

F. ANN RODRIGUEZ, RECORDER
RECORDED BY: D K
DEPUTY RECORDER
7864 PE4

ICAPD
CENTRAL ARIZONA PROJECT
23636 N 7TH ST
PHOENIX AZ 85024



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AMOUNT PAID \$ 9.50

Attn: Manager, Groundwater
Replenishment District

**DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS FOR
LOS ARROYOS DEL ESTE
REGARDING MEMBERSHIP IN THE CENTRAL ARIZONA
GROUNDWATER REPLENISHMENT DISTRICT**

This Declaration of Covenants, Conditions and Restrictions for Los Arroyos Del Este Regarding Membership in the Central Arizona Groundwater Replenishment District is made this 19th day of December, 2002, by Green Valley Interchange II Limited Partnership, an Arizona limited partnership.

RECITALS

A. Declarant is the owner of the Property, legally described in Exhibit A attached and incorporated into this Declaration.

B. Declarant has applied to the Department for a certificate of assured water supply for the property pursuant to Arizona Revised Statutes Title 45, Chapter 2, Article 9.

C. As permitted by Arizona Revised Statutes § 45-576.01(B), Declarant desires to satisfy one requirement for obtaining a certificate of assured water supply by qualifying the Property as Member Land pursuant to the Groundwater Replenishment Statute. As Member Land, the Property will be a member of the Central Arizona Groundwater Replenishment District, an operating subdivision of the CAWCD.

D. To qualify the Property as Member Land, the Groundwater Replenishment Statute requires Declarant to subject the Property to this Declaration.

E. To permit the delivery of Excess Groundwater to the Property as Member Land, each Parcel must be subject to the Parcel Replenishment Obligation and the Replenishment Assessment to be determined by CAWCD.

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F. Qualifying the Property as Member Land and subjecting the Property to the Parcel Replenishment Obligation and the Replenishment Assessment directly benefits the Property by increasing the potential of the Property to qualify for a certificate of assured water supply issued by the Department pursuant to Arizona Revised Statutes Title 45, Chapter 2, Article 9, thereby allowing the development, use and enjoyment of the Property.

NOW, THEREFORE, Declarant hereby declares that the Property shall be held, sold and conveyed subject to the covenants, conditions and restrictions contained in this Declaration.

ARTICLE 1 DEFINITIONS

1.1 "CAWCD" means the Central Arizona Water Conservation District, a political subdivision of the State of Arizona, and any successor political subdivision.

1.2 "Declarant" means Green Valley Interchange II Limited Partnership, an Arizona limited partnership.

1.3 "Declaration" means this Declaration of Covenants, Conditions and Restrictions for Los Arroyos Del Este Regarding Membership in the Central Arizona Groundwater Replenishment District, as amended from time to time.

1.4 "Department" means the Arizona Department of Water Resources, an agency of the State of Arizona, and any successor agency.

1.5 "Excess Groundwater" means the amount of Groundwater equal to the amount of Groundwater delivered to the Property in a calendar year in excess of the amount of Groundwater that may be used at the Property in that calendar year consistent with the applicable Assured and Adequate Water Supply Rules adopted by the Department for the Tucson Active Management Area pursuant to Arizona Revised Statutes § 45-576(H).

1.6 "Groundwater" is as defined in Arizona Revised Statutes § 45-101(5).

1.7 "Groundwater Replenishment Statute" means Arizona Revised Statutes Title 48, Chapter 22.

1.8 "Member Land" is as defined in Arizona Revised Statutes § 48-3701(9).

1.9 "Owner" means the Person or Persons who individually or collectively own fee title to a Parcel, provided that if fee title to a Parcel is vested in a trustee under a deed of trust under Arizona Revised Statutes Title 33, Chapter 6.1, the owner of the trustor's interest under the deed of trust is deemed to be the "Owner" of that Parcel.

1.10 "Parcel" means any portion of the Property now existing or hereafter established for which the tax assessor for the county in which the Property is located has issued a separate tax parcel number.

1.11 "Parcel Replenishment Obligation" means, with respect to any particular Parcel, an amount of Groundwater that is equal to the amount of Groundwater delivered to the Parcel in a calendar year multiplied by the percentage that the Excess Groundwater of the Property for that year bears to the total amount of Groundwater delivered to the Property during that year.

1.12 "Person" means a natural person, corporation, business trust, estate, trust, partnership, association, limited liability company, limited liability partnership, joint venture, government, governmental subdivision or agency, or other legal or commercial entity.

1.13 "Property" means the real property described in Recital A.

1.14 "Replenishment Assessment" means the annual assessment levied by CAWCD against a Parcel in a calendar year based on the Parcel Replenishment Obligation applicable to that Parcel during that year.

