dependent promises and
covenants herein contained, it is hereby mutually agreed by and between the parties
hereto as follows:

1. **SALE OF WATER:** The District for the price hereinafter specified, hereby sells and agrees to deliver in the manner and at the place hereinafter provided, and the purchaser hereby purchases the right to use in each calendar year untreated District water in amounts of 120 acre-feet, except the District will not be obligated to deliver water to the Purchaser as herein provided until satisfactory evidence is furnished that the use of this water as replacement water has been approved by the State Engineer of Utah.

2. **PLACE OF DELIVERY AND USE:** The water covered hereby is sold to the purchaser solely for the replacement of underground water diverted, withdrawn or to be diverted or withdrawn by said well or spring for domestic and miscellaneous use in and upon the following described lands in Weber County, Utah:

SEE ATTACHED "EXHIBIT A"

and for no other use or purpose. Its use as replacement water shall be subject to such rules and regulations as the State Engineer of Utah may prescribe.

Delivery of such water shall be as directed by the State Engineer or his representative at the outlet works of _____ Reservoir. The District shall have no obligation to provide works or facilities of any type to conduct such water from such point of delivery to its ultimate place of use. The Purchaser shall have no right to hold over or accumulate water from year to year, nor to sell or rent the water.

3. **OBLIGATION OF PURCHASER TO PAY FOR WATER:** For the purchase of the annual quantity of water which the District holds and will hold for the Purchaser as herein

provided, the Purchaser shall pay to the District an annual amount to consist of the total of the following items:

(a) 99.66 per acre-foot of water. Such price per acre-foot shall continue until such time as the District may otherwise determine; provided, only, that an increase in such price shall become operative only at the beginning of the next calendar year.

(b) A fair proportionate amount of estimated operating and maintenance charges of the District for the then calendar year. Such fair proportionate amount shall be determined each year by the Board of Directors of the District and the determination shall be final and conclusive.

The first annual payment under items (a) and (b) above shall be made by the Purchaser to the District concurrently with the execution hereof by Purchaser, and shall be in payment for water available for use of Purchaser in the calendar year in which this contract is approved by the Board of Directors of the District; provided, however, if such approval by the Board of Directors of the District is given on or subsequent to October 1 of the then year, the payment so made by Purchaser shall apply as a credit upon the amount accruing hereunder for the next succeeding calendar year, and no payment shall be required for the remainder of the calendar year in which such initial payment is made. Succeeding annual payments shall be made by the Purchaser to the District on or before January 1 of each year thereafter. Each annual payment shall be made to the District whether or not all or any part of the water is called for or used hereunder.

Purchaser's obligation to pay for the water as described above exists irrespective of whether purchaser actually uses the water.

4. **PENALTY FOR DELINQUENCY:** Every installment or charge required to be paid to the District under this contract, which shall remain unpaid after its due date, shall bear interest from date of delinquency at the existing prime interest rate as of January 1 of each year.

5. **REMEDIES OF DISTRICT IN CASE OF DEFAULT:** The annual amount payable hereunder shall be and constitute a perpetual lien upon the lands herein above described. If the Purchaser shall fail to make any payment due hereunder on or before the due date, the District may refuse the delivery of water, or upon written notice to Purchaser, cancel this contract in its entirety, but either or both of these remedies are not exclusive, and the District may exercise any other remedy given by this contract or by law to enforce collection of any payment due hereunder, and for the foreclosure of the lien hereby created.

6. **RELIEF IN EVENT OF DROUGHT AND WATER SHORTAGE:** In the event there is a shortage of water caused by drought, inaccuracies in distribution not resulting from negligence, hostile diversion, prior or superior claims or other causes not within the control of the District, no liability shall accrue against the District or any of its officers, agents, or employees for any damage, direct or indirect, arising therefrom and the payments to the District provided for herein shall not be reduced because of any such shortage or damage. During periods of water shortage, allocations of treated and untreated water for municipal, domestic and industrial use shall have first priority.

7. **CONSTRUCTION, OPERATION AND MAINTENANCE OF PURCHASER'S FACILITIES:** The Purchaser shall construct, operate and maintain, without cost to the District, the well or spring and appurtenant facilities necessary to secure and accurately measure its water supply. The metering or other measuring device installed by the

Purchaser shall be satisfactory to the State Engineer. The District has no responsibility for the quality or quantity of water that the Purchaser is able to secure through the operation of its well or spring.

8. **BENEFICIAL USE OF WATER:** The basis, the measure and the limit of the right of the Purchaser in the use of water shall rest perpetually in the beneficial application thereof, and the Purchaser agrees to put the water purchased by him hereunder to beneficial use in accordance with law.

