

SCHEDULE "A"

ATTACHED TO AND MADE A PART OF
EASEMENT AGREEMENT BETWEEN MIKA AG. CORP.
AND KELSO CREEK VENTURES, L.L.C.

Legal Description of Easement

An easement for egress and ingress, being an established cattle drive that is generally located in the SE1/4 NE1/4, NW1/4 SE1/4, and the NE1/4 SW1/4 of Section 2, Township 50 North, Range 14 West, of the New Mexico Principle Meridian. Mesa County, Colorado, being more particularly described as follows;

Commencing at the East 1/4 corner of Section 2, whence the Northeast corner of Section 2 bears N 0°05'35" W a distance of 2651.00 feet, for a basis of bearings, with all bearings contained herein relative thereto; Thence N 58°17'43" W a distance of 1569.76 feet to a point on the centerline of the main County road running along Escalante Creek and the TRUE POINT OF BEGINNING; thence generally following along the fencing delineating a cattle drive way the following courses; North 90 degrees 00 minutes 00 seconds West (N 90°00'00" W), a distance of 24.16 feet; thence South 68 degrees 34 minutes 07 seconds West (S 68°34'07" W), a distance of 256.11 feet; thence South 38 degrees 59 minutes 44 seconds West (S 38°59'44" W), a distance of 346.49 feet; thence South 37 degrees 34 minutes 12 seconds West (S 37°34'12" W), a distance of 951.47 feet; thence South 25 degrees 47 minutes 30 seconds West (S 25°47'30" W), a distance of 422.86 feet; thence South 32 degrees 38 minutes 37 seconds West (S 32°38'37" W), a distance of 317.78 feet; thence South 36 degrees 17 minutes 41 seconds West (S 36°17'41" W), a distance of 408.02 feet; thence South 18 degrees 33 minutes 53 seconds West (S 18°33'53" W), a distance of 95.74 feet to intersect the South line of the NE1/4 SW1/4 of Section 2; thence along said line South 89 degrees 33 minutes 47 seconds West (S 89°33'47" W), a distance of 969.21 feet to the Southwest corner of the NE1/4 SW1/4 of Section 2; thence along the West line of the NE1/4 SW1/4 of Section 2 North 00 degrees 08 minutes 40 seconds East (N 00°08'40" E), a distance of 181.01 feet; thence following generally along a fence the following courses; South 77 degrees 08 minutes 47 seconds East (S 77°08'47" E), a distance of 31.57 feet; thence North 83 degrees 08 minutes 49 seconds East (N 83°08'49" E), a distance of 103.16 feet; thence South 77 degrees 43 minutes 47 seconds East (S 77°43'47" E), a distance of 266.76 feet; thence North 88 degrees 42 minutes 20 seconds East (N 88°42'20" E), a distance of 285.20 feet; thence South 71 degrees 31 minutes 45 seconds East (S 71°31'45" E), a distance of 171.78 feet; thence South 78 degrees 37 minutes 56 seconds East (S 78°37'56" E), a distance of 38.74 feet; thence North 62 degrees 18 minutes 39 seconds East (N 62°18'39" E), a distance of 94.13 feet; thence North 39 degrees 23 minutes 11 seconds East (N 39°23'11" E), a distance of 159.75 feet; thence North 32 degrees 47 minutes 59 seconds East (N 32°47'59" E), a distance of 656.37 feet; thence North 12 degrees 21 minutes 44 seconds East (N 12°21'44" E), a distance of 81.54 feet; thence North 57 degrees 09 minutes 29 seconds West (N 57°09'29" W), a distance of 31.74 feet; thence North 30 degrees 36 minutes 27 seconds East (N 30°36'27" E), a distance of 64.11 feet; thence North 37 degrees 23 minutes 29 seconds East (N 37°23'29" E), a distance of 543.09 feet; thence North 37 degrees 43 minutes 22 seconds East (N 37°43'22" E), a distance of 1134.85 feet; thence South 87 degrees 09 minutes 43 seconds East (S 87°09'43" E), a distance of 133.78 feet; thence North 46 degrees 29 minutes 34 seconds East (N 46°29'34" E), a distance of 55.23 feet; thence North 90 degrees 00 minutes 00 seconds East (N 90°00'00" E), a distance of 25.64 feet to a point on the centerline of Escalante Road; thence South 05 degrees 09 minutes 16 seconds West (S 05°09'16" W), a distance of 113.63 feet along said centerline of the road to the TRUE POINT OF BEGINNING.

