

AMERICAN TITLE & ESCROW

THANK YOU FOR YOUR BUSINESS

Sara E. Wagner
Escrow Officer
American Title & Escrow
1001 South 24th Street West
Billings, MT 59102
srosin@amtitemontana.com
Phone:406-869-3204
Fax:406-248-7875



FINAL
A. SETTLEMENT STATEMENT (HUD-1)

OMB No. 2502-0265

B. TYPE OF LOAN		
1. <input type="checkbox"/> FHA	2. <input type="checkbox"/> FHMA	3. <input type="checkbox"/> CONV. UNINS.
4. <input type="checkbox"/> VA	5. <input type="checkbox"/> CONV. INS.	
6. FILE NUMBER: 3-117616-SR		7. LOAN NUMBER
8. MORTGAGE INS. CASE NO.:		

C. NOTE: This form is furnished to give you a statement of actual settlement costs. Amounts paid to and by the settlement agent are shown. Items marked "(p.o.c.)" were paid outside the closing, they are shown here for informational purposes and are not included in the totals.

D. NAME & ADDRESS OF BORROWER: Daniel A. Catlin and Bruce Tonn
3729 Ben Hogan Lane, Billings, MT 59106

E. NAME & ADDRESS OF SELLER: Richard L. Gradwohl and Robert H. Gradwohl
1219 5th Avenue, Laurel, MT 59044-9602

F. NAME & ADDRESS OF LENDER:

G. PROPERTY LOCATION: 3872 Highway 310, Edgar, MT

H. SETTLEMENT AGENT: American Title & Escrow

PLACE OF SETTLEMENT: 1001 S. 24th St. West, Suite 200, Creekside Building #2, Billings, MT 59102 (406) 248-7877

I. SETTLEMENT DATE: 12/12/2013

J. Summary of Borrower's Transaction		K. Summary of Seller's Transaction	
100. Gross Amount Due From Borrower:		400. Gross Amount Due To Seller:	
101. Contract sales price	375,000.00	401. Contract sales price	
102. Personal property		402. Personal property	
103. Settlement charges to borrower: (line 1400)	264.00	403.	
104.		404.	
105.		405.	
Adjustments For Items Paid By Seller In Advance:		Adjustments For Items Paid By Seller In Advance:	
106. City/town taxes to		406. City/town taxes to	
107. County taxes 12/12/13 to 01/01/14	47.42	407. County taxes to	
108. Assessments to		408. Assessments to	
109. Ditch Right Shires 12/12/2013 to 1/01/2014	13.70	409.	
110.		410.	
111.		411.	
112.		412.	
113.		413.	
114.		414.	
115.		415.	
116.		416.	
120. Gross Amount Due From Borrower:	375,325.12	420. Gross Amount Due To Seller:	
200. Amounts Paid By Or In Behalf Of Borrower:		500. Reductions In Amount Due To Seller:	
201. Deposit or earnest money	5,000.00	501. Excess deposit (see instructions)	
202. Principal amount of new loan(s)		502. Settlement charges to seller (line 1400)	
203. Existing loan(s) taken subject to		503. Existing loan(s) taken subject to	
204.		504. Payoff 1st Mtg. Ln.	
205.		505. Payoff 2nd Mtg. Ln.	
206.		506.	
207.		507.	
208.		508.	
209.		509.	
Adjustments For Items Unpaid By Seller:		Adjustments For Items Unpaid By Seller:	
210. City/town taxes to		510. City/town taxes to	
211. County taxes to		511. County taxes to	
212. Assessments to		512. Assessments to	
213. Water Right Registration Fee	140.00	513.	
214. Debit/Credit for Repairs	1,000.00	514.	
215.		515.	
216.		516.	
217.		517.	
218.		518.	
219.		519.	
220. Total Paid By/For Borrower:	6,140.00	520. Total Reductions In Amount Due Seller:	
300. Cash At Settlement From/To Borrower:		600. Cash At Settlement From/To Seller:	
301. Gross amount due from borrower (line 120)	375,325.12	601. Gross amount due to seller (line 420)	
302. Less amount paid by/for borrower (line 220)	6,140.00	602. Less reductions in amount due seller (line 520)	
303. Cash (<input checked="" type="checkbox"/> FROM) (<input type="checkbox"/> TO) Borrower:	369,185.12	603. Cash (<input type="checkbox"/> TO) (<input type="checkbox"/> FROM) Seller:	0.00

L. SETTLEMENT CHARGES		Escrow: 3-117616-SR	
700. Total Sales/Broker's Commission: Based On Price \$ @ % =			
Division of Commission (line 700) As Follows:		Paid From Borrower's Funds At Settlement	Paid From Seller's Funds At Settlement
701. \$	to		
702. \$	to		
703. Commission paid at settlement			
704. EM Deposit \$5,000.00 held by Prudential Floberg Realtors			
800. Items Payable In Connection With Loan:			
801. Loan Origination fee	%		
802. Loan Discount	%		
803. Appraisal fee to:			
804. Credit report to:			
805. Lender's inspection fee			
806. Mortgage insurance application fee to			
807. Assumption fee			
808.			
809.			
810.			
811.			
812.			
813.			
814.			
815.			
816.			
817.			
818.			
819.			
820.			
821.			
900. Items Required By Lender To Be Paid In Advance:			
901. Interest from	to	@ \$	/day (0 days)
902. Mortgage insurance premium for	mo. to		
903. Hazard insurance premium for	yrs. to		
904. Flood insurance premium for	yrs. to		
905.			
906.			
1000. Reserves Deposited With Lender:			
1001. Hazard insurance	0 months @ \$	0.00	per month
1002. Mortgage insurance	0 months @ \$	0.00	per month
1003. City property taxes	0 months @ \$	0.00	per month
1004. County property taxes	0 months @ \$	0.00	per month
1005. Annual assessments	0 months @ \$	0.00	per month
1006. Flood insurance	0 months @ \$	0.00	per month
1007.	0 months @ \$	0.00	per month
1008. Aggregate Adjustment			
1009.			
1100. Title Charges			
1101. Settlement or closing fee to American Title & Escrow		250.00	
1102. Abstract or title search to			
1103. Title examination to			
1104. Title insurance binder to			
1105. Document preparation to			
1106. Notary fees to			
1107. Attorney's fees to			
(includes above item Numbers:)			
1108. Title insurance to			
(includes above item Numbers:)			
1109. Lender's coverage \$			
1110. Owner's coverage \$			
1111.			
1112.			
1113.			
1114.			
1200. Government Recording and Transfer Charges:			
1201. Recording fees: Deed \$	14.00	:Mortgage \$	0.00 ;Releases \$ 0.00
1202. City/county tax/stamps: Deed \$	0.00	:Mortgage \$	0.00
1203. State tax/Stamps: Deed \$	0.00	:Mortgage \$	0.00
1204.			
1205.			
1300. Additional Settlement Charges:			
1301. Survey to			
1302. Pest inspection to			
1303.			
1304.			
1305.			
1306.			
1307.			
1308.			
1400. Total Settlement Charge (Enter on line 103, Section J - and - line 502, Section K)		264.00	

SELLER'S AND/OR BORROWER'S STATEMENT

Escrow: 3-117616-SR

I have carefully reviewed the HUD-1 Settlement Statement and to the best of my knowledge and belief, it is a true and accurate statement of all receipts and disbursements made on my account or by me in this transaction. I further certify that I have received a copy of the HUD-1 Settlement Statement.

Borrowers/Purchasers

Sellers

Daniel A. Catlin

Bruce Tom

The HUD-1 Settlement Statement which I have prepared is a true and accurate account of this transaction. I have caused or will cause the funds to be disbursed in accordance with this statement.

Settlement Agent: _____

Sara E. Rosin, American Title & Escrow

Date: _____

WARNING: It is a crime to knowingly make false statements to the United States on this or any other similar form. Penalties upon conviction can include a fine or imprisonment. For details see: Title 18 U.S. Code Section 1001 and Section 1010.

SELLER OR BORROWER AFFIDAVIT

File No. 10-17700-MK

Subject Property:

That part of N1/2NW1/4 of Section 26, Township 4 South, Range 23 East of the Principal Montana Meridian, in Carbon County, Montana, described as follows:

Beginning at a point in the center of the intersection of the County Roads at the Northwest corner of said Quarter Section; thence running East in the center of said county road to a point 1090 feet West of the centers of Loveland Avenue and Elwell Street in the Town of Edgar, Montana; thence South 360 feet; thence East 1090 feet to center of Loveland Avenue; thence due South to the North line of railroad tract as now constructed, thence in a Southwesterly direction along said line to East and West line dividing line the above quarter section in half; thence West along said dividing line to center of county road; thence North to a point of beginning.

EXCEPTING therefrom the following 3 Tracts of land:

1. Edgar First Addition
2. Wyoming Street within Edgar First Addition
3. That part conveyed to the State of Montana for the benefit and use of its State Highway Commission by Bargain and Sale Deed recorded October 31, 1966, in Book 84 of Deeds, Page 740, under Document #168116, records of Carbon County, Montana.

Before me, the undersigned authority on this day personally appeared

Daniel A. Catlin
Bruce Tomm

personally known to me to be the person whose name is subscribed hereto and upon their oath deposes and says that no proceedings in bankruptcy or receivership have been instituted by or against him and that the marital status of affiant has not changed since the day of acquisition of said property and represents to the purchaser and/or lender, and American Title & Escrow in this transaction that there are:

1. No unpaid debts for plumbing fixtures, water heaters, floor furnaces, air conditioners, radio or television antennas, carpeting, rugs, lawn sprinkling systems, blinds, window shades, draperies, electric appliances, fences, street paving, or any personal property or fixtures that are located on the subject property described above, and that no such items have been purchased on time payment contracts, and there are no security interests on such property secured by financing statement, security agreement or otherwise except the following:

Secured Party

Approximate Amount

INDICATE 'NONE' IF NONE

2. No loans or liens (including Federal or State Liens, Judgment Liens, Child Support Liens or Medical Assistance Liens) no judgments in sealed cases and no unpaid governmental or association taxes or assessments of any kind on such a property except the following:

Creditor

Approximate Amount

LIST ANY LIENS OR LOANS
INDICATE 'NONE' IF NONE

3. All labor and material used in the construction of improvements on the above described property have been paid for and there are now no unpaid labor or material claims against the improvements or the property upon which same are situated, and I hereby declare that all sums of money due for the construction of improvements have been fully paid and satisfied. In addition, all appropriate building permits have been obtained for the original structure and any additions or remodeling.

True _____
(INITIAL)

False _____

4. Parties in possession other than affiant/s: Yes _____ No _____ If yes,

Option to Purchase _____ Lease _____ Contract for Deed _____
(INITIAL)

INDEMNITY: I agree to pay on demand to the purchasers/lender and/or Old Republic National Title Insurance Company and American Title & Escrow in this transaction, their successors and assigns, all amount secured by any and all liens not shown above, together with all costs, loss and attorney's fees that said parties may incur in connection with such unmentioned liens. Provided said liens either currently apply to such property, or a part thereof, or are subsequently established against said property and are created by me, known by me, or have an inception date prior to the consummation of this transaction.

I realize that the purchaser/lender and/or Old Republic National Title Insurance Company and American Title & Escrow in this transaction are relying on the representations contained herein purchasing same, lending money, insuring title thereon and would not purchase same, lend money or issue title insurance unless said presentations were made. If seller or borrower is an entity, I have authority to sign on its behalf.

Daniel A. Catlin

Bruce Tonn

STATE OF MONTANA)
 : ss.
COUNTY OF YELLOWSTONE)

This instrument was acknowledged before me on this 12th day of December, 2013 by Daniel A. Catlin and Bruce Tonn.

Notary Name: Tammy Shovar
Notary Public for the State of Montana
Residing at Laurel, Montana
My Commission Expires: 08/08/2016

(SEAL)

American Title & Escrow
1001 S. 24th St. West, Suite 200
Creekside Building #2
Billings, MT, 59102

Closing Escrow Instructions

Date: December 12, 2013

Closing Officer: Sara E. Rosin

Escrow No.: 3-117616-SR

These escrow instructions are entered into and based upon the Buy/Sell Agreement dated October 9, 2013 and addendum(s) dated N/A as provided to American Title & Escrow by and between:

Sellers: Richard L. Gradwohl and Robert H. Gradwohl

whose address is: 1219 5th Avenue, Laurel, MT 59044-9602

Buyers: Daniel A. Catlin and Bruce Tonn

whose address is: 3729 Ben Hogan Lane, Billings, MT, 59106

who employ American Title & Escrow to act as Escrow Agent in connection with a sale by Seller(s) to Buyer(s) upon the following terms and conditions which shall be complied with by said parties.

