

NORTHWEST IRRIGATION COMPANY AND ROLLINS RANCH SECONDARY WATER AGREEMENT

This Agreement is made and entered into by and between Rollins Ranch, LLC, a Utah limited liability company ("Rollins Ranch"), and Northwest Irrigation Company, a Utah non-profit corporation ("Northwest") concerning the management and operation of a secondary irrigation system.

RECITALS

A. WHEREAS, Rollins Ranch, a developer of residential homes, intends to develop 304 units in Morgan County, Utah; and *- as described in "exhibit A"*

B. WHEREAS, Rollins Ranch desires to develop a pressurized secondary water system sufficient to supply secondary water to its development; and

C. WHEREAS, Northwest holds title to water rights with the right to divert water from Cottonwood Creek and Sulphur Springs located in Morgan County, Utah; and

D. WHEREAS, Rollins Ranch currently owns shares of Northwest and intends to provide its development with water represented by such shares; and

E. WHEREAS, Rollins Ranch and Northwest will benefit from certain improvements to the Northwest facilities necessary for the pressurized secondary irrigation system.

NOW, THEREFORE, for the mutual promises herein contained and other good and valuable consideration herein described, the receipt and adequacy of which is hereby acknowledged, the parties agree as follows:

AGREEMENT

1. Rollins Ranch will construct at their sole cost and expense a new pressurized pipeline to replace the existing open ditch from the Northwest Reservoir to the bottom of the Northwest system according to the following specifications:

- The pipe will be sized to accommodate all reasonable uses within the Northwest system.
- Prior to commencing construction on the Pipeline, Rollins Ranch shall submit plans and specifications to Northwest for Northwest's review and approval, which approval shall not be unreasonably withheld, conditioned or delayed. Plans and specifications shall be designed and stamped by a registered professional civil engineer licenced to practice in the state of Utah. All design assumptions, criteria and calculations shall be available for review and approval by Northwest. In the event Northwest has not disapproved of such plans within thirty (30) days of

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receipt thereof, such plans shall be deemed approved. If Northwest disapproves of such plans, Northwest shall within such thirty (30) day period give a reasonably detailed written explanation of the reasons for disapproval and the changes which if made would result in Northwest's approval of such plans. If Northwest disapproves of the plans in accordance with the preceding sentence, Rollins shall revise the plans and resubmit such plans to Northwest in accordance with the procedure set forth above. The parties further understand that all such plans and construction are subject to approval by the Dam Safety Section of the Utah Division of Water Rights.

- Construction will be performed by a licensed contractor approved by Northwest. Construction will be completed in accordance with approved plans and specifications discussed here in.
- The construction contract will include a performance bond to ensure proper completion of the project.
- Rollins Ranch will coordinate with Northwest and the contractor on the timing of construction so as not to unduly disrupt ongoing irrigation.
- The contractor will warrant the pipeline against all defects for at least five years and will post a bond to guarantee such repairs if necessary.
- Once installed and approved by Northwest, the main trunk line from point A to point B (see Exhibit A) will be owned by Northwest.
- The pipeline will be designed to allow for sprinkler use by other Northwest stockholders.

2. Rollins Ranch will pay for improvements to the Northwest Upper Ditch to allow all water to be diverted into and through the Northwest Reservoir as follows:

(a) Northwest, in consultation with Rollins Ranch, will identify specific sections of the Upper Ditch which need improvement in order to convey additional flows into the Northwest Reservoir. As to those sections, Rollins Ranch shall pay the full cost of the necessary improvements and will warrant those improvements for one year.

(b) As to any other general improvements to the Upper Ditch, Rollins Ranch shall pay a proportion of such costs, based on its percentage of stock ownership in Northwest.

3. Rollins Ranch will form a new and separate secondary irrigation water company to serve the lot owners of the Rollins Ranch subdivision and the future development directly to the west currently known as Parsons Pit, which will hereafter be known as Rollins Ranch Secondary Water Company, LLC.

4. The Northwest shares currently owned or future shares acquired by Rollins Ranch will be the water supply for the Rollins Ranch Secondary Water Company.

5. The Rollins Ranch Secondary Water Company will divert its water from the newly constructed pressurized main trunk line and will be responsible for constructing, operating, repairing and maintaining the secondary water system which will serve the lot owners in the Rollins Ranch subdivision and in the future development directly to the west currently known as Parsons Pit. Northwest will have no responsibility for the new secondary system other than to deliver the appropriate amounts of water from the main pipeline into the lateral pipeline serving the secondary system at point B as seen in Exhibit A.

6. All water diverted from the main pipeline by Northwest will be metered. Once high-water is gone, Northwest stockholders, including the new Rollins Ranch secondary system, will be entitled to their proportionate share of water stored in Northwest Reservoir. Water will begin to be metered each year as determined by the Northwest Water Master when the reservoir water level begins to recede. Northwest will notify its users when it begins to meter their usage.

7. Any State Engineer change applications necessary to accommodate the new secondary system will be evaluated and approved by Northwest. If any such change benefits the company as a whole, the Company will pay all costs associated with the change. If the change is primarily for the benefit of the secondary system, the developers will pay all costs associated with the change.

8. Rollins Ranch and Northwest will enter into a separate easement agreement which will be recorded with the county which will provide an easement over the portion of its property that follows the main trunk for the purpose of maintenance and repairs of such trunk line and will abandon all easements on the Browning and Rollins property which were for the purpose of maintaining the previous water delivery system.

9. Rollins Ranch will pay all of Northwest's reasonable engineering and legal costs incurred in or directly related to implementing this proposal.

