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P.O. Box 1511
Sheridan, Wyo
89003

WATER DIVERSION AND USE AGREEMENT

THIS AGREEMENT is entered into by and between JUNE IRENE BARTLETT, who took title as June Irene Rolph, NANCY ROLPH WELCH, GERALD F. WHITMIRE and PAMELA F. J. WHITMIRE, husband and wife as joint tenants, hereafter referred to as "Grantors" and JOSEPH S. LODATO, hereafter referred to as "Grantee", based upon the following facts:

1. Grantors are the owners of real property located in Douglas County, Nevada, as well as the owners of water rights which are appurtenant to, certificated or adjudicated to the benefit of the property owned by them in Douglas County, Nevada.

2. Grantee is the owner of real property located in Douglas County, Nevada, which was purchased heretofore from Grantors.

3. Grantors own and enjoy the right to use waters from Sheridan Creek.

4. There are no downstream users of water from these creeks, after this water is used by Grantors.

5. Grantee desires to divert some or all of the water from Sheridan Creek, onto his property, to be used in a non-consumptive manner to maintain water levels in ponds on Grantee's property, and thereafter to cause the water to be diverted back to the property of Grantors for irrigation purposes.

6. Grantors have agreed to such an arrangement, on the terms and conditions which follow.

THEREFORE, based upon the recital of facts set forth above, which are incorporated in the body of this agreement by reference, and the covenants and conditions which follow hereinafter, the parties do agree as follows:

A. For valuable consideration, receipt of which is hereby acknowledged by Grantors, Grantors do hereby give and grant to Grantee, as a covenant running to the benefit of the land described in Exhibit "A" attached hereto, the right to divert one hundred percent (100%) of the water from Sheridan Creek, onto the Exhibit "A" property, in perpetuity.

B. This grant is specifically made on the condition that the water will be used by Grantee in a non-consumptive fashion, to maintain water levels in a series of streams and ponds on the Exhibit "A" property, after which time it will be re-diverted to the irrigation ditches of Grantors.

C. Grantors are granted the right, upon reasonable notice, to have access to the Exhibit "A" property to ensure that the limitations set forth herein regarding use are being adhered to by Grantee.

D. Grantee is hereby given the right of access to other property of Grantors, in order to ensure that the water may be diverted to Grantee's property.

E. This grant of right to divert and use water includes the right of Grantee to divert the Sheridan Creek water from the natural creekbed or water course on the west side of Foothill Road and in an easement granted pursuant to Exhibit "B" which is attached hereto, and to return to the natural water course on property owned by Grantee just east of that 50-foot roadway and utility easement shown on Exhibit "C" which is attached hereto and incorporated herein by reference.

F. This promise to permit the use and diversion of water is intended to be and is made by Grantors to be a covenant running with the land, and the benefits thereof may be enjoyed by the heirs and assigns of Grantee, and subsequent owners of the Exhibit "A" property.

G. This agreement shall be binding upon and inure to the benefit of the heirs, administrators, executors and assigns of the parties hereto.

H. This agreement may be terminated by Grantors in the event a Court of competent jurisdiction determines that the Grantee has been violating the terms hereof, to the detriment of Grantors.

I. The interpretation and enforceability of this agreement shall be determined by the laws of the State of Nevada, and in the event a law suit is brought to enforce or

interpret this agreement, the prevailing party shall be awarded reasonable attorney's fees against the party not prevailing.

IN WITNESS WHEREOF, the parties have set their hands the day and year set forth below.

Date: _____

JUNE IRENE BARTLETT, who took
title as June Irene Rolph

Date: _____

NANCY ROLPH WELCH

Date: 6/9/86

Gerald F. Whitmire
GERALD F. WHITMIRE

Date: 6-9-86

Pamela F. J. Whitmire
PAMELA F. J. WHITMIRE

Date: _____

Joseph S. Lodato
JOSEPH S. LODATO

STATE OF _____)

COUNTY OF _____)

ss.

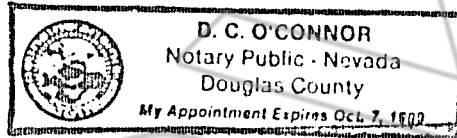
On _____, 1986, personally appeared before me, a notary public, JUNE IRENE BARTLETT, personally known to me to be the person who executed the above instrument, and acknowledged to me that she executed the same for the purposes therein stated.

