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PRONO ABSTRACT CO.

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THE 2nd JUDICIAL DISTRICT
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PRIVILEGE BANKING CO.

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A G R E E M E N T

This Agreement entered into this 25th day of July 1956, in original and four copies, by and between the State of Utah, acting through the Utah Water and Power Board, First Party, sometimes referred to herein as the State, and Lehi Irrigation Company of Utah County, a corporation organized under the laws of the State of Utah, Second Party, sometimes referred to herein as the Irrigation Company.

W I T N E S S E T H

THAT WHEREAS, the First Party desires to promote a water conservation project consisting of the drilling, casing and equipping of two 16" diameter irrigation wells each from 500 feet to 600 feet in depth, which wells are to be equipped with electric driven pumps, said wells to be located northeast of Lehi on land deeded to the State by the Irrigation Company and to which the State will be furnished the right of ingress and egress to accomplish the well project, and,

WHEREAS, it is the desire of the Second Party to enter into a contract with the First Party, whereby the Second Party undertakes to construct the aforesaid project in the name of the First Party for a consideration to be hereinafter provided, and to use the water developed by the aforesaid project, and as the Second Party has the available manpower and facilities necessary to construct the aforesaid project, and is ready, willing and able to enter into a contract for such purpose.

NOW THEREFORE, the Parties hereto enter into the following agreement and make the following assignments:

1. The Second Party hereby agrees to convey, grant and warrant to the First Party, title, in fee simple, to the real estate upon which the structures are to be constructed; and further agree to convey, grant and warrant to the First Party, title to such easements and rights of way as shall be necessary to enable the First Party to construct, maintain and operate said project, and described as follows:

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Tract No. 1

Beginning at a point which is South 310.0 feet and West 145.0 feet from the Northeast Corner of Section 8 of Township 5 South, Range 1 East, Salt Lake Base and Meridian; and running thence South 50.0 feet; thence West 30.0 feet; thence North 50.0 feet; thence East 30.0 feet to the point of beginning.

Tract No. 2

Beginning at a point in the East line of a road; which point of beginning is North 53.7 feet and East 18.8 feet from the West Quarter Section Corner of Section 4 of Township 5 South, Range 1 East, Salt Lake Base and Meridian; and running thence North 30.0 feet; thence East 30.0 feet; thence South 30.0 feet; thence West 30.0 feet to the point of beginning.

2. The Second Party hereby agrees to convey, assign and quitclaim to the First Party all right, title and interest which it has or may have, to the right to use of water which shall be saved or conveyed through the use of the aforesaid project, and particularly water covered by Application Nos. 26680 and 26679 on file in office of the State Engineer.

3. The Second Party agrees to grant and convey to the First Party an easement to use any and all of Second Party's facilities in the Lehi Irrigation Company's distribution system lying in Sections 8, 18, 19, 30 and 31 of Township 4 South, Range 2 East, Sections 12, 13, 24, 25, 26, 27, 33, 34, 35 and 36 of Township 4 South, Range 1 East, Sections 1, 2, 3, 4, 5, 6, 7, 8, 9, 16 and 17 of Township 5 South, Range 1 East, Salt Lake Base and Meridian. All of which are located in Utah County, Utah.

4. The Second Party recognizes as valid the conveyance of easements and rights of way executed by various owners of the benefited land to the First Party, and agrees that all performance by the Second Party under this contract shall be subservient to, and in recognition of the aforesaid rights of the First Party in and to the aforesaid easements and rights of way.

5. The Second Party agrees to supply the necessary manpower and facilities, and agrees to complete the construction of the aforesaid project at a cost in accordance with plans, specifications and work items, a copy of which is attached to this contract and which is hereby incorporated by reference and made a part hereof.

354 - 6. The First Party agrees to pay to the Second Party for performing the work above mentioned, the sum of \$25,000.00, but in no event shall the amount paid by First Party exceed seventy-five (75%) percent of the total cost of constructing the project, and the Second Party shall itself pay for all costs in excess of the amount paid by the First Party. Second Party agrees and undertakes to construct to completion as designed and specified, the aforesaid project in all events regardless of unforeseen contingencies, and agrees to pay all costs in excess of the aforesaid amount paid by the First Party.

7. It is further agreed that the First Party shall pay ninety (90%) percent of the amount payable by the First Party to the Second Party upon the presentation by the Second Party to the First Party of a certified statement of the payment required which shall be in the nature of a partial estimate of the work completed to date by the Second Party on each work item.

8. It is further agreed that the Second Party shall complete the construction of the project on or before December 1, 1956, and that title to the entire project, including all appurtenant facilities and water rights shall immediately vest in the First Party. It is also agreed that this contract shall not become binding upon the First Party until it has been signed by all persons and agencies required by law, and that the First Party shall not become liable to the Second Party for any commitments made by the Second Party until this contract has been completed.

9. The First Party agrees to sell, and the Second Party agrees to purchase the easements, rights of way, water rights, wells and all appurtenant facilities, acquired by the First Party in this Agreement and Assignments at a total purchase price defined to be the combined total of all funds paid by First Party to the Second Party for the construction of the project, but not to exceed \$25,000.00, plus all expense incurred by the First Party for the investigation, engineering and inspection of the project, and to be determined by the First Party upon the completion of the project, and payable over a period of time not to exceed twenty (20) years, in annual installments of one twentieth (1/20), or more per year, of the total purchase price as defined above, without interest.