10. Scheduling of water use will be accomplished so that all shareholders receive reasonable pressure and flow. All shareholders or their representatives will participate in developing a mutually acceptable Plan of Operation for the system. The Plan of Operation will be incorporated into the design of the system. The Plan of Operation shall address, but not be limited to, both normal and drought related conditions.

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(SIGNATURE PAGE FOLLOWS)

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DATED this 16 day of Aug, 2006.

ROLLINS RANCH, LLC

By: Danny C. Bridenstine

Danny C. Bridenstine Member
(printed name & title)

NORTHWEST IRRIGATION COMPANY

By: Paul F. Warner

Paul F. Warner - Northwest Irrigation Co. Pres
(printed name & title)

STATE OF UTAH)
: ss.
COUNTY OF Davis)

The foregoing instrument was acknowledged before me this 16th day of August, 2006, by Danny C. Bridenstine & Paul F. Warner, an individuals

Mary Lyn Howard
NOTARY PUBLIC
Residing at: Layton Davis County Utah

My Commission Expires:
Sept 1, 2008



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**DEVELOPMENT AGREEMENT
EXHIBIT "A"**

(Property Legal Description)

BOUNDARY DESCRIPTION

BEGINNING ON THE CENTER OF SECTION 24, TOWNSHIP 5 NORTH, RANGE 1 EAST, SALT LAKE BASE AND MERIDIAN AND RUNNING THENCE NORTH 89°59'51" EAST ALONG SECTION LINE 2655.42 FEET TO THE EAST QUARTER CORNER OF SAID SECTION; THENCE SOUTH 00°00'20" WEST ALONG SECTION LINE 2137.95 FEET; THENCE SOUTH 38°48'52" WEST 615.12 FEET TO A POINT ON THE QUARTER SECTION LINE OF SAID SECTION; THENCE SOUTH 89°19'26" WEST ALONG SAID QUARTER SECTION LINE 959.22 FEET; THENCE WESTERLY THE FOLLOWING 8 CALLS: SOUTH 00°12'44" WEST 1282.86 FEET, SOUTH 71°17'14" WEST 116.13, SOUTH 86°24'00" WEST 78.63 FEET, SOUTH 82°05'18" WEST 83.84 FEET, SOUTH 87°44'45" WEST 177.96 FEET, NORTH 89°49'53" WEST 784.68 FEET, SOUTH 29°32'41" WEST 385.48 FEET, NORTH 88°46'29" WEST 423.53 FEET TO A POINT ON A CURVE; THENCE SOUTHWESTERLY ALONG THE ARC OF A 130.00 FOOT RADIUS CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 33°04'22" A DISTANCE OF 75.04 FEET (CHORD BEARS SOUTH 47°15'51" WEST 74.00 FEET); THENCE SOUTH 30°43'41" WEST 125.28 FEET TO A POINT OF CURVATURE; THENCE SOUTH WESTERLY ALONG THE ARC OF A 25.00 FOOT RADIUS CURVE TO THE RIGHT THROUGH A CENTRAL ANGLE OF 87°23'49" A DISTANCE OF 38.13 (CHORD BEARS SOUTH 74°25'35" WEST 34.54 FEET) TO THE NORTH LINE OF THE OLD HIGHWAY (167) AND POINT OF CURVATURE; THENCE NORTHWESTERLY ALONG SAID NORTH LINE AND THE ARC OF A 1336.81 FOOT RADIUS CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 18°40'16" A DISTANCE OF 435.63 FEET (CHORD BEARS NORTH 71°38'24" WEST 433.71 FEET); THENCE NORTHERLY THE FOLLOWING 7 CALLS: NORTH 18°25'57" EAST 196.43 FEET, NORTH 05°38'00" WEST 185.45 FEET, NORTH 04°24'38" WEST 322.76 FEET, NORTH 89°17'00" WEST 156.32 FEET, NORTH 22°12'22" WEST 192.73 FEET, NORTH 206.22 FEET, NORTH 05°13'12" WEST 187.43 FEET TO A POINT OF CURVATURE; THENCE NORTHWESTERLY ALONG THE ARC OF A 165.00 FOOT RADIUS CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 84°52'08" A DISTANCE OF 244.40 FEET (CHORD BEARS NORTH 47°39'16" WEST 222.67 FEET); THENCE NORTHERLY THE FOLLOWING 6 CALLS NORTH 08°37'59" EAST 60.42 FEET, NORTH 58°00'44" EAST 96.95 FEET, NORTH 17°29'53" WEST 296.56 FEET, NORTH 69°02'33" EAST 242.49 FEET, NORTH 42°59'58" EAST 115.06 FEET, NORTH 72°52'30" EAST 19.72 FEET; THENCE SOUTH 08°05'37" WEST 68.74 FEET; SOUTH 65°51'32" EAST 574.89 FEET TO A POINT ON THE QUARTER SECTION LINE OF SAID SECTION; THENCE SOUTH 89°55'18" EAST 642.04 FEET ALONG SAID QUARTER SECTION LINE 642.02 FEET TO THE SOUTH QUARTER CORNER OF SAID SECTION; THENCE NORTH 00°18'01" EAST ALONG SECTION LINE 2644.11 FEET TO THE POINT OF BEGINNING.

CONTAINS - 10,860,592 SQ. FT. 249.32 ACRES

Ent 105901 Rk 0241 Pg 0107

Parcel #'s

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|--------------|-------------------|
| - 03-005-027 | - 03-005-029-01 |
| 00-0003-3470 | 00-0071-5460 |
| - 03-005-029 | - 03-005-032-06-1 |
| 00-0063-3521 | 00-0071-9593 |