

**Dedication of Water Right
and Acknowledgement of Water Service**

Las Campanas Homeowners Water Co-operative ("CO-OP"), a New Mexico co-operative association, hereby dedicates to Santa Fe County (hereafter "COUNTY") the water rights described below under the following terms and conditions and hereby acknowledges the following conditions of water service:

RECITALS

WHEREAS, the CO-OP has the responsibility as established by private contract to serve as the water utility for the Las Campanas Project pursuant to the Water Supply Agreement dated January 22, 1993;

WHEREAS, pursuant to Article VIII of Resolution No. 2006-57 of the Board of County Commissioners (the "Santa Fe County Water Resources Department Line Extension and Water Service Policy" or "Resolution No. 2006-57") the COUNTY may provide bulk water deliveries to a community water system, mutual domestic water association, Cooperative water association, water and sanitation district, or other similar entity on a bulk service basis pursuant to an appropriate agreement and based on schedules provided by the COUNTY;

WHEREAS, the CO-OP and the COUNTY entered into a Bulk Water Service Agreement ("BWSA") on October 16, 2009, whereby, the COUNTY agreed to supply CO-OP with potable water to serve the needs of Las Campanas, subject to the terms and conditions of the BWSA;

WHEREAS, pursuant to the BWSA, the parties desire to set forth herein their mutual obligations and covenants with respect to the dedication of water rights to the COUNTY by the CO-OP.

NOW, THEREFORE, upon the mutual consideration described by this Agreement, including the covenants and promises contained herein, the receipt and sufficiency of which are acknowledged by the parties, the COUNTY and the CO-OP, agree as follows:

1. Water Rights. The water rights consist of a total of approximately 709.4591 acre-feet per year consumptive use ("afy"), consisting of 639.6536 afy owned by the CO-OP, (See Attachment A) presently permitted for use from the City of Santa Fe's Buckman Well Field, State Engineer Permit No. RG-20516 *et al.* and 69.804 afy owned by the Las Campanas Limited Partnership, and permitted for use from the Buckman Direct Diversion ("BDD") under State Engineer Permit No. SP-4842-A.
2. Transfers. Two applications to transfer the 639.6536 afy into the CO-OP's portion of the BDD, State Engineer Permit No. SP-4842-A, were filed on May 24,

2010. CO-OP and the COUNTY are co-applicants for the transfer. CO-OP shall be responsible for proving the validity of the water rights. Each party shall be responsible for paying its own costs, including attorney and expert fees, required to seek approval from the State Engineer for the transfers.

3. Acceptance by the County. The COUNTY will accept for dedication to the COUNTY the water rights described in paragraph 2 that are approved for transfer by the State Engineer, provided:
 - a. The State Engineer approves the transfers to the reasonable satisfaction of the COUNTY. Upon timely request of the COOP, the COUNTY agrees to determine whether it is satisfied with such State Engineer approvals within 30 days of each such approval;
 - b. In making conveyances of title of water rights to the COUNTY pursuant to the BWSA, the COOP will convey title to water rights that were originally perfected as pre-1907 surface water rights prior to conveying title to water rights of a later priority;
 - c. Of the groundwater rights of approximately 116.56 afy, the COUNTY will accept half or 58.23 afy as satisfying the COOP's obligation to transfer water rights to the COUNTY under Section VIII(B) of the BWSA; and
 - d. Of the other half or 58.23 afy of groundwater rights, the COUNTY will accept those rights so long as the rights provide adequate legal basis for diverting water at the BDD for use by the County water utility. At any time that diversion of water at the BDD under those rights is legally prohibited or curtailed, the County shall not be obligated to make delivery in the amount of the shortage or curtailment, up to 58.23 afy; and,
 - e. If the COOP receives title to the 69.804 afy of consumptive use surface water rights, permitted at the BDD, prior to the completion of the BDD, the 69.804 afy of consumptive use water rights will be part of the initial block of water rights, as set forth in Section VIII(B) of the BWSA, to be deeded to the COUNTY by the CO-OP.
 - f. At the COUNTY's request, the CO-OP will assign to the COUNTY BDD capacity and diversion and use authorizations associated and commensurate with the quantity of rights being conveyed by the CO-OP to the COUNTY.

4. Bulk Water Service Agreement. The supply of water to Las Campanas will comply with the terms of the BWSA which sets forth the status of the CO-OP as a customer of the COUNTY and the following:
 - a. Under the terms of the BWSA, the CO-OP is obligated to deed its water rights to the COUNTY when the COUNTY requires them for service to the residents of Las Campanas for their domestic and commercial use. The actual deeding of the water rights shall be undertaken in accordance with the supply requirements as determined by the CO-OP. The CO-OP will provide the COUNTY with documentation that it owns each water right to be deeded to the COUNTY under title free of any encumbrances.