Said easement containing 6.267 acres, as described.

Prepared by: Dennis W. Johnson, PLS
200 N. 6th Street #102
Grand Junction, CO 81501
970-241-3841

RECORDER NOTE: POOR QUALITY DOCUMENT
PROVIDED FOR REPRODUCTION

SCHEDULE "B"

ATTACHED TO AND MADE A PART OF
EASEMENT AGREEMENT BETWEEN MIKA AG. CORP.
AND KELSO CREEK VENTURES, L.L.C.

1. No more than six Parcels of land shall be created by subdividing Grantee's Land; and the use of the Easement shall not be expanded to serve more than six such Parcels.
2. No Parcel shall be further subdivided. The permissible development of each Parcel shall be limited to not more than one single-family residence together with not more than one guest house and associated residential, agricultural and non-commercial recreational structures and improvements.
3. Use of the Parcels shall be limited to residential, agricultural and non-commercial, low-impact recreational uses. Each Parcel may be used and occupied by no more than one household and customary house guests. The maintenance on a Parcel of a "cottage industry", which for purposes hereof shall mean a clean, quiet, home-based business which does not require routine access or visitation by the general public, shall not be deemed a commercial use in violation of this provision. Without limiting the foregoing, guest lodges, outfitting and guiding businesses shall be prohibited.
4. Use of the Easement for ingress and egress by Grantee and its successors and assigns shall be strictly limited to the owners of the Parcels and their household guests, and may not be extended to any third parties for recreational, hunting or other access to, or use of, any portion of Grantee's Land and/or surrounding public lands, and shall be exercised at all times in a reasonable and courteous manner which minimizes impacts on or disturbances to (A) the natural features, wildlife habitat values, safety and tranquility of the Parcels and surrounding public lands, and (B) the privacy and solitude of the Parcels and their respective owners and occupants. Grazing leases of Grantee's Land to third parties are permissible, provided that the lessee's livestock is trucked across the Easement. The Easement may not be used by federal grazing permittees. In furtherance (but not in limitation) thereof, no non-street legal motorcycles, motorbikes, dirt bikes or other similarly loud or intrusive motorized vehicles shall be permitted on the Easement or anywhere within the Parcels; provided, however, that the use of fully muffled, four-wheel balloon tire, low-impact all-terrain vehicles on the Easement shall be permitted.
5. The terms and provisions of this Easement Agreement, including this Schedule B, shall be appropriately reflected in the title to all of the Parcels and shall bind and inure to the benefit of Grantor, Grantee, and the grantees of the Parcels, and their respective successors and assigns.

SCHEDULE "C"

ATTACHED TO AND MADE A PART OF
EASEMENT AGREEMENT BETWEEN MIKA AG. CORP.
AND KELSO CREEK VENTURES, L.L.C.

Legal Description of Grantee's Land:

Covering the Land in the State of Colorado, County of Mesa
Described as:

TOWNSHIP 50 NORTH, RANGE 14 WEST OF THE NEW MEXICO PRINCIPAL MERIDIAN.

- Section 2: S $\frac{1}{2}$ SW $\frac{1}{4}$ and SE $\frac{1}{4}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$.
- Section 9: S $\frac{1}{2}$ NE $\frac{1}{4}$ SW $\frac{1}{4}$, W $\frac{1}{2}$ SE $\frac{1}{4}$ SW $\frac{1}{4}$, E $\frac{1}{2}$ SW $\frac{1}{4}$ SW $\frac{1}{4}$, W $\frac{1}{2}$ E $\frac{1}{2}$ SE $\frac{1}{4}$ SW $\frac{1}{4}$.
- Section 10: NW $\frac{1}{4}$ NE $\frac{1}{4}$ and E $\frac{1}{2}$ NW $\frac{1}{4}$ and SW $\frac{1}{4}$ NW $\frac{1}{4}$ and NE $\frac{1}{4}$ NE $\frac{1}{4}$ NE $\frac{1}{4}$ and
W $\frac{1}{2}$ NE $\frac{1}{4}$ NE $\frac{1}{4}$ and S $\frac{1}{2}$ NW $\frac{1}{4}$ NW $\frac{1}{4}$.
- Section 11: N $\frac{1}{2}$ NW $\frac{1}{4}$.
- Section 16: NE $\frac{1}{4}$ NW $\frac{1}{4}$ NW $\frac{1}{4}$ and N $\frac{1}{2}$ SE $\frac{1}{4}$ NW $\frac{1}{4}$ NW $\frac{1}{4}$ and SW $\frac{1}{4}$ NW $\frac{1}{4}$ NW $\frac{1}{4}$.

DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS
AND RECIPROCAL EASEMENTS

THIS DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND RECIPROCAL EASEMENTS (the "Declaration") is made as of the 19th day of October, 1995, by Kelso Creek Ventures LLC, a Colorado Limited Liability Company ("Declarant").

RECITALS

A. Declarant is the record owner of certain real property located in Mesa County, Colorado, as more particularly described on Exhibit A attached hereto and made a part hereof (the "Property"), which Property Declarant shall sell and convey as not more than six (6) separate parcels, which parcels are more particularly described on Exhibit B attached hereto and made a part hereof and generally shown on Exhibit C attached hereto and made a part hereof (each, a "Forks Parcel," and collectively, the "Forks Parcels"). Such six Forks Parcels taken together constitute the entire Property.

B. In order to protect and enhance the natural, scenic, agricultural, recreational, habitat and other similar features and values of the Property and of each of the Forks Parcels, as well as the privacy, solitude and economic value of each of the Forks Parcels, and pursuant to certain contractual obligations to certain purchasers of respective Forks Parcels, Declarant desires to subject the Property to, and to burden and benefit each and all of the Forks Parcels with, certain covenants, conditions, restrictions and reciprocal easements for the mutual benefit of the Forks Parcels and their respective owners, and their heirs, personal representatives, successors and assigns, as hereinafter set forth.

TERMS AND PROVISIONS

1. NO FURTHER DIVISION OF THE PROPERTY. The Property shall not be divided into more than six separate parcels, and may be divided only as particularly described on Exhibit B and generally shown on Exhibit C hereto. In furtherance thereof, no Forks Parcel shall be divided, and no Forks Parcel shall be sold or conveyed other than as legally described on Exhibit B hereto.

2. PERMITTED STRUCTURES AND IMPROVEMENTS. The permitted structures and improvements of each Forks Parcel shall be limited to not more than one (1) single-family house together with not more than one (1) guest house and accessory residential, agricultural and non-commercial recreational structures and improvements, including not more than two (2) private garages for the storage of not more than three (3) vehicles each, which vehicles shall conform to the requirements and limitations set forth below.

3. PROPERTY USE.

(a) Use of the Property, and of each of the Forks Parcels, shall be limited to residential, agricultural and non-commercial, low-impact recreational uses. In order to preserve and protect the solitude of the Property and of each of the Forks Parcels, and to minimize the use of and traffic on the Roads and the Trail (both hereinafter defined), each Forks Parcel may be used and occupied by not more than one (1) household and customary house guests at any given time. The maintenance on a Forks Parcel of a "cottage industry," which for purposes hereof shall mean a clean, quiet, home-based business which does not require routine access or visitation by the general public, shall not be deemed a commercial use in violation of this provision. Without limiting the foregoing, guest lodges, outfitting and guiding businesses are prohibited.

(b) The agricultural use of any Forks Parcel shall be conducted in accordance with sound farm and range management practices, and in a manner which reasonably minimizes soil and stream bank erosion, invasion of noxious weeds and other non-native species, water quality or wildlife habitat degradation, and other similar adverse impacts on the Property and/or surrounding public lands. It shall be the responsibility of the owner of a Forks Parcel maintaining any livestock or other domestic animals to fence in, contain and manage all such animals completely within the boundaries of such owner's respective Forks Parcel with adequate cattle-tight livestock fencing which does not unreasonably inhibit wildlife movement. No such domestic animals shall be allowed to roam, loaf or graze on any other Forks Parcel or on any public lands adjoining the Property within Escalante Creek and Kelso Creek canyons.