The property herein referred to is situated in Carbon County, Montana, and is described on Schedule 'A' of Commitment for Title Insurance 10-17700-MK issued by American Title & Escrow Of Carbon County

The property is to be sold for a total consideration of \$ 375,000.00

SELLER(S) or agent will hand you herewith the following to effect transfer or conveyance of the above property to buyer(s): **Escrow Closing Instructions, Estimated Seller's Closing Statement, Realty Transfer Certificate, Seller's Affidavit, 1099S, Ditch Right Certificate, Warranty Deed.**

BUYER(S)/BORROWER(S) or agent will hand you herewith the following to effect transfer or conveyance of the above property from the seller(s): **Escrow Closing Instructions, Estimated Buyer's Closing Statement, Buyer's Affidavit, Funds Due at Closing.**

When you are in receipt of all of the above, you are instructed to record the documents and disburse funds in accordance with these instructions, and in accordance with the closing statements executed simultaneously herewith. **All disbursements shall be made by your check or checks (wire transfer per seller's written instructions) pursuant to the final closing statements.**

The parties agree that the transfer to be effected herein shall be by **Warranty Deed.**

You are authorized and instructed to issue the specified title insurance policy or policies in the specified amount, to wit:

OWNERS STANDARD \$375,000.00 OWNERS EXTENDED \$
LENDERS \$
OTHER \$

Showing equitable interest title vested in: **Daniel A. Catlin and Bruce Tonn, tenants in common**

Sellers initials _____

Buyers initials _____

Subject to:

Paragraphs 1-7,9 of Schedule 'B' of Owner's Commitment for Title Insurance 10-17700-MK, Revision N/A, dated 10/16/2013 , and or paragraphs N/A of Schedule 'B' of the Mortgagee's Commitment for Title Insurance, a copy of which is attached hereto.

Additional documents creating exceptions that will be recorded at the time of closing:

NONE

I have read the above referenced preliminary title commitment and approve the policy of title insurance to be issued as required by instructions to include the above vesting and exceptions.

BUYERS INITIALS _____

OTHER INSTRUCTIONS:

All parties acknowledge that the 1st ½ of the 2013 taxes were paid prior to closing. American Title & Escrow has collected from the seller for the 2nd ½ of the 2013 taxes.

Seller acknowledges that they have received a credit from the buyer for the prorated share of the 2013 taxes from the date of closing to 1/1/2014. It is the buyer's responsibility to contact the County Treasurer's office in November, 2014 if they have not received a 2014 tax statement and hereby holds American Title & Escrow harmless for any ramifications of the tax bill not being delivered to the buyer.

All parties acknowledge that the Groundwater Rights are of public record, but not registered with the DNRC. The seller has been debited and buyer credited \$140.00 for the registration of the water rights. The buyer has been provided registration documentation and registration of the water rights is to be handled outside of closing by the buyer and holds American Title & Escrow harmless as to any ramifications of said matter.

All parties acknowledge that the New Prosperity Ditch Company Shares will transfer after closing and will be handled by the buyer and seller after closing and hold American Title & Escrow harmless thereto.

All parties acknowledge that the buyer has been credited and seller debited \$1,000.00 for repairs.

All parties acknowledge that all aspects of the sharecropping will be handled between the buyer and seller and holds American Title & Escrow harmless thereto.

All parties acknowledge that the Rock Creek Water User's transfer is to be handled by the buyer and seller outside of this escrow closing transaction and hold American Title & Escrow thereto.

Seller(s) and buyer(s) hereby acknowledge that all contingencies and conditions on the Buy/Sell Agreement and any Addendum(s) thereto, have been either satisfied or negotiated outside of this escrow.

Sellers Initials _____

Buyers Initials _____

PRO-RATE AND/OR ADJUST THE FOLLOWING AS OF 12/12/2013

CHECK THOSE WHICH APPLY

1. Taxes based on the amount of the tax statement set forth below under type of taxes for the year therein specified of the Tax Collector, which has been issued prior to the close of escrow. No liability is assumed for the errors, omissions, and/or changes in the amount of the General County Taxes assessed on real and personal property by the County Assessor and/or Taxing Authority. (If the amount of the new tax bill issued by the Tax Collector after the close of escrow is more or less than the amount used for pro-ration purposes, the difference, if any, will be adjusted by the parties herein outside of escrow.

Sellers ARE TO FORWARD to buyers any present or future tax bills on the property herein.

TYPE OF TAXES: XX Real Estate Tax ___ Personal Property Tax \$865.50 (Based on 2013 tax figures) TAX CODE #-**3113500**

2. Tax Agreement-Sellers and Buyers agree to pay their pro-rated share of taxes outside of closing.
3. Insurance
4. Interest in all existing trust deeds of contracts
5. Rents/Security Deposits
6. Reserve Impound Amounts
7. Condo or homeowner's association dues
8. City/Water/Sewer
9. City/County SID's
10. Other

LOAN CALCULATION/PAYOFFS

Loan amounts shown in seller(s) and buyer(s) settlement statements were determined from information provided to American Title & Escrow by the lender or escrow provider, copies of which are available to the parties for inspection. Any inaccuracies or deficiencies in the calculation of these amounts by the lender or escrow provider remain the responsibility of the party legally obligated thereunder.

Sellers initials _____

Buyers initials _____

WATER RIGHTS

The parties acknowledge that American Title & Escrow is not responsible for the transfer of any water, or water rights.

I hereby agree to hold you harmless from the failure of the transfer of the water regardless of the reason or cause. If any transfer is being done it is an accommodation for me. I understand that you have not made a search of the water rights to this land. I further understand that you are not making any representation and/or warranty concerning said water rights

Sellers initials _____

Buyers initials _____

GENERAL PROVISIONS

DEPOSIT OF FUNDS AND DISBURSEMENTS

All disbursements shall be made by your check. You are authorized not to close escrow or disburse until good funds, as provided for in MCA-32-7-117 (5) have been confirmed. All funds received in this escrow shall be deposited in one or more of your general escrow accounts with any bank doing business in the State of Montana and

may be transferred to any general escrow account or accounts. Upon specific instructions from all parties to this escrow, you may hold funds as otherwise instructed herein.

CLOSE OF ESCROW

The expression "close of escrow" means the date on which instruments referred to herein are filed for record unless otherwise indicated herein.

AUTHORIZATION TO FURNISH COPIES

You are to only furnish a copy of these instructions, amendments thereto, closing statements and/or any other documents deposited in this escrow, to the lender or lenders, the real estate broker or brokers, and/or the attorney or attorneys involved in this transaction upon request of such lenders, brokers, or attorneys.

CONFLICTING DEMANDS OR CLAIMS

Should you, before or after the close of escrow, receive or become aware of any conflicting demands or claims with respect to this escrow or the rights of any of the parties hereto, or any money or property deposited herein or affected hereby, you shall have the right to discontinue any or all further acts on your part until such conflict is resolved to your satisfaction and you shall have the further right to commence or defend any action or proceedings for the determination of such a conflict. The provisions herein shall include, but are not limited to, conflicting demands or disputed claims relating to real estate commissions and/or brokerage fees.

ATTORNEYS FEES, COST/SUIT IN INTERPLEADER

The parties hereto jointly and severally agree to pay all costs, damages, judgments, and expenses, including reasonable attorney's fees suffered or incurred by you in connection with, or arising out of this escrow, including, but without limiting the generality of the foregoing, a suit in interpleader brought by you. The parties expressly agree that you, as escrow holder, have the absolute right, at your election, to file an action in interpleader. You are authorized to deposit with the Clerk of Court all documents and funds held in this escrow.

RIGHT OF CANCELLATION

If any party to this escrow elects to cancel these instructions because of the failure of any party to comply with any of the terms hereof within the time limits provided herein, said party so electing to cancel shall deliver a written notice to the other party and escrow agent demanding that the said other party comply with the terms hereof within ten days from the receipt of said notice by escrow agent that these instructions shall hereupon become cancelled. When the written notice is delivered to escrow agent by the party so electing to cancel, escrow agent shall thereafter send a copy of said notice to the other party in the manner provided by law and the usual practices of the escrow agent. In the event said other party shall fail within said ten day period to comply with all of the terms hereof, these instructions shall become cancelled and escrow agent is thereupon authorized: (a) first, to pay to the party electing to cancel any earnest money deposited hereunder by said other party, after deducting any charges; (b) second, to pay to said other party, after deducting any charges remaining unpaid; (c) third, to pay to the party electing to cancel, any money deposited by said party, after deducting any charges remaining unpaid; and (d) fourth, to return all documents deposited hereunder to the party who delivered the same except documents executed by more than one party, which shall be marked "cancelled" and retained in the files of the escrow agent.

LEGAL ADVICE

Both Seller and Buyer acknowledge their signatures hereon the following: I have been specifically informed that American Title & Escrow (hereinafter designated as "American") is not licensed to practice law and no legal advice has been offered by American or any of its employees. I have been further informed that American is acting only as escrow agent and that it is forbidden by law from offering advice to any party regarding the merits of this escrow transaction or the nature of the instruments utilized, and that it has not done so.

PREPARATION OF FORM DOCUMENTS

I further declare all instruments to which I am a party, if prepared by American, have been prepared under the direction of my attorney, agents acting in my behalf, or myself, at my direction or request.

TAXPAYER REPORTING INFORMATION

The seller(s) acknowledges that Federal Law requires American to report this transaction to the Internal Revenue Service on form 1099.

FACSIMILES

In the event Seller and/or Buyer utilize facsimile transmitted signed documents, Seller and Buyer agree to accept and instruct AMERICAN TITLE & ESCROW to rely upon documents as if they bore original signatures. Seller and Buyer agree to provide the documents bearing the original signature within 5 days of transmission. Seller and Buyer acknowledge and agree that any documents necessary for recording will not be accepted by the County Clerk and Recorder, with facsimile signatures, thus delaying the close of escrow.

AMENDMENTS TO ESCROW INSTRUCTIONS

Any amendments of and/or supplements to any instructions must be in writing. If any "Earnest Money Agreements", "Receipt and Agreements to Purchase, or the like are attached to these instructions and one or more terms of said agreements conflict with or vary from these instructions, these instructions shall nevertheless, control.

I have been afforded adequate time and opportunity to read and understand these escrow instructions and all other documents referred to herein.

Dated: 12/12/2013

BUYER(S): Email Address: _____

Daniel A. Catlin
3729 Ben Hogan Lane, Billings, MT, 59106
(406) 671-7715

SSN or TIN _____

Bruce Tonn
5427 Walter Hagen Drive, Billings, MT 59106
Phone # _____

SSN or TIN _____

SELLER(S): Email Address: _____

Richard L. Gradwohl
1219 5th Avenue, Laurel, MT, 59044-9602
Phone # _____

SSN or TIN _____

Robert H. Gradwohl
2648 US Highway 212 S, Laurel, MT, 59044
Phone # _____

SSN or TIN _____

Proceeds of sale should be disbursed as follows:

____ 1. Picked up by _____
(name)

____ 2. Deposited into Bank account: _____
(attach deposit slip)

____ 3. Wire Transfer (provide wire info: i.e. voided check)
(any fees for this service will be deducted from proceeds check)

____ 4. Overnight Mail
(any fees for this service will be deducted from proceeds check)

____ 5. Regular Mail To: _____

Forwarding Address for Seller:

When recorded, return to:
Daniel A. Catlin and Bruce Tonn
3729 Ben Hogan Lane
Billings, MT 59106

WARRANTY DEED

FOR VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby acknowledged, **RICHARD L. GRADWOHL**, of 1219 5th Avenue, Laurel, MT 59044-9602, **AND ROBERT H. GRADWOHL**, 2648 US HIGHWAY 212 S, Laurel, MT 59044 ("Grantors"), hereby grant unto **DANIEL A. CATLIN AND BRUCE TONN**, as equal tenants in common ("Grantees"), all of Grantors' right, title and interest in the real property located in Carbon County, Montana, legally described as:

That part of N1/2NW1/4 of Section 26, Township 4 South, Range 23 East of the Principal Montana Meridian, in Carbon County, Montana, described as follows:

Beginning at a point in the center of the intersection of the County Roads at the Northwest corner of said Quarter Section; thence running East in the center of said county road to a point 1090 feet West of the centers of Loveland Avenue and Elwell Street in the Town of Edgar, Montana; thence South 360 feet; thence East 1090 feet to center of Loveland Avenue; thence due South to the North line of railroad tract as now constructed, thence in a Southwesterly direction along said line to East and West line dividing line the above quarter section in half; thence West along said dividing line to center of county road; thence North to a point of beginning.