ARTICLE 2 COVENANT FOR REPLENISHMENT ASSESSMENT

2.1 Replenishment Assessment. Each Parcel is hereby made subject to the Replenishment Assessment based on the Parcel Replenishment Obligation in an amount to be determined by CAWCD as necessary to allow CAWCD to perform its groundwater replenishment obligation under the Groundwater Replenishment Statute.

2.2 Levy of Replenishment Assessment. CAWCD shall levy the Replenishment Assessment against each Parcel in accordance with Arizona Revised Statutes § 48-3778.

2.3 Interest, Costs and Penalties. If the Replenishment Assessment is not paid when due, CAWCD will be entitled to interest, costs and penalties as provided by Arizona Revised Statutes § 48-3782.

ARTICLE 3 COVENANT FOR CREATION OF LIEN

3.1 Creation of Lien and Personal Obligation. Declarant, for each Parcel, hereby covenants and agrees, and each Owner (other than Declarant), by becoming the Owner of a Parcel, is deemed to covenant and agree, to pay the Replenishment Assessment to CAWCD in accordance with this Declaration and the Groundwater Replenishment Statute. The Replenishment Assessment, together with interest, costs, and penalties as provided by Arizona Revised Statutes § 48-3782, constitutes a continuing lien

on the Parcel against which such Replenishment Assessment is levied, as provided by Arizona Revised Statutes § 48-3778. A Replenishment Assessment, together with interest, costs and penalties, as provided by Arizona Revised Statutes § 48-3782, is also a personal obligation of each Person who was an Owner of a Parcel at the time such Replenishment Assessment came due.

3.2 Remedies for Nonpayment of Replenishment Assessment. In the event of delinquency of any Replenishment Assessment, CAWCD has the rights and remedies provided in Arizona Revised Statutes §§ 48-3778 and 48-3782.

ARTICLE 4 GENERAL PROVISIONS

4.1 Binding Effect. The Property shall be held, sold and conveyed subject to this Declaration. By acceptance of a deed or by acquiring any portion of or any interest in the Property, each Owner is bound by all the covenants, conditions and restrictions now or hereafter imposed by this Declaration. The covenants, conditions and restrictions contained in this Declaration run with the land and bind Declarant, all Owners, and all successors and assigns of Declarant or any Owner. Declarant agrees and covenants to CAWCD to execute and record any additional documentation which CAWCD may reasonably require to effectuate the intents and purposes of this Declaration and the Groundwater Replenishment Statute.

4.2 Amendments. This Declaration may be modified, amended or revoked only (i) by the express written agreement of CAWCD, the Department and the Owners of 67% of the total area of the Property; or (ii) by amendment statutes, rules or regulations or successor statutes, rules or regulations, as contemplated by Paragraph 4.4.

4.3 Interpretation. This Declaration must be construed and interpreted in accordance with and in reference to the laws of the State of Arizona, including but not limited to the Groundwater Replenishment Statute.

4.4 Rules, Regulations and Successor Statutes. All references in this Declaration to Arizona Revised Statutes include all rules and regulations promulgated by the Department under such statutes and all amendments and successor statutes, rules and regulations to such statutes, rules and regulations.

4.5 Severability. Any determination by any court of competent jurisdiction that any provision of this Declaration is invalid or unenforceable does not affect the validity or enforceability of any other provision of this Declaration.

4.6 Captions. All captions, titles or headings in this Declaration are used for the purpose of reference and convenience only and do not limit, modify or otherwise affect any of the provisions of this Declaration.

IN WITNESS WHEREOF, Declarant has executed this Declaration as of the date first set forth above.

DECLARANT: GREEN VALLEY INTERCHANGE II LIMITED PARTNERSHIP,
an Arizona limited partnership

By: John D. Ratliff
John D. Ratliff

Its: General Partner

The undersigned Optionee, identified as "Buyer" under that certain Purchase and Sale Agreement and Joint Escrow Instructions dated January 28, 2002, as amended, by and between Green Valley Interchange II Limited Partnership, an Arizona limited partnership and Monterey Homes Construction, Inc., an Arizona corporation, hereby directs Green Valley Interchange II Limited Partnership to execute this document and consents to the execution and recording of this document.

OPTIONEE: MONTEREY HOMES CONSTRUCTION, INC., an Arizona corporation

By: Jeffrey R. Watson
Its: President - Tucson

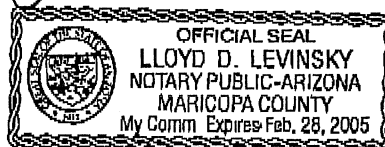
STATE OF)
County of) ss.

The foregoing instrument was acknowledged before me this 5TH day of DECEMBER, 2002, by JOHN D RATLIFF, the GENERAL PARTNER of GREEN VALLEY INTERCHANGE II LIMITED PARTNERSHIP, on behalf of THE PARTNERSHIP

Lloyd D. Levinsky
Notary Public

My commission expires:

2/28/05



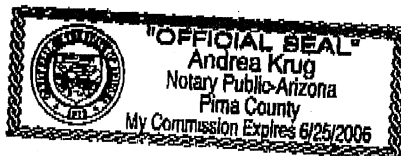
STATE OF Arizona)
)
County of Pima) ss.