Notary Public

STATE OF Nevada)
COUNTY OF Douglas) SS.

On June 9, 1986, personally appeared before me, a notary public, PAMELA F. J. WHITMIRE, personally known to me to be the person who executed the above instrument, and acknowledged to me that she executed the same for the purposes therein stated.

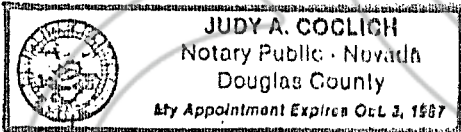
D.C. O'Connor
Notary Public

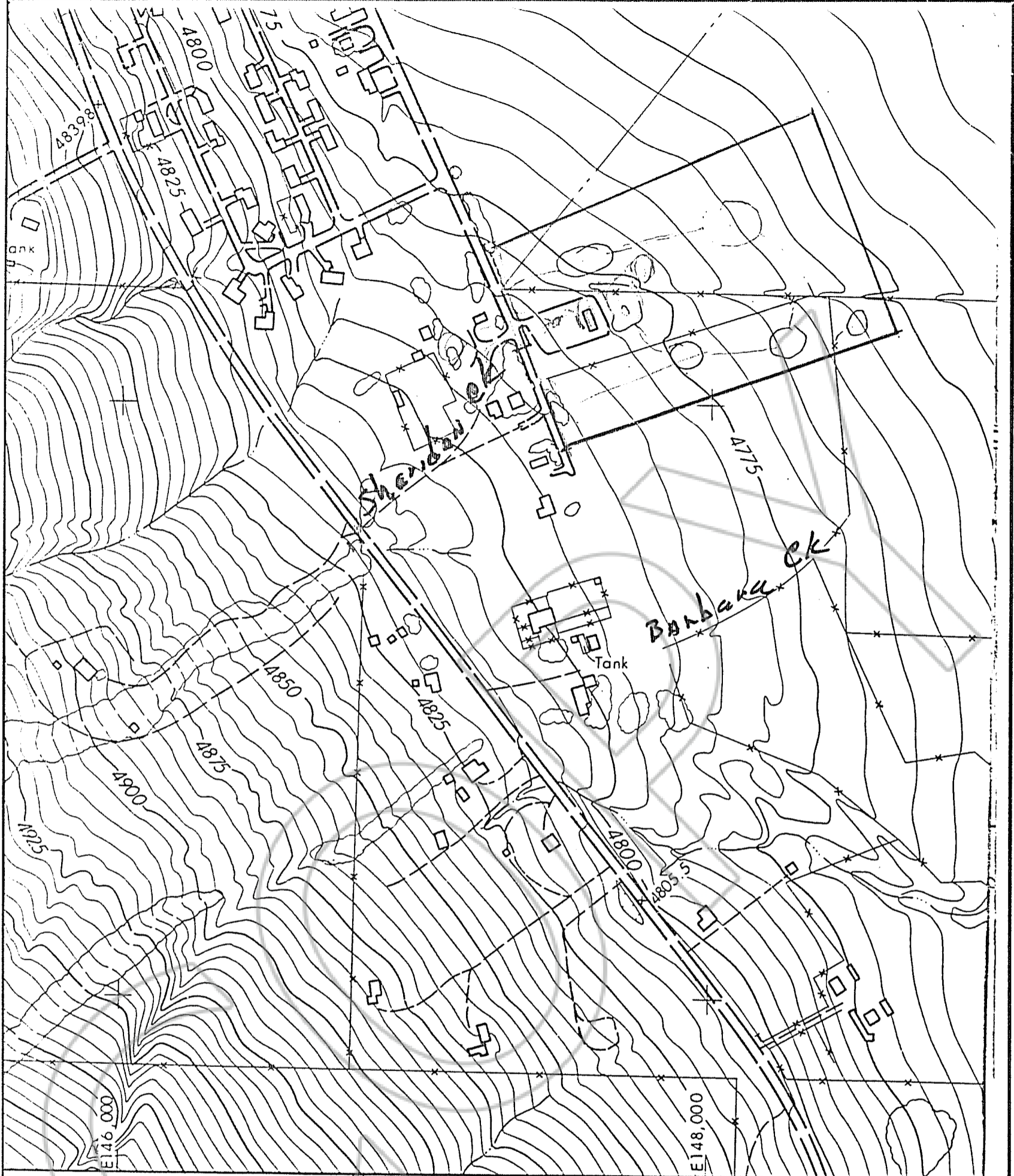


STATE OF Nevada)
COUNTY OF Douglas) SS.

