3665149 12/15/2009 02 04P Weld County, CO
1 of 6 R 31.00 D 0.00 Steve Moreno Clerk & Recorder

149

RESTRICTIVE DRY-UP COVENANT; GRANT OF EASEMENT; WARRANTY OF FIRST RIGHT TO DRY-UP CREDIT; AND AGREEMENT TO ASSIST

THIS COVENANT, Agreement, Warranty and Easement are made and given the 13th day of November 2009, by the **Carl R. Deepe and Julia A. Deepe Revocable Living Trust Dated January 20, 1994**, Carl R. Deepe and Julia A. Deepe, Co-Trustees (hereinafter "Owner") and accepted by the **City of Northglenn** (hereinafter "Northglenn") on the 20th day of November, 2009.

Owner has entered into an agreement with Northglenn dated Oct 26th, 2009, whereby Owner has agreed to transfer, and Northglenn has agreed to accept three and no one-hundredths (3.00) shares (the "Water Rights") of the eight and fifteen one-hundredths (8.15) shares of the Capital Stock of the Farmers Reservoir and Irrigation Company represented by stock certificate number 7168. The Owner acknowledges that the Water Rights are intended to be utilized by Northglenn for municipal water uses, and/or for augmentation or exchange purposes, and that in order to effect such uses, the Water Rights will need to be changed in an appropriate Water Court proceeding from irrigation to municipal, augmentation and/or exchange purposes.

The Water Rights have historically been used for the irrigation of lands owned by the Owner located in Weld County, Colorado. A description of the property where such irrigation use has historically occurred is attached to this covenant as **Exhibit 1**, and is incorporated fully into this covenant by this reference. Owner further understands that the Water Court may require, as a term and condition of such change, that the lands historically irrigated as described in Exhibit 1 must be dried up and not further irrigated as a term and condition of allowing such change.

THEREFORE, in consideration of the willingness of Northglenn to accept the Water Rights, and the making of such acceptance, as well as other good and valuable consideration, receipt of which is hereby acknowledged by Owner, Owner covenants and agrees as follows:

1. From and after the date hereof, the Water Rights shall not be used in connection with the property described in Exhibit 1 without the written consent of Northglenn, or its successors or assigns, having been first obtained, which consent may be withheld in Northglenn's sole discretion.

2. Owner shall take any action necessary to eliminate any consumptive use of water for irrigation purposes on the property described in Exhibit 1 as may be determined and/or required by the Water Court or other court or tribunal of competent jurisdiction in the judgment and decree entered in any case involving the change or exchange of any of the Water Rights, and except as hereinafter may be specifically allowed, the property shall no longer be irrigated.

3. Owner hereby grants to Northglenn a non-exclusive easement for the purpose of access to and over the property described in Exhibit 1 as may be necessary to take actions to effectuate and enforce this covenant, including but not limited to the conducting of any monitoring or testing activity that may be required by the State Engineer or by any court or tribunal of competent jurisdiction to enforce this covenant or that may be a pre-condition for

changing the Water Rights. The easement shall terminate simultaneously with the termination of any period of retained jurisdiction ordered by the Water Court with regard to the change of the shares from agricultural to municipal use. Northglenn shall record in the real estate records of Adams County, Colorado, a termination of easement at such time as the period of retained jurisdiction expires. Northglenn agrees to give Owner written notice not less than three business days prior to entering the property pursuant to this easement, which notice shall specify with particularity the nature of Northglenn's planned activities and the schedule for such activities. In exercising its easement rights hereunder, Northglenn shall not interfere with the access to the property or the operations or other activities of Owner or other parties occupying or conducting activities on the property. Without limiting the generality of the foregoing, Northglenn shall not interfere with Owner's development of the Property and shall promptly relocate any monitoring or testing equipment or other activities on the Property as requested by Owner to accommodate Owner's development activities on or around the Property. Northglenn shall, and shall require its contractors to, indemnify, defend, protect and hold harmless Owner from and against any and all demands, liabilities, damages, expenses, causes of actions, suits, claims and judgments (including reasonable attorneys' fees) arising from or relating to the entry by Northglenn, its agents, employees, contractors, tenants, licensees or invitees upon the property pursuant to this easement. Without limiting the generality of the foregoing, Northglenn shall be responsible to repair any damage done to the property arising from or relating to the entry upon or use of the property pursuant to this easement and restore the property to its condition existing prior to Northglenn's work. So long as the property is continued to be used for farming, Northglenn's access and use under this easement shall be exercised as follows: (1) to the extent possible, monitoring wells and other structures shall be located where they do not damage or interfere with farming operations; (2) monitoring wells or other structures that are located in cropping areas shall be constructed so as not to interfere with planting or harvesting equipment, (3) shall be completed after harvest and before planting; (2) access during the growing season, if necessary, shall be conducted in such manner as shall minimize any damage to growing crops. To the extent that growing crops are damaged by Northglenn's access to the monitoring sites during the growing season, Northglenn shall reimburse the Owner for the lost crop directly damaged by Northglenn.