4. RECIPROCAL EASEMENTS.

(a) Reciprocal easements are hereby granted and created for the mutual and exclusive use and benefit of each of the Forks Parcels, for ingress and egress only and subject to the use limitations and relocation rights set forth in this Declaration, over the existing primary ranch roads traversing the Property (each, a "Road," and collectively, the "Roads"), and the "South Bench Trail" (the "Trail"), all of which are generally shown on the USGS Kelso Point Quadrangle Colorado 7.5 minute series (topographic) map (N3830--W10822.5/7.5) dated 1973 (the "Kelso Point Quad Map"), strictly to gain access to and from public roads and public lands, but not to recreate on or otherwise gain

access to or use any Forks Parcel traversed by such Roads or Trail. Such Roads and Trail are generally shown on Exhibit C, which is based on the Kelso Point Quad Map. Notwithstanding the apparent location of the Trail on the Kelso Point Quad Map, Declarant and all subsequent owners of the Forks Parcels believe, acknowledge and agree that the Trail traverses Kelso Creek within the easterly portion of Forks Parcel 6, as such Forks Parcel is described on Exhibit B. Such easements shall be limited to the approximate width, quality and surfaces of the Roads and Trail existing as of the date of this Declaration, it being the intent of Declarant to maintain the character of such Roads and Trail generally consistent with their character as of the date hereof.

(b) The exclusive easements for ingress and egress over the Roads and the Trail granted and created hereby, and the use of the Roads and the Trail, (i) shall be strictly limited to the owners of the Forks Parcels and their household guests, in accordance with the provisions and subject to the limitations of Paragraph 3 of this Declaration, and may not be extended to any third parties for recreational, hunting or any other access to or use of any portion of the Property and/or surrounding public lands; and (ii) shall be exercised at all times in a reasonable and courteous manner which minimizes impacts on or disturbances to (A) the natural features, wildlife habitat values, safety and tranquility of the Property and surrounding public lands, and (B) the privacy and solitude of the Property, the Forks Parcels and their respective owners and occupants. In furtherance (but not in limitation) thereof, no non-street-legal motorcycles, motorbikes, dirt bikes or other similarly loud or intrusive motorized vehicles shall be permitted anywhere on the Roads, Trail or the Property; provided, however, that the use of fully muffled, four-wheel balloon tire, low-impact all-terrain vehicles on the Roads and the Trail in accordance with the foregoing provisions of this paragraph, and the reasonable use of customary farm and construction vehicles on the Roads in connection with the agricultural uses and the construction and maintenance of the structures and improvements permitted hereunder, shall be permitted.

(c) The owner of any Forks Parcel traversed by any segment of a Road or the Trail shall have the right, at such owner's sole cost and expense and subject to subparagraph 4(d), below, to relocate such portion of the Road or Trail where it crosses such owner's Forks Parcel to another location on such owner's Forks Parcel, upon reasonable prior written notice to all of the owners of the other Forks Parcels; provided, however, that (i) such relocated Road or Trail segment shall be of a character, quality

and convenience equal to the existing Road or Trail segment to be "retired," and shall not result in any material impact on any other Forks Parcels or the owners thereof, (ii) the existing Road or Trail segment to be "retired" as a result of such relocation shall remain open and passable until the relocated Road or Trail segment has been completed in accordance with this subparagraph, and (iii) any existing Road or Trail segment that is "retired" as a result of such relocation shall be fully reclaimed and revegetated by such relocating Forks Parcel owner at such owner's sole cost and expense.

(d) Each of the Forks Parcels, its owners and their respective heirs, personal representatives, successors and assigns, shall enjoy the easement, rights of ingress and egress, and other rights granted and created pursuant to that certain Easement Agreement, dated August 28th, 1995, by and between Mika Ag. Corp., as grantor, and Declarant, as grantee, recorded at _____ in the Office of the Clerk and Recorder of Mesa County, Colorado (the "Mika Easement Agreement") (the "Mika Easement"), subject to the terms and conditions of the Mika Easement Agreement. The rights of the owner of Forks Parcel 1, as such Forks Parcel is described on Exhibit B, to relocate the Road segment traversing such Forks Parcel in accordance with subparagraph 4(c), above, shall be limited to the extent that such Road segment shall at all times be required to connect conveniently to and be contiguous with the Mika Easement.

