

TRANSFER OF DOMESTIC GROUND WATER SYSTEM AND WASTEWATER SYSTEM ASSETS, OPERATION AND SERVICE, AND RELATED AGREEMENTS FROM ROSA JOINT VENTURE PARTNERSHIP, A NEW MEXICO PARTNERSHIP, TO THE SAMBRITO MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION

This Transfer of Domestic Ground Water System and Wastewater System Assets, Operation and Service (Transfer Agreement) dated March 26, 2021 (Effective Date) is entered into by and between Rosa Joint Venture Partnership, a New Mexico Partnership, its principal office at Allison, Colorado (RJV), and the Sambrito Mutual Domestic Water Consumers' Association formed under the Sanitary Projects Act of New Mexico, having its principal office at Lake View Heights and Rosa Meadows subdivisions, New Mexico (Sambrito).

RECITALS:

- A. RJV operates a domestic ground water system and a wastewater system that serve the Lake View Heights and Rosa Meadows Subdivisions (the Subdivisions) in San Juan County, New Mexico (Domestic Ground Water and Wastewater Systems).
- B. Sambrito is a newly formed mutual domestic water and wastewater association that was created for the purpose of acquiring and assuming all obligations associated with the Domestic Ground Water and Wastewater Systems in accordance with the Sanitary Projects Act and all other relevant law.
- C. RJV desires to voluntarily transfer the infrastructure assets, associated personal property, equipment and fixtures, certain described real property and specified easements; and operation responsibilities of the Domestic Ground Water and Wastewater Systems, as described in Exhibit A to Sambrito.
- D. Sambrito desires to own the Exhibit A infrastructure and assets of RJV, to operate the Domestic Ground Water and Wastewater Systems, and to provide said services to the residents of the Subdivisions.
- E. All of the statements and commitments herein are made pursuant to the best of RJV's knowledge and RJV shall have no liability for the Domestic Ground Water and Wastewater Systems after the transfer is completed.

AGREEMENTS:

In consideration of the mutual covenants and agreements hereinafter set forth and other good and valuable consideration, the parties hereto agree as follows:

**ARTICLE I
TRANSFER**

1.1 Transfer of Assets and Related Agreements. Pursuant to the terms and conditions set forth herein, RJV agrees at the Closing (as the term is defined in Article 6) to donate, transfer,

convey, assign and deliver to Sambrito, and Sambrito agrees to accept ownership of RJV's rights and interests listed in Exhibit A hereto and incorporated herein by reference (collectively the Acquired Assets and Related Agreements).

1.1.2 Acquired Assets. The Acquired Assets shall be conveyed to Sambrito at the Closing free and clear of all liabilities, obligations, liens or encumbrances, subject only to prior existing rights, reservations of RJV, and those exceptions provided herein.

1.1.3 Consideration. The consideration for the Acquired Assets and Related Agreements to be paid by Sambrito shall be the provision of water and wastewater services to the Subdivisions and the Release and Waiver of Claim, set forth in Paragraph 1.1.5.(Consideration).

1.1.4 Liabilities Assumed. The Parties agree that by this Transfer Agreement, Sambrito is not assuming any liabilities, debts, or legal responsibilities of RJV, other than what is specifically stated in this Transfer Agreement.

1.1.5 Release of Liability/Waiver of Claims. Upon Closing, Sambrito will execute a full and final release of any and all liabilities, losses, claims, injuries, costs, expenses, and damages that may have occurred prior to Closing, whether known or unknown. Sambrito acknowledges that it is accepting the Acquired Assets "as is" and "where is" without warranty of any kind.

ARTICLE II NO SUCCESSOR/ MERGED COMPANY

2.1 No Successor or Merged Company. Nothing in this Transfer Agreement shall be construed to or operate to cause Sambrito to be a "successor" or "merged company" under the terms of any collective bargaining agreement, other contract, or any certificate of public convenience and necessity to which RJV may be a party.

ARTICLE III REPRESENTATIONS AND WARRANTIES

3.1. RJV's Representations and Warranties. To the best of RJV's knowledge, RJV represents and warrants to Sambrito as follows:

3.1.1. Organization, Standing and Qualification. RJV is, and at the Closing will be, a New Mexico partnership duly organized, validly existing and in good standing with the laws of the State of New Mexico. Subject to the conditions herein, RJV has and will have at the time of the Closing all requisite power and authority to sell the Acquired Assets and Related Agreements and to enter into this Transfer Agreement and the other agreements contemplated hereunder.

3.1.2. Valid and Binding Obligations. This Transfer Agreement is, and at the Closing will

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be, valid and legally binding upon RJV and enforceable in accordance with its terms. The conveyances and other agreements between RJV and Sambrito contemplated herein (the Documents) will be, upon the consummation of the Closing, valid and legally binding upon RJV and enforceable in accordance with their terms. RJV possesses, and at the Closing will possess, all governmental and corporate authority necessary to transfer title to and/or sufficient easements for the Acquired Assets and Related Agreements.

