

A G R E E M E N T

On this 22<sup>nd</sup> day of July, 1967, this AGREEMENT was made and entered into between BRAZOS WATER COOPERATIVE ASSOCIATION, INC., a New Mexico corporation (hereafter COOP), BRAZOS LODGE CORPORATION (NSL), a New Mexico corporation (hereafter LODGE), ROBERT J. HOBSON (hereafter HOBSON) providing as follows:

WHEREAS over a course of many years the parties hereto have had certain disputes, grievances and claims, one against the other, and in Cause No. 9550 in the District Court of the First Judicial District for the County of Rio Arriba, State of New Mexico, many of those differences have been placed in issue for litigation

WHEREAS the parties well recognize that the circumstances of their activities and interest are so naturally akin that conflict and disagreement with each other works to their own detriment.

WHEREAS it is the desire and purpose of the parties to effectuate a compromise settlement of their dispute and to set down terms and conditions to govern their future relations.

NOW THEREFORE IN CONSIDERATION OF THE MUTUAL PROMISES HEREIN CONTAINED IT IS AGREED AS FOLLOWS:

1. Spring Water. On the LODGE property there exists a natural spring, the waters of which feed an existing fish pond and from time to time have been diverted into the COOP water system. To the best of the LODGE'S and HOBSON'S information, a water right of three acre-feet per year exists as to these waters.

A. The LODGE shall grant to the COOP all of its right, title and interest in and to the spring and the water of said spring, whether choate or inchoate, and of

its right, title and interest in and to a square tract of land one-half (1/2) acre in size with the spring outlet in its center. It is understood that the LODGE does not warrant or guarantee the extent of said water rights; however, the LODGE and HOBSON do covenant and agree not to take any action or do anything as would lessen, decrease or jeopardize said rights in any way, shape or form.

B. The property to be transferred in accordance with the next preceding paragraph shall be subject to reverter in favor of the LODGE or its successors, for so long as said LODGE continues in existence, should it ever cease to be used for general domestic water distribution purposes. If, at that time, said LODGE is no longer in existence, said property shall be considered an asset of the COOP and distributable in accordance with the laws of the State of New Mexico upon dissolution of the COOP. If the COOP is ever dissolved before said time, the property shall revert to the LODGE.

C. Upon receiving the stated water rights, the COOP covenants that it shall permit a sufficient flow of that water to be diverted into the LODGE fishing pond as long as it remains in existence and is properly maintained so that the water level in said pond can remain the same as in the past.

D. The land to be granted under paragraph A. shall be subject to a specifically defined easement in favor of the LODGE, its agents and employees, to go on or across it

to a reasonable extent in the normal conduct of their business.

E. The COOP shall provide for and bear the expense of any such surveys, plats, documents and preparing releases of incumbrances, as may be necessary to effectuate the foregoing paragraphs. Within thirty (30) days after said surveys, plats, and documents have been completed and the COOP has made payment to the LODGE at the rate of \$250.00 per acre for the property granted under paragraph A., the LODGE shall convey to the COOP a good and sufficient Warranty Deed for said property, free and clear of all incumbrances. The LODGE shall aid and assist the COOP in acquiring, obtaining and otherwise effectuating the interest of this paragraph and agreement to such extent as is reasonable under all of the circumstances.

F. The LODGE shall bear all expenses of obtaining and transferring the utility sites, rights of way and any other expenses beyond those which are specifically designated as the obligation of the COOP in paragraph L.E. aforesaid.

G. Each party shall bear its own expenses incurred in connection with said litigation, the negotiation and preparation of this agreement and the performance of the respective duties incumbent on the parties hereunder.

2. Water Services. It is declared to be the policy of the parties that the COOP shall have the right and the obligation to supply domestic water to the subdivided lands of the LODGE, in accordance with the terms of its own Articles and By-Laws and the standards as follows:

A. The owners of such subdivided land shall have

available to them, from the COOP adequate, efficient and reasonable service, commensurate with the water supply available and the willingness of the owners of said subdivided lands to become members of the COOP and conform to and abide by the Articles, By-Laws, Rules and Regulations of said COOP.

B. In the fulfillment of its obligation to serve, both as to time and territorial extent, the COOP may decline to undertake expansion to an area where the investment in facilities would be such as not recoverable within a reasonable time and economically wasteful.