5. NOXIOUS ACTIVITIES AND MATERIALS. No noxious or offensive activity shall be carried on or allowed on any Forks Parcel, the Roads or the Trail, nor shall anything be done or placed therein or thereon which may be or become a nuisance or unreasonable annoyance, embarrassment or disturbance to any of the Forks Parcels or their respective owners and occupants in their enjoyment of the Property and surrounding public lands. In furtherance (but not in limitation) thereof, no Forks Parcel shall be used or maintained as a dumping ground or unenclosed storage area for rubbish, trash, waste, debris, equipment, vehicles or other materials; all such items and materials shall be kept by each Forks Parcel owner on such owner's own property in a concealed and confined manner which does not create odors or attractions to wildlife, and so that such items and materials are not visible from the Roads, the Trail or from any other Forks Parcel. No mining, quarrying, earth-moving or drilling shall be permitted on any portion of the Property except only in connection with the installation, construction and maintenance of customary wells, septic systems and the other residential,

agricultural and recreational structures and improvements permitted hereby, and the quarrying of materials for reasonable maintenance of the Roads; provided, however, that no right or easement is hereby created to quarry or remove any materials from any Forks Parcel without the express prior written consent of the owner thereof.

6. COVENANTS RUNNING WITH THE LAND; EASEMENTS APPURTENANT. This Declaration, every provision hereof and every covenant, condition and restriction contained herein, and every reciprocal easement created hereby, shall run with and bind, and be appurtenant to, the Property and each of the Forks Parcels, respectively, and shall inure to the benefit of and be binding on and enforceable (at law or in equity) by all of the owners of the Property or of any Forks Parcel, and their heirs, personal representatives, successors and assigns as owners of the Property or of any Forks Parcel. The acceptance of any deed or other instrument conveying any interest in the Property or any Forks Parcel shall be deemed such grantee's, for itself and all such heirs, personal representatives, successors and assigns, acceptance of and agreement to be bound by all the terms and provisions of this Declaration.

7. ENFORCEMENT; SEVERABILITY. Any violation of the terms or provisions of this Declaration may be remedied by any owner of the Property or of any Forks Parcel by application to a court of competent jurisdiction seeking appropriate legal or equitable relief, including, without limitation, injunctive relief or monetary damages. In the event of any such enforcement action, the prevailing party shall be awarded its reasonable attorneys' fees and costs in connection therewith. The failure or delay by any party with the right to do so to enforce any provision of this Declaration shall in no event be deemed a waiver thereof or of the right to enforce that or any other provision of this Declaration with respect to any other or subsequent violations of any term hereof; nor shall any party be liable for failure to enforce any provision hereof. All of the terms and provisions contained in this Declaration shall be construed together; however, in the event that any one or more of such provisions is held by any court of competent jurisdiction to be void or unenforceable, all of the remaining provisions hereof shall continue unimpaired and shall remain in full force and effect.

8. TERM. All of the covenants, conditions, restrictions and easements set forth herein and/or created hereby shall run with and bind the Property and the Forks Parcels, and are perpetual in nature. No term or provision of this Declaration

DECLARATION OF COVENANTS,
CONDITIONS, RESTRICTIONS
AND RECIPROCAL EASEMENTS
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may be terminated or otherwise modified except only by written instrument, properly executed by all of the owners of the Forks Parcels and delivered by them for recording in the Office of the Clerk and Recorder of Mesa County, Colorado.

IN WITNESS WHEREOF, this Declaration has been executed on the date first set forth above.

DECLARANT:
KELSO CREEK VENTURES LLC, a Colorado Limited
Liability Company

Michael Folkerth
By: Michael Folkerth, Managing Member

L.C. Smith
By: L.C. Smith, Managing Member

STATE OF COLORADO)
) ss.
COUNTY OF)

The foregoing instrument was acknowledged before me this 19th day of October, 1995, by Michael Folkerth and L.C. Smith, Managing Members of Kelso Creek Ventures LLC, a Colorado Limited Liability Company.

Witness my hand and official seal.

My commission expires: August 27, 1998

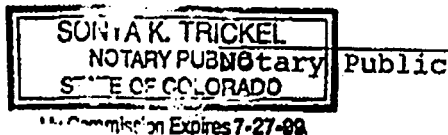


EXHIBIT A

DESCRIPTION OF THE PROPERTY

All the Land in the State of Colorado, County of Mesa
Described as:

TOWNSHIP 50 NORTH, RANGE 14 WEST OF THE NEW MEXICO PRINCIPAL MERIDIAN.