3.1.3. Execution, Delivery, and Performance By RJV Is Not Breach of Authority. The execution and delivery of this Transfer Agreement and the Documents, the consummation of the transactions contemplated by this Transfer Agreement and the Documents, and the performance by RJV of the various provisions of this Transfer Agreement and the Documents do not and will not, subject to the satisfaction of the conditions precedent to RJV's obligation to close herein: (i) result in the breach of any of the terms or conditions of; or constitute a default under, the Articles of Incorporation or the Bylaws of RJV, or any lease, contract, agreement, commitment, indenture, mortgage, note, bond, license or other instrument or obligation to which RJV is now a party (whether by assignment or otherwise) or by which RJV or any of the Acquired Assets and Related Agreements is or may be bound or affected, or (ii) violate any law, rule, or regulation of any administrative agency or governmental executive body, or any order, writ, injunction, or decree of any court, administrative agency, or governmental executive or body, or (iii) except as disclosed herein, require the concern (whether already obtained or to be obtained) of any third party.

3.1.4. Title to Acquired Assets. RJV has good, marketable and insurable title to all the Acquired Assets and Related Agreements. At the Closing, the Acquired Assets and Related Agreements will be conveyed subject to only preexisting rights and the reservations contained herein.

3.1.5. No Misstatement or Omissions. RJV has disclosed in writing via public filings with the New Mexico Public Regulation Commission (NMPRC) all facts material to its ownership and operation of the Acquired Assets and Related Agreements. Representations made by RJV or contained herein or any exhibit hereto or any of the information furnished by RJV or in connection with this Agreement or the transactions contemplated hereby do not contain any known untrue statement of material fact or knowingly omit to state a material fact.

3.2. Sambrito's Representations and Warranties. Sambrito represents and warrants to RJV as follows:

3.2.1. Organization, Standing and Qualification. Sambrito is a Mutual Domestic Water and Wastewater Consumers Association formed under the New Mexico Sanitary Projects Act, is duly organized, validly existing and in good standing under the laws of New Mexico.

3.2.2. Authority of Sambrito. Sambrito has, and at the Closing will have, all necessary power and authority to enter into this Agreement and the Documents contemplated hereunder and

to perform its obligations under this Agreement and the Documents.

3.2.3. Agreement Binding Upon Sambrito. This Transfer Agreement is, and at the Closing will be, valid and legally binding upon Sambrito and enforceable in accordance with its terms. Neither the execution, delivery, nor performance of this Agreement by Sambrito will, with or without the giving of notice or the passage of time, or both, conflict with, result in a default, right to accelerate, or loss of rights under, or result in the creation of any lien, charge, or encumbrance pursuant to any provision of Sambrito's Certificate of Incorporation or Bylaws, or any franchise mortgage, deed of trust, lease, license, agreement, understanding, law, rule or regulation, or any order, judgment, or decree to which Sambrito is a party or by which it may be bound or affected.

3.2.4. Disclaimer of Warranties. Except as is otherwise expressly provided in this Transfer Agreement, the transfer of the property as provided for herein is made on a strictly "as is" "where is" basis as of the closing date. Except as otherwise expressly provided in this Transfer Agreement, Sambrito expressly acknowledges that, in consideration of voluntarily transferring the Domestic Ground Water and Wastewater Systems, RJV makes no warranty or representation, express or implied, or arising by operation of law, including, but in no way limited to, any warranty of quantity, quality, condition, habitability, suitability or fitness for a particular purpose of the property, or any improvements located on the property. Sambrito specifically acknowledges that Sambrito is not relying on (and RJV hereby disclaims and renounces) any representations or warranties made by or on behalf of RJV of any kind or nature whatsoever, except as is otherwise expressly provided in this Transfer Agreement.

ARTICLE IV CONDUCT PENDING AND AFTER CLOSING

4.1. Conduct Pending Closing. Consistent with Orders from the Public Regulation Commission, RJV will transfer all authority to operate the Acquired Assets and collect revenues to Sambrito, and both RJV and Sambrito will use commercially reasonable efforts to effect the arrangements on Exhibit A hereto.

4.2. Investigation by Sambrito. RJV agrees to cause to be made available to Sambrito and its attorneys, accountants, employees, representatives, and agents, at all reasonable times prior to the Closing and for a reasonable period of time after the Closing, all of the contracts, lease documents, premises, inventories, equipment, and properties (real, tangible and intangible) pertaining to the Acquired Assets and Related Agreements.

ARTICLE V CONDITIONS PRECEDENT TO CLOSING

5.1. Conditions Precedent to Closing by Sambrito. All obligations of Sambrito hereunder are subject to each of the following conditions at or prior to the Closing:

5.1.1. All representations and warranties of RJV contained herein or in any document delivered pursuant hereto shall be true and correct, to the best of RJV's knowledge, in all material respects when made and shall be deemed to have been made again and as of the date of the Closing.

5.1.2. All covenants, agreements and obligations required by the terms of this Transfer Agreement to be performed by RJV at or before the Closing shall have been duly and properly performed in all material respects, unless the parties agree otherwise.

5.1.3. The Acquired Assets shall be, in all material respects, in as good condition as of the Closing as such assets were on the date of this Agreement, ordinary wear and tear excepted.

5.1.4. There shall be delivered to Sambrito a certificate executed by RJV, dated the date of the Closing, certifying that the conditions set forth in paragraphs 5.1.1, 5.1.2, and 5.1.3 of this Article have been fulfilled.