On June 9th, 1986, personally appeared before me, a notary public, JOSEPH S. LODATO, personally known to me to be the person who executed the above instrument, and acknowledged to me that he executed the same for the purposes therein stated.

Judy A. Coghlich
Notary Public





PROJECT

Scale: 1" = 400' 152147
Contour Interval: 5'
Date of Photography: 6-1-77
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EXHIBIT "A"

4 A parcel of land lying in a portion of the South 1/2 of the Northwest 1/4 and the North 1/2 of the Southwest 1/4 of Section 14, Township 12 North, Range 19 East, M.D.B.&M., Douglas County, Nevada, further described as follows:

BEGINNING at the Southwest corner of Parcel 1 (Jones Ranch Survey) and the Southwest corner of a 1.246 acre parcel of the Rolph residence, which lies on an easterly 50 foot right-of-way extension of Sheridan Lane from which the North one-quarter corner of said Section 14, bears North 34°22'30" East, 3571.08 feet; thence South 24°49'00" East, 334.72 feet; thence North 70°37'51" East, 1120.70 feet; thence North 25°05'38" West 958.85 feet; thence South 64°05'08" West 1120.70 feet to the Easterly 50 foot easement of Sheridan Lane Extension; thence along said easement South 25°54'52" East, 496.34 feet to the Point of Beginning.

TOGETHER with an easement for ingress and egress fifty (50) feet wide along the westerly side of a line more particularly described as follows:

BEGINNING at the intersection of the easterly side of Sheridan Lane and the southerly side of Bolen Circle; thence running South 25°54'52" East, 728.00 feet, situate in the County of Douglas, State of Nevada.