The foregoing instrument was acknowledged before me this 19th day of December, 2002, by Jeffrey R. Limbstein, the President of Monterey Homes Construction, Inc., on behalf of the Corporation.

Andrea Krug
Notary Public

My commission expires:

6/25/06



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EXHIBIT A

That portion of the Southwest quarter of Section 25 and the Southeast quarter of Section 26, all in Township 17 South, Range 13 East, Gila and Salt River Meridian, Pima County, Arizona, described as follows:

BEGINNING at a 1¼" open pipe at the Southeast corner of said Section 26;

Thence South 88 degrees 45 minutes 33 seconds West 1353.97 feet upon the South line of said Southeast quarter;

Thence North 01 degrees 43 minutes 28 seconds East 929.84 feet;

Thence North 14 degrees 03 minutes 58 seconds East 260.05 feet;

Thence North 20 degrees 04 minutes 29 seconds East 689.35 feet;

Thence North 03 degrees 29 minutes 04 seconds East 833.92 feet to the North line of the Southeast quarter of said Section 26;

Thence North 88 degrees 48 minutes 30 seconds East 889.04 feet upon said North line to the East line of said Southeast quarter of Section 26;

Thence South 01 degrees 51 minutes 56 seconds East 1326.04 feet upon said East line to the Northwest corner of the Southwest quarter of said Southwest quarter of Section 25;

Thence North 88 degrees 59 minutes 41 seconds East 659.84 feet upon the North line of said Southwest quarter of the Southwest quarter to the West line of the East half of the Northwest quarter of said Southwest quarter;

Thence North 01 degrees 51 minutes 11 seconds West 114.50 feet upon said West line to the South boundary line of Valle Del Sol, a Subdivision recorded in Book 32 of Maps and Plats at Page 41, records of Pima County, Arizona;

Thence North 88 degrees 27 minutes 04 seconds East 203.03 feet upon said South boundary line to a point on the arc of a non tangent curve concave Northerly, the radius point of said curve bears North 34 degrees 26 minutes 03 seconds East, said arc also being the South right of way line of Calle Valle Verde as shown on the Plat of said Valle Del Sol;

Thence Easterly upon said South boundary line, upon said right of way line, upon said arc, to the left, having a radius of 175.00 feet and a central angle of 35 degrees 25 minutes 01 seconds for an arc distance of 108.17 feet to the tangent South right of way line of said Calle Valle Verde, as recorded in Book 17 of Road Maps at Page 39, records of Pima County, Arizona;

Thence North 89 degrees 01 minutes 02 seconds East 266.25 feet upon said South right of way line to a point on the arc of a tangent curve concave Southwesterly;

Thence Southeasterly upon said right of way line, upon said arc, to the right, having a radius of 25.00 feet and a central angle of 89 degrees 08 minutes 31 seconds for an arc distance of 38.90 feet to the tangent West right of way line of said Calle Valle Verde, being a line 65.00 feet Westerly of and parallel with the East line of said Southwest quarter of the Southwest quarter;

Thence South 01 degrees 50 minutes 27 seconds East 983.86 feet upon said West right of way line and upon said parallel line to a line 400.00 feet Northerly of and parallel with the South line of said Southwest quarter of said Section 25;

Thence South 88 degrees 55 minutes 52 seconds West 185.01 feet upon said parallel line to a line 250.00 feet Westerly of and parallel with said East line of the Southwest quarter of the Southwest quarter;

Thence South 01 degrees 50 minutes 27 seconds East 233.53 feet upon said parallel line to the Northwesterly right of way line of the Tucson Nogales Highway;

Thence South 55 degrees 24 minutes 40 seconds West 301.50 feet upon said Northwesterly right of way line to the South line of said Southwest quarter of Section 25;

Thence South 88 degrees 55 minutes 52 seconds West 815.48 feet upon said South line to the POINT OF BEGINNING.

Containing 4,645,169 square feet of 106.638 acres, more or less.

