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### EASEMENT AGREEMENT

This Easement Agreement is made in Gunnison County, Colorado on this 21 day of August, 2002 as follows:

1. PARTIES. The parties for this agreement are:

THREE VALLEYS, LLC, a Colorado limited liability company, whose address is P.O. Box 602, Gunnison, Colorado 81230 ("Grantor"); and

ROSCOE DEVELOPMENT CORPORATION, a Colorado corporation, whose address is P.O. Box 307, Crested Butte, Colorado 81224 ("Roscoe").

2. FACTS AND PURPOSES. The following facts and purposes pertain to this Agreement:

2.1 Roscoe is the owner of the real property described in Exhibit A, which will be developed as Saddle Ridge Ranch Estates Subdivision containing 18 residential lots and being substantially the same as the final plan submission to Gunnison County, Colorado on October 6, 1999 ("Saddle Ridge").

2.2 Grantor is the owner of the real property set forth in Exhibit B.

2.3 Roscoe has executed an Easement Agreement with Dolores G. LaVigne dated July 14, 2003 and recorded at Reception No. 533641 of the records of Gunnison County, Colorado, ("LaVigne Easement") in which LaVigne has agreed to convey an easement for wells and water lines to serve Saddle Ridge on her property. The wells that will serve the Saddle Ridge Property are labeled SR-5 and SR-7.

2.4 Pursuant to Case No. 97CW92, District Court Water Division No. 4, State of Colorado, Roscoe has applied to the Court for a decree for these wells together with a plan for augmentation and other water rights necessary to serve Saddle Ridge and additional residential units, including Grantor's property (collectively, the "Water Rights").

2.5 Roscoe desires an easement from Grantor for the construction and maintenance of an underground water line and pipeline diverting the untreated water decreed to the SR-5 and SR-7 wells from LaVigne's property, through Grantor's property and other properties, to the southern boundary of Saddle Ridge, and delivering treated water from Saddle Ridge to Grantor's property and to LaVigne's property.



2.6 Grantor desires to obtain potable water service from the same utilities and water sources as are utilized to serve Saddle Ridge, and in exchange for Roscoe's commitment to provide such service in conformance with the terms of the WSSA identified in section 3.3 below Grantor has agreed to grant Roscoe an easement through its property upon the terms and conditions set forth below.

3. GRANT OF EASEMENT. For good and valuable consideration including the recitals contained herein, Grantor hereby grants and conveys to Roscoe and to its successors and assigns, a private, non-exclusive easement and right of way for the construction, maintenance, reconstruction and repair of an underground water facility and pipeline diverting the water decreed to the SR-5 and SR-7 wells (the "Easement"), over an area 16 feet in width located 8 feet on either side of the centerline to be described in Exhibit C ("Easement Area") under the following terms and conditions:

3.1 Grantor shall designate the precise location of the centerline within thirty days of receipt of notice from Roscoe of the permitting of a subdivision application for Saddle Ridge Ranch. The designated centerline shall be located along a route which shall enter Grantor's property at or near its southeast corner, and shall exit Grantor's property along its northern boundary. Where practicable, such centerline shall be located along or beneath roadways, driveways or parcel boundary lines located, or to be located, on Grantor's property. Upon Grantor's staking of such centerline on the ground, Roscoe shall survey the centerline and the surveyed description shall be attached to this Easement Agreement as Exhibit C.

3.2 The Easement shall be used for the installation of water lines, pump or lift stations, water service or treatment devices, individual service lines, and all related or necessary devices or lines necessary for the construction or operation of the water utility system for Saddle Ridge Ranch and other properties (including Grantor's property) connected or to be connected to the water service ("Utilities") All Utilities shall be built below grade, covered with earth and the surface shall be restored in accordance with the requirements of Section 5 below.

3.3 Grantor shall have the right to connect six (6) individual parcels for in-house domestic use only (or such other additional uses approved by Roscoe) to the Utilities in accordance with the Augmentation plan in Case No. 97CW92, and the terms of a Water Service Subscription Agreement ("WSSA") entered into by the parties contemporaneously with this Easement Agreement.