355- 10. The first annual installment of one twentieth (1/20), or more, of the total purchase price, as defined above, shall become due and payable on the First day of December 1957, and a like sum, or more, to be due and payable on the First day of December of each and every year thereafter until the full purchase price, as defined above, shall have been paid in full; said sums shall be payable at the office of the UTAH WATER AND POWER BOARD, and the first monies received by the First Party under the terms of this contract will be applied against the indebtedness incurred by the First Party for investigation, engineering and inspection, until fully paid, and any residue will be applied to funds paid by the First Party for the construction of the Project. Delinquent payments shall bear interest at a rate of six (6) percent per annum.

11. It is further agreed by the Second Party, that it will maintain a complete and separate accounting record of all expenditures made in connection with the cost of the Project. The records, as maintained, shall become the property of the First Party upon the completion of the project.

12. During the period of such purchase under this contract, provided the Second Party is not delinquent in any manner, the Second Party shall have, and is hereby given the right to use the First Party's water rights, the project as constructed and other facilities constructed thereunder. The Second Party does hereby assume during the life of this Agreement, the full obligation of maintaining the wells, distribution system and other facilities, and of protecting all water rights from forfeiture.

13. In order to secure the payment of the aforesaid purchase price, it is hereby expressly agreed that the First Party may require the Second Party to assess all outstanding shares of their stock for the full amount of any delinquencies in the aforesaid purchase installments. It is further agreed by the Second Party that it will not incur any mortgage or encumbrances, other than those already acquired by it, on any of its property, real or personal, without first securing the written consent of the First Party. It is further agreed that the Second Party will not incur any indebtedness whatsoever for a principal sum in excess of \$20,000.00, without first procuring the written consent of the First Party. The remedies herein provided shall be deemed cumulative, and not exclusive.

356 - 14. The Second Party, hereby warrants to the First Party, that the construction of the project will not interfere with existing water rights. If the project herein described shall give rise to a claim, or cause of action to any holder of any water rights because of the interference with such rights by the operation of the aforesaid project, then the Second Party hereby agrees to indemnify the First Party to the extent of such claim or cause of action.

After the Second Party shall have paid in full, the purchase price as defined above, the first Party shall, with the approval of Utah State Senate, execute such deeds and bills of sale as will be necessary to revest the same title to the aforesaid property and water rights in the Second Party, as are vested in the First Party.

15. If either Party to the contract violates any of the conditions or covenants made herein, the other may give written notice of such breach or failure, and if the same shall not be cured within ninety (90) days after such notice, the other may declare the contract forfeited and may proceed to its remedies at law for such breach.

16. The Second Party hereby agrees to assume the full obligation for any claim or liability for any injury or death of persons, or for any property loss or damage that may arise in accomplishing the construction of this project for the First Party, and further, the Second Party agrees to hold the First Party immune for all such claims for damages, injury, or death of persons during the life of this Agreement.

IN WITNESS WHEREOF, the State of Utah, acting through the UTAH WATER AND POWER BOARD, Party of the First Part, has caused these presents to be signed by the Chairman and Director of the said UTAH WATER AND POWER BOARD, by authority of a resolution of said Board at a meeting held June 16, 1956; and the Party of the Second Part, has caused these presents to be signed and executed on its behalf by R. Ward Webb, its President, and Herman C. Goates, its Secretary, by a resolution of its Stockholders at a meeting held June 12, 1956.

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APPROVED:

Board of Examiners - State of Utah

[Signature]
Governor

Lamont F. Toronto
Secretary of State

E. R. Valliate
Attorney General

UTAH WATER AND POWER BOARD

[Signature]
Chairman

[Signature]
Director

LEHI IRRIGATION COMPANY

R. Ward Webb
President

[Signature]
Secretary

Approved as to Availability of Funds:

STATE FINANCE COMMISSION

[Signature]
Chairman

[Signature]
Commissioner

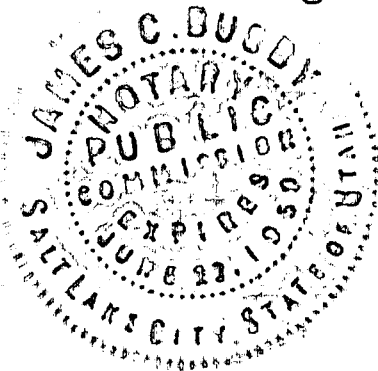
[Signature]
Commissioner

Approved As To Form:

[Signature]
Assistant Attorney General

STATE OF UTAH :
County of Salt Lake : SS

On the 22nd day of July 1956, personally appeared before me R. Ward Webb and Herman C. Goates who being by me duly sworn, did say that they are the President and Secretary, respectively, of the Lehi Irrigation Company, and that the said instrument was signed in behalf of said corporation by authority of a resolution of its Stockholders, and said R. Ward Webb and Herman C. Goates acknowledged to me that said corporation executed the same.



[Signature]
Notary Public

Residing at: Salt Lake City, Utah

My Commission Expires: June 23, 1959

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Utah Water & Power Board

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