EXCEPTING therefrom the following 3 Tracts of land:

1. Edgar First Addition
2. Wyoming Street within Edgar First Addition
3. That part conveyed to the State of Montana for the benefit and use of its State Highway Commission by Bargain and Sale Deed recorded October 31, 1966, in Book 84 of Deeds, Page 740, under Document #168116, records of Carbon County, Montana.

TOGETHER with the improvements and appurtenances thereto;

TO HAVE AND TO HOLD unto Grantees, the survivor thereof, and the survivor's personal representatives, heirs, and assigns forever, subject to the following:

- (a) Reservations and exceptions in patents from the United States and the State of Montana;

- (b) Easements and rights-of-way of record;
- (c) Building, use, zoning, sanitary and environmental restrictions, and waivers of record;
- (d) All mineral rights and prior conveyances or transfers of any interest in minerals, including but not limited to oil, gas and other hydrocarbons; and
- (e) Taxes and assessments for 2013 and subsequent years.

EXCEPT with reference to the above items, this Warranty Deed is given with the usual covenants expressed in Section 30-11-110, Mont. Code Ann.

IN WITNESS WHEREOF, Grantors has hereunto set their hands this ____ day of December, 2013.

RICHARD L. GRADWOHL

ROBERT H. GRADWOHL

STATE OF MONTANA)
 : ss.
County of Yellowstone)

Signed and acknowledged before me on this ____ day of December, 2013, by Richard L. Gradwohl and Robert H. Gradwohl.

WITNESS MY HAND AND OFFICIAL SEAL.

Signature

Print or Type Name

Notary Public for the State of Montana

Residing at _____

My Commission expires: _____

(MM/DD/YYYY)

REALTY TRANSFER CERTIFICATE

Confidential Tax Document

The information contained in this certificate is confidential by Montana law. Unauthorized disclosure of this information is a criminal offense.

GEOCODE(S)

ASSESSMENT CODE:

The Department of Revenue will change the name on ownership records used for the assessment and taxation of real property when this form is fully and accurately completed and signed. (Please read the attached instructions on page 1 for assistance in completing and filing this form). Montana law requires this form be completed and may impose up to a \$500 penalty for failure to file a Realty Transfer Certificate (15-7-304, 305 and 310, MCA)

PART 1 -- DATE OF TRANSFER (SALE)

(MM/DD/YYYY)

PART 2 -- PARTIES

Please complete this section in full; if additional space is required, please attach a separate page

Seller (Grantor)

Name Richard L. Gradwohl and Robert H. Gradwohl
Mailing Address 1219 5th Avenue (Richard)
(Permanent) 2648 US Highway 212 S (Robert)
City Laurel ST MT Zip 59044

List the last 4 digits of the SSN or FEIN

SSN 000 - 00 -
SSN 000 - 00 -
FEIN 00 - 000
Daytime Phone

Seller Principal Residence Yes No

Buyer (Grantee)

Name Daniel A. Callin and Bruce Tonn
Mailing Address See attached
(Permanent)
City ST Zip

SSN 000 - 00 -
SSN 000 - 00 -
FEIN 00 - 000
Daytime Phone

Buyer Principal Residence Yes No

Mailing Address
For Tax Notice
(If different) City ST Zip

Transfer to Trustee, Custodian, or other Representative:
Trust FEIN 00 - 000
Minor SSN 000 - 00 -

Main Geocode
Assessor Code or Parcel #

PART 3 -- PROPERTY DESCRIPTION

Please complete fully; if additional space is required, please attach a separate page

Legal Description Attachment
Add/Sub Block Lot
County City/Town Section Township Range

PART 4 -- DESCRIPTION OF TRANSFER

Please complete fully, more than one may apply.

- Sale Gift Barter Nominal or No Consideration Part of 1031 or 1033 exchange
Transfer is subject to a reserved life estate Beneficiary deed
Distressed sales: Sheriff's deed Trustee's deed Deed in lieu of foreclosure Short sale Other

Transfer by Operation of Law

- Termination of joint tenancy by death Termination of life estate by death Court order or decree (except sheriff's sale) Merger, consolidation, or other business entity reorganization

PART 5 -- EXCEPTIONS FROM PROVIDING SALES PRICE INFORMATION

Please complete fully, more than one may apply

- Gift Termination of life estate by death
Transfer in contemplation of death without consideration Transfer pursuant to court decree (except sheriff's sale)
Transfer between husband/wife or parent/child for nominal consideration Tax deed
Transfer of property of the estate of a decedent Merger, consolidation or reorganization of business entity
Transfer by government agency Land eligible for timberland/forestland classification (15-44-103, MCA)
Correction, modification, or supplement of previously recorded instrument, no additional consideration Land eligible for agricultural classification (15-7-201, MCA)
Termination of joint tenancy by death Transfer to a revocable living trust
Other (Specify Type)

PART 6 -- SALE PRICE INFORMATION

Please complete fully, more than one may apply

Actual Sale Price \$ 375,000.00
Financing: Cash FHA VA Contract Other
Terms: New loan OR Assumption of existing loan
Value of personal property included in sale \$
Value of inventory included in sale \$
Value of licenses included in sale \$
Value of good will included in sale \$
Was an SID payoff included in the sale price? Yes No
Did the buyer assume an SID? Yes No
Amount of SID paid or assumed: \$
Was a mobile home included in the sale? Yes No

PART 7 -- WATER RIGHT DISCLOSURE - This Disclosure is only applicable to the property identified in PART 3 above

- A. Property is served by a public water supply, i.e., city, irrigation district, or water district provides water.
B. Seller has no water rights on record with DNRC to transfer.
C. Seller is transferring ALL water rights on record with DNRC to the Buyer.
D. Seller is dividing or exempting (reserving) water rights. Seller must file Water Right Update form.

Seller (Grantor) Signature Date

PART 8 -- PREPARER INFORMATION

Preparer's signature is required

Name/Title American Title and Escrow (please print) Signature
Mailing Address 1001 South 24th Street West, Suite 200 Daytime Phone (406) 248-7877
City Billings ST MT Zip 59102

Clerk and Recorder Use Only

Recording Information: Document # Book Page Date

Daniel A. Catlin
3729 Ben Hogan Lane, Billings, MT, 59106
(406) 671-7715

SSN or TIN _____

Bruce Tonn
5427 Walter Hagen Drive, Billings, MT 59106
Phone # _____

SSN or TIN _____

LEGAL DESCRIPTION

That part of N1/2NW1/4 of Section 26, Township 4 South, Range 23 East of the Principal Montana Meridian, in Carbon County, Montana, described as follows:

Beginning at a point in the center of the intersection of the County Roads at the Northwest corner of said Quarter Section; thence running East in the center of said county road to a point 1090 feet West of the centers of Loveland Avenue and Elwell Street in the Town of Edgar, Montana; thence South 360 feet; thence East 1090 feet to center of Loveland Avenue; thence due South to the North line of railroad tract as now constructed, thence in a Southwesterly direction along said line to East and West line dividing line the above quarter section in half; thence West along said dividing line to center of county road; thence North to a point of beginning.

EXCEPTING therefrom the following 3 Tracts of land:

1. Edgar First Addition
2. Wyoming Street within Edgar First Addition
3. That part conveyed to the State of Montana for the benefit and use of its State Highway Commission by Bargain and Sale Deed recorded October 31, 1966, in Book 84 of Deeds, Page 740, under Document #168116, records of Carbon County, Montana.

INCORPORATED UNDER THE LAWS OF THE

STATE OF MONTANA

New Prosperity Ditch Co.

CAPITALIZATION \$32,120

Alex and Pauline Goodmont

in the name of
Trustee of the Capital Stock of

NEW PROSPERITY DITCH CO.

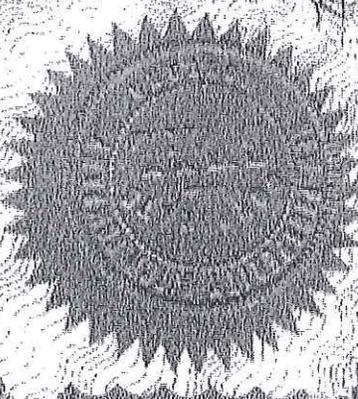
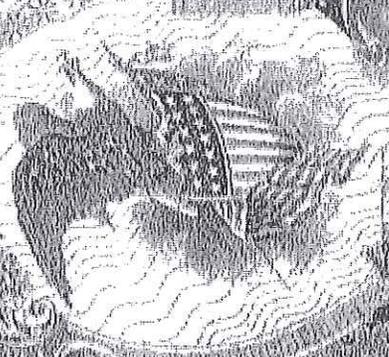
transferable only in the Books of the Corporation by the
holder hereof or persons or by duly authorized Attorney or
agent under a power of attorney duly authorized and recorded.

IN WITNESS WHEREOF

I, *L. E. T.* Secretary, do hereby certify that the above named person is a bona fide holder
of 25 shares of the Capital Stock of the Corporation, as shown on the books of the Corporation, at Billings, Montana,
this 15th day of November, 1960.

L. E. T. Secretary

Shares 20⁰⁰ Each



CENTRAL

FOR

SHARES

Capital Stock

of the

New Prosperity
Bldg Co.

ISSUED TO

PAID

For Value Received hereby sell assign and transfer

unto _____ *Witness*
of the Capital Stock represented by the within
certificate, and do hereby irrevocably constitute and appoint

to transfer the said stock on the books of the within named
corporation with full power of substitution in the premises.

Dated _____ 19__

In presence of

THIS CERTIFICATE IS VALID ONLY WHEN THE SIGNATURE OF THE ISSUING OFFICER IS VERIFIED BY THE RECORDS OF THE CORPORATION.

File No. 74

QUADRUPLICATE

T. 4 R. 23

County Carbon

STATE OF MONTANA
ADMINISTRATOR OF GROUNDWATER CODE
OFFICE OF STATE ENGINEER

Declaration of Vested Groundwater Rights
(Under Chapter 237, Montana Statute Laws, 1901)

Alex Stoddard
(Name of Appropriator)

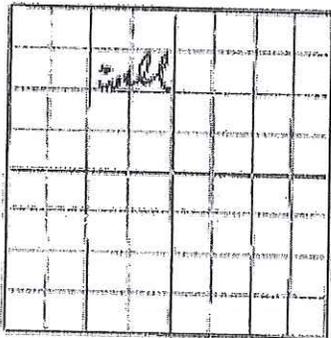
of Box 152
(Address)

Edgar
(Town)

County of Carbon

State of Montana

have appropriated groundwater according to the Montana laws in effect prior to January 1, 1902, as follows:



W. Sec. T. R.
Indicate point of appropriation and place of use, if possible. Each small square represents 10 acres.

2. The beneficial use on which the claim is based for cattle

3. Date or approximate date of earliest beneficial use; and how continuous the use has been yr. of 1947

4. The amount of groundwater claimed (in minor's inches or gallons per minute) 300 gal a day in the winter months

5. If used for irrigation, give the acreage and description of the lands to which water has been applied and name of the owner thereof

6. The means of withdrawing such water from the ground and the location of each well or other means of withdrawal by pump jack with connection

7. The date of commencement and completion of the construction of the well, wells, or other works for withdrawal of groundwater yr. of 1947

8. The depth of water table 2 1/2 feet

9. So far as it may be available, the type, size and depth of each well or the general specifications of any other works for the withdrawal of groundwater 6 in casing 2 1/2 feet deep

10. The estimated amount of groundwater withdrawn each year 72000 gal for 8 months

11. The log of formations encountered in the drilling of each well if available 6 in casing 2 1/2 feet deep

#24 153010

STATE OF MONTANA,
COUNTY OF CARBON
Office of the County Clerk & Recorder

I hereby certify that the within
Water Appropriation was filed
for record in my office this 26 day
of February, A. D. 1962
at S. A. E. o'clock A. M.