3.4 This Easement is non-assignable by Roscoe, except that, in conformance with the terms of the WSSA, Roscoe may assign the Water Rights to a corporation, association, common interest community, or ditch and reservoir company under C.R.S. § 7-42-101 et. seq. and may also grant the users of the Utilities shares or interests in such entity to evidence Grantor's right to connect to the Utilities.

3.5 Grantor hereby retains a right of access to the Utilities within the Easement for the connection, construction, repair and maintenance of individual or shared service lines to serve the individual residences on Grantor's property, with such connections to be located where convenient or necessary for Grantor's development or improvements.

3.6 Grantor reserves and shall retain the right to use the Easement for any purposes not inconsistent with the full use and enjoyment of the rights granted herein to Grantee, including the express right to construct other utilities alongside or across the Easement (so long as such construction does not unreasonably interfere with the Utilities), and to construct and maintain roads and driveways and to locate and maintain suitable landscaping plants on the surface of the Easement; provided that it is expressly understood and agreed that the Grantor may not construct any other improvements, buildings, or structures or place, maintain or keep any other objects, devices, obstructions, trees, or related types of objects upon the Easement which would materially obstruct or hinder the right of Roscoe to use the Easement as set forth above, without the prior written consent of Roscoe.

4. REVERSION OF EASEMENT. In the event that the LaVigne Easement granted to Roscoe shall terminate for any reason, then the Easement granted hereby shall terminate, all rights granted hereunder by Grantors shall revert, and Roscoe shall execute a quitclaim deed or other necessary document to terminate this Easement Agreement, and its rights in the Easement Area. Reversion of rights granted by Grantor shall not, however, terminate the obligations of Roscoe to provide water services to Grantor's property under the terms of the WSSA.

5. CONSTRUCTION AND MAINTENANCE OF EASEMENT. Roscoe shall be solely responsible to construct, install and maintain the Utilities, all of which shall be done in accordance with all applicable laws, rules and regulations. Roscoe shall not disturb, destroy or remove any improvements that the Grantor may now or in the future have on the Easement without Grantor's approval, nor shall Roscoe in any way disturb, damage, destroy or impair the flow of any spring located on Grantor's property. Immediately upon the completion of the installation or any maintenance of the Utilities, Roscoe shall restore all property disturbed or damaged to a condition as near as reasonably possible as it was prior to the installation or maintenance of the Utilities and otherwise restore the area of such installation or maintenance to a level and revegetated condition. Roscoe shall not construct any facilities on the surface of the easement without Grantor's consent, and shall not allow any mechanic's or other liens to be filed against the Grantor's property or any portion thereof.

6. COOPERATION. As additional consideration for the grant of this Easement, Roscoe agrees that it will not raise or support any objection to any plans, permits or applications filed by Grantor before any county or other governmental agency, including but not limited to any applications to subdivide or otherwise develop Grantor's property.

7. RUNNING OF BENEFITS AND BURDENS. The Easement granted herein shall be appurtenant to the Water Rights decreed in 97CW92 and may not be transferred, assigned or conveyed apart or separately from such Water Rights. All provisions of this instrument, including all benefits and burdens shall run with Grantor's and Roscoe's properties and are binding



upon and shall inure to the benefit of the heirs, assigns, successors and personal representatives of the parties hereto, subject to the provisions of this Agreement.

8. INDEMNIFICATION. Roscoe agrees that it shall indemnify and hold Grantor harmless from any and all liability and claims (including all costs, expenses, liabilities and reasonable attorneys' fees) arising or alleged to arise from any action or claim brought by a person or entity not a party to this Easement which arises out of or in connection with any act or omission of Roscoe, its invitees, employees, contractors or agents, from any injury or damage to any person, or the property of any person, pertaining to this Easement or the use of the Easement Area by Roscoe, its invitees, employees, contractors or agents. Roscoe shall have the right to appear and defend all claims and liability covered by this paragraph. Grantor shall give prompt written notice to Roscoe of the claim or liability in order to provide Roscoe with the opportunity to appear and defend the same. Grantor agrees that it shall indemnify and hold Roscoe harmless from any and all damage to the Utilities which arises out of any negligent or willful act or omission of Grantor, its invitees, employees, contractors or agents.