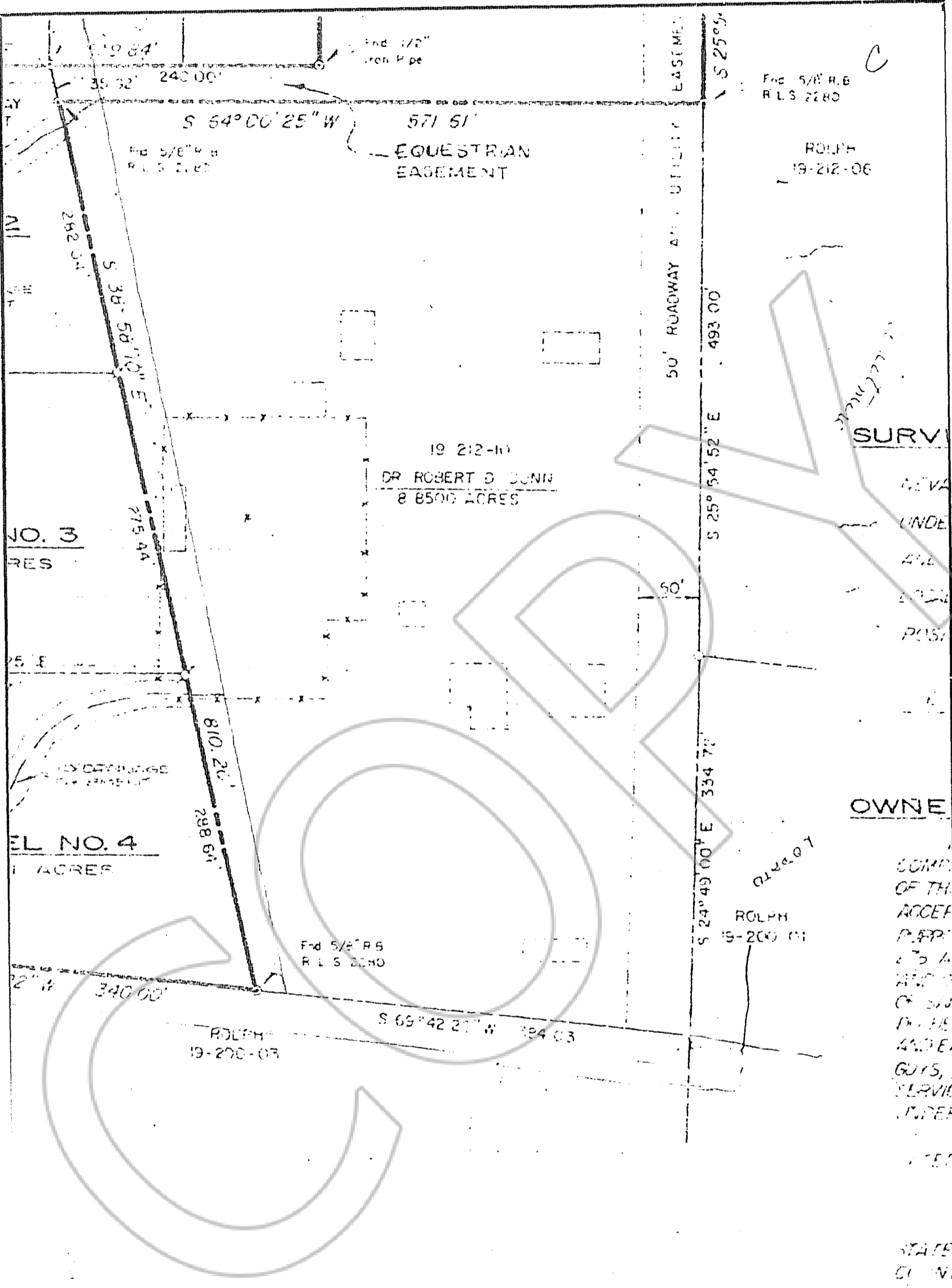
EXCEPTING THEREFROM an irrigation easement five (5) feet in width, located in the Northwest 1/4 of the Southwest 1/4 of Section 14, Township 12 North, Range 19 East M.D.B.&M., in Douglas County, Nevada, the centerline of an existing irrigation ditch being more particularly described as follows:

BEGINNING at a point from which the Southwest Corner of the parcel described in Document No. 64911, filed in the office of Douglas County Recorder bears South 25°54'52" East, a distance of 349.90 feet; said point being on the Easterly line of Sheridan Lane; thence North 89°45'00" East, a distance of 286.39 feet to a point on the Westerly line of an existing pond; thence North 88°39'49" East, a distance of 172.66 feet to a point on the Easterly side of said pond; thence North 81°56'51" East, a distance of 42.43 feet; thence South 06°12'18" West, a distance of 12.64 feet; thence North 83°28'21" East, a distance of 79.45 feet; thence South 89°50'46" East, a distance of 490.17 feet; thence South 24°36'11" East, a distance of 6.24 feet; thence North 89°37'20" East, a distance of 59.47 feet; thence North 89°59'01" East, a distance of 16.07 feet; thence South 47°29'25" East, a distance of 9.05 feet; thence North 89°20'58" East, a distance of 226.82 feet to the Point of Ending, from which the Southwest corner of the above mentioned parcel bears South 75°21'13" West, a distance of 1270.74 feet.

The side lines of the above described easement are to be forelengthened or foreshortened to meet the called beginning. XX

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C

End 5/8" R.B
R.L.S 2280

End 1/2"
Iron Pipe

End 5/8" R.B
R.L.S 2280

ROLPH
19-212-06

EQUESTRIAN
EASEMENT

NO. 3
RES

19-212-10
DR ROBERT S. DUNN
8.8500 ACRES

SURV

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EQUA
PUSH

EL NO. 4
ACRES

End 5/8" R.B
R.L.S 2280

ROLPH
19-200-01

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IN OFFICIAL RECORDS OF
DOUGLAS COUNTY, NEVADA

'87 MAR 27 A9:52

SUZANNE BEAUREAU
RECORDER
\$12.00 PAID *Sp* DEPUTY

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W.C.P.