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DO NOT DETACH CERTIFICATE FROM DOCUMENT

PIMA COUNTY RECORDER
RICHARD KENNEDY, RECORDER
PIMA COUNTY, ARIZONA
CERTIFICATE OF RECORDING

03/11/88
16:08:00

NO. OF PAGES: 017
SEQUENCE: 88030846 DOCKET: 08241 PAGE: 1903
RECORDING TYPE: RESTRICTION
GRANTOR: S 25 Y 17S R 13E
GRANTEE: RESTRICTION

TITL
TICOR TITLE

6245 E BROADWAY
TUCSON AZ 85711
602-747-7373

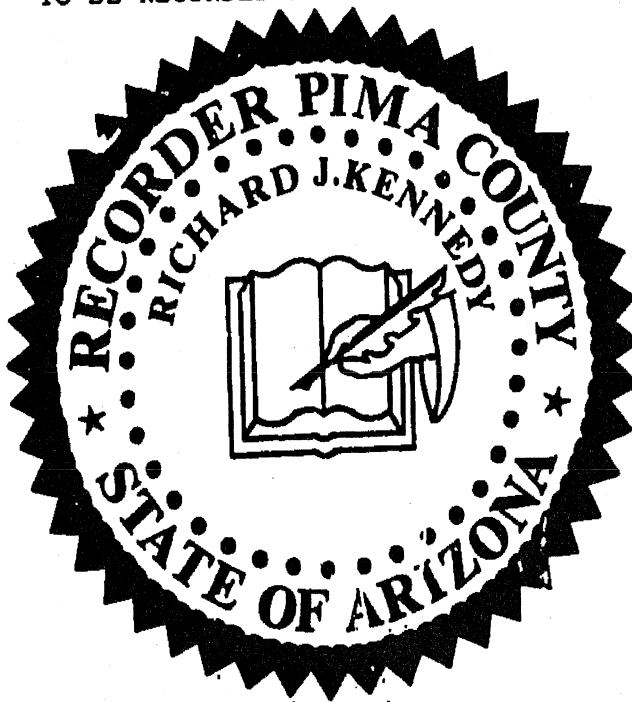
17 PAGES	AT		\$ 16.00
CONVERSION FEE			3.00
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0 COPIES	AT	1.00 EACH	.00
0 POSTAGE	AT	1.00 EACH	.00
0 SEARCHES	AT	10.00 EACH	.00

TOTAL 19.00

OKG
DEPUTY RECORDER

2077 REC1 AMOUNT PAID \$ 19.00
AMOUNT DUE \$.00

THE ABOVE SPACE FOR RECORDERS USE ONLY
TO BE RECORDED AS PART OF DOCUMENT



8241 1903

When recorded, return to:
Jeffrey A. Schoen, Esq.
STOREY & ROSS, P.C.
Court One - Fourth Floor
4742 North 24th Street
Phoenix, Arizona 85016

TICOR TITLE INSURANCE COMPANY

DECLARATION OF ESTABLISHMENT

OF

COVENANTS, CONDITIONS, RESTRICTIONS, AND EASEMENTS

WHEREAS, Anamax Mining Company, an Arizona general partnership between AMAX Arizona, Inc., and Anaconda Arizona, Inc. ("Grantor"), has entered into an Agreement to sell the real property more particularly described in Exhibit "1" hereto (the "Property"); and

WHEREAS, RATLIFF AND MUHR, INC., an Arizona corporation ("Grantee"), has agreed to purchase the Property; and

WHEREAS, Grantor desires to make the following covenants, conditions, restrictions and easements (the "Covenants") applicable to the Property; and

WHEREAS, Grantor would not otherwise be induced to sell the Property to Grantee unless Grantee assumes and agrees to perform and comply with the Covenants, which Grantee acknowledges; and

WHEREAS, both parties intend to make the Property subject to the provisions of this Declaration, its Recitals and matters hereafter set forth and to have this Declaration bind Grantee, its successors and assigns and to run with the land.

NOW THEREFORE, in consideration of the foregoing, Grantor and Grantee hereby agree that the following Covenants shall be applicable to the Property, shall bind Grantee, its successors

1.

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and assigns and shall run with the land:

1. Grantee shall not breach any term, provision, covenant, condition or restriction set forth or imposed upon Grantor by reason of that certain Agreement dated December 31, 1978, among Farmers Investment Company, Anamax Mining Company, and Duval Corporation (the "FICO Agreement") and by reason of that certain Declaration of Reservations, Easements and Covenants Running with the Land (the "FICO Declaration"), which declaration was recorded in the office of the Pima County, Arizona, Recorder at Docket 6179, Page 719 et seq, and at Docket 6223, Page 671 et seq, and Grantee and its successors and assigns shall indemnify and hold Grantor harmless from and against any and all claims, demands, lawsuits, orders and judgments including payment of attorney's fees and costs whether or not suit is filed incurred by Grantor under the FICO Agreement and the FICO Declaration as a result of any breach or violation of the FICO Agreement or the FICO Declaration caused by Grantee.

