

SHARED WELL AGREEMENT AND DECLARATION

This Shared Well Agreement and Declaration is made by and between Sage Homes of Taos, LLC, a New Mexico Limited Liability Company, the Linda Griffin Revocable Trust and Cheryl M. Chanaud and Suzanne M. López, (hereinafter the "Declarants"), this 31st day of January, 2007, as follows:

WHEREAS:

A. Sage Homes of Taos, LLC is the owner of that real property in Taos County, New Mexico, described as Lot 6-D of the Ranchos de Las Colonias Subdivision, Addition Number Two, more particularly described on Exhibit "1" attached hereto and incorporated herein by reference;

B. The Linda Griffin Revocable Trust is the owner of that real property in Taos County, New Mexico, described as Lot 13-D of the Ranchos de Las Colonias Subdivision, Addition Number Two, more particularly described on Exhibit "2" attached hereto and incorporated herein by reference.

C. Cheryl M. Chanaud and Suzanne M. López are the owners of that real property in Taos County, New Mexico, described as Lot 7-D of the Ranchos de Las Colonias Subdivision, Addition Number Two, more particularly described on Exhibit "3" attached hereto and incorporated herein by reference.

D. Lots 6-D,7-D and 13-D adjoin.

A well has been drilled on Lot 6-D having File Number RG 88451 (Hereinafter "the Well") which is permitted for multi-lot use of up to three (3.0) acre-feet of water per year (up to 1 acre-foot of water per lot per year) which Well will provide water for domestic use for the residence

located on Lot 6-D, and the use of which Well will be shared with Lots 7-D and 13-D as provided herein.

F. The Declarants desire to hereby state the rights and obligations with respect to the installation, use and sharing of the Well and its water supply as well as the costs of maintenance and upkeep thereof, and to enter into an agreement to share use as provided herein.

NOW, THEREFORE, the Declarants hereby affirm that Lots 6-D, 7-D and 13-D shall be owned, conveyed, mortgaged, leased, used, occupied, and improved, subject to the following terms, conditions and restrictions which shall be covenants running with the land.

1. The Well shall be used for the exclusive benefit of Lots 6-D, 7-D and 13-D (hereinafter the "Participating Tracts"). No other tracts, lots or parcels of land may be made subject to this agreement, and any attempt to do so shall be void and of no effect. Each Participating Tract shall have the right to one (1) well tap which may serve a residence and one guest house, and the right to use up to but not in excess of one (1) acre-foot of water per year.

2. The owners of the Participating Tracts shall not use such water for any purpose other than as allowed by New Mexico law under the Domestic Well Permit and shall comply with all applicable laws, including the Regulations Governing Use and Appropriation of Ground Water in New Mexico. The total amount of water diverted hereunder shall not exceed more than 3.0 acre-foot per annum. The water shall be diverted only for the following uses:
Household and other domestic use for one residence and one guest house per participating tract; drinking and sanitary purposes and irrigation of non-commercial trees, shrubs and lawns, provided that water diverted from the Well may not be used for any commercial purpose, such as a car wash, greenhouse, laundry, concrete batching or the manufacture of a product.

3. The owners of the Participating Tracts shall each share pro-rata the expenses for

installation of the well in the amount of \$20,271.81, pursuant to the invoice attached hereto as Exhibit "4" and equipment of the well in the estimated amount of \$6,000.00 to \$7,000.00. Any other future expenses for ordinary maintenance and any necessary repairs, equipment replacements, redrilling, deepening, and rebuilding of the well, well housing, pump, pump house, common water and power supply lines and the cost of electricity to run the well pump provided, however, shall be shared pro-rata only by the Participating Tracts which have connected an improvement to the Well and pump, and then, only during the period for which such improvement is connected, regardless of which tract owner or owners contracted for such maintenance. The owner or owners of any Participating Tract may, without the consent of the owner or owners of any other Participating Tract, contract for, order or perform reasonable and necessary ordinary maintenance and repairs and equipment replacement necessary for the continued operation of the Well for the purposes set out above. Any owner or owners who procure such services or equipment shall within fifteen (15) days of performance thereof notify the owners of the other Participating Tracts in writing of the cost of the services or equipment, as shown in the original invoice therefor, and the share of each Participating Tract shall become due upon delivery of such notice and, if not paid in full within ninety (90) days, shall become a lien upon that Tract until paid, without necessity of any further public filings.

