

When Recorded Return to:

PRE-ANNEXATION DEVELOPMENT AGREEMENT

This pre-annexation development agreement ("Agreement") is entered into this 10th day of August, 2022 ("Effective Date"), by and between the City of Maricopa, an Arizona Municipal Corporation ("City") and AMARILLO & PAPGO INVESTMENTS, LLP, an Arizona limited liability partnership ("Owner"). The Owner and City are collectively referred to herein as "**Parties**" and individually as "**Party**."

RECITALS

A. Owner owns that certain real property located in Pinal County, Arizona, consisting of approximately 226.97 acres, and is legally described on Exhibit A, attached hereto (the "**Property**").

B. Once the Property is contiguous to the City or is otherwise legally eligible for annexation, Owner and City desire that the Property be annexed into the corporate limits of the City and be developed as an integral part of the City. The City will file a blank annexation petition with Pinal County Recorder Office that includes the Property and will notice and hold the requisite meetings and hearings in accordance with Arizona Revised Statutes ("A.R.S.") §9-471 *et seq.*

C. In accordance with A.R.S. §9-471(M), the City desires to annex the Property and intends to support a rezone of the Property that will permit densities and uses not greater than those permitted by the county immediately before annexation. Notwithstanding anything to the contrary set forth herein, to the extent a conflict is found between the terms of this Agreement and any future zoning approval, the zoning approval shall control.

D. The Parties understand and acknowledge that this Agreement is a "Development Agreement" within the meaning of, and entered into pursuant to the terms of, Arizona Revised Statutes ("A.R.S.") §9-500.05, in order to facilitate the Property development.

E. The Parties acknowledge and agree to be bound by the Fire Protection Services Agreement by and between the City and the South Maricopa Fire Association.

Now, therefore, in consideration of the foregoing premises and the mutual promises and agreements set forth herein, the parties hereto state, confirm and agree as follows:

1. **Incorporation of Recitals.** The Parties acknowledge the accuracy of the foregoing Recitals. Each of the foregoing Recitals is hereby incorporated into this Agreement by this reference and is made a part hereof.

2. **Effective Date.** This Agreement will be effective on the date on which all of the following has occurred with respect to the Property ("Effective Date"):

- 2.1. Adoption of this Agreement by the City,
- 2.2. Execution by the duly authorized representatives of the Parties,
- 2.3. Recordation in the office of the Recorder of Pinal County, Arizona,

3. **Term.** This Agreement will remain in effect for ten (10) years from the Effective Date following the Effective Date unless the Parties mutually agree to extend the Term; provided, however, that any Termination of this Agreement without approval of an Annexation Ordinance requires at least two (2) years prior written notice of such termination (the "Termination Notice") to the other Party. If no Termination Notice is delivered at least two (2) years prior to the expiration of the ten (10) year Term or any extension Term granted herein, this Agreement shall automatically be extended for successive five (5) year Term periods until a two (2) year Termination Notice is delivered

4. **Annexation.**

4.1. **Annexation; Owner to Submit Signed Annexation Petition.** Once the Property is contiguous to the City or is otherwise legally eligible for annexation, the City will initiate the annexation process by filing a blank annexation petition with the Pinal County Recorder consistent with the requirements of A.R.S. §9-471 and all other application laws, ordinances and rules (the "Annexation Laws"), to annex the Property into the City. The City will timely publish, mail and post the required notices and hold a public hearing, as required under the Annexation Laws in connection with the annexation of the Property into the City. Prior to the Council's consideration of the annexation of the Property, the Owner will deliver to the City the appropriate petitions for Annexation duly executed by the Owner (the "Annexation Petition") and satisfying the applicable statutory requirements. The City shall be responsible for all fees associated with the statutory Annexation process.

4.2. **Annexation of the Property.** The City, after complying with all statutory requirements, will duly consider and determine if annexation of the Property into the City is in the best interest of the City in compliance with the provisions of A.R.S. § 9-471 *et seq.* The City, if shown to be in its best interest, will adopt an ordinance annexing the Property into the corporate limits of the City (the "Annexation Ordinance"). Notwithstanding the foregoing, the Owner acknowledges that the City's approval of any zoning of the Property will occur after the adoption of the Annexation Ordinance.

4.3. **Automatic Termination of Agreement.** The City and the Owner hereby acknowledge and agree that this Agreement shall automatically terminate and be of no force or

effect if the City's annexation of the Property does not, for any reason (including, but not limited to, the application of the recession and termination provisions set forth above) become effective and final pursuant to A.R.S. § 9-471(D) on or before the expiration of the Term, as defined in Section 3 above.

