

WATER WELL AGREEMENT

THIS WATER WELL AGREEMENT (the "Agreement") is made and entered into this 1st day of January, 2011 by and among CITYSERVICEVALCON, LLC, a Montana limited liability company (hereinafter "CSV"); and DONALD O. BOLES, JR. and KAY BOLES, husband and wife, (hereinafter "Boles").

RECITALS:

- A. CSV is the owner of the following described real property located in Bonner County, Idaho:

Lots 1, 2 and 3 of MUZZY'S FIRST, according to the plat thereof, recorded in Book 6 of Plats, Page 80, Records of Bonner County, Idaho.

TOGETHER WITH AND SUBJECT TO that certain Easement for underground pipelines, pumps, sewer lines and drain fields as set forth in the instrument, recorded August 7, 1998, as Instrument No. 528993, with its terms and conditions.

This real property is hereinafter referred to collectively as the "CSV property".

- B. Boles are the owners of that certain real property located in Bonner County, Idaho that is legally described in Exhibit "A" attached hereto and by this reference made a part hereof.

This real property is hereinafter referred to as the "Boles property".

- C. CSV, or its predecessor in interest, has constructed upon the Northeast portion of Lot 2 of Muzzy's First a water well, together with a pump, valves, water pipes, etc. (hereafter the "water distribution system") which supplies water to the Boles property; to Lot 1 of Muzzy's First (upon which is presently located a retail fuel station and convenience store); and to Lot 2 of Muzzy's First (upon which is currently located a warehouse).
- D. The well and the water distribution system and all of its appurtenances are owned by CSV, and neither Boles, nor any other party has any ownership interest thereto, nor shall Boles or any other party acquire any ownership interest thereto by virtue of this Agreement.
- E. The parties desire to document their agreements concerning the use of the well water and the distribution of water through the water distribution system; their respective obligations regarding maintenance of the well, the well pump, the pipeline, and other elements of the water distribution system; the construction and maintenance of future work or improvements of the water distribution system, if any, as well as the cost of operating the same; the potential for future use of the well water and water distribution system by grantee(s) of CSV; and the parties are entering into this Agreement for those purposes.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, the parties agree as follows:

1. Water will be provided to the Boles property and to the CSV property from the well according to the terms of this Agreement.
2. Boles shall have the right to use water from the well for domestic purposes only for one single family residence located on the Boles' property. Domestic purposes is defined as water for single family household use and normal irrigation for residential purposes. Provided, however, that no water shall be used to fill swimming pools of any type. The grant of the right to use said well water to Boles extends to their heirs, successors and assigns; provided, however, that said right is for the exclusive benefit of the Boles property and runs with that land, and said rights may only be assigned and/or transferred by or from Boles to a subsequent grantee, purchaser or owner of the Boles property.
3. CSV reserves the right to use water from the well for all purposes, both domestic and commercial, for the benefit of the CSV property. This reservation of the right to use the well water extends to CSV's grantees, successors and assigns; provided, however, that the rights so reserved run with the land, and said rights may only be assigned and/or transferred by or from CSV, in whole or in part, to a subsequent grantee(s), purchaser(s) or owner(s) of the CSV property, or any portion thereof. Provided further, that no water may be used for purposes of a car wash without the prior written consent of all parties having a right to the use of water from the well.
4. Boles agree to pay to CSV an annual fee of \$175.00 for the use of the well water and water distribution system. The first annual fee shall be due on the tenth (10th) day of the month following the month in which this Agreement is recorded in the office of the Bonner County Recorder. This annual fee shall be in addition to the following:
 - 4.1 In addition, Boles and CSV shall pay their proportionate share of all expenses for the operation and maintenance of the well and water distribution system. Boles shall pay their proportionate share to CSV. Such proportionate share shall be determined by multiplying the amount of each expense by the percentage of usage by each party determined by gallons used on an annual basis. For those expenses arising during the first year after the recording of this Agreement, each party's proportionate share shall be determined on an annualized basis. Such shared expenses include, but are not limited to, the cost of electricity for pumping, repairs, maintenance and replacement of the well and the water distribution system, or any portion thereof. Provided, however, that in the event any repair or replacement of any of the elements of the water distribution system are necessary due to damage caused by the neglect, negligence or intentional acts of one of the parties to this Agreement or of an heir, successor or assign of one of the said parties, then such party (or such heir, successor or assign), shall be solely responsible for the payment of the cost of such repair, maintenance or replacement.