5.1.5. There shall be an executed release and waiver, as set forth in paragraphs 1.1.5 and 3.3.4 and delivered to RJV at or prior to Closing.

5.1.6. All documents required to be delivered to Sambrito at or prior to the Closing shall have been so delivered.

5.1.7. At or prior to the Closing, RJV will deliver to Sambrito copies of all necessary documents and all required resolutions or consents of any government agency or private party from which approval may be required, approving the execution and delivery of this Transfer Agreement and the consummation of all of the transactions contemplated hereby, duly certified by the owners of RJV.

5.1.8. The NMPRC approves this transaction without additional conditions and the NMPRC approves the transfer of assets contemplated herein to Sambrito and abandonment of the certificate of public convenience and necessity by RJV without cost, liability or penalty to be paid.

ARTICLE VI CLOSING

6.1 The Closing shall take place after NMPRC approval of this Transfer Agreement and NMPRC confirmation that the Domestic Ground Water and Wastewater System are transferred and abandoned for purposes of NMPRC regulation/jurisdiction. The day on which the Closing takes place is the Closing Date. In the event a condition to the Closing has not been met (or waived by the party or parties entitled to waive it), the parties may agree in writing to postpone the Closing from time to time until such conditions to Closing have been met. If the Closing does not occur 60 days after NMPRC approval (or such later date as the parties may hereafter agree to in writing), this Transfer Agreement may be terminated without any liability whatsoever of one party to the

other party.

6.2 Documents to be delivered at Closing. 1) Bill of Sale, 2) Partnership Resolutions of RJV, 3) Deeds to real property, 4) applicable Easements or Transfer of Easements 5) Resolution of Sambrito, and 6) All documentation related to the fulfillment of all conditions precedent and otherwise necessary to achieve transfer of Acquired Assets and Related Agreements listed in Exhibit A.

6.3 RJV's Post-Closing Documents. At any time and from time to time after the Closing, at Sambrito's request and without further consideration, RJV will execute and deliver such other instruments of sale, transfer, conveyance, assignment, and confirmation and take such action as Sambrito and RJV may reasonably deem necessary or desirable in order to effectively transfer, convey, and assign to Sambrito, and to confirm Sambrito's title to the Acquired Assets, as described on Exhibit A.

6.4 Sambrito's Post Closing Documents. At any time and from time to time after the Closing, at RJV's request and without further consideration, Sambrito will execute and deliver such other instruments of transfer, assignment and confirmation and take such action as RJV may reasonably deem necessary or desirable in order to more effectively give effect to Sambrito's obligations under this Agreement.

ARTICLE VII MISCELLANEOUS

7.1 Legal and Other Costs. In the event that any party defaults in its obligations under this Transfer Agreement (the Defaulting Party) and, as a result thereof, another party (the Non-Defaulting Party) seeks to legally enforce its rights hereunder against the Defaulting Party, then, the Non-Defaulting Party shall be entitled to recover an amount equal to all costs and expenses (including reasonable attorneys' fees and interest at the rate of two percent (2%) per month or the highest rate of interest provided by the laws of New Mexico paid or incurred by the Non-Defaulting Party in connection with such enforcement).

7.2 Press Releases. Sambrito and RJV will cooperate in the preparation of any press releases concerning this transaction. Neither party shall issue any press release without the prior written consent of the other, and neither will withhold its consent unreasonably.

7.3 Entire Agreement. This Transfer Agreement, together with the Stipulation entered into by the Parties and filed in PRC Case No. 18-00214-UT shall constitute the entire agreement of the parties with respect to the subject matter hereof and may not be modified, amended or terminated except by written agreement specifically referring to this Transfer Agreement executed by all of the parties hereto.

7.4 Waiver of Breach of Default. No waiver of any breach or default hereunder shall be

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considered valid unless in writing and signed by the party giving such waiver, and no such waiver shall be deemed a waiver of any subsequent breach of default of the same or similar nature.

7.5 Successors and Assigns. This Transfer Agreement shall be binding upon and inure to the benefit of each corporate party hereto and its successors and assigns.

7.6 Paragraph Headings. The paragraph headings contained herein are for the purposes of convenience only and are not intended to define or limit the contents of said paragraphs.

7.7 Further Actions and Additional Documents. Each party hereto shall cooperate, shall take such further action and shall execute and deliver such additional documents as may be reasonably requested by any other party in order to carry out the provisions and purposes of this Transfer Agreement.

7.8 Payment of Applicable Taxes. Sambrito will pay all sales, transfer, and documentary taxes, if any, payable in connection with the sale, conveyance, assignments, transfers, and deliveries under this Transfer Agreement. Furthermore, RJV represents that all property taxes are current and up to date on real property conveyed as part of this transaction.

7.9 Counterparts. This Transfer Agreement may be executed in one or more counterparts, all of which taken together shall be deemed one original.

7.10 Applicable Law. This Transfer Agreement and all amendments thereof shall be governed by and construed in accordance with the law of the State of New Mexico applicable to contracts made and to be performed therein.