4.4 Recording of Agreement. The Parties acknowledge and agree that this Agreement will be recorded in the office of the Recorder of Pinal County, Arizona, as means of providing notice to any of Owner's successors or assigns including, but not limited to, individual homeowners, of their obligation to deliver to the City the appropriate petitions for Annexation duly executed as requested by the City.

5. Zoning.

5.1. In accordance with A.R.S. §9-471(M), shortly after the adoption of the Annexation Ordinance, the City will adopt zoning classifications that permit densities and uses identical to those permitted by Pinal County (the "County") immediately before approval of the Annexation Ordinance. The City shall be responsible for all fees associated with the zoning process required by A.R.S. §9-471(M).

5.2. In the event Owner wants to rezone the Property to something other than as required by A.R.S. §9-471(M), Owner will submit to the City, as soon as possible after the adoption of the Annexation Ordinance, application for the approval of the desired zoning for the Property consistent with the City's standard processes. The Parties expressly acknowledge and agree that any future rezoning, after adoption of the Annexation Ordinance, will be consistent with the portions of the City's General Plan applicable to the Property. The Owner shall be responsible for all fees associated a zoning process other than that process required by A.R.S. §9-471(M).

6. Development of the Property.

6.1. County Approvals. The City of Maricopa, in consideration of annexation into its municipal limits, hereby agrees to acknowledge and approve any zoning, preliminary or final plat, Improvement Plans, permits or other entitlements related to the Property which (i) have received final approval from the County Board of Supervisors or Planning and Zoning Commission; or (ii) have been submitted to the County and diligently pursued prior to Annexation. In the event the County has not given final approval or Owner has not submitted any necessary improvement plans, Owner shall submit such plans to the City for review and approval in accordance with the City's rules and regulations in effect at the time of submittal. Such improvement plans include, but are not limited to, roadway improvements, grading, drainage, landscaping and lighting. (The "**Improvement Plans**"). Prior to the City's approval of the Annexation Ordinance and during any pending zoning, tentative plat or final plat, Improvement Plans, permits or other entitlements with the County regarding the Property, the City shall not communicate on such pending entitlement matters with the County Board of Supervisors or Planning and Zoning Commission without first disclosing to Owner the intent and purpose of such communications, and delivering a copy of such communication to the Owner via email to the address set forth in Section 8.1.

6.2. Development Agreements. Notwithstanding anything to the contrary set forth herein, the Parties hereby agree that any agreements approved by the County related to the Property shall be of no further force or effect and the City shall have no obligations pursuant thereto after the approval of the Annexation Ordinance. Parties, in their sole and absolute discretion, may enter into an agreement related to the development of the Property after approval of the Annexation Ordinance.

6.3. City Rules and Regulations. Unless otherwise specifically set forth in the County approved zoning, preliminary or final plats, Improvement Plans, permits or other entitlements, the Owner hereby acknowledges and agrees that the development of the Property will comply with all applicable laws in place at the time such development commences including, but not limited to, the City's rules and regulations. The City shall be prohibited from requiring any change or alteration to subdivision designs, lot sizes, building setbacks and/or garage width requirements as are set forth in any Owner submitted entitlements to the County that are diligently pursued and in compliance with County regulations, or County approved zoning, tentative plats or final plats on the Property, even if such subdivision design and lot sizes building setbacks and/or garage width requirements are nonconforming to City codes and standards. Owner hereby agrees to pay all applicable City fees and charges related to the development of the Property including, but not limited to, development impact fees, review fees, and inspection fees.

6.4. Review of Design and Construction Plans. Prior to approval of the Annexation Ordinance, Owner agrees to submit to the City a courtesy copy of any zoning, preliminary or final plat, improvement plans or other entitlements being submitted to the County. Notwithstanding anything to the contrary set forth herein and after approval of the Annexation Ordinance, for purposes of ensuring compliance with County approvals, the City shall have the right and authority to review and approve the Improvement Plans and specifications related to the Property prior to any work related to those plans being commenced and, if there are any revisions to those plans and specifications after the work is commenced, to review and approve any revisions to the plans and specifications to ensure such plans and specifications are in accordance with applicable County approvals or City standards. In addition, the City shall have the right and authority to inspect the ongoing construction of the improvements to ensure that such construction is performed in accordance with the applicable plans and specifications therefor.