Witness my hand and the seal of
said County
Walter D. ...
County Clerk and Recorder
1962

12. Such other information of a similar nature as may be useful in carrying out the policy of this act, including
reference to book and page of any county record.
See Section 17, Chapter 2, Montana Code Annotated, Sec. 2-2-101, 2-2-102, 2-2-103, 2-2-104, 2-2-105, 2-2-106, 2-2-107, 2-2-108, 2-2-109, 2-2-110, 2-2-111, 2-2-112, 2-2-113, 2-2-114, 2-2-115, 2-2-116, 2-2-117, 2-2-118, 2-2-119, 2-2-120, 2-2-121, 2-2-122, 2-2-123, 2-2-124, 2-2-125, 2-2-126, 2-2-127, 2-2-128, 2-2-129, 2-2-130, 2-2-131, 2-2-132, 2-2-133, 2-2-134, 2-2-135, 2-2-136, 2-2-137, 2-2-138, 2-2-139, 2-2-140, 2-2-141, 2-2-142, 2-2-143, 2-2-144, 2-2-145, 2-2-146, 2-2-147, 2-2-148, 2-2-149, 2-2-150, 2-2-151, 2-2-152, 2-2-153, 2-2-154, 2-2-155, 2-2-156, 2-2-157, 2-2-158, 2-2-159, 2-2-160, 2-2-161, 2-2-162, 2-2-163, 2-2-164, 2-2-165, 2-2-166, 2-2-167, 2-2-168, 2-2-169, 2-2-170, 2-2-171, 2-2-172, 2-2-173, 2-2-174, 2-2-175, 2-2-176, 2-2-177, 2-2-178, 2-2-179, 2-2-180, 2-2-181, 2-2-182, 2-2-183, 2-2-184, 2-2-185, 2-2-186, 2-2-187, 2-2-188, 2-2-189, 2-2-190, 2-2-191, 2-2-192, 2-2-193, 2-2-194, 2-2-195, 2-2-196, 2-2-197, 2-2-198, 2-2-199, 2-2-200, 2-2-201, 2-2-202, 2-2-203, 2-2-204, 2-2-205, 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2-2-983, 2-2-984, 2-2-985, 2-2-986, 2-2-987, 2-2-988, 2-2-989, 2-2-990, 2-2-991, 2-2-992, 2-2-993, 2-2-994, 2-2-995, 2-2-996, 2-2-997, 2-2-998, 2-2-999, 2-2-1000

Signature of Owner Alvin ...
Date Feb. 20, 1962

Three copies to be filed by the owner with the County Clerk and Recorder of the county in which the well is located.

Please answer all questions. If not applicable, so state, otherwise the form will be returned.

Original to the County Clerk and Recorder; duplicate to the State Engineer; Triplicate to the School of Mines and Quadruplicate for the Appropriator.

File No. 25

T. 4 B. 23

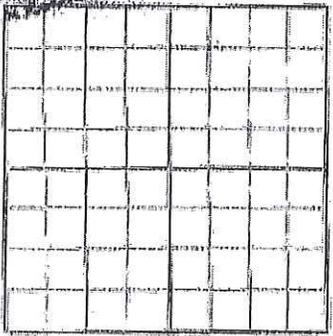
QUADRUPPLICATE

County Carbon

STATE OF MONTANA
ADMINISTRATOR OF GROUNDWATER CODE
OFFICE OF STATE ENGINEER

Declaration of Vested Groundwater Rights
(Under Chapter 237, Montana Session Laws, 1961)

1. Alan Goodrich at 137153 Edgar
(Name of Appropriator) (Address) (Town)
County of Carbon State of Montana
have appropriated groundwater according to the Montana laws in effect prior to January 1, 1962, as follows:



4 Sec. 7 R.

Indicate point of appropriation and place of use, if possible. Each small square represents 16

2. The beneficial use on which the claim is based water used in home, on lawn & cattle at times

3. Date or approximate date of earliest beneficial use; and how continuous the use has been May 1961 100 gals a month in the winter 600 gals a month in the summer

4. The amount of groundwater claimed (in miner's inches or gallons per minute) 5 or 6 gals per minute

5. If used for irrigation, give the acreage and description of the lands to which water has been applied and name of the owner thereof lawn and garden

6. The means of withdrawing such water from the ground and the location of each well or other means of withdrawal by electric pump & hand water by wind turbine

7. The date of commencement and completion of the construction of the well, wells, or other works for withdrawal of groundwater March 6, 1961

8. The depth of water table 8 feet

9. So far as it may be available, the type, size and depth of each well or the general specifications of any other works for the withdrawal of groundwater Drilled well with steel casing 28 feet depth

Please Bring or Mail This Card With Your Remittance
NOTICE OF ASSESSMENT

At a regular meeting of the Directors of the NEW PROSPERITY DITCH COMPANY, held at Salter Cove Hall on December 18, an assessment of 4.00 per share was levied on all outstanding stock of Company. Said assessment to become due and payable on January 18, 1913 and delinquent on February 18, 1913, after which interest will accrue at the rate of 5 % per annum.

Your assessment on 25 shares is ----- \$ 100.00
 Pay Balance Due ----- \$ ----- Total \$ -----
 Labor Credit ----- \$ ----- Balance \$ -----
 Other Credit ----- \$ -----
 Ditch Rental Fee ----- \$ -----
TOTAL DUE ----- \$ 100.00

Received from -----
 please amount, this ----- day of -----
 NO STAMPS, PLEASE Richard L. Gradwohl Sec'y-Treas.

RICHARD L. GRADWOHL 102-100
 ROBERT H. GRADWOHL
 114 1/2 S. 2ND ST
 LAUREL, MT 59044-9002

11-18-1912 5625
 DATE PAID 12, 1912

1912 113 NEW PROSPERITY DITCH COMPANY \$ 100.00
 THE CASHTREASURER
 DITCH COMPANY
 YELLOWSTONE BANK
 100 1/2 S. 2ND ST. LAUREL, MONTGOMERY COUNTY, MONTGOMERY
 1912 113 5625
 Richard L. Gradwohl

RICHARD L. GRADWOHL
 114 1/2 S. 2ND ST
 LAUREL, MT 59044-9002



PAMELA DEWES
 7 E. ELBOW CREEK RD
 FOLLET, MT 59041

**STATEMENT OF CLAIM FOR EXISTING
WATER RIGHT
EXEMPT DOMESTIC USE**

Use this form to claim an existing water right exempt
from the claim filing process.
§ 85-2-222, MCA

Filing Fee

1 Claim = \$160
2-5 Claims = \$140 each
6+ Claims = \$130 each

IMPORTANT NOTE: If you have an exempt notice on record with DNRC which duplicates this claim it must be withdrawn and a \$15 credit will be applied to the filing fee.

The withdrawal form is available at:
http://www.dnrc.mt.gov/wrd/water_rts/wr_general_info/wrforms/wr_forms.asp

Duplicate Exempt Notice Number: _____

FOR DEPARTMENT USE ONLY

Notice No. _____ Basin _____
Date Rec'd _____ Time _____ AM - PM
Rec'd By _____
Fee Rec'd \$ _____ Check No. _____
Deposit Receipt # _____
Payor (if different from name(s) listed in item 1 below)

Refund \$ _____ Date _____

Important Note

Existing water rights for stock and individual domestic uses from instream or groundwater sources were exempted from the filing requirements of § 85-2-221, MCA. An existing water right is a water right first put to beneficial use prior to July 1, 1973.

In 2013, the Montana Legislature passed Senate Bill 365, creating a petition process to judicially determine claims for existing water rights that were exempt from filing in the statewide water right adjudication.

Senate Bill 365 requires that you complete this claim form, include supporting documentation for your claim (e.g., maps, affidavits, decrees, notices of appropriation or completion, etc), pay the filing fee set out below, file a petition with the Montana Water Court (form available at DNRC offices, Water Court, and online at http://www.dnrc.mt.gov/wrd/water_rts/adjudication/default.asp), and pay for public notice costs as specified in § 85-2-233(6), MCA.

1. WATER RIGHT OWNER INFORMATION:

NAME(S) _____
MAILING ADDRESS _____
CITY _____ STATE _____ ZIP _____
WORK PHONE _____ HOME PHONE _____ CELL PHONE _____

2. PERSON COMPLETING FORM: Same as above? Yes No If yes, proceed to #3.

NAME _____
MAILING ADDRESS _____
CITY _____ STATE _____ ZIP _____
WORK PHONE _____ HOME PHONE _____ CELL PHONE _____

3. SOURCE OF WATER: Check only one: Developed Spring Well Stream Lake
Name of Source (if applicable) _____ Tributary of _____

4. POINT OF DIVERSION:

_____/4 ____/4 ____/4 Section ____ Twp ____ N / S Rge ____ E / W County ____
Lot ____ Block ____ Tract No. ____ Subdivision Name ____
Government Lot No. ____ COS No. ____ Geocode ____
Street or Road Address, including City, State & Zip Code of the Development _____

5. **MEANS OF DIVERSION:** Pump Gravity Flow Other, please explain: _____

6. **PLACE OF USE:** Same as Point of Diversion? Yes No If yes, proceed to #7.
____ 1/4 ____ 1/4 ____ 1/4 Section ____ Twp ____ N / S Rge ____ E / W County ____
Lot ____ Block ____ Tract No. ____ Subdivision Name ____
Government Lot No. ____ COS No. ____ Geocode ____
Street or Road Address, including City, State & Zip Code of the Development _____

7. **NUMBER OF PERSONS SERVED:** (use one form per household) _____
NUMBER OF ACRES OF LAWN AND GARDEN IRRIGATION: (cannot exceed 5 acres) _____ acres

8. **FLOW RATE USED:** _____ gallons per minute miner's inches cubic feet per second

9. **VOLUME:** _____ acre-feet per year

10. **PERIOD OF USE:** Year round use? Yes No If no, from _____ to _____, inclusive each year.

11. **PERIOD OF DIVERSION:** Same as Period of Use. If no, from _____ to _____, inclusive each year.

12. **TYPE OF HISTORIC RIGHT:** Decreed Filed Appropriation Use **Date of first use:** _____
Attach copies of the decree, record of filing, or proof of use right.

13. **ATTACH:** Copies of aerial photos, USGS topographic maps, or other documents necessary to show point of diversion and place of use.

14. **OWNER SIGNATURE:**

I declare under penalty of perjury and under the laws of the state of Montana that the foregoing is true and correct.

Owner Signature _____ Date _____

Owner Signature _____ Date _____

Owner Signature _____ Date _____

**STATEMENT OF CLAIM FOR EXISTING
WATER RIGHT
EXEMPT STOCK USE**

Use this form to claim an existing water right exempt
from the claim filing process.
§ 85-2-222, MCA

Filing Fee

1 Claim = \$160
2-5 Claims = \$140 each
6+ Claims = \$130 each

IMPORTANT NOTE: If you have an exempt notice on record with DNRC which duplicates this claim it must be withdrawn and a \$15 credit will be applied to the filing fee.

The withdrawal form is available at:
http://www.dnrc.mt.gov/wrd/water_rts/wr_general_info/wrforms/wr_forms.asp

Duplicate Exempt Notice Number: _____

FOR DEPARTMENT USE ONLY

Notice No. _____ Basin _____
Date Rec'd _____ Time _____ AM - PM
Rec'd By _____
Fee Rec'd \$ _____ Check No. _____
Deposit Receipt # _____
Payor (if different from name(s) listed in item 1 below)

Refund \$ _____ Date _____

Important Note

Existing water rights for stock and individual domestic uses from instream or groundwater sources were exempted from the filing requirements of § 85-2-221, MCA. An existing water right is a water right first put to beneficial use prior to July 1, 1973.

In 2013, the Montana Legislature passed Senate Bill 355, creating a petition process to judicially determine claims for existing water rights that were exempt from filing in the statewide water right adjudication.

Senate Bill 355 requires that you complete this claim form, include supporting documentation for your claim (e.g., maps, affidavits, decrees, notices of appropriation or completion, etc), pay the filing fee set out below, file a petition with the Montana Water Court (form available at DNRC offices, Water Court, and online at http://www.dnrc.mt.gov/wrd/water_rts/adjudication/default.asp), and pay for public notice costs as specified in § 85-2-233(6), MCA.

1. WATER RIGHT OWNER INFORMATION:

NAME(S) _____
MAILING ADDRESS _____
CITY _____ STATE _____ ZIP _____
WORK PHONE _____ HOME PHONE _____ CELL PHONE _____

2. PERSON COMPLETING FORM: Same as above? Yes No If yes, proceed to #3.

NAME _____
MAILING ADDRESS _____
CITY _____ STATE _____ ZIP _____
WORK PHONE _____ HOME PHONE _____ CELL PHONE _____

3. SOURCE OF WATER: Choose only one: Developed Spring Well Stream Lake
Name of Source (if applicable) _____ Tributary of _____

4. POINT OF DIVERSION:

____ 1/4 ____ 1/4 ____ 1/4 Section ____ Twp ____ N / S Rge ____ E / W County ____
Lot ____ Block ____ Tract No. ____ Subdivision Name ____
Government Lot No. ____ COS No. ____ Geocode ____
Street or Road Address, including City, State & Zip Code of the Development _____

5. **MEANS OF DIVERSION:** Pump Gravity Flow Direct Other, please explain: _____

6. **NUMBER AND TYPE OF LIVESTOCK SERVED:**

_____ Beef Cattle	_____ Dairy Cows	_____ Horses
_____ Sheep	_____ Goats	_____ Pigs
# _____ Type _____	# _____ Type _____	# _____ Type _____
# _____ Type _____	# _____ Type _____	# _____ Type _____

7. **PLACE OF USE:** Same as Point of Diversion? Yes No If yes, proceed to #8.