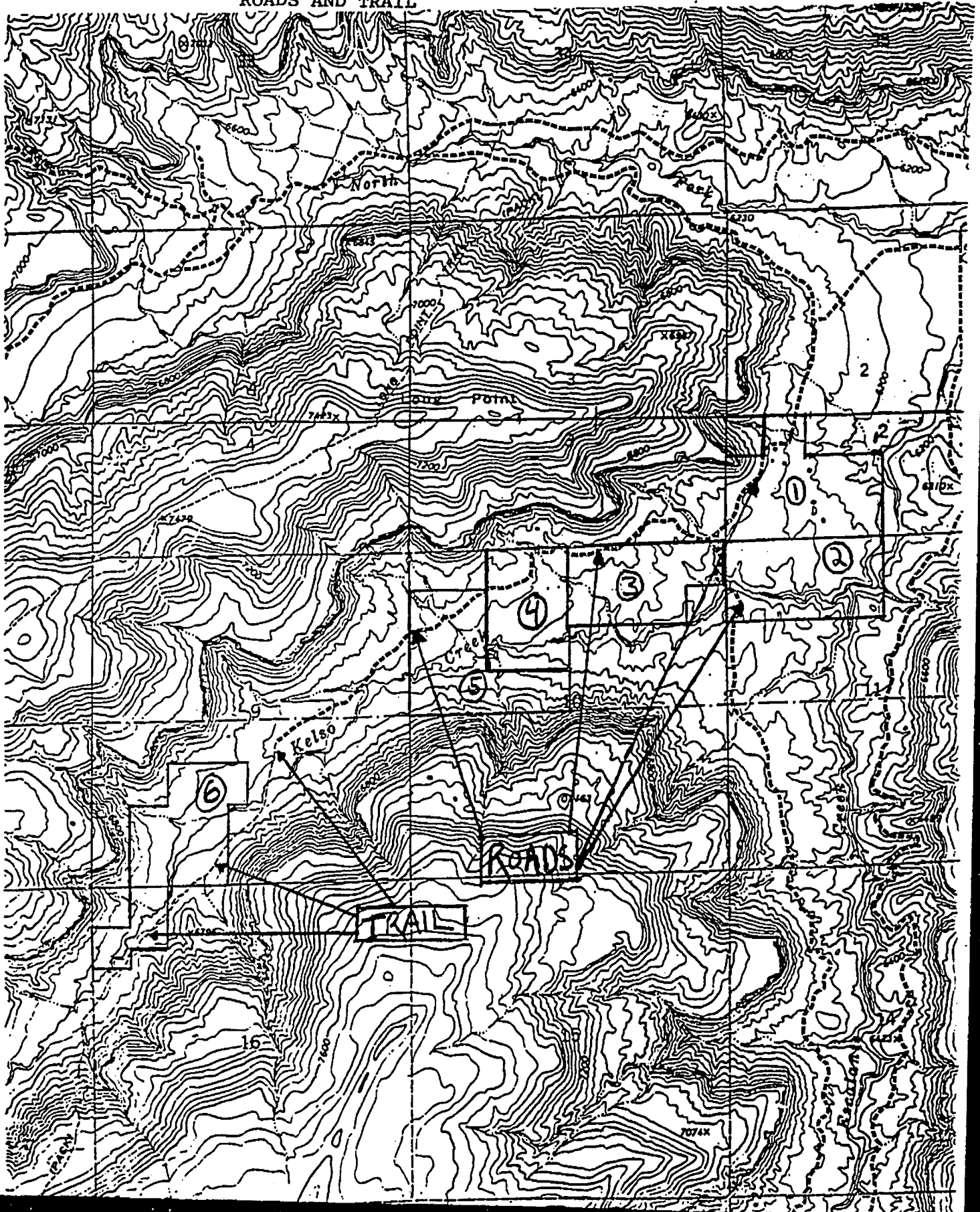
- Section 2: S $\frac{1}{2}$ SW $\frac{1}{2}$ and SE $\frac{1}{2}$ NW $\frac{1}{2}$ SW $\frac{1}{2}$.
- Section 9: S $\frac{1}{2}$ NE $\frac{1}{2}$ SW $\frac{1}{2}$, W $\frac{1}{2}$ SE $\frac{1}{2}$ SW $\frac{1}{2}$, E $\frac{1}{2}$ SW $\frac{1}{2}$ SW $\frac{1}{2}$, W $\frac{1}{2}$ E $\frac{1}{2}$ SE $\frac{1}{2}$ SW $\frac{1}{2}$.
- Section 10: NW $\frac{1}{2}$ NE $\frac{1}{2}$ and E $\frac{1}{2}$ NW $\frac{1}{2}$ and SW $\frac{1}{2}$ NW $\frac{1}{2}$ and NE $\frac{1}{2}$ NE $\frac{1}{2}$ NE $\frac{1}{2}$ and
W $\frac{1}{2}$ NE $\frac{1}{2}$ NE $\frac{1}{2}$ and S $\frac{1}{2}$ NW $\frac{1}{2}$ NW $\frac{1}{2}$.
- Section 11: N $\frac{1}{2}$ NW $\frac{1}{2}$.
- Section 16: NE $\frac{1}{2}$ NW $\frac{1}{2}$ NW $\frac{1}{2}$ and N $\frac{1}{2}$ SE $\frac{1}{2}$ NW $\frac{1}{2}$ NW $\frac{1}{2}$ and SW $\frac{1}{2}$ NW $\frac{1}{2}$ NW $\frac{1}{2}$.