2. Grantor agrees that from and after the date of taking title to the Property and during the term of the FICO Agreement, provided that Grantee shall have obtained adequate water rights, Grantee's annual pumping from or use on or pumping from and use on the Property of chargeable groundwater as defined in the FICO Agreement shall not exceed 488.4 acre-feet per year (the

"Allocated Amount"). If Grantee pumps from or uses on or pumps from and uses on the Property an annual amount exceeding the Allocated Amount, Grantee shall indemnify and hold Grantor harmless from and against any and all costs, claims, demands, orders and judgments incurred by Grantor under the FICO Agreement and the FICO Declaration as a result of such excess above the Allocated Amount, including any overage payment, as defined in the FICO Agreement, that is triggered solely by Grantee's excess above the Allocated Amount. If Grantee at any time during the term of the FICO Agreement pumps from or uses on or pumps from and uses on the Property in excess of the Allocated Amount and Grantor or its successors in interest collectively pump from or use on or pump from and use on other Anamax properties covered by the FICO Agreement in excess of 17,111.6 acre-feet of chargeable groundwater per year and an overage payment, as defined in the FICO Agreement, becomes due under the FICO Agreement, the overage payment shall be shared by Grantee, Grantor and Grantor's successors in interest on a prorata basis, based on the amount of pumping or usage or pumping and usage by each owner of Anamax property covered by the FICO Agreement that exceeds the maximum amount allocated to that property by recorded instrument entered into between Grantor and its successors in interest, including Grantee. The amount allocated to Anamax property covered by the FICO Agreement that remains owned by Grantor at any given time during the term of the FICO Agreement shall be the difference

between 17,600 acre-feet of chargeable groundwater per year and the amount theretofore allocated by recorded instruments to Grantor's successors in interest, including Grantee, as owners of Anamax property covered by the FICO Agreement. For example, if Grantee in a given year pumps from or uses on or pumps from and uses on the Property 25 acre-feet in excess of the Allocated Amount and total excess pumping or usage or pumping and usage by Grantee, Grantor and Grantor's successors in interest as owners of Anamax property covered by the FICO Agreement is 6,000 acre-feet of chargeable groundwater, Grantee's prorata share of any overage payment due will be $25/6,000$ multiplied by the total overage payment due. If Grantee becomes obligated to reimburse Grantor under the provisions of this paragraph, Grantee agrees to make payment to Grantor within thirty (30) days after receipt of an invoice from Grantor for the amount due. Notwithstanding Grantor's right to reimbursements, it shall also have the right to enforce by injunction or any other available legal remedy the foregoing allocated amounts limitation.

3. Grantee shall comply with paragraph 15 of the FICO Agreement, which provides that any groundwater pumped from the Property must be used only on the Property.

4. Grantee further covenants that it is bound by the reservations, covenants and easements pertaining to water metering,

rights of inspection and entry, as set forth in Exhibit "G" to the FICO Agreement, which is attached hereto as Exhibit "2", provided that notwithstanding the foregoing, Grantor, on reasonable written notice to Grantee, may require in addition to the annual reports required by Exhibit "2" hereto, that reports on pumping from each well and amounts of other chargeable water used on the Property shall be submitted to Grantor each calendar quarter within thirty (30) days of the close of the quarter for which the quarterly report is filed.

5. The Covenants herein contained shall expire upon expiration or termination of the FICO Agreement.

6. This Declaration shall be recorded contemporaneously with and immediately before Grantor's deed conveying the Property to Grantee.

7. Grantee, for itself, its successors and assigns, acknowledges that this Declaration shall run with the land and bind Grantee, its successors and assigns personally. Notwithstanding any implication to the contrary, Grantee shall remain personally liable hereunder regardless of any assignments made by Grantee.

8. If Grantee or its successors or assigns shall breach any

of the Covenants herein contained, Grantee acknowledges that such breach will irreparably injure Grantor and that therefore Grantor shall be entitled to apply for a mandatory injunction and such other relief as may be required notwithstanding any right of reimbursement Grantor may have. In all such events, Grantor shall also be entitled to court costs and reasonable attorney's fees it incurs in enforcing its rights hereunder.

9. In the event the Property is divided into separate parcels under different ownership, the Allocated Amount shall be allocated among such separate parcels. Grantee may reallocate the Allocated Amount to any other real property at Grantee's sole discretion. Grantee, its successors and assigns shall notify Grantor of any and all such divisions and any and all subsequent redivisions of the Property into separate parcels under different ownership and in each instance the allocation of the Allocated Amount to each separate parcel.

10. Grantee acknowledges that the groundwater underlying the Property may contain substances such as without limitation sulfates at concentrations elevated above natural background. Grantee further acknowledges that Grantor makes no representations or warranties as to the potability or other quality of the groundwater underlying the Property, now or in the future.


11. By accepting a deed to any portion of the Property, each grantee, successor or assignee shall be bound by all terms and provisions hereof.

DATED this 11th day of March, 1988.