7.11 Mediation/Arbitration of Disputes Involving. Any dispute or controversy arising with respect to a claim hereunder shall first be submitted in good-faith to mediation. If after 30 days, the parties determine that their dispute cannot be resolved through mediation, the dispute will be settled by arbitration in Farmington, New Mexico in accordance with the New Mexico Uniform Arbitration Act. Judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction thereof, and the parties consent to the jurisdiction of the New Mexico courts for this purpose.

7.12 Jurisdiction. RJV and Sambrito consent to the jurisdiction of the State Courts sitting in New Mexico in any action arising out of or connected in any way with this Agreement, including any action to enforce an arbitration award or judgment, and RJV and Sambrito further agree that service of process upon them at the addresses set forth in this Agreement shall be deemed good, proper, and effective service upon them. Venue for any legal action shall be San Juan County, New Mexico.

7.13 Severability. Wherever there is any conflict between any provisions of this Transfer Agreement and any statute, law, regulation or judicial precedent, the latter shall prevail, but in

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such event the provisions of this Transfer Agreement thus affected shall be curtailed and limited only to the extent necessary to bring it within the requirement of the law. In the event that any part, section, paragraph or clause of this Transfer Agreement shall be held by a court of proper jurisdiction to be invalid or unenforceable, the entire Transfer Agreement shall not fail on account thereof; but the balance of the Transfer Agreement shall continue in full force and effect unless such construction would clearly be contrary to the intention of the parties or would result in unconscionable injustice.

7.14 Notices. Any and all notices or other communications required or permitted to be given under any of the provisions of this Transfer Agreement shall be in writing and shall be deemed to have been duly given when personally delivered or mailed by first class certified mail, return receipt requested, addressed to the parties at the addresses set forth below (or at such other address as any party may specify by notice to all other parties given as aforesaid).

Sambrito:

Germaine Chappelle
904 NM 516
Aztec, NM 87410
germaine@gchappellelaw.com

RJV:

Amy Huff
679 East 2nd Ave, Ste 11
Durango, CO 81301
amy@waterland-law.com

WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

ROSA JOINT VENTURE PARTNERSHIP

By: Ralph Phelps Senior Managing Partner
Ralph Phelps, Managing Partner

By: Jean Phelps Managing Partner
Jean Phelps, Managing Partner

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By: _____
Judy Phelps, Partner

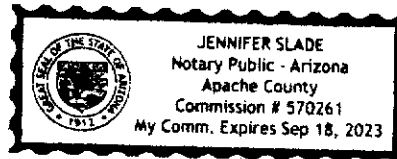
SAMBRITO MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION

By: _____
Mike House, President

STATE OF Arizona)
)ss
COUNTY OF Apache)

This document was acknowledged before me on this 31 day of March, 2021, by Ralph Phelps, Managing Partner of Rosa Joint Venture Partnership.

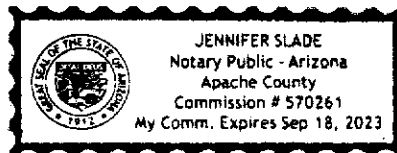
Notary Signature
My commission expires: 9/18/2023



STATE OF Arizona)
)ss
COUNTY OF Apache)

This document was acknowledged before me on this 31 day of March, 2021, by Jean Phelps, Managing Partner of Rosa Joint Venture Partnership.

Notary Signature
My commission expires: 9/18/2023



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only to the extent necessary to bring it within the requirement of the law. In the event that any part, section, paragraph or clause of this Transfer Agreement shall be held by a court of proper jurisdiction to be invalid or unenforceable, the entire Transfer Agreement shall not fail on account thereof; but the balance of the Transfer Agreement shall continue in full force and effect unless such construction would clearly be contrary to the intention of the parties or would result in unconscionable injustice.

8.14. Notices. Any and all notices or other communications required or permitted to be given under any of the provisions of this Transfer Agreement shall be in writing and shall be deemed to have been duly given when personally delivered or mailed by first class certified mail, return receipt requested, addressed to the parties at the addresses set forth below (or at such other address as any party may specify by notice to all other parties given as aforesaid).

Sambrito:

Germaine Chappelle
904 NM 516
Aztec, NM 87410
germaine@gchappellelaw.com

RJV:

Amy Huff
679 East 2nd Ave, Ste 11
Durango, CO 81301
amy@waterland-law.com

WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

ROSA JOINT VENTURE PARTNERSHIP

By: _____
Ralph Phelps, Managing Partner

By: _____
Jean Phelps, Managing Partner

By: Judy Phelps
Judy Phelps, Partner, who signs this Transfer Agreement as one of the Partners in Rosa Joint Venture Partnership in order to effectuate the transfer of the water system, but whose signature in no way agrees, acknowledges or acquiesces that Jean Phelps is a Managing Partner of Rosa Joint Venture Partnership and all rights to dispute the same are expressly reserved.

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STATE OF Colorado)
)ss
COUNTY OF La Plata)

This document was acknowledged before me on this 31 day of March, 2021, by Mike House, President, Sambrito Mutual Domestic Water Consumers Association.