EXHIBIT B

DESCRIPTION OF THE FORKS PARCELS

ALL IN TOWNSHIP 50 NORTH, RANGE 14 WEST OF THE NEW MEXICO PRINCIPAL
MERIDIAN, MESA COUNTY, COLORADO:

- FORKS PARCEL 1: S $\frac{1}{2}$ SW $\frac{1}{4}$ and SE $\frac{1}{4}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 2.
- FORKS PARCEL 2: N $\frac{1}{2}$ NW $\frac{1}{4}$ of Section 11.
- FORKS PARCEL 3: NW $\frac{1}{4}$ NE $\frac{1}{4}$ and W $\frac{1}{2}$ NE $\frac{1}{4}$ NE $\frac{1}{4}$ and NE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 10.
- FORKS PARCEL 4: NE $\frac{1}{4}$ NW $\frac{1}{4}$ and N $\frac{1}{2}$ SE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 10.
- FORKS PARCEL 5: SW $\frac{1}{4}$ NW $\frac{1}{4}$ and S $\frac{1}{2}$ NW $\frac{1}{4}$ NW $\frac{1}{4}$ and S $\frac{1}{2}$ SE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 10.
- FORKS PARCEL 6: S $\frac{1}{2}$ NE $\frac{1}{4}$ SW $\frac{1}{4}$ and W $\frac{1}{2}$ SE $\frac{1}{4}$ SW $\frac{1}{4}$ and E $\frac{1}{2}$ SW $\frac{1}{4}$ SW $\frac{1}{4}$ and W $\frac{1}{2}$ E $\frac{1}{2}$ SE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 9; and NE $\frac{1}{4}$ NW $\frac{1}{4}$ NW $\frac{1}{4}$ and N $\frac{1}{2}$ SE $\frac{1}{4}$ NW $\frac{1}{4}$ NW $\frac{1}{4}$ and SW $\frac{1}{4}$ NW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 16.

GENERAL DEPICTION OF THE FORKS PARCELS,
ROADS AND TRAIL

1733917 1252PM 10/20/95
MONIKA TODD CLK&REC MESA COUNTY CO

DECLARATION OF WATER DIVISION

This Declaration, made this 19th day of OCTOBER, 1995, by KELSO CREEK VENTURES, LLC., whose address is 1464 G. Rd., Delta, CO. 81416 (hereinafter referred to as Kelso) shall affect three certain parcels at Escalante Forks, (hereinafter referred to as 'The Parcels') whose legal descriptions are more specifically described in Exhibit "A" attached and made a part of this declaration is to witness :

1. This declaration shall be executed and recorded in the County of Mesa, State of Colorado, on or before the sale of any of the affected parcels. More particularly shown as Parcel 3, Parcel 4, and Parcel 5 as depicted on the attached Exhibit "B".