____ 1/4 ____ 1/4 ____ 1/4 Section ____ Twp ____ N / S Rge ____ E / W County _____
Lot ____ Block ____ Tract No. ____ Subdivision Name _____
Government Lot No. ____ COS No. ____ Geocode _____
Street or Road Address, including City, State & Zip Code of the Development _____

____ 1/4 ____ 1/4 ____ 1/4 Section ____ Twp ____ N / S Rge ____ E / W County _____
Lot ____ Block ____ Tract No. ____ Subdivision Name _____
Government Lot No. ____ COS No. ____ Geocode _____
Street or Road Address, including City, State & Zip Code of the Development _____

____ 1/4 ____ 1/4 ____ 1/4 Section ____ Twp ____ N / S Rge ____ E / W County _____
Lot ____ Block ____ Tract No. ____ Subdivision Name _____
Government Lot No. ____ COS No. ____ Geocode _____
Street or Road Address, including City, State & Zip Code of the Development _____

8. **FLOW RATE USED:** _____ gallons per minute miner's inches cubic feet per second

9. **VOLUME:** _____ acre-feet per year

10. **PERIOD OF USE:** Year round use? Yes No If no, from _____ to _____, inclusive each year.

11. **PERIOD OF DIVERSION:** Same as Period of Use. If not, from _____ to _____, inclusive each year.

12. **TYPE OF HISTORIC RIGHT:** Decreed Filed Appropriation Use **Date of first use:** _____
Attach copies of the decree, record of filing, or proof of use right.

13. **ATTACH:** Copies of aerial photos, USGS topographic maps, or other documents necessary to show point of diversion and place of use.

14. **OWNER SIGNATURE:**

I declare under penalty of perjury and under the laws of the state of Montana that the foregoing is true and correct.

Owner Signature _____ Date _____
Owner Signature _____ Date _____
Owner Signature _____ Date _____

Senate Bill 355 – Exempt Claim Filing Statute

Frequently Asked Questions

1. What is an exempt water right?
 - a. An exempt right is a water right in existence before 1973, exempted by statute from the two previous mandatory claim filing periods. These rights include existing rights for livestock and individual, as opposed to municipal, domestic uses based upon instream flow and groundwater sources. This subset does NOT include rights for irrigation or stockwater rights not falling within the preceding definition. *5 Acres or contents less*
2. Why do I want to file my exempt water right? What do I gain?
 - a. By filing your exempt water right, you are able to enforce the right against all other timely filed water rights in the state, including groundwater certificates and DNRC water use permits. In addition, if your exempt water right is filed and recorded with the DNRC, you are entitled to receive notice of various water right proceedings in your basin.
3. What happens if I don't file my exempt water right?
 - a. Your water right will NOT be enforceable against other water rights.
4. How much is the exempt claim filing fee?
 - a. \$160.00 for the DNRC claim filing fee. There is no fee for filing the required petition with the Water Court.
5. When is the exempt right claim filing period? When does it start and when does it end?
 - a. The exempt right claim filing period begins on October 1, 2013. The duration of the exempt claim filing period depends on how close your basin is to the issuance of a Final Decree by the Water Court. Contact the Water Court or your regional DNRC office to find out the current status of your basin.
6. Where can I get exempt water right claim forms?
 - a. Claim forms are available at any DNRC Regional Office, the Montana Water Court, and online at http://www.dnrc.mt.gov/wrd/water_rts/adjudication/default.asp.
7. Is a claim form all I need to file for my exempt water?
 - a. No. You must also file a Petition for Judicial Determination of Exempt Water Rights with the Water Court. This Petition is available online, at your DNRC Regional Office, or the Water Court. **The Petition must be filed with the DNRC at the same time you file your Statement of Claim.**

The DNRC will forward the Petition, along with your claim file, to the Water Court after you have completed the claim filing process.

8. Can I file my Petition for Judicial Determination of Exempt Water Rights with the Water Court before I file my Statement of Claim form?
 - a. No. You must complete your Statement of Claim filing with the DNRC prior to filing your Petition with the Water Court. The DNRC will assign your exempt water right a claim number and that number must be included on your Petition for the Court's records. Your Petition will be rejected by the Water Court if it does not contain a DNRC issued claim number on its face.
9. Is there any other documentation or information I should provide when filing my statement of claim?
 - a. Some water users already filed claims for their exempt rights. If an exempt right was timely filed before April 30, 1982, or during the late claim filing period (1993-July 1, 1996), there is no need to re-file that right.
10. What is the current status of exempt rights that were timely filed during previous claim filing periods?
 - a. If an exempt right was timely filed in the adjudication process, the water right was made part of the decree for that basin. If the exempt water right was not filed as a statement of claim in the adjudication, the water right is NOT part of the decree for the basin.
11. Will my exempt water right statement of claim be handled in the same way as previously filed statements of claim, previously exempt or not?
 - a. Yes. In the interest of preserving equal treatment and due process for all water users in Montana, your exempt water right claim filing will be examined and adjudicated the same as any other timely filed existing water right in the Statewide Adjudication.
12. If I filed an exempt right during the late claim filing period ending on July 1, 1996, can I still file a claim during this claim filing period?
 - a. There is no reason to file an exempt claim during this claim filing period if you filed on that water right during the 1993-July 1, 1996 late claim filing period. Exempt claims filed during the late claim filing period (1993-July 1, 1996) retained their claimed priority date.
13. If I filed a form 627 exempt right notice with the DNRC, can I still file a claim during this claim filing period?
 - a. Yes. By filing a statement of claim during the exempt claim filing period, you are establishing a timely filed water right claim that entitles you to all

the rights held by water users who filed their claims during the original claim filing period ending on April 30, 1982. The 627 forms were voluntary filings for the DNRC and its public notice efforts. A 627 form is NOT considered a valid claim.



14. If I, or my predecessors in interest, filed a groundwater right in compliance with the 1962 Groundwater Code, but did not file a statement of claim for the right in the statewide adjudication, do I need to file an exempt right claim at this time?
 - a. No. However, failure to do so could result in subordination of your right to all timely filed rights, groundwater certificates, and permits.
15. Do I need to provide evidence to support my exempt water right claim?
 - a. The requirements for exempt claim filings are exactly the same as they were for timely filed claims in 1982 and late filed claims in 1996. You do need to provide evidence to support your claim. Contact your regional DNRC office for more information on evidentiary requirements for your individual exempt rights, as they can vary greatly by type of right.
16. Can I get my exempt right adjudicated right now?
 - a. Yes, you can request that your petition to adjudicate your exempt water right be expedited by the Water Court and DNRC. This will require that you publish notice in two area newspapers and mail personal notice to other water users in your area as ordered by the Water Court.
17. What if I don't want to pay for notice costs and don't need my exempt water right to be adjudicated quickly?
 - a. You do not have to proceed quickly and pay for public notice costs immediately. An option is available to have your exempt water right claim and Water Court petition received, but not immediately examined and adjudicated by the DNRC and Water Court. Your exempt claim will be held for claim examination and public notice at the next decree issuance for your basin. Contact the Water Court or regional DNRC office for more information about the status of your basin and when your next decree will be issued.
18. What else is expected of me when I file my exempt claim?
 - a. You will also need to work with the DNRC claim examiners to resolve any factual issues they find with your claim. This may create an additional time commitment on your part. Further, you may receive objections to your exempt claim filing when it is publicly noticed. You will need to be prepared to address and resolve any objections that are filed before the Water Court will issue a final decree for your exempt water right.

Will the water court assume this unless otherwise notified on the forms? →

19. Do I forfeit my exempt right if I don't file a claim?

a. No. Your right to use water will remain valid provided it is based on historic beneficial use. However, failure to do so will result in subordination to all timely-filed rights, groundwater certificates and permits.

Water Purchase Contract

This contract made this 12th day of June, 1950, between the Rock Creek Water Users' Association, a Montana corporation, hereinafter called the "Association," the Department of Natural Resources and Conservation of the State of Montana, concurred in by the Board of Natural Resources and Conservation, duly created, authorized and acting, under and by virtue of the Laws of Montana, hereinafter called the "Board," and Gaulin Gradwohl, Robert J. Gradwohl and Richard L. Gradwohl, hereinafter called the "water purchaser."

WITNESSETH (Transfer of Contract No. 455-A-3
w/lec Gradwohl State.)

WHEREAS, the Board proposes to construct an irrigation and flood control project (herein called the "Project") comprising the construction of one small rock fill dam and one large earth fill dam, in accordance with plans and specifications and estimates of cost heretofore adopted; and

WHEREAS, the Board has acquired the right to store, control and/or divert all unappropriated water of Rock Creek and Red Lodge Creek, Carbon County, Montana, pursuant to declaration filed in Book 15, Pages 352 and 915, in the Office of the County Clerk and Recorder of Carbon County, Montana; and

WHEREAS, it is agreed by the parties hereto that the total waters to which the Board is entitled will be at least sufficient to permit the operation of said Project at its full capacity so that 31,500 acre feet of water can be made available annually during the irrigation season and the purchaser recognizes the right of the Board to impound, during the non-irrigation season, all of the aforesaid waters; and

WHEREAS, the Association has heretofore entered into a contract with the Board dated August 26, 1935, whereby the Board agreed that, upon the completion of the Project, it would furnish to the Association the total available yield of storage water from the Project for certain purposes, all as more fully set forth in said contract (herein called the "water marketing contract"), a copy of which is on file at the office of the Board and the Association respectively;

NOW, THEREFORE, in consideration of the premises and of the mutual terms, covenants and conditions hereof, it is mutually covenanted and agreed as follows:

Section 1. The Association, upon the completion of the project will furnish to the water purchaser, at the reservoir or reservoirs, fifty acre feet of water annually during the irrigation season, beginning May 1 and ending September 30 from the reservoirs comprising the Project, provided, however, that in the event that from time to time thereafter the Board shall have an inadequate amount of water from the Project to permit the furnishing of the number of acre feet of water in any year for which there are such outstanding water purchase contracts, the water purchaser in such year shall be entitled, in lieu of each acre foot of water for which he has contracted, to a share of the total water available representing the proportion that one acre foot of water annually bears to 31,500 acre feet of water annually or (but only if there are outstanding water purchase contracts for the purchase annually of more than said amount of water) to the total number of acre feet of water agreed to be purchased annually under outstanding water purchase contracts. The distribution of such proportionate shares to the water purchaser during such year shall constitute a complete performance in said year of the obligation of the Association to deliver the number of acre feet of water for which said water purchaser has contracted, and the purchaser nevertheless shall be obligated to pay the full sums due under this contract and to perform his covenants and obligations hereunder. The Association and the Board agree not to make contracts for the sale of more than 31,500 acre feet of water from the Project annually except to the extent that the storage capacity of the completed Project is in excess of said amount. So long as the right of the Association under its water marketing contract to distribute the water of the Project has not been terminated, the Board shall be under no obligation to distribute water to the water purchaser hereunder, it being expressly understood that the Association only shall be so obligated.

Section 2. The water purchaser shall pay to the Association or the Board the sum of fifty dollars on December 15, 1945, and the sum of fifty dollars on December 15 of each and every year thereafter for thirty-eight consecutive years. On December 15, 1945, and on December 15 of each and every year thereafter during the useful life of the Project, the water purchaser also shall pay to the Association such amount as the Association shall have previously notified the water purchaser (by a written notice given at least 45 days prior to each such December 15) to be necessary for his proportionate share of the amount of the operating costs of the Project for the year following respectively each said December 15. The term "operating costs" as used herein shall include all costs of the maintenance, repair, operation, and necessary alteration of the Project, and all costs incurred by the Association or the Board in the distribution of water from the Project. The determination by the Association of the amount and necessity of such operating costs and the annual amounts payable by the water purchaser to meet such operating costs shall be final, conclusive and binding upon the parties hereto, and the amounts so determined shall be deemed a debt, payable as aforesaid, to the same extent as if the amounts were specifically enumerated herein.

Section 3. All moneys required to be paid by the water purchaser to the Association hereunder shall be paid at Red Lodge, Montana, or such other place as the Association shall appoint in writing. Every installment or other sum of money required to be paid hereunder, which shall remain unpaid after the same becomes due, shall bear interest at the rate of six per centum per annum.