Marcia R. Vining
Notary Signature

My commission expires: 7-16-2023

MARCIA R VINING
NOTARY PUBLIC - STATE OF COLORADO
NOTARY ID 20154027712
MY COMMISSION EXPIRES JUL 16, 2023

EXHIBIT A: ACQUIRED ASSETS AND RELATED AGREEMENTS

A. WATER SYSTEM ASSETS: With respect to Domestic Ground Water System Assets, this Agreement concerns only the potable/domestic ground water system that has been used to serve the Lake View Heights and Rosa Meadows subdivisions (Subdivisions). The parties acknowledge that Rosa Joint Venture Partnership (RJV) also owns and operates an irrigation water supply system for its agricultural holdings and understand that other than the agreement arrangement as set forth herein, this agreement/proposal does not affect RJV's irrigation and agricultural water from the Pine River Basin.

Additionally, the access roads for the potable/domestic ground water supply system are also used by energy companies and are necessary for RJV's agricultural operations, as well as the further use of RJV's real property. Therefore, any and all easements granted to the Sambrito Mutual Domestic (Sambrito) will be non-exclusive and shall run with the land so as to bind successors in interest, except if required otherwise by federal or state law. All easements granted to Sambrito will be restricted to authorized personnel consistent with operation of the Domestic Ground Water and Sewer Systems. All easements granted to Sambrito are subject to prior uses and those rights held/reserved by RJV and applicable third parties. RJV agrees it will not unreasonably interfere with Sambrito's usage of easements or take any action related to the easements that violates federal or state law. Sambrito agrees that it will not unreasonably interfere with RJV's usage of the easements or take any action related to the easements that otherwise violates federal or state law.

Notwithstanding the foregoing, RJV will transfer, by deed and/or bill of sale as appropriate or transfer/assign or grant an easement as appropriate, of those domestic ground water system assets described herein, which are necessary to maintain and operate the Rosa Joint Venture Water System as approved by the New Mexico State Engineer, New Mexico Environment Department and the New Mexico Drinking Water Bureau as follows:

1. Storage Tanks:

- a. Storage Tank 1:** Transfer of existing shared easement and conveyance of installed personal property and equipment associated with continued use of the tank site as described in Attachment 1, including access to tank site.
- b. Storage Tank 2:** Shared easement and conveyance of installed personal property and equipment associated with continued use of the tank site on RJV's real property as shown in Attachment 2, including access to tank site. The grant of easement will include that amount of land as reasonably necessary for operation and maintenance of the water tank and easement for access to Storage Tank 2.

2. Water Wells:

a. Un-Numbered Well Near Gas Well:

- i. Shared easement and conveyance of installed personal property and equipment associated with continued use of the well depicted, for the well site, as described in Attachment 3.
- ii. Production: 3892 gallons per day/ 116,760 gallons per month
- iii. Regulatory Status: Agricultural well

b. Well 4/Well House Well:

- i. Easement and conveyance of installed personal property and equipment associated with continued use of the well depicted in Attachment 4.
- ii. Production: 696 gallons per day/ 20,880 gallons per month
- iii. Regulatory Status: Agricultural well

c. Well 5/Meadow Well:

- i. Easement and conveyance of installed personal property and equipment associated with continued use of the well depicted in Attachment 4.
- ii. Production: 737 gallons per day/ 22,110 gallons per month
- iii. Regulatory Status: Domestic well

d. Well 6/Knob Well:

- i. Conveyance of installed personal property and equipment associated with continued use of the well depicted on Attachment 5 (Note conveyance of real property below).
- ii. Production: 4607 gallons per day/ 138,210 gallons per month
- iii. Regulatory Status: Domestic well

e. Other wells that may have been used by RJV are not being conveyed to Sambrito because they have been abandoned and/or have no production value.

f. Option and access to evaluate and drill new well(s), in a manner that preserves the rights and operations of current oil and gas wellhead site near the well described in Attachment 1, or in other locations on property owned by RJV, as needed, and upon terms mutually agreed upon, including but not limited to fair compensation, with Sambrito specifically paying all costs associated therewithin. Unless mutually agreed upon by RJV and Sambrito, Sambrito must first attempt to drill any new wells on real property transferred as part of this Agreement. (See Attachments 5 and 6).

3. Real Property:

- a. **Knob Property and Well 6** (approximately 13 acres) Highlighted portion of real property described in Attachment 5 will be transferred by Special Warranty Deed. To the extent that RJV has any structures, facilities, or easements on or through the property at issue, not including well or distribution pipeline conveyed as part of the water system, RJV will reserve said easements in any deed.
 - b. **Office/Warehouse site** (approximately 1.5 acres) as depicted in Attachment 6. To the extent that RJV has any structures, facilities, or easements on or through the property at issue, not including well or distribution pipeline conveyed as part of the water system, RJV will reserve said easements in any deed.
 4. **Water Rights:** RJV agrees to negotiate with Sambrito and the NM Office of State Engineer to ensure that Sambrito has sufficient water rights to supply a domestic/potable ground water for the Subdivisions. RJV believes that the NM State Engineer has approved a legal water supply for the Subdivisions; however, should the State Engineer require additional water rights to be transferred to supply full buildout of the Subdivisions, RJV agrees to transfer the required NM water rights that it currently owns for that purpose. RJV is under no obligation to acquire additional NM water rights or to use its Colorado water rights for this purpose.
 5. **Pump House:** Grant of easement and conveyance of installed personal property and equipment associated with continued use of the pump house as depicted in Attachment 4.
 6. **Potable Water Distribution Network and Related property, Equipment and Supplies:** Transfer of existing, or creation of new, easements for the existing/established potable ground water distribution network, including bill of sale as needed, for those materials related to the Domestic Ground Water and Wastewater System, if any, previously purchased by RJV and available at the time of Closing. Ralph Phelps, within a reasonable time, will supply all available plats and will agree to generate other drawings (i.e., sketches) with the understanding that said drawings will not be stamped by an engineer to depict the water distribution network and related components of the water system.
- B. IRRIGATION DISTRIBUTION SYSTEM AND IRRIGATION AGREEMENT:** It is recognized that RJV has an extensive irrigation distribution system that delivers irrigation water from the Pine River system to its agricultural property in NM. It is also recognized that RJV has allowed property owners that will be served by Sambrito to use its irrigation water upon the payment of a portion of the maintenance costs associated with the irrigation system. The parties acknowledge that maintaining the historical