9. NOTICES. All notices and other communications required or permitted under this Agreement shall be in writing and shall be, as determined by the person giving such notice, either hand delivered; mailed by certified mail, return receipt requested; delivered by overnight delivery service such as Federal Express or United Parcel Service; or by telecopier transmission. Service of such notice shall be deemed given and received when personally delivered; or three business days after mailing, properly addressed with postage prepaid; or the day sent by telecopier transmission; or the day following the delivery to an overnight delivery service with delivery charges prepaid. All notices shall be given to the required party at the following address:

Grantor: As set forth in paragraph 1 above

Roscoe: As set forth in paragraph 1 above

Any party may change its address by giving written notice of a change of address to the other party in the manner above provided.

10. ENTIRE AGREEMENT. This Agreement, together with the WSSA, contains the entire agreement between the parties. All prior negotiations, agreements, representations and understandings shall be deemed merged, included in and superseded by this Agreement and the WSSA. This Agreement shall not be terminated, modified or amended in any manner except by a written instrument executed by both parties.

11. APPLICABLE LAW. This Agreement is executed in Gunnison County, Colorado, and the law of the State of Colorado shall govern the interpretation, enforcement and rights of the parties thereto.

12. VENUE AND JURISDICTION. Jurisdiction and venue of any action pertaining to the interpretation, enforcement or the rights and duties of the parties to this Agreement shall be the District Court of Gunnison County, Colorado.




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13. ATTORNEYS' FEES. If any action is brought in a court of law by either party to this Agreement as to the interpretation, enforcement, construction or the rights and duties of the parties to this Agreement, or any document provided for herein, to seek specific performance or to obtain damages, the prevailing party in any such action shall be entitled to reasonable attorneys' fees as well as all costs and expenses incurred in the bringing or maintaining of such action or in defending any such action.


14. BINDING AGREEMENT. This Agreement and all the rights, privileges, duties and obligations set forth herein shall be binding upon and inure to the benefit of the parties and their respective successors, assigns, grantees and heirs and shall run with the lands in perpetuity.

Executed the date first above written.

ROSCOE DEVELOPMENT CORPORATION, a Colorado corporation

By:   
Douglas C. DaPuzzo, President

THREE VALLEYS, LLC, a Colorado limited liability company

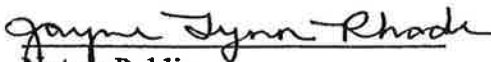
By:   
Burt A. Guerrieri, General Manager  
GRANTOR

STATE OF COLORADO )  
                  Boulder ) ss.  
County of ~~Gunnison~~ )

The foregoing instrument was acknowledged before me this 22<sup>nd</sup> day of May, 2001 by Douglas C. DaPuzzo as President of Roscoe Development Corporation, a Colorado corporation.

Witness my hand and official seal.  
My commission expires: 2-26-04



  
Notary Public



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STATE OF COLORADO )  
 ) ss.  
County of Gunnison )

The foregoing instrument was acknowledged before me this 21<sup>st</sup> day of August, 2002 by Burt A. Guerrieri as General Manager of Three Valleys, LLC, a Colorado limited liability company.

Witness my hand and official seal  
My commission expires: 8/29/03



Coretta A. Perusek  
Notary Public

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**EXHIBIT A**

**Legal Description**

**Township 13 South, Range 86 West, 6th P.M.**

**That portion of the following described property lying and situate westerly of the west boundary line of the Crested Butte-Gothic County Public Road:**

**Section 26: SW1/4SE1/4  
S1/2SW1/4**

**Section 35: S1/2NE1/4  
NW1/4NE1/4  
N1/2NW1/4**

**EXCEPTING THEREFROM that portion of the above described property conveyed in Warranty Deed to Butte, Ltd., a Colorado limited partnership recorded July 19, 1973 in Book 456 at page 287,**

**County of Gunnison,  
State of Colorado.**



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## EXHIBIT B

### PARCEL NO. 1

A tract of land situated in the S1/2NW1/4 of Section 35, Township 13 South, Range 86 West, 6th P.M., more particularly described as follows:

Beginning at the Northeast corner of the S1/2NW1/4 of said Section 35; thence South 00°11'05" West 825.0 feet along the North-South centerline of said Section 35 to the true point of beginning; thence South 00°11'05" West 549.07 feet along the North-South centerline of said Section 35; thence West 428.0 feet; thence North 00°11'05" East 549.07 feet; thence East 428.0 feet to the true point of beginning.