C. All owners of the subdivided lands of the LODGE shall be eligible for membership in the COOP, but free not to join at their election, and the COOP shall make such amendments and modifications of its governing documents and regulations as to conform to this agreement.

D. Nothing contained herein shall be construed as relieving the LODGE from any duties or obligations which may arise from and after the date hereof as a consequence of the LODGE'S membership in the COOP, however, this shall not apply to any assessments which may hereafter be made by the COOP against the members to pay for those expenses connected with said litigation and the making and preparation of this agreement.

3. Coordination of Activities. It will be the policy of the parties to keep each other advised as to their respective development and expansion activities insofar as they might be of significance

to the other. HOBSON and the LODGE will inform the COOP, and in like manner the COOP will inform them, as to plans and intentions for the opening of any new area to major subdivision or to water service. HOBSON will furnish a map illustrating such plans. All of the parties shall stay in communication with and consult the others, to the extent practicable respecting their activities which are inter-related. HOBSON shall be sent a copy of the notice of the COOP Board of Directors meetings relating to water service and proposed new development, and shall be permitted to attend and offer his advice concerning subjects affecting the LODGE.

Easements The LODGE shall convey to the COOP specifically defined easements for all of its existing water transmission lines. As other development and construction for water service purposes is initiated by the COOP which necessitates additional, similar easements the LODGE will provide them, within dedicated roadways or on other reasonable alignments as mutually designated by the parties.

5. Utility Sites. It is recognized that the COOP should have land on which to develop water wells, and to construct and maintain reservoirs, pump stations, pressure reduction stations or other similar facilities, such locations being referred to here as "utility sites". The sites shall be square in shape and of a size sufficient to accommodate the purpose, but in no case more than one-half (1/2) acre unless said site is to be used as a well site and the then laws of the State of New Mexico require that there be a larger area than one-half (1/2) acre before a well may be drilled, in which event the size of the utility shall be the minimum required by said laws. They shall be granted subject to a reverter in favor of the LODGE to the same effect as that mentioned in paragraph 1 above.

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A. The LODGE shall grant two utility sites to the COOP within and for the COOP'S present service area.

B. On such occasions as the COOP shall definitely undertake expansion of its service to other subdivided lands of the LODGE, there shall be granted by the LODGE to the COOP utility sites on the ratio of one for each fifty (50) acres of land to be served.

C. It is understood that the acreage surrounding the spring is to be considered a utility site within the purview of this portion of the agreement, and in such light it is understood by the parties that the provision for specifically defined easements across the acreage surrounding the spring shall apply equally to other utility sites.

D. Neither the LODGE nor HOBSON will at any time ever convey to any person or persons, individual or corporation, any lands which will enable the grantees thereof to drill wells at an elevation above those of the COOP, which will have the direct effect of depleting pumpage from aforesaid spring, however it shall not preclude the COOP from drilling a well or wells at any place on the acreage surrounding the spring if it may deem advisable and in keeping with the purposes of the COOP.

6. Dismissal of Suit: The parties shall jointly move the court for an order fully and finally dismissing with prejudice all claims, one against the other asserted in Cause No. 9550, Rio Arriba County, New Mexico. Each party shall bear their own costs and expenses of the suit.

7. Stockholder Approval. The LODGE and the COOP are each corporations and it is understood that the Agreement shall be entered into subject to the formal approval of their respective stockholders reflected by written resolution; HOBSON and those individuals acting in the negotiation of this Agreement for the COOP shall use their best efforts to obtain that approval.

WITNESS our hands and seals the day and year first above written.

BRAZOS WATER COOPERATIVE  
ASSOCIATION, INC.

By: *Roy H. Knight*  
President

*Alfonso L. Catalano*  
Secretary  
Brazos Water Cooperative Association, Inc.  
Attest

BRAZOS LODGE CORPORATION (NSL)

By: *Robert J. Hobson*  
President

*Robert J. Hobson*  
Secretary  
Brazos Lodge Corporation (NSL)  
Attest

*Robert J. Hobson*  
ROBERT HOBSON

2425  
FILED IN THE COUNTY  
CLERK'S OFFICE  
AT 9:20 O'CLOCK P.M.

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CORNELIO PEDILLA  
COUNTY CLERK P.O. BOX 10000 TAMPA COUNTY, FLA.