6.5. Construction. Owner shall construct or cause to be constructed all on-site and off-site improvements, per any effective development agreement, necessary for the development of the Property at their sole cost and expense. Owner shall construct and install all improvements in a good and workmanlike manner in conformity with specifications, standards and engineering regularly applied by the City. Upon completion of the installation and construction of the improvements, Owner will convey any completed public roadway improvements to the City, lien and debt free, after acceptance of such improvements by the City in accordance with the City's standard practices. Owner will also provide a warranty related to such improvements as normally required by the City's rules and regulations.

6.6. Fees. The City hereby acknowledges and agrees that Owner will not owe the City any fees already paid by Owner to the County for approved zoning, preliminary or final plats, Improvement Plans, permits or other entitlements. In the event the City has fees that the County does not require, City shall not impose such fees if Owner is beyond the requisite stage such fee would have been paid. Owner hereby acknowledges and agrees that, after approval of the Annexation Ordinance, Owner will be subject to any and all applicable fees of the City related to the development of the Property.

6.7 Assurances. At the time of development after approval of the Annexation Ordinance, Owner, or its successors and/or assigns, shall give the City financial assurances to assure completion of any necessary improvements in such form, substance and amount consistent with the applicable provisions of the City's subdivision ordinance.

7. **Cooperation and Alternative Dispute Resolution.**

7.1. Appointment of Representatives. To further the cooperation of the parties in implementing this Agreement, the City and Owner shall each designate and appoint a representative to act as a liaison between the City and its various departments and Owner. The initial representative for the City (the "City Representative") shall be _____ and the initial representative for Owner shall be Brad Clough (the "Owner Representative"). The representatives shall be available at all reasonable times to discuss and review the performance of the parties to this Agreement and the development.

7.2. Default. Failure or unreasonable delay by either party to perform or otherwise act in accordance with any term or provision hereof shall constitute a breach of this Agreement and, if the breach is not cured within thirty (30) days after written notice thereof from the other party (the "Cure Period"), shall constitute a default under this Agreement; provided, however, that if the failure is such that more than thirty (30) days would reasonably be required to perform such action or comply with any term or provision hereof, then the party shall have such additional time as may be necessary to perform or comply so long as the party commences performance or compliance within said thirty (30)-day period and diligently proceeds to complete such performance or fulfill such obligation. Any notice of a breach shall specify the nature of the alleged breach in the manner in which said breach may be satisfactorily cured, if possible.

7.3 Dispute Resolution. In the event a dispute arises under this Agreement which the Parties cannot resolve between themselves, the Parties agree that there shall be a ninety (90) day moratorium on litigation during which time the Parties agree to attempt to settle the dispute by non-binding mediation before commencement of litigation. The mediation shall be held under the Commercial Mediation Rules of the American Arbitration Association but shall not be under the administration of the AAA unless agreed to by the Parties in writing, in which case all administrative fees shall be divided evenly between the City and Owner. The matter in dispute shall be submitted to a mediator mutually selected by Owner and the City. If the Parties cannot agree upon the selection of a mediator within ten (10) days, then within five (5) days thereafter, the City and Owner shall request that the Presiding Judge of the Superior Court in and for the County of Pinal, State of Arizona, appoint the mediator. The mediator

selected shall have at least ten (10) years' experience in mediating or arbitrating disputes relating to real property. The cost of any such mediation shall be divided equally between the City and Owner. The results of the mediation shall be nonbinding with any Party free to initiate litigation upon the conclusion of the latter of the mediation or of the ninety (90) day moratorium on litigation. The mediation shall be completed in one day (or less) and shall be confidential, private, and otherwise governed by the provisions of A.R.S. §12-2238.

8. **Notices and Filings.**

8.1 **Manner of Serving.** Any notice or other communication required or permitted to be given under this agreement shall be in writing and shall be deemed to have been duly given if (i) delivered to the party at the address set forth below, (ii) deposited in the U.S. mail, registered or certified, return receipt requested, to the address set forth below, or (iii) given to a recognized and reputable overnight delivery service, to the address set forth below:

The City: City of Maricopa
Attn: Rick Horst, City Manager
39700 West Civic Center Plaza
Maricopa, Arizona 85138
Rick.Horst@maricopa-az.gov

City of Maricopa
Attn: Denis Fitzgibbons, City Attorney
1115 E. Cottonwood Lane, Suite 150
Casa Grande, AZ 85122
denis@fitzgibbonslaw.com

Owner: Amarillo & Papago Investments, LLP
10218-111th Street
Edmonton, Alberta Canada T5K 1K9
Attn: Brad Clough
bclough@allard.ca

or to such other addresses as either party hereto may from time to time designate in writing and delivery in a like manner.

