

AGREEMENT:

NOW, THEREFORE, it is agreed by and between the Parties as follows:

1. Well Rights - Stephens hereby grants to City the right to operate and maintain up to two (2) active water wells on the Real Estate, for a period of twenty-five (25) years beginning the date this Agreement is signed by both Parties.
2. Access Rights - City shall continue to have the privilege to use the driveway currently located on the Real Estate for egress and ingress purposes.
3. Installation of New Well(s) - Stephens further grants City the right to establish a new well or wells on the Real Estate at a location or locations determined by City. At this time City has determined to locate a new well across the driveway from the current abandoned well (known as Well 5), and Stephens consents to same. City is also granted the right to construct a new structure on a newly established well, ensuring compliance with all relevant building codes and standards.
4. Abandonment of Well(s) - At the discretion of the City, an existing well that is no longer being used shall be capped and abandoned in accordance with all applicable laws and regulations. Furthermore, the structure currently situated atop any such well shall be removed. City shall bear all costs associated with the capping, abandonment, removal, and construction activities described herein.
5. Destruction/Damage to Real Estate - City agrees and covenants that during the operation, inspection, repair, or maintenance of any existing or future wells on the Real Estate, to take every precaution not to damage, interfere with, or otherwise negatively impact the trees within the designated Forest Reserve located on the Real Estate. This obligation includes, but is not limited to, ensuring that all activities related to the well or wells located on the Real Estate are conducted in a manner that preserves the health and integrity of the trees and their surrounding environment. City shall implement all necessary precautions and measures to prevent any harm to the trees, including the use of protective barriers or alternative methods of access that do not encroach upon the Forest Reserve. Exceptions to this obligation may only be made with the express written consent of Stephens, which shall not be unreasonably withheld, and only in circumstances where such actions are necessary to address an immediate threat to public safety or to comply with applicable legal requirements.
6. Compensation for Wells - Stephens agrees to accept as full payment for the water rights herein granted, and in settlement for "back rent" and any and all other claims based upon or arising out of City's use of the Real Estate prior to the date of this Agreement,

the sum of Six Thousand Five Hundred Eighty Seven Dollars and Fifty Three Cents (\$6,587.53), and the annual sum hereafter of Two Thousand Dollars (\$2,000.00) per well commencing the date of this Agreement.

7. Additional Wells - Provided there is prior mutual agreement, City may test drill and if successful, sink additional wells on Stephen's land, and operate them. With the third and each additional well sunk, City shall pay Stephens Two Thousand Dollars (\$2,000.00) per additional well per year.

8. Additional Compensation - Stephens further grants City access to the Real Estate for purposes of operating, inspecting, repairing, and maintaining existing and any future wells, as well as the existing pipeline running across the Real Estate. In return, City agrees to pay Stephens the additional sum of Five Hundred Dollars (\$500.00) per year.

9. COLA Adjustment - It is further agreed by and between the Parties that every five (5) years hereafter, either party may require that future annual payments hereunder be adjusted in an amount equal to increases in the cost of living, as determined by the Bureau of Labor Statistics for the year in which such adjustment is to be made.

10. Equipment - City shall retain ownership of all pumps, poles, electric and water lines, well casings, and other property placed on the Real Estate and shall have the right to remove the same upon termination of this Agreement, or any extension thereof.

11. Crop Damage - City agrees that should there be any damage to crops located on the Real Estate caused by the use, operation or maintenance of wells or lines by City, that City shall pay to Stephens an amount equal to the actual damage caused, and Stephens agrees to notify City promptly of such damage caused, so that City will have an opportunity to view and confirm said damage. All such claims for damage will be paid by City promptly in addition to the annual rental payments to Stephens.

12. Owner Occupation - Nothing in this Agreement shall prevent Stephens from constructing a single-family residence on the Real Estate and installing a well or other utilities for service to said single-family residence, so long as the construction/installation of same does not interfere with the installation and operation of wells by the City upon said Real Estate.

13. Termination - Stephens agrees that this Agreement may terminate at any time at the express written election of City, and should that happen, City will remove all its property from the Real Estate within ninety (90) days. City shall compensate Stephens for any damage caused by said removal.