irrigation water delivery practices to Sambrito water users is critical to the ongoing successful operation of the potable water system because utilization of irrigation water reduces the water demand from the potable water system. It is further understood that RJV's continued ownership of its irrigation water and the irrigation water system is essential to its agricultural operations. An irrevocable agreement, as permitted by law, will be negotiated among the parties (Sambrito and RJV) to continue the status quo regarding the delivery of irrigation water to the Subdivisions, which agreement shall include the following basic terms:

1. RJV will continue its ownership and control over the irrigation system and rights-of-way necessary to maintain, repair and operate the irrigation systems, including, but not limited to, determining when irrigation water delivery begins and when irrigation water is shut off. Sambrito and RJV will work together to repair and maintain the distribution portion of the irrigation system within the Sambrito service area.
 2. Irrigation water may only be used by existing RJV customers. Any new users must be approved by RJV. This restriction does not apply to transfers of existing service.
 3. Sambrito will work with RJV to ensure that all irrigation water is delivered by RJV through a one (1) inch riser. Pumps are prohibited.
 4. RJV's delivery obligations are subject to natural conditions (e.g., water supply), and applicable regulatory agencies. RJV will use its best efforts to deliver water to Sambrito, but it cannot guarantee certain flows.
 5. In the event that regulatory agencies, such as the NM State Engineer or the NRCS, restrict or dispute RJV's delivery of irrigation water, to the Sambrito water users, the parties will readdress and re-negotiate Sambrito's use of irrigation water.
- C. WATER STORAGE PONDS:** Provide emergency access for Sambrito's authorized personnel to water storage ponds when necessary for fire protection and emergency water supply.
- D. WASTEWATER SYSTEM ASSETS:** With respect to Wastewater System Assets, described below, this Agreement concerns only the Wastewater System that has been used to serve the Subdivisions. The access roads for the Wastewater System are also used by energy companies and are necessary for RJV's agricultural operations. Therefore, any and all shared easements granted to Sambrito will be non-exclusive and shall run with the land so as to bind successors in interest, except if otherwise required by federal or state law. All easements granted to Sambrito will be restricted to authorized

personnel consistent with this Agreement. All easements granted to Sambrito are subject to prior uses and those rights/reservations held by RJV and applicable third parties. RJV agrees it will not unreasonably interfere with Sambrito's usage of easements or take any action that violates federal or state law. Sambrito agrees it will not unreasonably interfere with RJV's usage of easements or take any action that violates federal or state law.

1. Notwithstanding the foregoing, RJV will transfer ownership, by deed and/or bill of sale as appropriate or transfer/assign or grant an easement as appropriate, of those Wastewater System assets described herein, which are necessary to maintain and operate the Rosa Joint Venture Wastewater System as approved by the New Mexico Environment Department as follows:
2. Conveyance of real property, installed personal property and equipment associated with continued use of the of three lagoons, both permitted and unpermitted, as depicted on Attachment 7. Conveyance of real property (per Attachment 7), installed personal property and equipment associated with continued use of the leak detection wells on record with the NMED, and easements for said leak detection wells. To the extent that RJV has any structures, facilities, or easements on or through the property at issue, not including well or distribution pipelines conveyed as part of the Domestic Ground Water and Wastewater system, RJV will reserve said easements in any deed.
3. Conveyance of installed personal property and equipment associated with continued use of all existing underground wastewater gathering pipelines with shared right-of-way easements, and related supplies for the Subdivisions, if the same exists.