8.2 **Mailing Effective.** Any notice or other communication directed to a party to this Agreement shall become effective upon the earliest of the following: (i) actual receipt by the party; (ii) delivery to the addressed of the party; or (iii) if given by certified or registered U.S. Mail, return receipt requested, 72 hours after deposit with the United States Postal Service, addressed to the party.

9. **General.**

9.1. **Waiver.** No delay in exercising any right or remedy shall constitute a waiver. No waiver by the City or Owner of any breach of a covenant or condition of this

Agreement shall be construed as a waiver of any proceeding or succeeding breach of the same or any other covenant or condition of this Agreement. No waiver shall be effective unless in writing and signed by the granting party.

9.2. Council Action Requirement. The Parties acknowledge that, notwithstanding any language of this Agreement, no act, requirement, payment, or other agreed upon action to be done or performed by the City which would, under any law require formal action, approval, or concurrence by the City Council, will be required to be done or performed by the City unless and until formal Council action has been taken and completed. This Agreement in no way acquiesces to or obligates the City to perform a legislative act.

9.3 Further Acts. Each party agrees in good faith to execute such further or additional instruments and documents and to take such further acts as may be necessary or appropriate to fully carry out the intent and purpose of this Agreement. However, the Parties acknowledge that City is limited in its actions by law and ordinances.

9.4. Successors and Assigns. Except for assignments to Transferees as permitted in Section 9.9 (for which the City's consent is not required), this Agreement cannot be assigned by either party without written consent of the other party. Such consent shall not be unreasonably withheld. Owner's rights and obligations hereunder may only be assigned to a person or entity that has acquired the Property or a portion thereof and only by a written instrument, recorded in the Official Records of Pinal County, Arizona, expressly assigning such rights and obligations, except as otherwise provided. All of the provisions hereof shall inure to the benefit of and be binding upon the successors and assigns for the parties hereto.

9.5. No Partnership; Third Parties. It is not intended by this Agreement to, and nothing contained in this Agreement shall, create any partnership, joint venture or other agreement between Owner and the City. No term or provision of this Agreement shall be for the benefit of any person or entity not a party hereto and no such other person or entity shall have any right or cause of action hereunder.

9.6. Indemnification. To the fullest extent allowed by law, Owner shall indemnify, protect, defend and hold harmless the City, its Council members, officers, employees, and agents from any and all claims, demands, losses, damages, liabilities, fines, charges, penalties, administrative and judicial proceedings and orders, judgments, remedial actions of any kind, and all costs and cleanup actions of any kind, all costs and expenses incurred in connection therewith, including, without limitation, reasonable attorney's fees and costs of defense arising, directly or indirectly, in whole or in part, out of the exercise of this Agreement by Owner.

9.7. Entire Agreement. This Agreement and all exhibits thereto constitute the entire agreement between the Parties hereto pertaining to the subject matter hereof. All prior and contemporaneous agreements, representations and understandings of the Parties, oral or written, are hereby superseded and merged herein.

9.8. Amendment. No change or addition is to be made this Agreement except by written amendment executed by the parties hereto. Within ten (10) days after any amendment to this Agreement, such amendment shall be recorded in the Official Records of Pinal County, Arizona. Owner acknowledges and understands that no modification of this Agreement shall have any force or effect unless approved by the City Council in a public meeting.

9.9. Assignment. The rights and obligations of Owner under this Agreement may be transferred or assigned, in whole or in part, by a written instrument, to any subsequent owner or person (each, a "Transferee") having an interest in all or any portion of the Property ("Transferred Property"), pursuant to which the Transferee expressly accepts and assumes the rights and obligations of Owner which are assigned by Owner to such Transferee with respect to such Transferred Property. Upon the conveyance or other disposition (other than in trust pursuant to the granting of a deed of trust related solely to financing of the Property) (a "Transfer") of any portion of the Transferred Property, the Transferee shall be deemed to be a party to this Agreement with respect to such Transferred Property, and the prior owner shall have no further obligations under this Agreement regarding the Transferred Property arising from and after the date of Transfer of such Transferred Property. An assignment of rights may be on a non-exclusive basis.

9.10. Authority. Each of the parties represents and warrants to the other that the persons executing this Agreement on behalf of the respective parties are authorized and empowered to bind the party on whose behalf each such individual is signing.

9.11. Severability. If a court of competent jurisdiction declares any provision of this Agreement void or unenforceable such provisions shall be severed from this Agreement, which shall otherwise remain in full force and effect.

9.12. Governing Law and Venue. This Agreement shall be interpreted and governed according to the laws of the State of Arizona. The venue for any dispute hereunder shall be Pinal County, Arizona.