- 4.2 In the event any amounts due to CSV pursuant to this Agreement are not paid within thirty (30) days of their due date, Boles agrees to pay CSV interest on said unpaid amount at twelve (12) percent per annum until paid.
5. CSV will cause to be installed a water meter upon the Boles property, and a water meter or meters upon the CSV property, for the purpose of determining water usage by the respective parties. Boles hereby grants and conveys to CSV and its successors and assigns an easement over, across and through, and the right to enter upon, the Boles property, for the purpose of installing, maintaining, repairing, replacing and reading the water meter; and for the purpose of installing, maintaining, repairing, and/or replacing the water pipes, pumping equipment, mains, electrical wiring and conduit, and other components of the water distribution system.
6. In addition, each of the parties to this Agreement hereby grants and conveys to the other party, their heirs, successors, and assigns, such easements over, across and through the respective parcels described in this Agreement as shall be reasonably necessary for the installation, and maintenance of water pipes, pumping equipment, mains, electrical wiring and conduit, and other components of the water distribution system, consistent with the purposes of this Agreement.
7. Each party agrees that they will not install landscaping or other improvements that will impair the use of the easements granted herein or the water distribution system.
8. Only those parcels of real estate described in this Agreement shall be permitted to receive water from the well; and Boles covenant and agree that they will not allow or permit other persons, other than their household guests, to take, draw, use or receive water from the well, nor permit other persons to connect to the pipes or main serving their respective parcel.
9. In the event the well shall become contaminated and shall no longer supply potable water suitable for consumption, or shall no longer supply water adequate for the needs of all the relevant parties, then the parties shall in good faith attempt to negotiate a resolution, e.g. whether to jointly fund the drilling of another well or to terminate this Agreement; and if no resolution has been reduced to writing and signed by each party within thirty (30) days after one party has requested such negotiation in writing to each other party, then the rights and obligations of the parties to this Agreement shall cease and terminate.
10. Any party, other than CSV, may terminate their participation in this Agreement. To terminate such participation, and the obligation to pay the fees specified in section 4 above, a party shall: (a) give all other parties written notice of the intent to terminate and the effective date of that termination; (b) pay all fees to the date of termination; (c) pay for the costs of disconnecting the pertinent parcel from the water distribution system; (d) if requested by CSV, execute a document evidencing such termination, in form recordable with Bonner County. Upon completion of these steps, the terminating party shall have no further right to use of the well water and shall have no further obligation to pay any fees specified in section 4 above. Provided, however, that CSV's rights and obligations under this Agreement may be terminated pursuant to section 10 above.

11. The benefits and burdens of this Agreement shall constitute a covenant running with the parcels of land herein described and shall be binding upon the heirs, successors and assigns of the parties hereto, as well as upon the subsequent owners of the real properties described herein. Without limiting the generality of the foregoing sentence, and in recognition that CSV may hereafter convey all or a portion of the CSV property to a third party or parties, said third party or parties, by virtue of said conveyance, shall: (a) have the right to use water from the well in accordance with this Agreement for such purposes as necessary in connection with the business operations located upon the portion of the CSV property acquired by said third party or parties at the time of such conveyance; (b) pay the annual fee, and a proportionate share of expenses as provided in section 4 hereof; and (c) perform and be bound by all other terms and conditions of this Agreement.
12. In the event that CSV is required to obtain the services of legal counsel in an effort to enforce payment of any unpaid fees as provided in section 4 above, and/or if CSV is required to resort to legal action to enforce any other terms of this Agreement, then the party owing, or found to be owing monies to CSV shall compensate CSV for its attorney's fees incurred in such efforts.
13. CSV has made, and makes, no representations concerning the capacity of the water well and/or that the water well will provide sufficient water for the requirements of the Boles, or their heirs, successors or assigns, or to any other person(s) or entities not presently a party to this Agreement.
14. This Agreement shall take priority over any prior agreement(s) that may be of record concerning supplying water to and/or from the parcels of real estate that are subject to this Agreement.

CITYSERVICEVALCON, LLC

By:
Title:

Dallas Herron
CEO

Donald G. Boles, Jr.
Donald G. Boles, Jr.

Kay Boles
Kay Boles

STATE OF MONTANA)

SS.

County of Flathead)

On this day personally appeared before me Dallas Herron, to me known to be the CEO of CityServiceValcon, LLC, the limited liability company that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and oath stated that he was authorized to execute said instrument.

GIVEN under my hand and official seal this 17th day of January, 2011.



Lucy L. Johnson
NOTARY PUBLIC, in and for the State of
Montana, residing at Kalispell Montana
My Commission expires: 12-14-2011

STATE OF IDAHO)
 : ss.
County of Bonner)

On this day personally appeared before me Donald O. Boles, Jr., to me known to be the individual described in and who executed the within and foregoing instrument, and acknowledged that he signed the same as his free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 31st day of January, 2011.

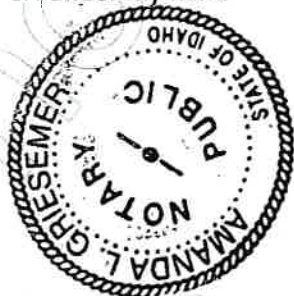


Amanda L. Greisemer
NOTARY PUBLIC, in and for the State of Idaho
Idaho, residing at Prest River
My Commission expires: 03-31-2014

STATE OF IDAHO)
 : ss.
County of Bonner)

On this day personally appeared before me Kay Boles, to me known to be the individual described in and who executed the within and foregoing instrument, and acknowledged that she signed the same as her free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 31st day of January, 2011.



Amanda L. Greisemer
NOTARY PUBLIC, in and for the State of Idaho
Idaho, residing at Prest River Idaho
My Commission expires: 03-31-2014

EXHIBIT "A"

Parcel 1:

The West 196 feet of the following parcel:

That portion of Lots 6 and 7 of Section 29, Township 56 North, Range 5 West of the Boise Meridian, Bonner County, Idaho, described as follows:

Commencing at a point on the North line of said Lot 6 of said Section 29, 841 feet East of the Northwest Corner of said Lot 6, which point is hereby designated as the Point of Beginning;

Thence due West along the North line of said Lot 6 and the North line of Lot 7 in said Section 29, 981 feet to a point which is 140 feet West of the said Northwest Corner of said Lot 6;

Thence due South to a point of intersection with the Northerly line of the Right of Way of Federal Highway #195 as located May 13, 1955, by deed to State of Idaho, filed in Book 921 of Deeds, Page 155, records of Bonner county, Idaho;

Thence Easterly along said North line of said Right of Way of said Federal Highway No. 195 to a point due South of the Point of Beginning;

Thence North to the Point of Beginning

Except Mobile and/or Manufactured Home located thereon.