E. OPERATIONAL, FINANCIAL TRANSFER/TRANSITION AND REGULATORY APPROVALS:

1. **Operational/Financial Transition:**
 - a. RJV retains and shall be entitled to all receivables not yet collected that are attributable to water delivery through March 31, 2021, and by April 15, 2021 RJV will enter into reasonable agreements with customers to pay over time any unpaid balances –although said agreements are between customers and RJV, Sambrito will encourage customers to make such agreements with RJV:
 - b. Sambrito will be entitled to all billings collected on water and wastewater services beginning in April, 2021;

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- c. Sambrito will begin performing meter reading functions for water and wastewater services provided to customers during the month of April, 2021 during the first week of May, 2021.
 - d. Sambrito will issue billing for April water to customers in the first week of May and will begin collecting payments for April water and wastewater services during the month of May. This means that collections/cash flow will not become positive for Sambrito until June; RJV will pay the cost of normal operations (electric, operator, water sample testing etc.) through the end of May;
 - e. RJV will operate, repair and maintain the water and wastewater system until Sambrito has received regulatory approval. Sambrito and RJV will cost share (50/50) for all expenses associated therewith for the month of June, 2021, with reasonable extensions of time should regulatory approvals not yet be finalized;
 - f. Sambrito will operate, repair and maintain the water and wastewater system as soon as it has appropriate regulatory approvals;
 - g. Finalization of documentation for transfer must be completed by May 1, 2021;
 - h. RJV agrees to provide operational support from a transition standpoint until July 1, 2021.
 - i. The parties will issue a joint letter to customers explaining the transition considerations provided in this Section E with the bill sent to customers in May for water and wastewater services provided to customers in April.
2. **Environmental Assessment:** RJV agrees to cooperate with Sambrito's performance of an environmental assessment in order to qualify for innocent purchaser defense. This assessment will not require RJV to take any action or pay any costs/fees. It also will not subject RJV to any liability. Sambrito's attorney is donating the legal costs associated with performing the Environmental Assessment;
3. **Documents and Software:** All currently available customer, billing, maps, drawings, permitting, regulatory documents (hard copy and electronic), software and other pertinent information will be tendered to Sambrito's counsel by April 15, 2021;
4. **Regulatory transition/transfer:** RJV agrees to cooperate with Sambrito and its consultant/engineering/legal team to obtain all necessary transfer approvals from the pertinent regulatory agencies, including but not limited to: PRC; NMED; NM

State Engineer; San Juan County. This agreement is limited to documents and institutional knowledge/ regulatory information sharing. RJV will not have any out-of-pocket costs/fees.

5. **Loan/Grant/Other Funding Applications:** During the transition, RJV agrees to cooperate with Sambrito and its consultant/engineering/legal team to provide needed information for loan, grant and other funding applications. Such information must be reasonably available to RJV.

6. **Transition Costs:** The parties agree to keep surveying and other document preparation costs to a minimum. The settlement terms have been drafted to minimize such costs as well. Legal work needed to subdivide the real property being conveyed, create easements, bills of sale, and assign easements will be donated by Sambrito's attorney with the intent to minimize attorney fees for RJV and with the understanding that RJV will retain its attorney. Sambrito will fully cooperate with RJV throughout the transition and will not take any action without RJV's approval, which approval shall not be unreasonably withheld. RJV will share in the recording costs to effect transfer of the Domestic Ground Water and Wastewater systems, as contemplated herein. In the event additional costs and fees are incurred, the parties agree to work together in equitably allocating said costs and fees. It is understood that RJV has limited financial resources and that it is contributing a significant amount of time (as well as a significant amount of assets, including real property) to assist in this transition.

F. MISCELLANEOUS:

1. **Right of First Refusal:** Sambrito agrees to provide RJV with a ROFR should Sambrito decide not to operate the Domestic Ground Water and Wastewater Systems in the future or should Sambrito desire to sell the Domestic Ground Water and Wastewater Systems.

2. **Sufficiency of Conveyance:** The parties agree that the Acquired Assets are the same assets previously used by RJV to operate the Domestic Ground Water and Wastewater Systems that serve the Subdivisions. If Sambrito desires additional land or property owned by RJV, it must pay RJV fair compensation for such property, as provided for in paragraph A.2.f.

3. **Transfer or Sale of RJV Property:**
 - a. In the event of a transfer or sale of RJV property, RJV agrees to provide notice to Sambrito and to negotiate conversion of easements to fee ownership of land underlying water and wastewater system assets, where

practicable, and upon terms and conditions agreeable to RJV, such as additional compensation to RJV or its successor.

- b. In the event of a transfer or sale of RJV property, RJV agrees to provide Sambrito with continued emergency access to water storage ponds for fire protection as long as said ponds continue to be used as water storage ponds for such purpose when under different ownership.
- c. Should RJV or its successor decide to discontinue use of irrigation water from the Pine River, Sambrito will be provided reasonable advance notice so that Sambrito can make alternative arrangements for an irrigation water supply.

4. **Easements to RJV:**

- a. **Lagoon/Pond:** RJV will reserve a non-exclusive easement on the real property that comprises the 3rd lagoon/pond and access to the same. Ralph G. Phelps made a verbal agreement with the NM State Park and Bureau of Reclamation to use the RJV pipeline to provide irrigation water to the wetlands area near the 3rd Lagoon/pond. RJV will therefore need an easement to continue to fulfill this obligation in the future.
- b. **Access Roads:** Sambrito understands that RJV requires easements on the existing access roads. To that end, RJV will retain its right to use the existing roads in all conveyances and transfers to Sambrito. The parties understand that the majority of roads at issue are jointly used by RJV and energy companies. Thus, Sambrito will become another joint user of the roads and its use will be subject to the existing rights of others.
- c. **Pipelines and Infrastructure:** To the extent that RJV has any underground pipelines or infrastructure, easements or structures, for its irrigation system that are located on any of the real property that will be conveyed to Sambrito (whether fee ownership or as an easement), Sambrito agrees to ensure that RJV will maintain its existing rights/property interests so that RJV's irrigation and agricultural practices are fully preserved.