9.13. Attorney Fees. In the event it becomes necessary for a party to this Agreement to employ legal counsel or to bring an action at law or other proceedings to enforce any of the terms, covenants or conditions of this Agreement, the non-prevailing party will pay the other party's reasonable expenses, including, but not limited to, expert witness fees, and reasonable attorney fees incurred because of the breach.

9.14. Construction of Agreement. This Agreement has been arrived at by negotiation and shall not be construed against either Party or against the Party who prepared the last draft.

9.15. Recordation. This Agreement shall be recorded in its entirety in the Official Records of Pinal County, Arizona, not later than ten (10) days after its full execution. Either Party, upon the request of the other Party, will record an acknowledgment of the

fulfillment of the terms of this Agreement once the requirements of the Agreement have been fulfilled.

9.16 Survival and Expiration. All agreements, representations, indemnities and warranties made in the Agreement shall survive the termination of this Agreement only as expressly set forth in this Agreement. Otherwise, the Agreement shall expire upon completion.

IN WITNESS WHEREOF, the parties have executed this Agreement to be effective on the date and at the time the Board approves and adopts this Agreement.

AMARILLO & PAPAGO INVESTMENTS, LLP,
an Arizona limited liability partnership

By: Hinton Financial Services, Inc.,
a Colorado corporation

Its: General Partner

By: Brad Clough
Brad Clough, President

The foregoing Pre-Annexation Development Agreement was subscribed and sworn to before me this 10TH day of August 2022, by Brad Clough, the President of Hinton Financial Services, Inc., a Colorado corporation, the General Partner of Amarillo & Papago Investments, LLP, an Arizona limited liability partnership who being authorized to do so executed the foregoing instrument on behalf of said entities for the purposes stated therein.

J. Biard
Notary Public

My Commission Expires: _____

JARRET J. BIARD
A NOTARY PUBLIC
IN AND FOR THE PROVINCE OF ALBERTA
MY APPOINTMENT EXPIRES DECEMBER 31, 2022



By: Christian Price, Mayor

Vanessa Bueras, MMC
City Clerk

Denis M. Fitzgibbons
City Attorney

STATE OF ARIZONA)
County of Pinal) ss.

Notary Public

My Commission Expires: _____

EXHIBIT A

PARCEL NO. 1:

That part of the South half of Section 17, Township 5 South, Range 3 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona, more particularly described as follows:

Commencing at the Aluminum Cap marking the Southeast corner of said Section 17, from which the Aluminum Cap marking the South quarter corner of said Section 17 bears South 88 degrees 25 minutes 22 seconds West, a distance of 2668.15 feet;

thence South 88 degrees 25 minutes 22 seconds West, along the South line of the Southeast quarter of said Section 17, a distance of 715.24 feet to a point on the Easterly line of a 100 foot wide Gasline Easement, as recorded in Docket 575, Page 177 and Docket 575, Page 179, Pinal County Records and the TRUE POINT OF BEGINNING;

thence continuing South 88 degrees 25 minutes 22 seconds West, along the South line of the Southeast quarter of said Section 17, a distance of 1952.90 feet to the South quarter corner thereof;

thence South 88 degrees 25 minutes 18 seconds West, along the South line of the Southwest quarter of said Section 17, a distance of 2668.15 feet to the Southwest corner of said Section 17;

thence North 00 degrees 19 minutes 26 seconds East, along the West line of the Southwest quarter of said Section 17, a distance of 1727.78 feet;

thence South 89 degrees 40 minutes 34 seconds East, departing said West line, a distance of 55.00 feet;

thence North 88 degrees 25 minutes 18 seconds East, a distance of 1169.93 feet;

thence North 67 degrees 32 minutes 03 seconds East, a distance of 1182.33 feet;

thence South 22 degrees 27 minutes 57 seconds East, a distance of 550.61 feet to a point on a 58.00 foot radius non-tangent curve, whose center bears South 37 degrees 05 minutes 02 seconds West;

thence Southeasterly, along said curve, through a central angle of 30 degrees 27 minutes 01 seconds, a distance of 30.82 feet;

thence North 67 degrees 32 minutes 03 seconds East, a distance of 112.00 feet;

thence South 22 degrees 27 minutes 57 seconds East, a distance of 65.00 feet;

thence South 44 degrees 50 minutes 48 seconds East, a distance of 98.49 feet;

thence North 88 degrees 25 minutes 18 seconds East, a distance of 670.91 feet;

thence North 51 degrees 34 minutes 23 seconds East, a distance of 80.00 feet;

