

When Recorded Return to:

Jaralosa Cattle Company, LLC
2812 N. Norwalk, Suite 105
Mesa, AZ 85215
Attn: Mark Reeb

2021-000685

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OFFICIAL RECORDS OF APACHE COUNTY
LARRY NOBLE, RECORDER
01-26-2021 12:10 PM Recording Fee \$30.00

EASEMENT AGREEMENT

THIS EASEMENT AGREEMENT ("Agreement") is made as of October 30th, 2018, by and between SPEK INVESTMENTS, LLC, an Arizona limited liability company, its successors or assigns ("Owner"), and JARALOSA CATTLE COMPANY, LLC, an Arizona limited liability company ("User").

RECITALS

A. The Owner owns certain real property located in Apache County, Arizona and legally described on Exhibit "A" attached hereto ("Owner Property").

B. Owner owns the existing water well ("Well") and all related equipment located on the Owner's Property, including the storage tank(s) used to store water produced from the Well ("Community Tank").

C. Water produced from the Well and stored in the Community Tank is and shall be first priority for delivery to, and for the use of the Owner.

D. User holds current cattle grazing leases for User's cattle ("User's Chattel") on the Owner's Property, other lands in the vicinity owned by others and lands owned by the State of Arizona. In addition, User owns lands in the vicinity of Owner's Property which are also grazed by User's Chattel.

E. User has requested the right to use any excess water produced by the Well and not used for the Community Tank ("Overflow") by Owner for general ranch purposes and for providing water to User's Chattel. Delivery of Overflow from the Community Tank shall be for the sole use of the User. Owner is willing to grant an easement to User for the use of such Overflow, subject to terms and conditions set forth in this Agreement.

AGREEMENT

1. Grant of Easement. Owner hereby grants to User an exclusive easement and right to use the Overflow (the "Easement"). Overflow from the Community Tank shall be made available to User through User's water delivery system(s), subject to the terms and conditions set forth in this Agreement. User's use of Overflow shall be subject to and junior to Owner's use of water from the Well and the Community Tank. Overflow used by User pursuant to this

Agreement shall be used for ranching purposes only by the User, and shall not be sold, transferred, or assigned. Owner makes no representation or warranty, express or implied, as to the availability, amount, condition, or any other aspect of the Overflow that may be used by User pursuant to this Agreement.

2. Use and Maintenance.

(a) User shall comply with all applicable governmental laws, rules, and regulations; and all reasonable rules and regulations established from time to time by Owner in connection with the rights and obligations of User under this Agreement. User shall not unreasonably interfere with or disrupt Owner's use of the Owner Property, the Well or the Community Tank in exercising User's rights or complying with its rights and/or obligations under this Agreement. User shall maintain, at User's sole cost and expense, User's delivery system which shall include all pipelines and related equipment for the Overflow from the Well and/or the Community Tank in good, clean, and safe condition and in compliance with all applicable governmental laws, rules, and regulations. If User fails to maintain such pipelines and equipment in such condition after at least thirty (30) days prior notice and opportunity to cure, Owner shall have the right, but not the obligation, to perform such maintenance and repair and charge the cost thereof to User. Owner shall maintain the Well and the Community Tank and its infrastructure in good working condition. User shall pay 50% of the maintenance and repair costs of the Well. Any costs incurred by Owner on behalf of User shall be immediately paid by User upon demand and shall accrue interest at the rate of ten percent (10%) per annum if not paid within thirty (30) days after demand.

(b) User shall have the right to place, construct, operate and maintain the minimal necessary infrastructure to provide for delivery of the Overflow from Owner's Property to User's property(ies), for use by User's Chattel. Any and all infrastructure placed on Owner's Property by User shall be operated and maintained solely at the cost and expense of User. User has designed the infrastructure which has been approved by Owner and shown on Exhibit "B" attached hereto. User shall provide Owner notice of any proposed subsequent and future improvements and receive approval of such from the Owner prior to commencing any improvements which shall not be unreasonably withheld. All User improvements shall be designed, constructed and operated to comply with the terms and conditions of the Easement.

(c) Any and all connections made by the User to the Community Tank or other related equipment of the Owner, including piping and electrical components, shall be performed by an Arizona licensed well driller or an Arizona licensed contractor. Any water piping connections made to the Owner's water system shall include appropriate backflow preventers. Any sanitization required or determined to be needed to the Owner's water system and Community Tank resulting from work or improvements performed by or on behalf of the User, shall be solely at the cost and expense of the User. Owner currently tests the water quality approximately every 60-days. Should any test result show Total Coliform and or E. Coli levels above the Maximum Contaminant Levels of the Safe Drinking Water Act, Owner shall immediately cause the Owner's water system to be sanitized, the water retested until it is below stated contaminant levels and notify the User of such. User agrees and shall immediately reimburse all documented costs stated herein and those costs associated with the re-testing and

sanitizing of the Owner's water system, as provided for in this Agreement if it is determined that User or the failure of User's infrastructure caused the contamination. User shall not be entitled to receive any Overflow during the time that the Well and Community Tank are shut down for maintenance and/or repair or reasonably inoperable.