4. Unless otherwise required by any decree changing the Water Rights, or allowing such rights to be exchanged, this covenant shall not prohibit the Owner or Owner's successors and assigns from irrigating lands that are the subject of this covenant with water rights which may in the future be transferred to such lands and for such use through an appropriate Water Court proceeding, irrigating the lands with water from a well or wells to be constructed in the future which are authorized to pump pursuant to a Water Court-approved plan for augmentation, irrigating the lands with water which is not tributary to the South Platte River or its tributaries, to include not-nontributary water that is duly augmented, or irrigating the lands with treated water supplied by a municipality or a water district. Unless so irrigated, the Owner agrees that the property subject to this covenant will not be planted with crops which are capable of extending roots into the underlying groundwater, including but not necessarily limited to the growing of alfalfa.

5. This covenant shall burden, attach to and run with the property described in Exhibit 1, and shall be binding not only upon the Owner, but also upon Owner's heirs, successors and assigns and any other persons or entities which may acquire an ownership or

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leasehold interest in all or any portion of the property described in Exhibit 1. The terms and provisions of this covenant shall not expire and shall be perpetual unless specifically released in writing by Northglenn or its successors and assigns. This covenant may be enforced by Northglenn or by any party having any right, title or interest in the Water Rights or by the State Engineer of the State of Colorado, at any time in any action at law or in equity. This covenant shall bind Owner, Owner's heirs, successors and assigns and shall run with and burden the property described in Exhibit 1 and shall run with and benefit the Water Rights.

6. Owner further warrants and represents that this covenant shall entitle Northglenn to the first and prior right to claim credit for the dry-up or nonirrigation of the property described in Exhibit 1, and agrees to provide Northglenn with all assistance Northglenn may reasonably require in regard to the above-referenced change of the Water Rights, including but not limited to the provision of testimony before the Water Court in any proceeding involving such change.

7. Northglenn shall be solely responsible to accomplish any revegetation of the Historically-Irrigated Acreage that is required by court order and for all costs and expenses associated therewith. Land Owners shall reasonably cooperate with Northglenn so as not to hinder or impede efforts by Northglenn to revegetate the Historically-Irrigated Acreage that is required by court order, and will not take any actions that would cause a violation of such court order.

If the planting and cultivation of dry-land wheat is an acceptable revegetation per the terms of the court order, Land Owner shall have the right to continue dry-land wheat operations indefinitely. If Landowner shall cease using the land for dry-land wheat, Northglenn shall have the right to enter upon the Historically-Irrigated Acreage, consistent with the terms of the Water Decree, and, at its expense, to provide for the revegetation of the Historically-Irrigated Acreage.

In the event the planting and cultivation of dry-land wheat is not an acceptable revegetation under the terms of the court order, Northglenn shall have the right to enter upon the Historically-Irrigated Acreage, consistent with the terms of the Water Decree, and, at its expense, to provide for the revegetation of the Historically-Irrigated Acreage.

Notwithstanding the above, Northglenn shall seek a decree from the Water Court that recognizes that revegetation to dry-land grasses or other plants acceptable to the Office of the State Engineer shall not be required if (1) the Historically Irrigated Acreage is developed for municipal or commercial uses that adequately prevent the Historically Irrigated Acreage from eroding or from supporting noxious weeds or (2) dry-land farming is continued on the Historically Irrigated Acreage which adequately prevents the Historically Irrigated Acreage from eroding or from supporting noxious weeds. So long as the Historically Irrigated Acreage meets the above criteria, Northglenn shall not have the obligation to or the right to enter the property for revegetation purposes.

OWNER:

Carl R. Deepe and Julia A. Deepe Revocable Living Trust Dated January 20, 1994

3665149 12/15/2009 02:04P Weld County, CO
4 of 6 R 31.00 D 0.00 Steve Moreno Clerk & Recorder

Carl R. Deepe, Co-Trustee

Julia A. Deepe, Co-Trustee

STATE OF KANSAS)
) ss
COUNTY OF Sedgwick)

The foregoing instrument was subscribed and sworn to before me this 13 day of November 2009, by Carl R. Deepe.

Witness my hand and official seal.

Notary Public

My Commission expires: 6-24-13

LEZLI J. HOOK
Notary Public - State of Kansas
My Appt. Expires

STATE OF KANSAS)
) ss
COUNTY OF Sedgwick)

The foregoing instrument was subscribed and sworn to before me this 13 day of November 2009, by Julia A. Deepe.

Witness my hand and official seal.