thence North 41 degrees 42 minutes 20 seconds East, a distance of 22.09 feet to a point on a 50.00 foot radius non-tangent curve, whose center bears South 88 degrees 18 minutes 28 seconds East;

thence Southeasterly, along said curve, through a central angle of 107 degrees 08 minutes 09 seconds, a distance of 93.49 feet;

thence South 38 degrees 25 minutes 37 seconds East, a distance of 220.85 feet to a point on a 50.00 foot radius non-tangent curve, whose center bears South 67 degrees 38 minutes 35 seconds East;

thence Southeasterly, along said curve, through a central angle of 130 degrees 47 minutes 33 seconds, a distance of 114.14 feet;

thence South 13 degrees 41 minutes 53 seconds East, a distance of 95.11 feet;

thence South 38 degrees 25 minutes 37 seconds East, a distance of 22.08 feet;

thence North 76 degrees 18 minutes 07 seconds East, a distance of 48.90 feet;

thence South 13 degrees 41 minutes 53 seconds East, a distance of 70.96 feet;

thence South 37 degrees 34 minutes 42 seconds East, a distance of 50.86 feet;

thence South 27 degrees 04 minutes 00 seconds East, a distance of 121.84 feet;

thence South 13 degrees 41 minutes 39 seconds East, a distance of 275.04 feet;

thence South 09 degrees 24 minutes 58 seconds East, a distance of 8.95 feet to a point on a 30.00 foot radius non-tangent curve, whose center bears North 13 degrees 03 minutes 48 seconds East;

thence Southeasterly, along said curve, through a central angle of 15 degrees 40 minutes 27 seconds, a distance of 8.21 feet;

thence South 12 degrees 32 minutes 49 seconds East, a distance of 50.76 feet to a point on a 30.00 foot radius non-tangent curve, whose center bears South 02 degrees 36 minutes 39 seconds East;

thence Southwesterly, along said curve, through a central angle of 20 degrees 33 minutes 37 seconds, a distance of 10.77 feet;

thence South 09 degrees 24 minutes 58 seconds East, a distance of 278.85 feet;

thence South 06 degrees 12 minutes 38 seconds East, a distance of 77.77 feet;

thence South 70 degrees 27 minutes 06 seconds East, a distance of 165.97 feet;

thence North 76 degrees 41 minutes 22 seconds East, a distance of 232.88 feet to a point on the Westerly line of a 100 foot wide Gasline Easement, as recorded in Docket 575, Page 177 and Docket 575, Page 179, Pinal County Records;

thence South 13 degrees 18 minutes 38 seconds East, along said Westerly line, a distance of 214.50 feet to a point on a line which is parallel with and 55.00 feet Northerly, as measured at right angles, from the South line of the Southeast quarter of said Section 17;

thence North 88 degrees 25 minutes 22 seconds East, along said parallel line, a distance of 102.13 feet to a point on the Easterly line of said 100 foot Gasline Easement, as recorded in Docket 575, Page 177 and Docket 575, Page 179, Pinal County Records;

thence along the Easterly line of said Gasline Easement the following courses:

thence South 13 degrees 18 minutes 38 seconds East, a distance of 17.92 feet;

thence South 00 degrees 00 minutes 21 seconds East, a distance of 37.47 feet to the POINT OF BEGINNING.

EXCEPT from any portion lying within the East half of said Section 17, an undivided one-half interest in all oil, gas, mines and minerals, in, on or under the surfaces of said land, as reserved in a Deed recorded in Docket 13, Page 137.

PARCEL NO. 2:

That part of Section 17, Township 5 South, Range 3 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona, more particularly described as follows:

BEGINNING at the GLO Brass Cap marking the Northwest corner of said Section 17, from which the GLO Brass Cap marking the North quarter corner of said Section 17 bears North 89 degrees 46 minutes 02 seconds East, a distance of 2640.58 feet;

thence North 89 degrees 46 minutes 02 seconds East, along the North line of the Northwest quarter of said Section 17, a distance of 1348.29 feet;

thence South 00 degrees 13 minutes 58 seconds East, departing said North line, a distance of 220.41 feet;

thence North 89 degrees 46 minutes 02 seconds East, a distance of 25.00 feet;

thence South 00 degrees 13 minutes 58 seconds East, a distance of 50.00 feet to a point on a 25.00 foot non-tangent curve, whose center bears South 00 degrees 13 minutes 58 seconds East;

thence Southwesterly, along said curve, through a central angle of 90 degrees 00 minutes 00 seconds, a distance of 39.27 feet;