### PARCEL NO. 2

A tract of land situated in the S1/2NW1/4 of Section 35, Township 13 South, Range 86 West, 6th P.M., more particularly described as follows:

Beginning at the Northeast corner of the S1/2NW1/4 of said Section 35; thence South 00°11'05" West 825.0 feet along the North-South centerline to a point; thence West 428.0 feet along the South line to the true point of beginning; thence South 00°11'05" West 549.07 feet; thence West 445.0 feet; thence North 03°47'31" East 550.27 feet; thence East 410.38 feet to the true point of beginning.

### PARCEL NO. 3

A tract of land situated in the S1/2NW1/4 of Section 35, Township 13 South, Range 86 West, 6th P.M., more particularly described as follows:

Beginning at the Northeast corner of the S1/2NW1/4 of said Section 35; thence South 00°11'05" West 825.0 feet along the North-South centerline of said Section 35 to a point; thence West 838.38 feet to the true point of beginning; thence South 03°47'31" West 550.27 feet; thence West 296.40 feet to a point on the East right of way of Highway No. 135; thence North 09°50'49" West 492.04 feet along the East right of way of said Highway No. 135 to a point of curve; thence 204.80 feet along the arc of a non-tangent curve to the right on the East right of way of said Highway No. 135 having a radius of 160.0 feet and a delta of 73°20'14" and a chord bearing North 35°07'18" East 191.0 feet to a point of non-tangency; thence North 75°04'07" East 46.57 feet along the south right of way of said Highway No. 135; thence South 76°51'57" East 61.61 feet along the South right of way of said Highway No. 135; thence North 84°37'36" East 202.89 feet along the South right of way of said Highway No. 135; thence South 109.03 feet to the true point of beginning.

-CONTINUED ON FOLLOWING PAGE-



# EXHIBIT B

PARCEL NO. 4

AN UNDIVIDED 1/3 INTEREST ONLY IN AND TO THE FOLLOWING DESCRIBED PROPERTY:

A tract of land situated in the N1/2SW1/4 of Section 35, Township 13 South, Range 86 West, 6th P.M., more particularly described as follows:

Beginning at the Northeast corner of the S1/2NW1/4 of said Section 35; thence South 00°11'05" West 1,374.07 feet along the East line of the SE1/4NW1/4 and the NE1/4SW1/4 of said Section 35 to the true point of beginning; thence West 1,169.40 feet to a point on the East right of way of an existing road; thence South 09°50'49" East 30.45 feet along said right of way to a point; thence East 1,164.10 feet to a point on the East line of the NE1/4SW1/4 of said Section 35; thence North 00°11'05" East 30.0 feet along said East line to the true point of beginning.

EXCEPTING FROM all of the above described property that parcel of land conveyed to the Board of County Commissioners, Gunnison County, Colorado in Warranty Deed recorded December 31, 1998 as Reception No. 489906.

County of Gunnison,  
State of Colorado.



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EASEMENT AGREEMENT  
THREE VALLEYS, LLC  
And  
ROSCOE DEVELOPMENT CORPORATION

A tract of land within the SE1/4NW1/4 of Section 35, Township 13 South, Range 86 West, Sixth Principal Meridian, Gunnison County, Colorado; said tract being more particularly described as follows:

A tract of land which is a strip of land 16.00 feet in width, said strip being 8.00 feet each side of the following described centerline:

Commencing at the southeast corner of said Section 35, (as marked by a USGLO brass cap monument), thence North 45° 17' 51" West 3795.64 feet to a point on an existing north-south fenceline, said point also being the POINT OF BEGINNING for the herein described centerline; thence the following courses along said centerline:

1. North 55° 16' 36" West 181.67 feet;
2. North 23° 19' 25" East 384.62 feet to a point on a line lying 8.00 feet westerly of and parallel to said existing north-south fenceline;
3. North 01° 28' 21" East 41.57 feet along said line to a point on the north boundary of Parcel 1 of the Guerrieri Joint Venture property, (as described under Reception #489904 of the records of Gunnison County), said point also being the TERMINUS of the herein described centerline.