3. **Termination of Easement.** Owner shall have the right to terminate this Agreement if User defaults or breaches any of its obligations under this Agreement and aforementioned default or breach is not cured within ninety (90) days after proper notice thereof to User.

4. **Insurance and Indemnification.** User shall maintain in full force and effect at all times comprehensive liability insurance in amounts acceptable to Owner and otherwise in form and content acceptable to Owner. User shall provide the Owner with current copies of the insurance policy that the User is required to maintain. User shall indemnify, defend, and hold harmless Owner and its partners, members, officers, agents, employees, and contractors from and against any and all claims, liabilities, damages, losses, and expenses, including but not limited to attorney's fees, arising out of or in any manner relating to the delivery or use of the Overflow from the Community Tank or Well by User.

5. **Amendment.** This Agreement may be amended only by written instrument signed by both Owner and User.

6. **Notices.** All notices required or permitted to be given under this Agreement shall be in writing and may be given in person or by United States mail, by delivery service or by email or other electronic transmission. Any notice directed to a party to this Agreement shall become effective upon earliest of the following: (i) actual receipt by that party; (ii) delivery to the designated address of that party, addressed to that party; or (iii) if given by certified or registered United States mail, twenty-four (24) hours after deposit with the United States Postal Service, postage prepaid, addressed to that party at its designated address. The designated address of a party shall be as set forth below or such other address as that party, from time to time, may specify by notice to the other parties.

Owner: SPEK Investments, LLC.
6245 N. 24th Parkway, Ste. 205
Phoenix, AZ 85016
Attn: Richard Schust
Email: rds@arizonaland.com

User: Jaralosa Cattle Company, LLC
2812 N. Norwalk, Ste. 105
Mesa, AZ 85215
Attn: Mark Reeb
Email: markreeb@reebgroup.com

7. **Governing Law.** This Agreement shall be construed in accordance with and governed by the laws of the State of Arizona.

8. **Attorneys' Fees.** In the event of any legal action or proceeding between Owner and User arising out of this Agreement, the prevailing party in such action or proceeding shall be entitled to recover from the other party all attorneys' fees and court costs incurred by the prevailing party in the action or proceeding.

9. **Assignment and Transfer.** The Easement and rights granted herein shall be covenants running with the land and shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns. User shall not assign, transfer, or convey the Easement or its rights under this Agreement, in whole or in part, without Owner's prior written consent, except that User may assign, transfer or convey its interest in the Easement and rights hereunder together with the sale of its ranching/cattle business. If Owner desires to sell the Owner Property and/or the Well and Community Tank to a non-related third-party buyer, Owner shall first offer to sell the same to User on the same terms and conditions. If Owner and User do not reasonably agree to sale terms, then Owner may assign, transfer, or convey the Owner Property and/or the Well and Community Tank to a non-related third-party buyer in accordance with the terms and conditions offered to User.

10. **Entire Agreement.** This Agreement constitutes the entire agreement with respect to the subject matter hereof and supersedes any and all other prior arrangements, undertakings, statements, or representations, either oral or in writing.

11. **Severability.** The provisions of this Agreement are severable, and if any provision or the application thereof is held to be invalid or unenforceable, the invalidity or enforceability thereof shall not be construed to affect any other provision or application.

12. **No Waiver.** Failure of any party to exercise any right, remedy, or option arising out of a breach of this Agreement shall not be deemed a waiver of any right, remedy, or option with respect to any subsequent or different breach or the continuance of any existing breach.

13. **Counterparts.** This Agreement may be executed in any number of counterparts, any of which may be delivered by email or other electronic transmission. Any set of identical counterparts containing the signatures of all parties shall be deemed to constitute one instrument, and each such set of counterparts shall be deemed an original.

14. **Time of Essence.** Time is hereby declared to be of the essence for the performance of all conditions and obligations under this Agreement. If the last day of any time period stated herein shall fall on a Saturday, Sunday, or legal holiday in the State of Arizona, then the duration of such time period shall be extended so that it shall end on the next succeeding day which is not a Saturday, Sunday, or legal holiday in the State of Arizona.

15. **Headings.** The captions and paragraph headings used in this Agreement are for convenience and reference only, and are not intended to define, limit, or describe the scope or intent of any provision of this Agreement. When used herein, the terms "include" or "including" shall mean without limitation by reason of the enumeration. All grammatical usage herein shall be deemed to refer to the masculine, feminine, neuter, singular, or plural as the identity of the

person or persons may require. The term "person" shall include an individual, corporation, partnership, trust, estate, or any other entity.