Section 4. The water purchaser hereby agrees to be bound by any and all the terms, provisions and limitations of the Articles of Incorporation and By-Laws of the Association, including all amendments and supplements hereafter made thereto with the approval of the Board, and by the aforesaid water marketing contract between the Board and the Association as fully and completely as if the terms, conditions and limitations therein contained were herein fully written.

Section 5. In the event that the water purchaser shall default in the payment of any of the sums when and as same shall become due and payable hereunder or shall default in the performance of any other obligations hereunder, and such default shall continue for a period of 45 days, then and in any such event, the Association may in its discretion and upon the request of the Board, shall take any or all of the following action: (a) cease and refuse to furnish water to the water purchaser until such default and all other defaults subsequently occurring shall be cured, it being agreed that the withholding of water from the water purchaser in accordance with the provisions hereof shall not affect the obliga-

tions of the water purchaser, accruing during the period when water is withheld (except to the extent of any revenues collected by the Association from the sale of water withheld from said water purchaser), or the obligations of the water purchaser then due or thereafter accruing hereunder; (b) terminate the rights of the water purchaser under this water purchase contract, it being agreed that such action shall not prejudice the right of the Association to collect all moneys then owing by the water purchaser under said water purchase contract; and (c) institute and prosecute to final judgment or decree, actions or proceedings in law or in equity for the collection of the sums due and unpaid under this water purchase contract and enforce any such judgment or final decree against the water purchaser. No remedy herein conferred upon the Association is intended to be exclusive of any other remedy or remedies, and each such remedy shall be cumulative and in addition to every other remedy given hereunder or under the water marketing contract or now or hereafter existing at law or in equity or by statute.

Section 6. In the event that the Board shall give written notice to the water purchaser that the Association is in default in the performance of any of its obligations under the water marketing contract, and that the Board has elected to exercise the functions of the Association under this contract, all moneys due or becoming due and payable to the Association hereunder shall be paid to the Board, and the Board, in its own name, shall have the sole right to enforce this contract and exercise all of the rights and powers of the Association with respect thereto, unless and until the Board shall give written notice to the water purchaser that the Association itself may resume the collection of moneys and the exercise of its powers hereunder. Moneys then to be paid by the water purchaser to the Board shall be paid at the office of such Board in Helena, Montana, or such other place as the Board shall appoint in writing.

Section 7. The payments and obligations of the water purchaser hereunder are for the privilege of obtaining water so long as the water purchaser shall not be in default under this contract or his rights terminated hereunder, and the water purchaser shall be obligated to pay such annual installments and perform his covenants and duties hereunder, notwithstanding the fact that no water shall be available by reason of a shortage or otherwise, or that no water is actually taken by the water purchaser, or that the Association or the Board may withhold water from the water purchaser by reason of his default under this contract. The obligation of the water purchaser to make the payments required hereby shall be absolute and unconditional so long as this contract remains in full force and effect. It is expressly understood that all the right, title and interest in and to the Project and the water rights exercised in connection therewith shall be and remain in the Board, and that the water purchaser shall acquire no right, title or interest in the Project or such water rights. The water purchaser shall acquire no rights or equities under this contract which will in any manner prejudice the right of the Association to terminate this contract in the event that the water purchaser shall be in default hereunder.

Section 8. It is understood that without regard to priority in the execution of this water purchase contract, or priority in the use of water hereunder or any other reason, the water purchaser under this contract shall have no preference or priority entitling him to receive water from the Project in advance of other water purchasers who have entered into water purchase contracts for water from the Project (unless such contracts specifically provide to the contrary), all such water purchasers to have an equal and ratable right to water in accordance with the respective amounts to which they are entitled under their respective water purchase contracts.

Section 9. The provisions of this contract shall apply to and bind the successors and assigns of the respective parties, but the water purchaser shall make no assignment of this contract without the written consent of the Association (unless its rights hereunder have been terminated or water is being withheld from it) and the Board.

Section 10. The water purchaser hereby agrees that this water purchase contract covers water for domestic and agricultural purposes only.

IN WITNESS WHEREOF, the Rock Creek Water Users' Association pursuant to authority from its Board of Directors has caused this Contract to be executed in its corporate name by its President or Vice-President and attested by its Secretary or its Assistant Secretary, and the Board has caused this Contract to be executed in its corporate name and said parties have caused their respective corporate seals to be affixed hereto, and the undersigned

_____ has hereunto set his hand and seal, all on the day and year first above written.

ROCK CREEK WATER USERS' ASSOCIATION

By C. H. Hyman President

ATTEST:

Walter C. ...
Secretary

DEPARTMENT OF NATURAL RESOURCES
AND CONSERVATION

By Stan O. ... Supervisor, Water Projects
~~Administrator, Water Resources Division~~

Pauline Gradwohl (Seal)
Water Purchaser

Robert H. Gradwohl
Richard L. Gradwohl (Seal)
Water Purchaser

Witness to Signature of Water Purchaser:



SUBSCRIPTION AND PLEDGE AGREEMENT

No. 455-A-4

This agreement dated as of the 12th day of June, 1980 between Pauline Gradwohl, Robert H. Gradwohl and Richard L. Gradwohl, hereinafter called the "Water Purchaser," and the ROCK CREEK WATER USERS' ASSOCIATION, a corporation duly organized and existing under and in pursuance of the laws of the State of Montana, hereinafter called the "Association,"

(Transfer of Contract No. 455-A-3 Also Gradwohl, Deceased)

WITNESSETH

WHEREAS, simultaneously with the execution hereof, the water purchaser has entered into a water purchase contract (herein called the "water purchase contract") with the Association and the Department of Natural Resources and Conservation of the State of Montana, concurred in by the Board of Natural Resources and Conservation (herein called the "Board"), for the purchase of the privilege of obtaining certain water from the Project therein described; and

WHEREAS, the water purchaser desires to subscribe for stock in the Association and to pledge said stock as security for his obligations hereunder and under his water purchase contract,

NOW THEREFORE, in consideration of the premises and of the mutual terms, covenants and conditions hereof, it is mutually covenanted and agreed as follows:

Section 1. The water purchaser hereby agrees to take, and does hereby subscribe for fifty shares of the capital stock of the Association, said Association having a total authorized capital stock of Fifty Thousand Dollars (\$50,000.00), divided into fifty thousand (50,000) shares of the par value of One Dollar (\$1.00) each, and further agrees to pay to the Association the amount of Fifty Dollars (\$50.00) for said shares of stock upon call and demand by the directors of the Association. This obligation is made and entered into in conformity with the laws of Montana, the Articles of Incorporation and the By-Laws of said Association. The amount of this subscription shall not become due and shall bear no interest until such call or demand is made for payment and thereafter only such amount as is called or demanded shall be due and same shall bear interest at the rate of six percent (6%) per annum.

Section 2. The water purchaser hereby assigns, transfers and sets over to the Association all his right, title and interest in and to the aforesaid shares of stock, said Association to have and to hold said shares of stock for its own use and benefit forever, for the purpose of securing the performance and observance by the water purchaser of the terms, covenants and conditions of this agreement, and the water purchase contract. In the event that the water purchaser is in default in the performance of any of his obligations under the water purchase contract, and such default shall continue for a period of forty-five (45) days, then and in any such event the Association may immediately, without demand for payment, and without advertising, and without notice to the water purchaser, each and all of which is, and are hereby, expressly waived: (a) forfeit the shares of stock subscribed for and apply the payments previously made by the water purchaser on his stock toward the payment of any sums due under his water purchase contract; or (b) acquire the absolute title to any and all of said shares of stock (free from any right or equity of redemption by the water purchaser, such right or equity of redemption being hereby expressly waived and released) by crediting the water purchaser with the par value of said stock at the time of said acquisition of absolute title; or (c) sell any or all of said shares of stock (free from any right or equity of redemption by the water purchaser, such right or equity of redemption being hereby expressly waived and released) at public or at private sale, it being expressly understood and agreed that the Association may itself be a purchaser at such sale of the whole or any part of said shares of stock. The proceeds of any sale or acquisition (pursuant to (b) or (c) of this Section) of said stock, or any part thereof, by the Association shall be applied, so far as needed, first toward the payment of the full indebtedness under this agreement; and, second, to the payment of any sums due under said water purchase contract; and, third, to the payment of any balance remaining to the water purchaser. In the event that the water purchaser is in default in the payment of any amount due on his subscription for said stock, the Association may forfeit the stock subscribed for in the manner provided by statute or otherwise.

Section 3. The right to vote the stock covered by this agreement at any and all meetings of the stockholders of the Association is hereby reserved to the water purchaser, and may be exercised by him unless and until said stock is purchased by the Association pursuant to its option or is sold by the Association in accordance with the provisions hereof. The water purchaser agrees to be bound by any and all provisions of the Articles of Incorporation and By-Laws of the Association, including all amendments and supplements hereafter made thereto with the approval of the Board.

Section 4. The provisions of this agreement shall apply to and bind the successors and assigns of the respective parties hereto, but the water purchaser shall make no assignment of his right, title or interest in the stock covered by this contract until first offering said stock to the Association at the par value thereof, the Association to have the right and option to purchase said stock at the par value thereof at any time within ten (10) days from the personal service of written notice upon the Association of its intention to sell, transfer or assign its rights in the stock covered by this agreement; provided, however, that the Association shall have no such option in the event that such stock is to be sold, transferred or assigned by a water purchaser to an assignee of his water purchase contract who, after such assignment, will hold only one (1) share of stock for each acre foot or miner's inch of water, or each acre of land, which he is obligated to purchase annually under a water purchase contract with the Association and the Board.

IN WITNESS WHEREOF, The undersigned has hereunto set his hand and seal, and the ROCK CREEK WATER USERS' ASSOCIATION, pursuant to authority from its Board of Directors, has caused this Agreement to be executed in its corporate name by its President or Vice President, and attested by its Secretary or its Assistant Secretary, and its corporate seal to be affixed hereto, all on the day and year first above written.

Witness to Signature of Subscriber:

Pauline Gradwohl (SEAL) Water Purchaser
Robert H Gradwohl
Richard L. Gradwohl (SEAL) Water Purchaser
ROCK CREEK WATER USERS' ASSOCIATION

Attest:

Hilda Cleverbas Secretary

By Doree Johnson President

Request for Release and Transfer

The undersigned, a party to a Water Purchase Contract No. 455-A-3 made with the Rock Creek Water Users' Association and the Department of Natural Resources and Conservation for the purchase of the privilege to the use of 50 acre feet, _____ acres, 50 miner's inches of water annually from the Rock Creek Project, and a Subscription and Pledge Agreement with, and a stockholder in, the Association to the extent of _____ shares, hereby requests the Association to be released from said contract and be permitted to surrender my Subscription and Pledge Agreement for stock in the Association.

The undersigned submits herewith the name of Pauline Gradwohl, Robert H. Gradwohl & /, who has offered to enter into a Water Purchase Contract to purchase the identical rights and privileges and assume the obligations to be released by the undersigned, and to subscribe to the purchase of stock in the Association in the number of shares now held by us or me.

In submitting this Request it is understood that there is no obligation upon the part of the Association or the Department of Natural Resources and Conservation to accept this Release, and the undersigned shall not be relieved of any obligations unless and until such Release is approved by the Association and the Department.

Dated at Red Lodge, Montana this 12th day of June, 19 80.

Pauline Gradwohl
sole heir of the estate of Alice Gradwohl,
deceased.

RELEASE AND TRANSFER approved this 10th day of August Sept, 19 80.

Rock Creek Water Users' Association

By C. J. Ryan President

ATTEST:
Hilda Columbus
Secretary

RELEASE AND TRANSFER approved this 26 day of September, 19 80.

DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

By John O. Fox Supervisor, Water Projects
~~Administrator~~, Water Resources Division

Note: Three copies to be signed by the Water Purchaser. When approved and signed by the Association and the Department, 1 copy to be returned to the signer, 1 copy to the Association and the original retained by the Department of Natural Resources and Conservation.

Water Purchase Contract

This contract made this 12th day of June, 1960, between the Rock Creek Water Users' Association, a Montana corporation, hereinafter called the "Association," the Department of Natural Resources and Conservation of the State of Montana, concurred in by the Board of Natural Resources and Conservation, duly created, authorized and acting, under and by virtue of the Laws of Montana, hereinafter called the "Board," and Pauline Gradwohl, Robert H. Gradwohl and Richard L. Gradwohl, hereinafter called the "water purchaser."

WITNESSETH (Transfer of Contract No. 590
Alec Gradwohl, Deceased.)