GRANTOR:

ANAMAX MINING COMPANY, an Arizona
general partnership

By



Joe F. Tarver, Attorney in Fact
for Amax Arizona, Inc., a Nevada
corporation, and Anaconda
Arizona, Inc., a Delaware
corporation, the general partners
of Anamax Mining Company, an
Arizona general partnership

GRANTEE:

RATLIFF AND MUHR, INC.,
an Arizona corporation

By



Title:

President

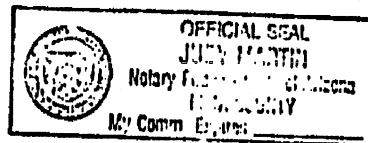
STATE OF ARIZONA)
) ss.
COUNTY OF PIMA)

The foregoing instrument was acknowledged before me this 11th
day of March, 1988, by Joe F. Tarver, as Attorney in fact for
Amax Arizona, Inc., a Nevada corporation, and Anaconda Arizona,

Inc., a Delaware corporation, the general partners of Anamax Mining Company, an Arizona general partnership, for and on behalf of such partnership.

John Martin
Notary Public

My Commission Expires: 12/10/88



STATE OF ARIZONA)
) ss.
COUNTY OF MARICOPA)

The foregoing instrument was acknowledged before me this 10th day of March, 1988, by John D. Ratliff as President of Ratliff and Muhr, Inc., an Arizona corporation, for and on behalf of such corporation.

Theresa Whitley-Hodges
Notary Public

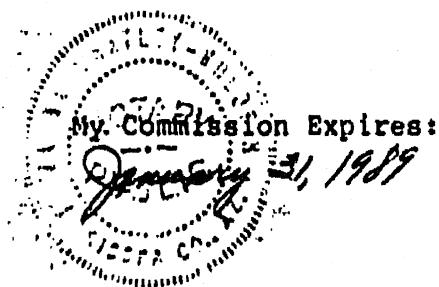


EXHIBIT "1"
TO
DECLARATION

PARCEL I:

ALL THAT PORTION OF SECTIONS 25, 26 AND 35, TOWNSHIP 17 SOUTH, RANGE 13 EAST, G. & S. R. B. & M., PIMA COUNTY, ARIZONA, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF SAID SECTION 35;

THENCE SOUTH 01 DEG. 51 MIN. 20 SEC. EAST, MEASURED (PREVIOUSLY RECORDED AS SOUTH 00 DEG. 23 MIN. 20 SEC. EAST AND SOUTH 01 DEG. 51 MIN. 19 SEC. EAST) ALONG THE EAST LINE OF THE NORTHEAST QUARTER OF SAID SECTION 35, A DISTANCE OF 554.12 FEET TO A POINT ON THE ARC OF A NON-TANGENT CURVE CONCAVE TO THE SOUTHEAST, A RADIAL LINE OF SAID CURVE THROUGH SAID POINT HAVING A BEARING OF NORTH 38 DEG. 27 MIN. 02 SEC. WEST, SAID CURVE BEING THE NORTHWESTERLY RIGHT-OF-WAY LINE OF THE TUCSON-NOGALES HIGHWAY;

THENCE SOUTHWESTERLY ALONG THE SAID NORTHWESTERLY RIGHT-OF-WAY LINE, ALONG THE ARC OF SAID CURVE TO THE LEFT, HAVING A RADIUS OF 5,804.58 FEET AND A CENTRAL ANGLE OF 24 DEG. 46 MIN. 16 SEC. FOR AN ARC DISTANCE OF 2,509.54 FEET TO A NON-TANGENT LINE;

THENCE SOUTH 63 DEG. 36 MIN. 03 SEC. EAST ALONG THE SAID NORTHWESTERLY RIGHT-OF-WAY LINE A DISTANCE OF 13.91 FEET;

THENCE SOUTH 26 DEG. 23 MIN. 57 SEC. WEST ALONG THE SAID NORTHWESTERLY RIGHT-OF-WAY LINE A DISTANCE OF 50.91 FEET TO THE EASTERLY RIGHT-OF-WAY LINE OF INTERSTATE 19 AS DEFINED BY DOCKET 4092 AT PAGE 531, PIMA COUNTY RECORDS;

THENCE NORTH 64 DEG. 49 MIN. 01 SEC. WEST, MEASURED (NORTH 62 DEG. 05 MIN. 01 SEC. WEST RECORD) ALONG THE SAID EASTERLY RIGHT-OF-WAY LINE OF SAID INTERSTATE 19, A DISTANCE OF 15.02 FEET;

THENCE SOUTH 45 DEG. 36 MIN. 57 SEC. WEST ALONG THE SAID EASTERLY RIGHT-OF-WAY LINE A DISTANCE OF 144.29 FEET, MEASURED (SOUTH 50 DEG. 33 MIN. 56 SEC. WEST, 131.33 FEET RECORD);

THENCE NORTH 49 DEG. 06 MIN. 29 SEC. WEST ALONG THE SAID EASTERLY RIGHT-OF-WAY LINE A DISTANCE OF 424.16 FEET, MEASURED (NORTH 47 DEG. 35 MIN. 27 SEC. WEST, 424.32 FEET RECORD);