4. **Water and Sewer Service.** Sambrito intends to serve all lots within the Subdivisions; provided, it has adequate water rights and a sufficient physical supply. Subject to the forgoing limitations, Sambrito does not intend to impose a moratorium or in any way restrict the development within the Subdivisions.

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END OF DOCUMENT TEXT

=====ATTACHMENTS 1 THROUGH 7 FOLLOW=====

ATTACHMENT 1:

STORAGE TANK 1 – TRANSFER OF SITE AND ROW EASEMENTS



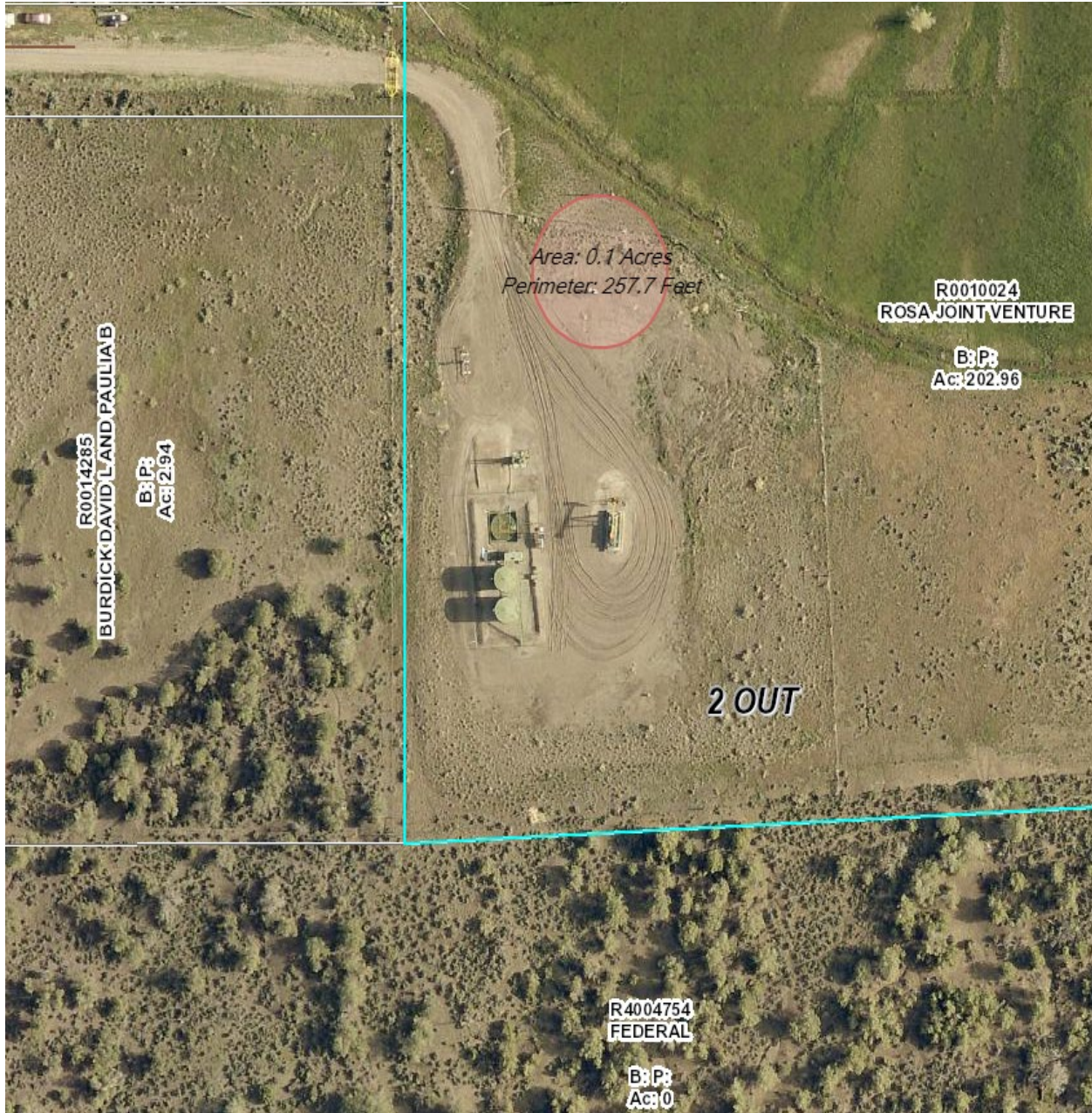
ATTACHMENT 2:

STORAGE TANK 2 – CREATION OF ROW EASEMENTS



ATTACHMENT 3:

CREATION OF EASEMENT FOR UN-NUMBERED OIL AND GAS WELL
(Location estimated – confirmation needed)



ATTACHMENT 4:

**CREATION OF EASEMENT FOR
WELL 4, WELL 5 AND WELL HOUSE**

(Locations estimated – confirmation needed)



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ATTACHMENT 5:

KNOB PROPERTY AND WELL: TRANSFER OF REAL PROPERTY AND WELL 6