thence South 00 degrees 13 minutes 58 seconds East, a distance of 180.00 feet to the beginning of a tangent curve of 25.00 foot radius, concave Northeasterly;

thence Southeasterly, along said curve, through a central angle of 90 degrees 00 minutes 00 seconds, a distance of 39.27 feet;

thence South 00 degrees 13 minutes 58 seconds East, a distance of 50.00 feet to a point on a 25.00 foot radius non-tangent curve, whose center bears South 00 degrees 13 minutes 58 seconds East;

thence Southwesterly, along said curve, through a central angle of 90 degrees 00 minutes 00 seconds, a distance of 39.27 feet;

thence South 00 degrees 13 minutes 58 seconds East, a distance of 180.00 feet to the beginning of a tangent curve of 25.00 foot radius, concave Northeasterly;

thence Southeasterly, along said curve, through a central angle of 90 degrees 00 minutes 00 seconds, a distance of 39.27 feet;

thence South 00 degrees 13 minutes 58 seconds East, a distance of 50.00 feet to a point on a 25.00 foot radius non-tangent curve, whose center bears South 00 degrees 13 minutes 58 seconds East;

thence Southwesterly, along said curve, through a central angle of 90 degrees 00 minutes 00 seconds, a distance of 39.27 feet;

thence South 00 degrees 13 minutes 58 seconds East, a distance of 355.56 feet to the beginning of a tangent curve of 30.00 foot radius, concave Northeasterly;

thence Southeasterly, along said curve, through a central angle of 90 degrees 00 minutes 00 seconds, a distance of 47.12 feet;

thence South 00 degrees 13 minutes 58 seconds East, a distance of 60.00 feet;

thence North 89 degrees 46 minutes 02 seconds East, a distance of 769.96 feet to the beginning of a tangent curve of 600.00 foot radius, concave Southwesterly;

thence Southeasterly, along said curve, through a central angle of 73 degrees 40 minutes 08 seconds, a distance of 771.46 feet to the beginning of a tangent compound curve of 30.00 foot radius, concave Northwesterly;

thence Southwesterly, along said curve, through a central angle of 92 degrees 51 minutes 57 seconds, a distance of 48.62 feet;

thence South 14 degrees 30 minutes 54 seconds East, a distance of 50.01 feet to a point on a 30.00 foot radius non-tangent curve, whose center bears South 13 degrees 41 minutes 53 seconds East;

thence Southeasterly, along said curve, through a central angle of 90 degrees 00 minutes 00 seconds, a distance of 47.12 feet;

thence South 13 degrees 41 minutes 53 seconds East, a distance of 606.75 feet;

thence North 76 degrees 18 minutes 07 seconds East, a distance of 60.00 feet to a point on a 25.00 foot radius non-tangent curve, whose center bears North 76 degrees 18 minutes 07 seconds East;

thence Southeasterly, along said curve, through a central angle of 63 degrees 53 minutes 46 seconds, a distance of 27.88 feet to the beginning of a tangent reverse curve of 100.00 foot radius, concave Southwesterly;

thence Southeasterly, along said curve, through a central angle of 32 degrees 33 minutes 50 seconds, a distance of 56.83 feet to the beginning of a tangent reverse curve of 25.00 foot radius, concave Northeasterly;

thence Southeasterly, along said curve, through a central angle of 58 degrees 40 minutes 04 seconds, a distance of 25.60 feet;

thence South 13 degrees 41 minutes 53 seconds East, a distance of 80.00 feet to a point on a 25.00 foot radius non-tangent curve, whose center bears South 13 degrees 41 minutes 53 seconds East;

thence Southwesterly, along said curve, through a central angle of 58 degrees 40 minutes 04 seconds, a distance of 25.60 feet to the beginning of a tangent reverse curve of 100.00 foot radius, concave Northwesterly;

thence Southwesterly, along said curve, through a central angle of 27 degrees 20 minutes 08 seconds, a distance of 47.71 feet to the beginning of a tangent reverse curve of 25.00 foot radius, concave Southeasterly;

thence Southwesterly, along said curve, through a central angle of 58 degrees 40 minutes 04 seconds, a distance of 25.60 feet;

thence South 13 degrees 41 minutes 53 seconds East, a distance of 574.12 feet;

thence North 76 degrees 18 minutes 07 seconds East, a distance of 790.01 feet to a point on the Westerly line of a 100 foot wide Gasline Easement, as recorded in Docket 575, Page 177 and Docket 575, Page 179, Pinal County Records;

thence South 13 degrees 18 minutes 38 seconds East, along said Westerly line, a distance of 1567.27 feet to a point on a 150.00 foot radius non-tangent curve, whose center bears South 44 degrees 11 minutes 27 seconds East;