4. In the event the Well runs dry or produces no more than 0.5 gallons per minute averaged over a period of 1 day, or a licensed well driller determines that it is no longer capable of producing three acre-feet of water per year, then the owners of the Participating Tracts may agree to do any of the following:

a. Undertake to redrill, deepen or otherwise alter the existing Well, in which

- case all those Participating Tracts which have residential improvements connected to the Well shall be equally liable for the cost of doing so;
- b. Undertake to drill a new well in a different location, which Well if drilled shall become subject to this Agreement in place of the original Well, in which case all the Participating Tracts shall be liable for the cost of doing so;
 - c. Continue to operate the Well at a lower rate of production, and reapportion the water available by amendment to this Agreement, provided that without the agreement of the owners of all three Participating Tracts, no Tract may be apportioned less than one-third of the available water; or
 - d. Terminate this Agreement by recorded instrument and file the appropriate documentation with the Office of the State Engineer.

5. In the event that any of the actions undertaken pursuant to subparagraphs 4(a) and 4(b) above are unsuccessful in obtaining production of 0.75 acre-feet per year or an average of 0.5 gallons per minute, then this Agreement shall terminate and the parties hereto or their successors shall cancel this Agreement by recorded instrument and filing the appropriate documentation with the Office of the State Engineer.

6. Upon the sale of Lot 6-D, which is described in Exhibit "1" attached hereto, the purchaser shall file a Change of Ownership form with the New Mexico State Engineer for a Domestic Well for use by more than one household pursuant to Section 72-12-1.1 NMSA. No water may be diverted by the new owner until the Change of Ownership has been recorded at the office of the State Engineer and a new well permit issued in the name of the purchaser.

7. The owner or owners of the Participating Tracts shall install either a totalizing meter showing total water consumption from the well or individual water meters measuring usage to each well tap.

8. For so long as this Agreement shall be in effect, the owners of Participating Tracts hereby grant to each other reciprocal easements of access to the Well, pump, meters and

appurtenant apparatus for the purposes of this Agreement and, particularly, for installation, maintenance and repair of the underground water pipelines necessary to carry water from the Well and pump and of the electric lines and appurtenant apparatus, all for the mutual benefit of said Tracts. The easements herein provided shall be centered upon and extend five feet on either side of such underground pipelines connecting the Well to each participating Tract, determined at the time of installation of the said pipelines, and shall continue for each such pipeline as long as it remains in place and is not abandoned. It is specifically agreed that if it becomes necessary after installation to relocate any such pipeline, the easement for that line shall be deemed relocated along the centerline of the relocated pipeline.

9. Any owner of a well right under this Agreement may withdraw prospectively from the benefits and burdens of this Agreement, including, without limitation, the cost-sharing liabilities hereunder, by unilaterally executing and recording an appropriate irrevocable document or record in Taos County, New Mexico, without prejudice to the water, Well and easement rights hereunder of the non-relinquishing owners to the extent pertinent and needed in order for such other owner(s) to continue to enjoy the full benefits of this Agreement. Such withdrawal shall not be deemed effective against costs incurred pursuant to Paragraph 3 above if those costs were incurred prior to recording such document.

Enforcement of the rights and obligations created by this Agreement shall be by proceeding at law or in equity by any Participating Tract owner against the owner of the Participating Tract with respect to which a breach has occurred, to recover damages or payments due or to obtain injunctive relief. The prevailing party shall be entitled to costs and reasonable attorneys' fees against the breaching party.

11. All notices with respect to this agreement shall be in writing and shall be delivered personally or sent in any of the modes and at any of the addresses or numbers set out below:

Lot 6-D Owner Name(s): SAGE HOMES OF TAOS, LLC
Mailing Address: c/o Jacob Caldwell
Natelson Law Firm
411 Camino de la Placita
Taos, NM 87571
Email Address: c/o jjdcaldwell@qwest.net
Fax: (505) 758-9283

Lot 7-D Owner Name(s): Cheryl Chanaud and Suzanne Lopez

Mailing Address: c/o Julia Lacy Armstrong
Armstrong & Armstrong, P.C.
4630 NDCBU
218 Beimer St.
Taos, NM 87571

Email Address: jlarla@taoslaw.com or cchanaud@aol.com

Fax: 505-751-4817

Lot 13-D Owner Name(s):
Mailing
Address: Email
Address: Fax:

Each owner of a Participating Tract shall notify the others in writing of any change in the above information and shall provide the others in writing with the information for any purchasers or assigns of any interest in a Participating Tract. Notice sent to the last known address, email address, or fax number shall be deemed received, for purposes of this Agreement, three (3) business days after being sent.

12. This Agreement and any question of interpretation or enforcement shall be

governed by the laws of the State of New Mexico.

13. This Agreement constitutes the entire agreement between the parties, and no other agreement or modification of this Agreement shall be valid unless agreed to in writing by the parties thereto.

14. Each person signing this Agreement hereby represents and warrants to the others that he or she is fully possessed of all rights necessary to bind himself or herself to all of the terms of this Agreement, and if signing in an agency or representative capacity, that he or she is fully authorized to bind the party or parties represented to all of the terms of this Agreement.

15. This Agreement and the covenants and restrictions contained herein shall be binding upon and inure to the benefit of the parties, their legal representatives, heirs successors and assigns, and shall run with benefit and burden the Participating Tracts.