- b. If a final permit to transfer the CO-OP's water rights to the BDD has not been approved at the time that water will be supplied to Las Campanas from the BDD, the COUNTY, at the CO-OP's request, will supply Las Campanas with water out of its own portfolio of water rights available for diversion from the BDD or from other sources of supply available to the COUNTY. The COUNTY will not be responsible for paying the CO-OP's fixed costs, as set forth in Article IX of the BWSA, for any supply to Las Campanas of COUNTY owned and permitted water rights at the BDD or from other sources available to the County.
5. County Actions Unaffected. CO-OP acknowledges that this Dedication, and any actions or communications associated with it, do not in any way bind or obligate the COUNTY, or any employee, official, board, agent or other entity thereof, to take any action, including but not limited to: acceptance of any application or other documents for filing; processing of any application or proposal; approval of any kind of land use or development proposal; issuance of any license or permit; or any other action, whether discretionary, ministerial or otherwise, with respect to any proposal or application or other request by CO-OP or anyone on its behalf. Nothing herein constitutes a commitment, promise, assurance or other favorable indication by the COUNTY that any such license; permit, approval or other consent will in fact occur or be granted. CO-OP understands and agrees that any water service commitment, if any, that may be made by the COUNTY is totally independent of any other action or decision-making process of the COUNTY and has no bearing whatsoever upon the exercise of any authority or discretion of any COUNTY official, employee, board, agency or other entity.

LAS CAMPANAS HOMEOWNERS WATER COOPERATIVE

By Larry Clyde
Larry Clyde, President,
Board of Directors of the Las Campanas Homeowners Water Cooperative

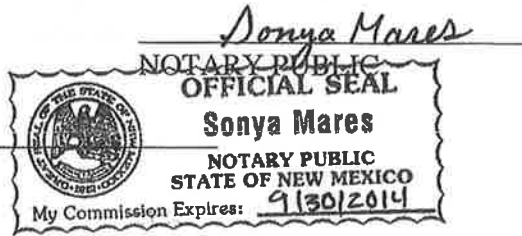
STATE OF NEW MEXICO)
) ss:
COUNTY OF SANTA FE)

Before me appeared Larry F Clyde, with due authority as the President of Las Campanas Homeowners Water Cooperative who provided satisfactory evidence of his identity and voluntarily acknowledged and signed this

instrument on behalf of Las Campanas Homeowners Water Cooperative this 16th day of December 2010.

SEAL

My commission expires:



SANTA FE COUNTY

A political subdivision of the State of New Mexico

By Katherine Miller
Katherine Miller, County Manager

Approved as to form
Santa Fe County Attorney

By: [Signature]
Date: 2-11-11

STATE OF NEW MEXICO)

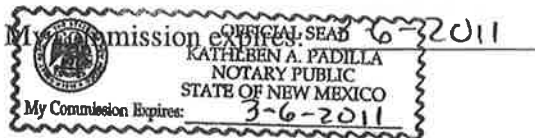
) ss:

COUNTY OF SANTA FE)

Before me appeared Katherine Miller, with due authority as the County Manager of Santa Fe County, who provided satisfactory evidence of his identity and voluntarily acknowledged and signed this instrument on behalf of Santa Fe County this 11 day of February 2010.

SEAL

[Signature]
NOTARY PUBLIC





SHEEHAN & SHEEHAN, P.A.
Attorneys at Law | Est. 1954

Joshua A. Allison
Craig T. Erickson
David P. Gorman
Kim A. Griffith
Patrick J. Hart
Susan C. Kery
Matthew C. Sanchez
Timothy M. Sheehan
Quentin Smith
Barbara G. Stephenson
John W. Utton

Of Counsel

Briggs F. Cheney
Lawrence J. Horan
Thomas J. Horan
Wendy York

Founder

Pat Sheehan
(1918 - 2010)

40 First Plaza NW
Suite 740
Albuquerque, NM 87102

PO Box 271
Albuquerque, NM 87103

Tel 505.247.0411
Fax 505.842.8890

SheehanSheehan.com

January 18, 2011

Stephen C. Ross, Esq.
Santa Fe County Attorney
P. O. Box 276
Santa Fe, New Mexico 87504-0276

Re: Las Campanas Homeowners Water Co-operative / Santa Fe County

Dear Steve:

Enclosed please find an original Dedication signed by Las Campanas. It incorporates the final revisions we requested and is ready for signature by the County Manager.

Very truly yours,

SHEEHAN & SHEEHAN, P.A.



By: JOHN W. UTTON

JWU:ds
Enclosure

E:\...87399196\LETTERS\Ltr to Steve Ross.011811

01-21-11 11:50 RCVD

