

A G R E E M E N T

This agreement made and entered into this 16th day of Sept., 1983, between the Minden-Gardnerville Sanitation District (hereinafter referred to as "MGSD"), John B. Anderson and Edith Anderson, husband and wife, dba Dangberg Farms, successor to H.F. Dangberg Land and Livestock Co., (hereinafter referred to as "Dangberg") and Galeppi Land and Livestock Co., a Nevada corporation (hereinafter referred to as "Galeppi").

RECITALS:

1. The parties hereto are desirous of entering into an agreement pursuant to NRS 533.440 for the equitable distribution of effluent being discharged from the MGSD sewer treatment plant.
2. On May 1, 1975, MGSD and Dangberg entered into a certain lease agreement wherein Dangberg was to receive the effluent issuing from the treatment plant. It is the intention of the parties to supercede that May 1, 1975 agreement in total.
3. On January 20, 1976, Galeppi filed Application 29931 with the Nevada State Engineer. The application was protested by MGSD and by Dangberg.
4. On June 25, 1976, MGSD filed Application 30351 with the Nevada State Engineer. That application was protested by Galeppi.
5. On August 18, 1976, Dangberg filed Application 30351-S-1 with the Nevada State Engineer. That application was a secondary application pursuant to NRS 533.440.
6. An administrative hearing on Applications 29931, 30351, and 30351-S-1 was held before the Nevada State Engineer on November 5, 1979.

7. On January 17, 1980, the Nevada State Engineer entered a ruling pursuant to his previously held administrative hearing.

8. Thereafter, Judge Howard McKibben of the Ninth Judicial District Court of the State of Nevada in and for the County of Douglas entered a certain Order. The parties hereto are desirous of settling and compromising any and all claims, and equitably dividing the effluent, thereby avoiding the necessity of further litigation.

NOW, THEREFORE, in consideration of the mutual undertaking of the parties, they do hereby agree as follows:

1. Galeppi and Dangberg agree that the effluent issuing forth from the MGSD plant shall be shared equally by Galeppi and Dangberg, the total flow not to exceed 5 mgd.
2. Both Galeppi and Dangberg have certain decreed water rights, as more particularly set forth in the case entitled "USA vs. Alpine Land & Reservoir Co.", 503 F. Supp. 877, as amended by the United States Court of Appeals, Ninth Circuit, decided January 24, 1983, No. 81-4084. That action shall hereinafter be referred to as the Carson River Decree.
3. The parties acknowledge that during the irrigation season, Galeppi and Dangberg practice what is commonly known as the principle of rotation. This principle was fully affirmed in the Carson River Decree.
4. Dangberg and Galeppi agree to share equally the effluent from the MGSD plant and may rotate said equal right between themselves as they may agree.

During the non-irrigation season, MGSD will have the right to dispose of its effluent, by land application, upon the lands of both Galeppi and Dangberg in the same fashion as during the irrigation season or upon a reservoir to be built

on either party's lands or on lands of others. The reservoir site will be mutually agreed upon. It is understood that MGSD may dispose of its effluent upon the real property of Galeppi and Dangberg throughout the year. The principal of rotation shall be utilized during the non-irrigation season.

5. Dangberg and Galeppi acknowledge <sup>that</sup> the MGSD has obtained certain <sup>Qmb</sup> permits <sup>OR\*</sup> ~~ENVIRONMENTAL PROTECTION AGENCY~~ from the United States Government, Department of Environmental Protection. Pursuant to the several permits, MGSD is prohibited from discharging any effluent into the Carson River. A violation of these environmental permits would result in severe financial penalties to MGSD. Both Galeppi and Dangberg covenant that they will do everything reasonably possible to prevent such discharge from occurring.

6. This Agreement shall extend for a period of twenty-five (25) years from date hereof.

7. Should MGSD be compelled, by operation of law or by regulation promulgated by applicable governmental agencies, it shall have the right to dispose of the effluent in an alternate method. In that event, MGSD shall give written notice of cancellation. Cancellation shall be effective 90 days after receipt. MGSD's withdrawal will allow withdrawal of all parties from the agreement immediately.

8. This Agreement shall be binding upon the heirs, successors and assigns of the parties.

9. Each party agrees to execute necessary additional documents, if applicable, to carry out the purpose and intent of their agreement.

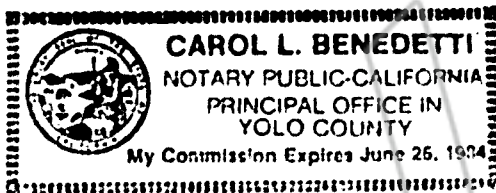


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Yolo : SS  
COUNTY OF DOUGLAS )

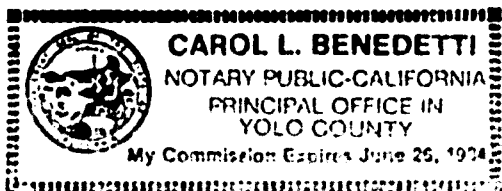
On September 16, 1983, personally appeared before me, a Notary Public, JOHN B. ANDERSON, who acknowledged that he executed the above instrument.

Carol L. Benedetti  
NOTARY PUBLIC

California  
STATE OF NEVADA )  
Yolo : SS  
COUNTY OF DOUGLAS )



On September 16, 1983, personally appeared before me, a Notary Public, EDITH ANDERSON, who acknowledged that she executed the above instrument.



Carol L. Benedetti  
NOTARY PUBLIC

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INDIVIDUAL RECORDS OF  
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Carol L. Benedetti 098629  
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