THENCE NORTH 62 DEG. 21 MIN. 26 SEC. WEST, ALONG THE SAID EASTERLY RIGHT-OF-WAY LINE A DISTANCE OF 29.13 FEET, MEASURED (NORTH 60 DEG. 40 MIN. 20 SEC. WEST, 29.15 FEET RECORD);

THENCE NORTH 23 DEG. 01 MIN. 59 SEC. WEST ALONG THE SAID EASTERLY RIGHT-OF-WAY LINE A DISTANCE OF 308.48 FEET, MEASURED (NORTH 21 DEG. 32 MIN. 23 SEC. WEST 308.42 FEET RECORD);

THENCE NORTH 05 DEG. 01 MIN. 22 SEC. WEST ALONG THE SAID EASTERLY RIGHT-OF-WAY LINE A DISTANCE OF 480.34 FEET MEASURED (NORTH 03 DEG. 32 MIN. 43 SEC. WEST, 480.26 FEET RECORD);

THENCE NORTH 03 DEG. 08 MIN. 04 SEC. WEST ALONG THE SAID EASTERLY RIGHT-OF-WAY LINE A DISTANCE OF 1020.07 FEET, MEASURED (NORTH 01 DEG. 38 MIN. 10 SEC. WEST, 1020.00 FEET RECORD);

THENCE NORTH 86 DEG. 58 MIN. 31 SEC. EAST ALONG THE SAID EASTERLY RIGHT-OF-WAY LINE A DISTANCE OF 70.15 FEET, MEASURED (NORTH 88 DEG. 21 MIN. 50 SEC. EAST, 70.00 FEET RECORD);

THENCE NORTH 03 DEG. 08 MIN. 04 SEC. WEST ALONG THE SAID EASTERLY RIGHT-OF-WAY LINE A DISTANCE OF 507.99 FEET, MEASURED (NORTH 01 DEG. 38 MIN.

10 SEC. WEST, 505.50 FEET RECORD) TO THE NORTH LINE OF THE NORTHEAST QUARTER OF SAID SECTION 35;

THENCE SOUTH 88 DEG. 45 MIN. 34 SEC. WEST, MEASURED (PREVIOUSLY RECORDED AS NORTH 89 DEG. 23 MIN. 10 SEC. WEST AND SOUTH 88 DEG. 45 MIN. 29 SEC. WEST) ALONG THE SAID NORTH LINE A DISTANCE OF 99.12 FEET TO THE EASTERLY RIGHT-OF-WAY LINE OF INTERSTATE 19 AS DEFINED BY DOCKET 3760 AT PAGE 340, PIMA COUNTY RECORDS.

THENCE NORTH 03 DEG. 07 MIN. 35 SEC. WEST, MEASURED (NORTH 01 DEG. 38 MIN. 10 SEC. WEST RECORD) ALONG THE SAID EASTERLY RIGHT-OF-WAY LINE A DISTANCE OF 1823.78 FEET TO A POINT DESCRIBED AS 831.20 FEET SOUTHERLY FROM THE NORTH LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 26, SAID POINT BEING THE SOUTHWEST CORNER OF THE PROPERTY DESCRIBED IN DOCKET 4418 AT PAGE 105, PIMA COUNTY RECORDS;

THENCE NORTH 88 DEG. 40 MIN. 30 SEC. EAST, MEASURED (SOUTH 89 DEG. 37 MIN. 18 SEC. EAST RECORD) ALONG THE SOUTH LINE OF LAST MENTIONED PROPERTY A DISTANCE OF 1042.91 FEET, MEASURED (1040.23 FEET RECORD) TO THE SOUTHEAST CORNER OF THE PROPERTY DESCRIBED IN DOCKET 4418 AT PAGE 105;

THENCE NORTH 01 DEG. 52 MIN. 45 SEC. WEST MEASURED (NORTH 0 DEG. 28 MIN. 57 SEC. WEST RECORD) ALONG THE EAST LINE OF LAST MENTIONED PROPERTY AND ITS NORTHERLY PROLONGATION A DISTANCE OF 831.20 FEET TO A POINT IN THE NORTH LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 26;

THENCE NORTH 88 DEG. 48 MIN. 30 SEC. EAST MEASURED (SOUTH 89 DEG. 37 MIN. 29 SEC. EAST RECORD) ALONG THE NORTH LINE OF SAID SOUTHEAST QUARTER A DISTANCE OF 1301.30 FEET TO THE EAST LINE OF SAID SOUTHEAST QUARTER;

THENCE SOUTH 01 DEG. 51 MIN. 56 SEC. EAST MEASURED (SOUTH 00 DEG. 19 MIN. 19 SEC. EAST RECORD) ALONG THE EAST LINE OF SAID SECTION 26, A DISTANCE OF 1326.04 FEET MEASURED (1326.12 FEET RECORD) TO THE NORTH LINE OF THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SAID SECTION 25;