16. **Not a Public Dedication.** Nothing contained in this Agreement shall be deemed to be an interest in real property, a gift, or dedication of any portion of the Owner Property, Well, or, Community Tank to the general public or any public purpose whatsoever, and this Agreement shall be strictly limited to and for the purposes expressed herein.

17. **Authority.** Each individual signing this Agreement on behalf of a party hereto hereby represents and warrants to the other party that he or she has full power and authority to execute and deliver this Agreement on behalf of the party for which he or she signed and the execution, delivery, and performance of this Agreement have been duly authorized by all requisite action on the part of the party for which he or she signed.

IN WITNESS WHEREOF, this Agreement is executed as of the date first set forth above.

OWNER:

SPEK Investments, LLC, an Arizona limited liability company

By: 

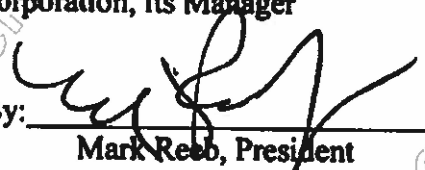
Richard D. Schust, Managing Member

USER:

JARALOSA CATTLE COMPANY, LLC, an Arizona limited liability company

By: ORC, LLC, an Arizona limited liability company, its Manager

By: The Reeb Group, Ltd., an Arizona corporation, its Manager

By: 

Mark Reeb, President

Exhibit "A"**Legal Description**

A PORTION OF Section 27, T16N, R31E, G. & S.R.B. & M., Apache County, Arizona described as follows:

Commencing at Mile Post Marker 154 of the Arizona and New Mexico state border said Corner being a GLO. Brass Cap;

Thence N 2°18'03" E a distance of 70.13' along the East line of Section 27; thence S 89°59'19" W a distance of 640.36 to a AL. Cap 19849 which is the True Point of Beginning;

Thence S 89°59'19" W a distance of 299.52' to an AL. Cap 19849.

Thence N 1°33'31" W a distance of 204.87' to an AL. Cap 19849.

Thence East a distance of 335.53' to an AL. Cap 19849.

Thence S 8°27'26" W a distance of 206.98' to which is the Point of Beginning and having an area of 1.493 acres of land, more or less.

Excepting a 30' easement on the south and west boundary.

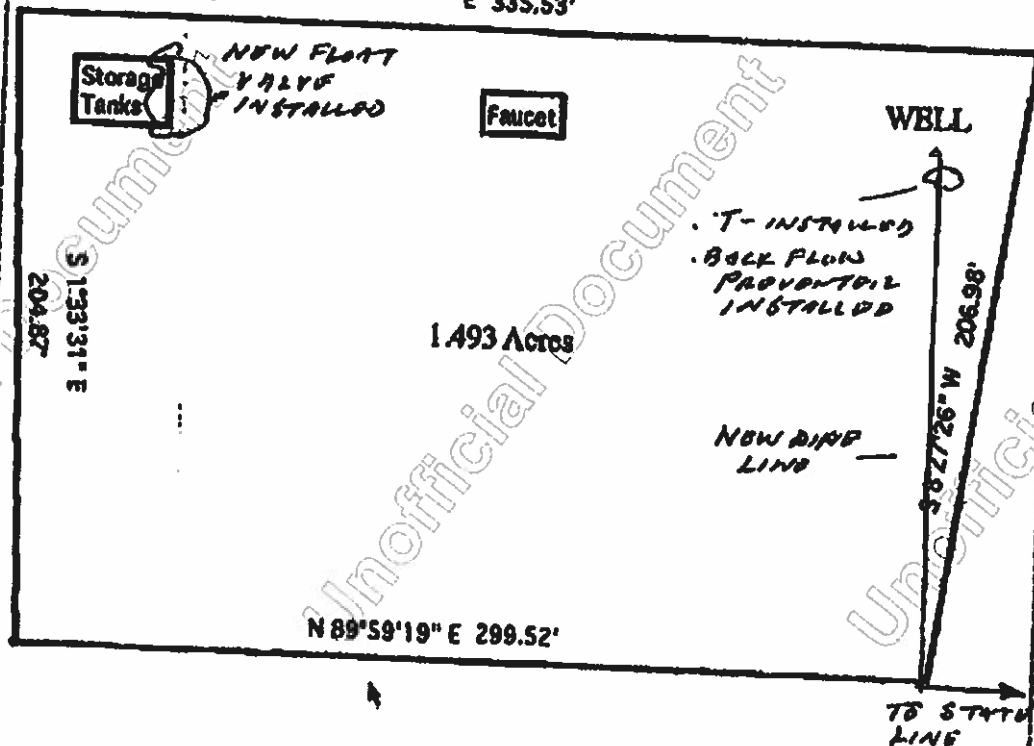
Excepting any Rights-of-Way, Easements or other Encumbrance that would be revealed by a current TITLE REPORT.

EXHIBIT "B"

New Well - SHR Unit 3

321

E 335.53'



320