thence Southwesterly, departing said Westerly line, along said curve, through a central angle of 18 degrees 07 minutes 16 seconds, a distance of 47.44 feet;

thence South 27 degrees 41 minutes 17 seconds West, a distance of 114.05 feet to the beginning of a tangent curve of 125.00 foot radius, concave Northwesterly;

thence Southwesterly, along said curve, through a central angle of 59 degrees 42 minutes 04 seconds, a distance of 130.25 feet;

thence South 87 degrees 23 minutes 21 seconds West, a distance of 105.60 feet to the beginning of a tangent curve of 30.00 foot radius, concave Northeasterly;

thence Northwesterly, along said curve, through a central angle of 15 degrees 40 minutes 27 seconds, a distance of 8.21 feet;

thence North 09 degrees 24 minutes 58 seconds West, a distance of 8.95 feet;

thence North 13 degrees 41 minutes 39 seconds West, a distance of 275.04 feet;

thence North 27 degrees 04 minutes 00 seconds West, a distance of 121.84 feet;

thence North 37 degrees 34 minutes 42 seconds West, a distance of 50.86 feet;

thence North 13 degrees 41 minutes 43 seconds West, a distance of 70.96 feet;

thence South 76 degrees 18 minutes 07 seconds West, a distance of 48.90 feet;

thence North 38 degrees 25 minutes 37 seconds West, a distance of 22.08 feet;

thence North 13 degrees 41 minutes 53 seconds West, a distance of 95.11 feet to a point on a 50.00 foot radius non-tangent curve, whose center bears North 18 degrees 26 minutes 08 seconds West;

thence Northwesterly, along said curve, through a central angle of 130 degrees 47 minutes 33 seconds, a distance of 114.14 feet;

thence North 38 degrees 25 minutes 37 West, a distance of 220.85 feet to a point on a 50.00 foot radius non-tangent curve, whose center bears North 15 degrees 26 minutes 37 seconds West;

thence Northwesterly, along said curve, through a central angle of 107 degrees 08 minutes 09 seconds, a distance of 93.49 feet;

thence South 41 degrees 42 minutes 20 seconds West, a distance of 22.09 feet;

thence South 51 degrees 34 minutes 23 seconds West, a distance of 80.00 feet;

thence South 88 degrees 25 minutes 18 seconds West, a distance of 670.91 feet;

thence North 44 degrees 50 minutes 48 seconds West, a distance of 98.49 feet;

thence North 22 degrees 27 minutes 57 seconds West, a distance of 65.00 feet;

thence South 67 degrees 32 minutes 03 seconds West, a distance of 112.00 feet to a point on a 58.00 foot radius non-tangent curve, whose center bears South 67 degrees 32 minutes 03 seconds West;

thence Northwesterly, along said curve, through a central angle of 30 degrees 27 minutes 01 seconds, a distance of 30.82 feet;

thence North 22 degrees 27 minutes 57 seconds West, a distance of 550.61 feet;

thence South 67 degrees 32 minutes 03 seconds West, a distance of 1182.33 feet;

thence South 88 degrees 25 minutes 18 seconds West, a distance of 1169.93 feet;

thence North 89 degrees 40 minutes 34 seconds West, a distance of 55.00 feet to a point on the West line of the Southwest quarter of said Section 17;

thence North 00 degrees 19 minutes 26 seconds East, along said West line, a distance of 996.99 feet;

thence North 65 degrees 54 minutes 36 seconds East, departing said West line, a distance of 327.72 feet to the beginning of a tangent curve of 1265.00 foot radius, concave Southeasterly;

thence Northeasterly, along said curve, through a central angle of 18 degrees 35 minutes 16 seconds, a distance of 410.39 feet to the beginning of a tangent reverse curve of 33.00 foot radius, concave Northwesterly;

thence Northeasterly, along said curve, through a central angle of 84 degrees 43 minutes 50 seconds, a distance of 48.81 feet;

thence North 00 degrees 13 minutes 58 seconds West, a distance of 715.52 feet;

thence North 89 degrees 40 minutes 33 seconds West, a distance of 715.37 feet to a point on the West line of the Northwest quarter of said Section 17;

thence North 00 degrees 20 minutes 07 seconds East, along said West line, a distance of 1800.36 feet to the POINT OF BEGINNING.

EXCEPT from any portion lying within the East half of said Section 17, an undivided one-half interest in all oil, gas, mines and minerals, in, on or under the surfaces of said land, as reserved in a Deed recorded in Docket 13, Page 137.