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FEB 11 1993

MEMORANDUM OF OPTION AGREEMENT

[Signature]
Beaver County Recorder
re \$ 11.00

THIS MEMORANDUM provides record of an unrecorded agreement entitled "Option Agreement" effective as of October 7, 1992, by and between the following parties:

CRAIG V. DAVIE and **JETTA ANN DAVIE**, of P.O. Box 111, Minersville, UT 84752 referred to in this Memorandum of Option Agreement as "Owner"; and

SMITHFIELD OF UTAH, INC., a Delaware corporation authorized to do business in the State of Utah, of P.O. Box 447, Smithfield, VA 23430, referred to in this Memorandum of Option Agreement as "Smithfield."

Owner and Smithfield are referred to collectively in the Option Agreement as the "parties".

The Option Agreement contains provisions providing the following, in addition to other provisions of that agreement:

1. The premises which are subject to the Option Agreement are located in Beaver County, State of Utah. The subject property is more particularly described in Exhibit "A" attached to this memorandum.

2. The Option Agreement also covers water rights that are appurtenant to the described property. The water rights are more particularly described in Exhibit "B" to this memorandum.

3. The option period begins on the effective date of the Option Agreement and extends for a period of one (1) year, ending October 7th, 1993.

4. Smithfield or its successor has the right to renew the option for an additional twelve-month period by giving notice of its intention to extend the option and by paying the sum specified in the Option Agreement for the option extension. The Option Agreement provides for additional extensions pending decisions on water change applications, zoning and regulatory permits.

5. The Option Agreement allows for entry on land to conduct tests. It also provides for applications to amend zoning ordinances, change applications on appurtenant water rights, application for any environmental and other regulatory permits and declares responsibility for completion of such applications and payment of costs therefor.

6. The Option Agreement also prohibits alienation of title or creation of any lien, security interest, mortgage,

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SECURITY TITLE COMPANY

conveyance of interest under a trust deed or other transaction which would create an encumbrance on title without prior approval of the option holder.

7. The Option Agreement also provides for execution and recordation of this memorandum to provide notice to prospective grantees, lenders, secured parties or other persons seeking to obtain an interest in the subject property or appurtenant water rights and improvements.

8. This memorandum is prepared for the purpose of providing record notice of the Option Agreement and does not set forth all of the terms and conditions found in the Option Agreement. The Option Agreement and this memorandum shall be construed to be but one agreement and in the event that there is any conflict between this memorandum and the Option Agreement, the Option Agreement shall control.

IN WITNESS WHEREOF, the parties have executed this Memorandum of Option Agreement this 7 day of October, 1992.

OWNER:

Craig V. Davie
CRAIG V. DAVIE

Jetta Ann Davie
JETTA ANN DAVIE

SMITHFIELD:

SMITHFIELD OF UTAH, INC.

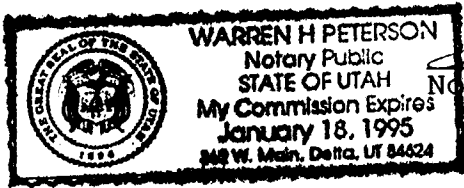
By: Robert W. Hwang
Its: Vice President

ATTEST: [Signature]

STATE OF UTAH)
) : ss.
COUNTY OF Beaver)

On the 7th day of October, 1992, personally appeared before me CRAIG V. DAVIE and JETTA ANN DAVIE, as signers

of the foregoing Memorandum of Option Agreement, who duly acknowledged to me that they executed the same.



Warren H. Peterson
Notary Public

STATE OF Virginia *ad Ripa*
COUNTY OF Shelby *Wish to just* : ss.

On the 19th day of October, 1992, personally appeared before me Robert W. Mauls and Carson D. Juck, who being by me duly sworn, did say, each for himself, that he, the said Robert W. Mauls is the authorized agent, and he, the said Carson D. Juck is the secretary of SMITHFIELD OF UTAH, INC., a Delaware corporation, and that the within and foregoing Memorandum of Option Agreement was signed in behalf of said corporation by authority of a resolution of its Board of Directors and the said Robert W. Mauls and Carson D. Juck each duly acknowledged to me that said corporation executed the same and that the seal affixed is the seal of said corporation.

Martha A. Russ
Notary Public

My Commission Expires
August 31, 1996

EXHIBIT "A"

The West half of Section 33, Township 29 South, Range 11 West, Salt Lake Base & Meridian.

SUBJECT to rights-of-way for existing county roads and utility easements.

TOGETHER WITH all rights and appurtenances thereto and improvements to the described land, except all BLM grazing permits, which shall be reserved to Owner.

EXHIBIT "B"

The first, exclusive and divided right to divert and make beneficial use of water to irrigate a total of ONE HUNDRED THIRTY-FIVE (135) acres of land, for a total diversion of 540 a.f. on an annual basis, from the water rights represented by the following Statement of Water User's Claim filings in the matter entitled In the Matter of the General Determination of the Rights to the Use of the Escalante Valley Adjudication filed in the Fifth Judicial District Court for the County of Beaver, State of Utah, to be satisfied from the water rights in the following order of priority:

All of Grantors' right, title and interest in Statements of Water User's Claim Nos. 71-610, 71-613, 71-615, being together for the stock-watering of forty (40) equivalent livestock units and domestic use of one (1) family for a total of 1.57 acre feet.

The first 18.43 acre feet from Statement of Water User's Claim No. 71-1650 (a15405), being sufficient water right for irrigation of approximately 4.61 acres.

All of Grantors' right, title and interest in and to the water rights represented by Statement of Water User's Claim No. 71-3540 (a11132), being a total of the water right necessary for irrigation of 130 acres for a total of 520 acre feet.

Such additional water rights from Statement of Water User's Claim No. 71-1650 (a15405) as necessary to assure that Smithfield obtains a sufficient right to irrigate a total of 135 acres, for a total annual diversion of 540 acre feet.

All other water rights not specifically described herein shall be reserved to Owner.