9. **ASSIGNMENT LIMITED - SUCCESSORS AND ASSIGNS OBLIGATED:**

The provisions of this contract shall apply to and bind the successors and assigns of the parties hereto.

10. **NOTICE:** Any notice herein required to be given to the Purchaser shall be sufficiently given if sent by mail addressed to Purchaser at: P.O. Box 526076, Salt Lake City, UT 84152, and the District if sent to 2837 East Highway 193, Layton, Utah 84040.

11. **OBSERVATION OF FEDERAL AND STATE POLLUTION LAWS:** The Purchaser agrees that it will comply fully with all applicable Federal laws, orders and regulations and the laws of the State of Utah, all as administered by appropriate authorities, concerning the pollution of streams, reservoirs, ground water or water courses with respect to thermal pollution or the discharge of refuse, garbage, sewage effluent, industrial waste, oil, mine tailings, mineral salts or other pollutants.

12. The reuse of water delivered pursuant to this contract shall not be allowed without permission of the District. The waste, seepage, or return flow from water delivered

pursuant to this contract shall belong to the United States or the Weber Basin Water Conservancy District for the use and benefit of the Weber Basin Project.

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IN WITNESS WHEREOF, the parties have caused this contract to be executed and signed the day and year first above written.

PURCHASERS:


By: NORMAN COLTON
Address: 1464 TOMAHAWK
SLC - UT - 84103

EXHIBIT "A"

PARCEL 1: #21-001-0001 *JM*

All of Sections 1 and 2, Township 6 North, Range 2 East, Salt Lake Meridian, U. S. Survey.

PARCEL 2: #23-012-0017 *JM*

The East 1/2 of Section 24, Township 7 North, Range 2 East, Salt Lake Base and Meridian, U.S Survey.

PARCEL 3: #23-012-0018 *JM*

The Southeast Quarter of the Southwest Quarter of Section 24, and all of Section 25, Township 7 North, Range 2 East, Salt Lake Base and Meridian, U.S. Survey.

PARCEL 4: #23-012-0024 *JM*

All of Section 35, Township 7 North, Range 2 East, Salt Lake Base and Meridian, U.S. Survey.

PARCEL 5: #23-012-⁰¹¹⁷~~0026~~ *JM*

The West half of Section 36, Township 7 North, Range 2 East, Salt Lake Base and Meridian, U.S. Survey.

PARCEL 6: #23-013-0026 ✓ *SM*

All of Section 19, Township 7 North, Range 3 East, Salt Lake Meridian, U.S. Survey Except that part deceded to Weber County (1375-1130).

PARCEL 7: #23-013-0027 ✓ *SM*

The North 1/2 of the North 1/2, the Southwest Quarter of the Northwest Quarter, the Southeast Quarter of the Northeast Quarter, the East 1/2 of the Southeast Quarter, the Southwest Quarter of the Southeast Quarter and the Southwest Quarter of Section 20, Township 7 North, Range 3 East, Salt Lake Meridian, Utah, according to the official plat thereof.

PARCEL 8: #23-018-0002 ✓ *SM*

The West 1/2 of Section 30, Township 7 North, Range 3 East, Salt Lake Base and Meridian. Excepting the portion thereof contained within the Evergreen Park Subdivision No. 1.

PARCEL 9: #23-013-0028 ✓ *SM*

The Southwest Quarter of the Northeast Quarter and the Northwest Quarter of the Southeast Quarter and the Southeast Quarter of the Northwest Quarter of Section 20, Township 7 North, Range 3 East, Salt Lake Base and Meridian, U. S. Survey.

Subject to easements, rights-of-way, reservations, conditions, restrictions, covenant and taxes and assessments of record or enforceable in law or equity, or which are subject to what an ALTA/ACSM survey would disclose.

The Grantor specifically reserves and excepts unto itself all minerals, coal, carbons hydrocarbons, oil, gas, chemical elements and compounds whether in solid, liquid, or gaseous form, and all steam and other forms of thermal energy on, in, or under the above-described land.

STATE OF UTAH)
COUNTY OF Salt Lake) :ss

~~2006~~ On the 28th day of December,
~~2005~~, personally appeared before me Norm Cohn,
the signer(s) of the above instrument, who duly acknowledged to
me that he executed the same.

Brittany Balle
NOTARY PUBLIC

(SEAL)



APPROVED DATE: January 26, 2007

WEBER BASIN WATER
CONSERVANCY DISTRICT

Charlene M. McConkie
Charlene M. McConkie, Chair

ATTEST:

Tage I. Flint

Tage I. Flint, Secretary

(SEAL)