Notary Public

My Commission expires: 6-24-13

LEZLI J. HOOK
Notary Public - State of Kansas
My Appt. Expires

Accepted and agreed to by and on behalf of NORTHGLENN:

Title CITY MANAGER

Date: NOV 20 2009

3665149 12/15/2009 02:04P Weld County, CO
5 of 6 R 31.00 D 0.00 Steve Moreno Clerk & Recorder

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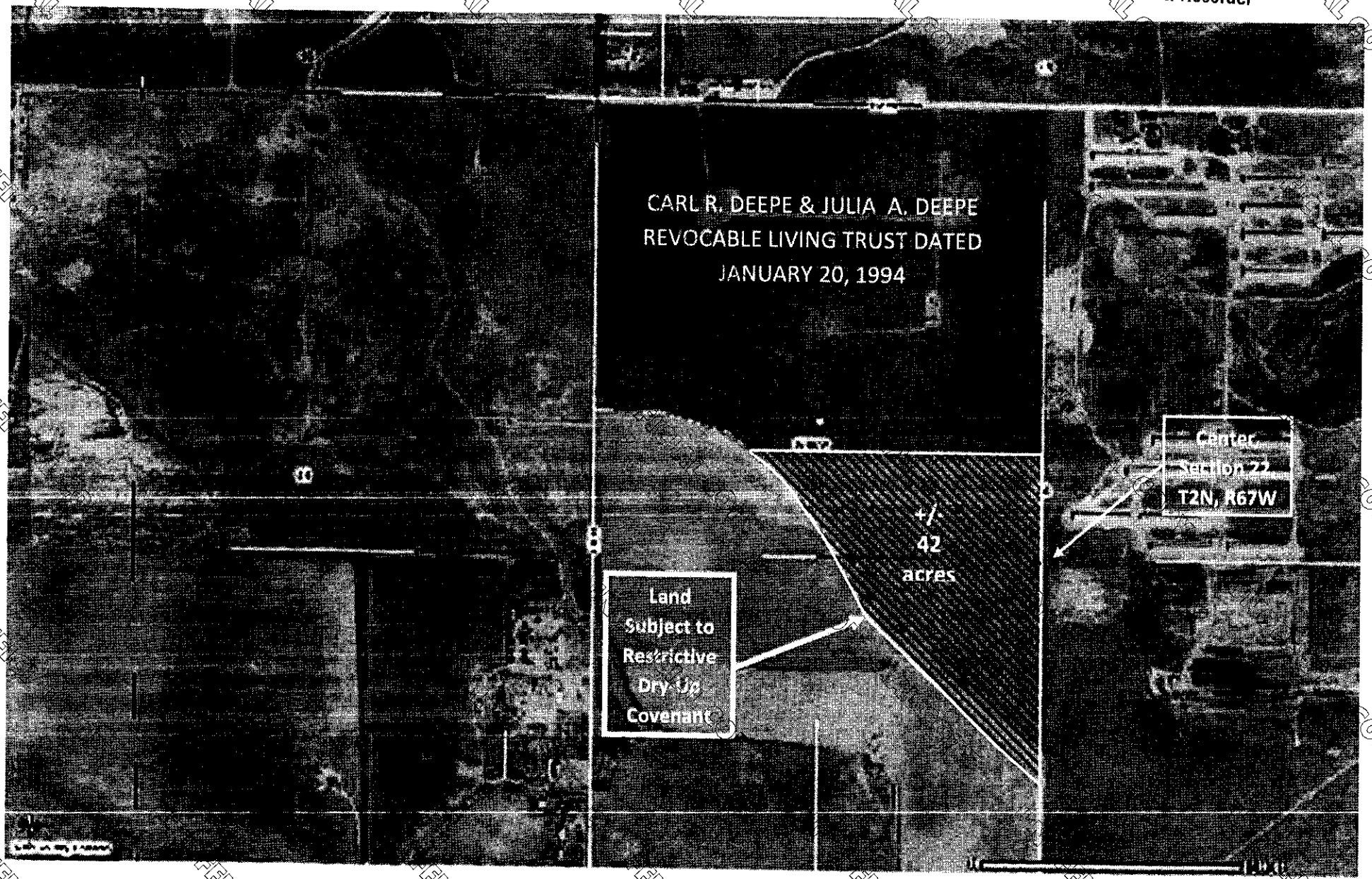
EXHIBIT 1

With respect to the real property owned by the Carl R. Deepe and Julia A. Deepe Revocable Living Trust Dated January 20, 1994 in Weld County, Colorado, more specifically identified as Parcel No. 131122000017 in the records of the Weld County assessor, this Covenant shall pertain and apply to that portion of said real property residing in the south half of the south half of the northwest quarter and in the northeast quarter of the southwest quarter, all in Section 22, Township 2 North, Range 67 West of the 6th P.M., Weld County, Colorado, being approximately 42 acres, more or less.

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3665149 12/15/2009 02:04P Weld County, CO
6 of 6 R 31.00 D 0.00 Steve Moreno Clerk & Recorder



WELD COUNTY PROPERTY OWNED BY CARL R. DEEPE & JULIA A. DEEPE REVOCABLE LIVING TRUST DATED JANUARY 20, 1994
SUBJECT TO NORTHGLENN DRY-UP COVENANT