WHEREAS, the Board proposes to construct an irrigation and flood control project (herein called the "Project") comprising the construction of one small rock fill dam and one large earth fill dam, in accordance with plans and specifications and estimates of cost heretofore adopted; and

WHEREAS, the Board has acquired the right to store, control and/or divert all unappropriated water of Rock Creek and Red Lodge Creek, Carbon County, Montana, pursuant to declaration filed in Book 15, Pages 352 and 915, in the Office of the County Clerk and Recorder of Carbon County, Montana; and

WHEREAS, it is agreed by the parties hereto that the total waters to which the Board is entitled will be at least sufficient to permit the operation of said Project at its full capacity so that 31,500 acre feet of water can be made available annually during the irrigation season and the purchaser recognizes the right of the Board to impound, during the non-irrigation season, all of the aforesaid waters; and

WHEREAS, the Association has heretofore entered into a contract with the Board dated August 26, 1935, whereby the Board agreed that, upon the completion of the Project, it would furnish to the Association the total available yield of storage water from the Project for certain purposes, all as more fully set forth in said contract (herein called the "water marketing contract"), a copy of which is on file at the office of the Board and the Association respectively;

NOW, THEREFORE, in consideration of the premises and of the mutual terms, covenants and conditions hereof, it is mutually covenanted and agreed as follows:

Section 1. The Association, upon the completion of the project will furnish to the water purchaser, at the reservoir or reservoirs, fifty acre feet of water annually during the irrigation season, beginning May 1 and ending September 30 from the reservoirs comprising the Project, provided, however, that in the event that from time to time thereafter the Board shall have an inadequate amount of water from the Project to permit the furnishing of the number of acre feet of water in any year for which there are such outstanding water purchase contracts, the water purchaser in such year shall be entitled, in lieu of each acre foot of water for which he has contracted, to a share of the total water available representing the proportion that one acre foot of water annually bears to 31,500 acre feet of water annually or (but only if there are outstanding water purchase contracts for the purchase annually of more than said amount of water) to the total number of acre feet of water agreed to be purchased annually under outstanding water purchase contracts. The distribution of such proportionate shares to the water purchaser during such year shall constitute a complete performance in said year of the obligation of the Association to deliver the number of acre feet of water for which said water purchaser has contracted, and the purchaser nevertheless shall be obligated to pay the full sums due under this contract and to perform his covenants and obligations hereunder. The Association and the Board agree not to make contracts for the sale of more than 31,500 acre feet of water from the Project annually except to the extent that the storage capacity of the completed Project is in excess of said amount. So long as the right of the Association under its water marketing contract to distribute the water of the Project has not been terminated, the Board shall be under no obligation to distribute water to the water purchaser hereunder, it being expressly understood that the Association only shall be so obligated.

Section 2. The water purchaser shall pay to the Association or the Board the sum of fifty dollars on December 15, 1962, and the sum of fifty dollars on December 15 of each and every year thereafter for thirty-eight consecutive years. On December 15, 1962, and on December 15 of each and every year thereafter during the useful life of the Project, the water purchaser also shall pay to the Association such amount as the Association shall have previously notified the water purchaser (by a written notice given at least 45 days prior to each such December 15) to be necessary for his proportionate share of the amount of the operating costs of the Project for the year following respectively each said December 15. The term "operating costs" as used herein shall include all costs of the maintenance, repair, operation, and necessary alteration of the Project, and all costs incurred by the Association or the Board in the distribution of water from the Project. The determination by the Association of the amount and necessity of such operating costs and the annual amounts payable by the water purchaser to meet such operating costs shall be final, conclusive and binding upon the parties hereto, and the amounts so determined shall be deemed a debt, payable as aforesaid, to the same extent as if the amounts were specifically enumerated herein.

Section 3. All moneys required to be paid by the water purchaser to the Association hereunder shall be paid at Red Lodge, Montana, or such other place as the Association shall appoint in writing. Every installment or other sum of money required to be paid hereunder, which shall remain unpaid after the same becomes due, shall bear interest at the rate of six per centum per annum.

Section 4. The water purchaser hereby agrees to be bound by any and all the terms, provisions and limitations of the Articles of Incorporation and By-Laws of the Association, including all amendments and supplements hereafter made thereto with the approval of the Board, and by the aforesaid water marketing contract between the Board and the Association as fully and completely as if the terms, conditions and limitations therein contained were herein fully written.

Section 5. In the event that the water purchaser shall default in the payment of any of the sums when and as same shall become due and payable hereunder or shall default in the performance of any other obligations hereunder, and such default shall continue for a period of 45 days, then and in any such event, the Association may in its discretion and, upon the request of the Board, shall take any or all of the following action: (a) cease and refuse to furnish water to the water purchaser until such default and all other defaults subsequently occurring shall be cured, it being agreed that the withholding of water from the water purchaser in accordance with the provisions hereof shall not affect the obliga-

tions of the water purchaser, accruing during the period when water is withheld (except to the extent of any revenues collected by the Association from the sale of water withheld from said water purchaser), or the obligations of the water purchaser then due or thereafter accruing hereunder; (b) terminate the rights of the water purchaser under this water purchase contract, it being agreed that such action shall not prejudice the right of the Association to collect all moneys then owing by the water purchaser under said water purchase contract; and (c) institute and prosecute to final judgment or decree, actions or proceedings in law or in equity for the collection of the sums due and unpaid under this water purchase contract and enforce any such judgment or final decree against the water purchaser. No remedy herein conferred upon the Association is intended to be exclusive of any other remedy or remedies, and each such remedy shall be cumulative and in addition to every other remedy given hereunder or under the water marketing contract or now or hereafter existing at law or in equity or by statute.

Section 6. In the event that the Board shall give written notice to the water purchaser that the Association is in default in the performance of any of its obligations under the water marketing contract, and that the Board has elected to exercise the functions of the Association under this contract, all moneys due or becoming due and payable to the Association hereunder shall be paid to the Board, and the Board, in its own name, shall have the sole right to enforce this contract and exercise all of the rights and powers of the Association with respect thereto, unless and until the Board shall give written notice to the water purchaser that the Association itself may resume the collection of moneys and the exercise of its powers hereunder. Moneys then to be paid by the water purchaser to the Board shall be paid at the office of such Board in Helena, Montana, or such other place as the Board shall appoint in writing.

Section 7. The payments and obligations of the water purchaser hereunder are for the privilege of obtaining water so long as the water purchaser shall not be in default under this contract or his rights terminated hereunder, and the water purchaser shall be obligated to pay such annual installments and perform his covenants and duties hereunder, notwithstanding the fact that no water shall be available by reason of a shortage or otherwise, or that no water is actually taken by the water purchaser, or that the Association or the Board may withhold water from the water purchaser by reason of his default under this contract. The obligation of the water purchaser to make the payments required hereby shall be absolute and unconditional so long as this contract remains in full force and effect. It is expressly understood that all the right, title and interest in and to the Project and the water rights exercised in connection therewith shall be and remain in the Board, and that the water purchaser shall acquire no right, title or interest in the Project or such water rights. The water purchaser shall acquire no rights or equities under this contract which will in any manner prejudice the right of the Association to terminate this contract in the event that the water purchaser shall be in default hereunder.

Section 8. It is understood that without regard to priority in the execution of this water purchase contract, or priority in the use of water hereunder or any other reason, the water purchaser under this contract shall have no preference or priority entitling him to receive water from the Project in advance of other water purchasers who have entered into water purchase contracts for water from the Project (unless such contracts specifically provide to the contrary), all such water purchasers to have an equal and ratable right to water in accordance with the respective amounts to which they are entitled under their respective water purchase contracts.

Section 9. The provisions of this contract shall apply to and bind the successors and assigns of the respective parties, but the water purchaser shall make no assignment of this contract without the written consent of the Association (unless its rights hereunder have been terminated or water is being withheld from it) and the Board.

Section 10. The water purchaser hereby agrees that this water purchase contract covers water for domestic and agricultural purposes only.

IN WITNESS WHEREOF, the Rock Creek Water Users' Association pursuant to authority from its Board of Directors has caused this Contract to be executed in its corporate name by its President or Vice-President and attested by its Secretary or its Assistant Secretary, and the Board has caused this Contract to be executed in its corporate name and said parties have caused their respective corporate seals to be affixed hereto, and the undersigned

_____ has hereunto set his hand and seal, all on the day and year first above written.

ROCK CREEK WATER USERS' ASSOCIATION

By Cecil Hyman President

ATTEST:

Heida Colman
Secretary

DEPARTMENT OF NATURAL RESOURCES
AND CONSERVATION

By Stewart J. ... Supervisor, Water Projects
AGRICULTURE, Water Resources Division

Pauline Gradwohl (Seal)
Water Purchaser

Robert H. Gradwohl
Richard L. Gradwohl (Seal)
Water Purchaser

Witness to Signature of Water Purchaser:

SUBSCRIPTION AND PLEDGE AGREEMENT

No. 590-A

This agreement dated as of the 12th day of June, 1959 between Pauline Gradwohl, Robert H. Gradwohl and Richard L. Gradwohl, hereinafter called the "Water Purchaser," and the Board of Natural Resources and Conservation, hereinafter called the "Association,"

WITNESSETH

WHEREAS, simultaneously with the execution hereof, the water purchaser has entered into a water purchase contract (herein called the "water purchase contract") with the Association and the Department of Natural Resources and Conservation of the State of Montana, concurred in by the Board of Natural Resources and Conservation (herein called the "Board"), for the purchase of the privilege of obtaining certain water from the Project therein described; and

WHEREAS, the water purchaser desires to subscribe for stock in the Association and to pledge said stock as security for his obligations hereunder and under his water purchase contract,

NOW THEREFORE, in consideration of the premises and of the mutual terms, covenants and conditions hereof, it is mutually covenanted and agreed as follows:

Section 1. The water purchaser hereby agrees to take, and does hereby subscribe for fifty thousand shares of the capital stock of the Association, said Association having a total authorized capital stock of fifty thousand Dollars (\$50,000.00), divided into fifty thousand (\$50,000) shares of the par value of One Dollar (\$1.00) each, and further agrees to pay to the Association the amount of fifty Dollars (\$50.00) for said shares of stock upon call and demand by the directors of the Association. This obligation is made and entered into in conformity with the laws of Montana, the Articles of Incorporation and the By-Laws of said Association. The amount of this subscription shall not become due and shall bear no interest until such call or demand is made for payment and thereafter only such amount as is called or demanded shall be due and same shall bear interest at the rate of six percent (6%) per annum.

Section 2. The water purchaser hereby assigns, transfers and sets over to the Association all his right, title and interest in and to the aforesaid shares of stock, said Association to have and to hold said shares of stock for its own use and benefit forever, for the purpose of securing the performance and observance by the water purchaser of the terms, covenants and conditions of this agreement, and the water purchase contract. In the event that the water purchaser is in default in the performance of any of his obligations under the water purchase contract, and such default shall continue for a period of forty-five (45) days, then and in any such event the Association may immediately, without demand for payment, and without advertising, and without notice to the water purchaser, each and all of which is, and are hereby, expressly waived: (a) forfeit the shares of stock subscribed for and apply the payments previously made by the water purchaser on his stock toward the payment of any sums due under his water purchase contract; or (b) acquire the absolute title to any and all of said shares of stock (free from any right or equity of redemption by the water purchaser, such right or equity of redemption being hereby expressly waived and released) by crediting the water purchaser with the par value of said stock at the time of said acquisition of absolute title; or (c) sell any or all of said shares of stock (free from any right or equity of redemption by the water purchaser, such right or equity of redemption being hereby expressly waived and released) at public or at private sale, it being expressly understood and agreed that the Association may itself be a purchaser at such sale of the whole or any part of said shares of stock. The proceeds of any sale or acquisition (pursuant to (b) or (c) of this Section) of said stock, or any part thereof, by the Association shall be applied, so far as needed, first toward the payment of the full indebtedness under this agreement; and, second, to the payment of any sums due under said water purchase contract; and, third, to the payment of any balance remaining to the water purchaser. In the event that the water purchaser is in default in the payment of any amount due on his subscription for said stock, the Association may forfeit the stock subscribed for in the manner provided by statute or otherwise.

Section 3. The right to vote the stock covered by this agreement at any and all meetings of the stockholders of the Association is hereby reserved to the water purchaser, and may be exercised by him unless and until said stock is purchased by the Association pursuant to its option or is sold by the Association in accordance with the provisions hereof. The water purchaser agrees to be bound by any and all provisions of the Articles of Incorporation and By-Laws of the Association, including all amendments and supplements hereafter made thereto with the approval of the Board.