This tract contains 9701 square feet more or less.

The sidelines of the herein described tract are to be foreshortened or lengthened to meet the above referenced fenceline and property boundary at the POINT OF BEGINNING and TERMINUS of said centerline.

Basis of bearings used herein is astronomic north as determined by solar observations.

County of Gunnison,  
State of Colorado.

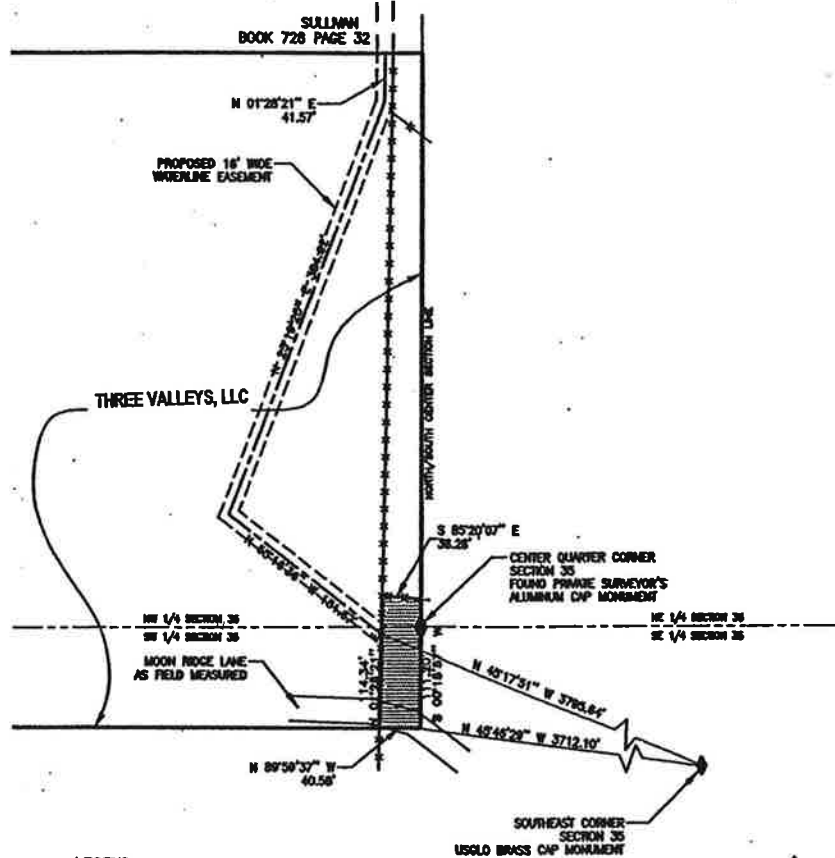
EXHIBIT C



*Brenda Kay Kieffer*  
8/29/03

# EASEMENT AGREEMENT THREE VALLEYS, LLC And ROSCOE DEVELOPMENT CORPORATION

WITHIN THE SE1/4NW1/4 AND THE NE1/4SW1/4 OF SECTION 35,  
 TOWNSHIP 13 SOUTH, RANGE 86 WEST, 6TH P.M.  
 GUNNISON COUNTY, COLORADO



**LEGEND**

	Property line
	Fence line
	Easement line as noted hereon
	Centerline proposed waterline easement
	Section line or sectional subdivision line
	Three Valleys to Lavigne Parcel

**GENERAL NOTES:**  
 1. Bole of bearings shown hereon is astronomic north as determined by color bearings.

FUREY LAND SURVEYING, INC.  
 307 NORTH MAIN STREET  
 GUNNISON, CO 81230  
 970-641-2245 C:\DRAWINGS\99065WE.DWG

EXHIBIT C