IN WITNESS WHEREOF, the undersigned have executed this Shared Well Agreement and Declaration as of the day and year first above written.

LINDA GRIFFIN REVOCABLE TRUST

SAGE HOMES OF TAOS, LLC

By: *[Signature]* TRUSTEE

By: *[Signature]*

Its: TRUSTEE

Its: MEMBER / MANAGER

[Signature]
CHERYL M. CHANAUD

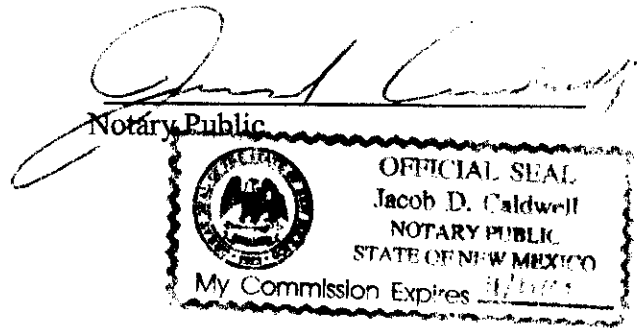
[Signature]
SUZANNE M. LOPEZ

STATE OF NEW MEXICO)
)
COUNTY OF TAOS)

The foregoing instrument was acknowledged before me this 6th day of February, 2007,
by Phyllis Hills, a Member of Sage Homes of Taos LLC.

11/29/08

(SEAL)
My commission expires:

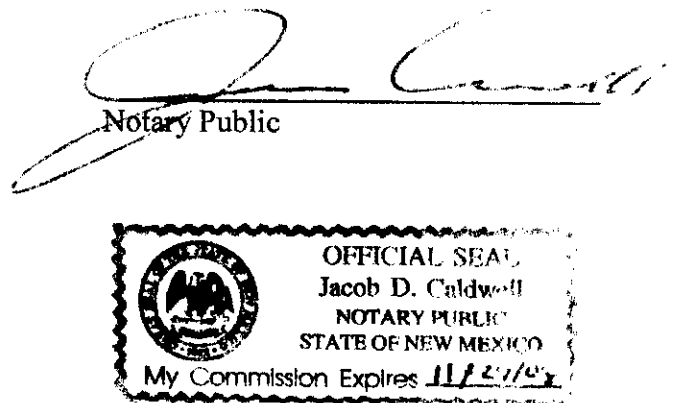


STATE OF NEW MEXICO)
)
COUNTY OF TAOS)

The foregoing instrument was acknowledged before me this day of February 7, 2007,
by Linda Griffin, Trustee of the Linda
Griffin Revocable Trust.

(SEAL)
My commission expires:

11/29/08



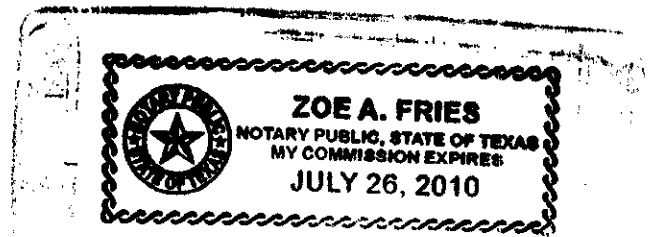
STATE OF Texas

COUNTY OF Harris

The foregoing instrument was acknowledged before me this 30th day
of January, 2007, by CHERYL M. CHANAUD and SUZANNE M.
LOPEZ.

Zoe A. Fries
Notary Public

(SEAL)
My commission expires:



TAOS COUNTY
ELAINE S. MONTANO, CLERK
000330708
Book 597 Page 789
10 of 12
04/16/2007 11:29:42 AM
BY DIANAD

Exhibit "1"

Shared Well Agreement and Declaration

Lot 6-D of the Ranchos Colonias Addition Number Two according to that Plat of record in the office of the County Recorder of Taos County in Plat Cabinet B, Page 1-A.

TAOS COUNTY
ELAINE S. MONTANO, CLERK
000330708
Book 597 Page 790
11 of 12
04/16/2007 11:29:42 AM
BY DIANAD

Exhibit "2"
Shared Well Agreement and Declaration

Lot 13-D of the Ranchos Colonias Addition Number Two according to that Plat of record in the office of the County Recorder of Taos County in Plat Cabinet B, Page 1-A.

TAOS COUNTY
ELAINE S. MONTANO, CLERK
000330708
Book 597 Page 791
12 of 12
04/16/2007 11:29:42 AM
BY DIANAD

Exhibit "3"
Shared Well Agreement and Declaration

Lot 7-D of the Ranchos Colonias Addition Number Two according to that Plat of record in the office of the County Recorder of Taos County in Plat Cabinet B, Page 1-A.