See Attached Exhibit "B"

2. The three parcels that are the subject of this declaration utilize the Cowger Ditch jointly for the delivery of irrigation water.

3. This Declaration provides for the *equitable division* of the ditch rights in the Cowger Ditch and the 2.0 CFS decreed unto it under priority H-110 to serve the irrigated portions of the respective properties and to provide for the fair and equitable sharing of expenses, operation, maintenance, repair and improvement of headgates, ditches, divider boxes and other appurtenant structures for such irrigation.

4. KELSO declares an undivided 49 % interest in the Cowger Ditch along with .98 CFS of the #H-110 Decree to Parcel 3, 44 % interest in the Cowger Ditch along with .88 CFS of the #H-110 Decree to Parcel 4, and 7 % interest in the Cowger Ditch along with .14 CFS of the #H-110 Decree to Parcel 5.

NOW, THEREFORE, be it declared that:

1. All normal and reasonable expenses of operation, maintenance and cleaning of the headgate for the Cowger Ditch and the Cowger Ditch shall be borne in direct proportion to the ownership of said decree, which proportion is as follows: Parcel 3- 49 %, Parcel 4- 44 %, and Parcel 5- 7 %.

2. The Parcels will share proportionately, as set out in paragraph #1, the cost of structural alterations of the Cowger ditch, such as concrete lining, piping, or other improvement in the ditch requiring a capital expenditure above and beyond ordinary expenses for operation, maintenance and cleaning; provided that all owners of interest are in agreement to such improvements.

However, any future interest holder shall have the right to engage in such improvements unilaterally with the understanding that non-consenting owners shall have no obligation to pay any portion of such expenditures.

3. All irrigation water allocated to the Cowger Ditch shall be used in common on 'The Parcels'. Beginning the first day of water becoming available. Parcel 3 will have use of all the water available beginning at 6 a.m for 7 consecutive calendar days and 8 hours, after which Parcel 4 will have use of all of the water available beginning at 2:00 p.m. for 6 consecutive calendar days and 16 hours, after which Parcel 5 will have use of all the water available beginning at 6 a.m. for 1 calendar day. This cycle will then repeat itself for the duration of the irrigation season. Should one Parcel not require the use of the water during the prescribed time, the water shall be made available to the remaining Parcels, singularly or shared as the case may be. However, this off-schedule use shall not affect the normal rotation schedule.

4. Future individual owners of less than all of 'The Parcels' shall cooperate in every reasonable way with the other owner(s) to facilitate the administration of the Cowger Ditch water decree as set forth in this declaration.

5. This Declaration shall constitute covenants running with the lands of the respective parcels and all the terms, conditions and requirements of this Declaration shall be binding upon the heirs, successors and assigns of 'The Parcels'. This Declaration shall be recorded in the Mesa County real estate records for the purpose of giving notice of this Declaration and its binding effect upon the property to future purchasers of the affected lands.

IN WITNESS WHEREOF, the party hereto has executed this declaration on the day and year first above written.

KELSO CREEK VENTURES, LLC

By: Michael Folkerth
Michael Folkerth, managing member

By: L.C. Smith
L.C. Smith, managing member

STATE OF COLORADO)
) ss.
County of Delta)

This Declaration of Water Division was acknowledged before me this 19th day of OCTOBER, 1995, by Kelso Creek Ventures, LLC, Michael Folkerth and L.C. Smith, managing members.

WITNESS my hand and official seal.

My commission expires: _____



Notary Public

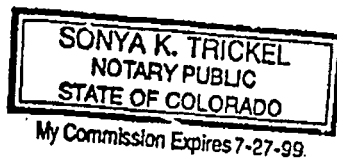


EXHIBIT A

Kelso Creek Ventures, L.L.C. Protective Covenants

ALL IN TOWNSHIP 50 NORTH, RANGE 14 WEST, N.M.P.M.
MESA COUNTY, COLORADO

Parcel 3: NW1/4NE1/4 AND W1/2NE1/4NE1/4 AND NE1/4NE1/4NE1/4,
SECTION 10.

Parcel 4: NE1/4NW1/4 AND N1/2SE1/4NW1/4, SECTION 10.

Parcel 5: SW1/4NW1/4 AND S1/2NW1/4NW1/4 AND S1/2SE1/4NW1/4,
SECTION 10.

ESCALANTE FORKS

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