Section 4. The provisions of this agreement shall apply to and bind the successors and assigns of the respective parties hereto, but the water purchaser shall make no assignment of his right, title or interest in the stock covered by this contract until first offering said stock to the Association at the par value thereof, the Association to have the right and option to purchase said stock at the par value thereof at any time within ten (10) days from the personal service of written notice upon the Association of its intention to sell, transfer or assign its rights in the stock covered by this agreement; provided, however, that the Association shall have no such option in the event that such stock is to be sold, transferred or assigned by a water purchaser to an assignee of his water purchase contract who, after such assignment, will hold only one (1) share of stock for each acre foot or miner's inch of water, or each acre of land, which he is obligated to purchase annually under a water purchase contract with the Association and the Board.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand and seal, and the Association, pursuant to authority from its Board of Directors, has caused this Agreement to be executed in its corporate name by its President or Vice President, and attested by its Secretary or its Assistant Secretary, and its corporate seal to be affixed hereto, all on the day and year first above written.

Witness to Signature of Subscriber: Pauline Gradwohl (SEAL) Water Purchaser, Robert H. Gradwohl, Richard L. Gradwohl (SEAL) Water Purchaser

Attest: Heidi ... Secretary, By ... President

Request for Release and Transfer

The undersigned, a party to a Water Purchase Contract No. 590 made with the Rock Creek Water Users' Association and the Department of Natural Resources and Conservation for the purchase of the privilege to the use of 50 acre feet, _____ acres, 50 miner's inches of water annually from the Rock Creek Project, and a Subscription and Pledge Agreement with, and a stockholder in, the Association to the extent of _____ shares, hereby requests the Association to be released from said contract and be permitted to surrender my Subscription and Pledge Agreement for stock in the Association.

The undersigned submits herewith the name of Pauline Gradwohl, Robert H. Gradwohl & / who has offered to enter into a Water Purchase Contract to purchase the identical rights and privileges and assume the obligations to be released by the undersigned, and to subscribe to the purchase of stock in the Association in the number of shares now held by us or me.

In submitting this Request it is understood that there is no obligation upon the part of the Association or the Department of Natural Resources and Conservation to accept this Release, and the undersigned shall not be relieved of any obligations unless and until such Release is approved by the Association and the Department.

Dated at Red Lodge, Montana this 12th day of June, 19 80.

Pauline Gradwohl
Sole heir of the estate of Alice Gradwohl,
deceased.

RELEASE AND TRANSFER approved this 10th day of August ~~Sept~~, 19 80.

Rock Creek Water Users' Association

By Orni Johnson
President

ATTEST:
Hilda [Signature]
Secretary

RELEASE AND TRANSFER approved this 26 day of September, 19 80.

DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

By [Signature] Supervisor, Water Projects
Administrator, Water Resources Division

Note: Three copies to be signed by the Water Purchaser. When approved and signed by the Association and the Department, 1 copy to be returned to the signer, 1 copy to the Association and the original retained by the Department of Natural Resources and Conservation.

(BELOW COONEY)

Water Purchase Contract

This contract made this 26th day of January, 19 82, between the Rock Creek Water User's Association, a Montana corporation, hereinafter called the "Association", and the Department of Natural Resources and Conservation of the State of Montana, hereinafter called the "Department" (formerly the State Water Conservation Board), "concurred in by the Board of Natural Resources and Conservation, duly created, authorized and acting, under and by virtue of the Laws of Montana, and Pauline Gradwohl, Robert H. Gradwohl and Richard L. Gradwohl hereinafter called the "water purchaser".

WITNESSETH

WHEREAS, the Department has constructed an irrigation and flood control project (herein called the "Project") which included the construction of one small rock fill dam and one large earth fill dam, in accordance with plans and specifications and estimates of cost heretofore adopted; and

WHEREAS, the Department has acquired the right to store, control and divert all unappropriated water of Rock Creek and Red Lodge Creek, Carbon County, Montana, pursuant to but not limited to declaration filed in Book 15, Pages 352 and 915, in the Office of the County Clerk and Recorder of Carbon County, Montana; and

WHEREAS, it is agreed by the parties hereto that the total waters to which the Department is entitled to will be at least sufficient to permit the operation of said Project at its full capacity so that sufficient water can be made available annually during the irrigation season and the purchaser recognizes the right of the Department to impound, during the non-irrigation season, all of the aforesaid waters; and

WHEREAS, the Association has heretofore entered into a contract with the Department dated August 26, 1935, whereby the Department agreed that, upon the completion of the Project, it would furnish to the Association the total available yield of storage water from the Project for certain purposes, all as more fully set forth in said contract (herein called the "Water Marketing Contract"), a copy of which is on file at the offices of the Department and the Association respectively; and

WHEREAS, the Association has entered into a Repayment Contract with the Department dated April 8, 1981, whereby the Association has agreed to pay the Department, a stated schedule of annual payments,

over a period of forty years, for the Cooney Dam Rehabilitation, that being the repairing of the existing spillway, building an emergency spillway and raising the dam four feet, which will provide approximately 4,000 additional acre-feet of water for sale;

NOW, THEREFORE, in consideration of the promises and of the mutual terms, covenants and conditions hereof, it is mutually covenanted and agreed as follows:

Section 1. The Association upon the completion of the rehabilitation of the project, will furnish to the water purchaser, at the reservoir or reservoirs, fifty acre-feet of water annually during the irrigation season, beginning May 1 and ending September 30 from the reservoirs comprising the Project, provided, however, that in the event that from time to time thereafter the Department shall have an inadequate amount of water from the Project to permit the furnishing of the number of acre-feet of water in any year for which there are such outstanding water purchase contracts, the water purchaser in such year shall be entitled, in lieu of each acre-foot of water for which he has contracted, to a share of the total water available representing the proportion that one acre-foot of water annually bears to the Project's full capacity annually or (but only if there are outstanding water purchase contracts for the purchase annually of more than said amount of water) to the total number of acre-feet of water agreed to be purchased annually under outstanding water purchase contracts. The distribution of such proportionate shares to the water purchaser during such year shall constitute a complete performance in said year of the obligation of the Association to deliver the number of acre-feet of water for which said water purchaser has contracted, and the purchaser nevertheless shall be obligated to pay the full sums due under this contract and to perform his covenants and obligations hereunder. The Association and the Department agree not to make contracts for the sale of more than the capacity of the project annually. So long as the right of the Association under its water marketing contract to distribute the water of the Project has not been terminated, the Department shall be under no obligation to distribute water to the water purchaser hereunder, it being expressly understood that the Association only shall be so obligated.

Section 2. The water purchaser shall pay to the Association or the Department the Special Assessment levied each year for said Repayment Contract and the sum of fifty dollars on December 15, 19⁸³, and the sum of fifty dollars on December 15 of each and every year thereafter for ~~forty~~-consecutive (30) years. On December 15, 19⁸³, and on December 15 of each and every year thereafter during the useful life of the Project, the water

purchaser also shall pay to the Association such amount as the Association shall have previously notified the water purchaser (by a written notice given at least 45 days prior to each such December 15) to be necessary for his proportionate share of the amount of the operating costs of the Project for the year following respectively each said December 15. The term "operating costs" as used herein shall include all costs of the maintenance, repair, operation, and necessary alteration of the Project, and all costs incurred by the Association or the Department in the distribution of water from the Project. The determination by the Association or the Department of the amount and necessity of such operating costs shall be final, conclusive and binding upon the parties hereto, and the amounts so determined shall be deemed a debt, payable as aforesaid, to the same extent as if the amounts were specifically enumerated herein.

Section 3. All moneys required to be paid by the water purchaser to the Association hereunder shall be paid at Red Lodge, Montana, or such other place as the Association shall appoint in writing. Every installment or other sum of money required to be paid hereunder, which shall remain unpaid after the same becomes due, shall bear interest established by the Association or the Department.

Section 4. The water purchaser hereby agrees to be bound by any and all the terms, provisions and limitations of the Articles of Incorporation and By-Laws of the Association, including all amendments and supplements hereafter made thereto with the approval of the Department, and the aforesaid water marketing contract and the aforesaid Repayment Contract between the Department and the Association as fully and completely as if the terms, conditions and limitations therein contained were herein fully written.

Section 5. In the event that the water purchaser shall default in the payment of any of the sums when and as same shall become due and payable hereunder or shall default in the performance of any other obligations hereunder, and such default shall continue for a period of 45 days, then and in any such event, the Association may in its discretion and, upon the request of the Department, shall take any or all of the following action: (a) cease and refuse to furnish water to the water purchaser until such default and all other defaults subsequently occurring shall be cured, it being agreed that the withholding of water from the water purchaser in accordance with the provisions hereof shall not affect the obligations of the water purchaser, accruing during the period when water is withheld (except to the extent of any revenues collected by the Association from the sale of water withheld from said water purchaser), or the obligations of the water purchaser then due or

thereafter accruing hereunder; (b) terminate the rights of the water purchaser under this water purchase contract, it being agreed that such action shall not prejudice the right of the Association to collect all moneys then owing by the water purchaser under said water purchase contract; and (c) institute and prosecute to final judgment or decree, actions or proceedings in law or in equity for the collection of the sums due and unpaid under this water purchase contract and enforce any such judgment or final decree against the water purchaser. No remedy herein conferred upon the Association is intended to be exclusive of any other remedy or remedies, and each such remedy shall be cumulative and in addition to every other remedy given hereunder or under the water marketing contract or new or hereafter existing at law or in equity or by statute.

Section 6. In the event that the Department shall give written notice to the water purchaser that the Association is in default in the performance of any of its obligations under the water marketing contract, and that the Department has elected to exercise the functions of the Association under this contract, all moneys due or becoming due and payable to the Association hereunder shall be paid to the Department, and the Department, in its own name, shall have the sole right to enforce this contract and exercise all of the rights and powers of the Association with respect thereto, unless and until the Department shall give written notice to the water purchaser that the Association itself may resume the collection of moneys and the exercise of its powers hereunder. Moneys then to be paid by the water purchaser to the Department shall be paid at the office of such Department in Helena, Montana, or such other place as the Department shall appoint in writing.

Section 7. The payments and obligations of the water purchaser hereunder are for the privilege of obtaining water so long as the water purchaser shall not be in default under this contract or his rights terminated hereunder, and the water purchaser shall be obligated to pay such annual installments and perform his covenants and duties hereunder, notwithstanding the fact that no water shall be available by reason of a shortage or otherwise, or that no water is actually taken by the water purchaser, or that the Association or the Department may withhold water from the water purchaser by reason of his default under this contract. The obligation of the water purchaser to make the payments required hereby shall be absolute and unconditional so long as this contract remains in full force and effect. It is expressly understood that all right, title and interest in and to the Project and the water rights exercised in connection therewith shall be and remain in the Department, and that the water purchaser shall acquire no right, title or interest in the Project or such water rights. The water purchaser shall acquire no

rights or equities under this contract which will in any manner prejudice the right of the Association to terminate this contract in the event that the water purchaser shall be in default hereunder.

Section 8. It is understood that without regard to priority in the execution of this water purchase contract, or priority in the use of the water hereunder or any other reason, the water purchaser under this contract shall have no preference or priority entitling him to receive water from the Project in advance of other water purchasers who have entered into water purchase contracts for water from the Project (unless such contracts shall specifically provide to the contrary), all such water purchasers to have an equal and ratable right to water in accordance with the respective amounts to which they are entitled under their respective water purchase contracts.

Section 9. The provisions of the contract shall apply to and bind the successors and assigns of the respective parties, but the water purchaser shall make no assignment of this contract without the written consent of the Association (unless its rights hereunder have been terminated or water is being withheld from it) and the Department.

Section 10. The water purchaser hereby agrees that this water purchase contract covers water for domestic and agricultural purposes only.

IN WITNESS WHEREOF, the Rock Creek Water Users' Association pursuant to authority from its Department of Directors has caused the Contract to be executed in its corporate name by its President or Vice-President and attested by its Secretary, and the Department has caused this Contract to be executed in its corporate name and said parties have caused their respective corporate seals to be affixed hereto, and ~~the undersigned water purchasers have xxx~~ ^{has} hereunto set ~~his~~ ^{their} hand and seals all on the day and year first above written.

ROCK CREEK WATER USERS' ASSOCIATION

By *Dan' Dan'*
President

ATTEST:

Hilda Columbus
Secretary

DEPARTMENT OF NATURAL RESOURCES
AND CONSERVATION

By *Steve O. Fry*
Supervisor, Water Projects

Pauline Gradwohl (seal)
Water Purchaser *Pauline Gradwohl*

Robert H. Gradwohl (Seal)
Water Purchaser *Robert H. Gradwohl*

Witness to Signature of Water Purchaser:

Richard L. Gradwohl (Seal)
Water Purchaser *Richard L. Gradwohl*