THENCE NORTH 88 DEG. 59 MIN. 41 SEC. EAST ALONG THE NORTH LINE OF THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SAID SECTION 25, A DISTANCE OF 659.84 FEET TO THE WEST LINE OF THE EAST HALF OF THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SAID SECTION 25;

THENCE NORTH 01 DEG. 51 MIN. 11 SEC. WEST MEASURED (NORTH 00 DEG. 18 MIN. 34 SEC. WEST RECORD) ALONG THE SAID WEST LINE A DISTANCE OF 114.50 FEET TO THE SOUTH LINE OF VALLE DEL SOL SUBDIVISION, AS RECORDED IN BOOK 32 OF MAPS AND PLATS AT PAGE 41, RECORDS OF PIMA COUNTY, ARIZONA;

THENCE NORTH 88 DEG. 27 MIN. 04 SEC. EAST, MEASURED (NORTH 89 DEG. 59 MIN. 41 SEC. EAST RECORD) ALONG SAID SOUTH LINE A DISTANCE OF 203.03 FEET TO A POINT ON THE ARC OF A NON-TANGENT CURVE CONCAVE TO THE NORTH, A RADIAL LINE OF SAID CURVE THROUGH SAID POINT HAVING A BEARING OF SOUTH 34 DEG. 26 MIN. 03 SEC. WEST, MEASURED (SOUTH 35 DEG. 58 MIN. 40 SEC. WEST RECORD);

THENCE EASTERLY ALONG THE ARC OF SAID CURVE TO THE LEFT HAVING A RADIUS OF 175.00 FEET AND A CENTRAL ANGLE OF 35 DEG. 25 MIN. 01 SEC. FOR AN ARC DISTANCE OF 108.17 FEET ALONG THE SAID SOUTH LINE, TO A POINT OF TANGENCY ON THE SOUTH LINE OF CALLE VALLE VERDE, AS RECORDED IN BOOK 17 OF ROAD MAPS AT PAGE 39, PIMA COUNTY RECORDS;

THENCE NORTH 89 DEG. 01 MIN. 02 SEC. EAST, MEASURED (PREVIOUSLY RECORDED AS SOUTH 89 DEG. 26 MIN. 21 SEC. EAST AND SOUTH 89 DEG. 11 MIN. 44 SEC. EAST) ALONG THE SOUTH LINE OF CALLE VALLE VERDE A DISTANCE OF 266.25 FEET MEASURED (266.34 FEET RECORD) TO A POINT OF CURVATURE OF A TANGENT CURVE CONCAVE TO THE SOUTHWEST;

THENCE SOUTHEASTERLY ALONG THE ARC OF SAID CURVE TO THE RIGHT, HAVING A RADIUS OF 25.00 FEET AND A CENTRAL ANGLE OF 89 DEG. 08 MIN. 31 SEC. MEASURED (89 DEG. 12 MIN. 30 SEC. RECORD) FOR AN ARC DISTANCE OF 38.90 FEET MEASURED (38.92 FEET RECORD) ALONG THE SOUTH LINE OF SAID CALLE VALLE VERDE TO A POINT

OF TANGENCY ON THE WEST LINE OF SAID CALLE VALLE VERDE;

THENCE SOUTH 01 DEG. 50 MIN. 27 SEC. EAST, MEASURED (SOUTH 00 DEG. 00 MIN. 46 SEC. WEST RECORD) ALONG THE SAID WEST LINE A DISTANCE OF 983.86 FEET TO A LINE 400.00 FEET, NORTH OF AND PARALLEL WITH THE SOUTH LINE OF SAID SECTION 25;

THENCE SOUTH 88 DEG. 55 MIN. 52 SEC. WEST MEASURED (SOUTH 89 DEG. 31 MIN. 31 SEC. EAST RECORD) ALONG THE SAID PARALLEL LINE A DISTANCE OF 185.01 FEET TO A LINE 250.00 FEET, WEST OF AND PARALLEL WITH, THE EAST LINE OF THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SAID SECTION 25;

THENCE SOUTH 01 DEG. 50 MIN. 27 SEC. EAST MEASURED (SOUTH 00 DEG. 17 MIN. 50 SEC. EAST RECORD) ALONG SAID PARALLEL LINE A DISTANCE OF 233.53 FEET TO THE NORTHWESTERLY RIGHT-OF-WAY LINE OF THE TUCSON NOGALES HIGHWAY;

THENCE SOUTH 55 DEG. 24 MIN. 40 SEC. WEST MEASURED (SOUTH 56 DEG. 54 MIN. 50 SEC. WEST RECORD) ALONG THE SAID NORTHWESTERLY RIGHT-OF-WAY LINE A DISTANCE OF 301.50 FEET TO THE SOUTH LINE OF SAID SECTION 25;

THENCE SOUTH 88 DEG. 55 MIN. 52 SEC. WEST, MEASURED (PREVIOUSLY RECORDED AS SOUTH 89 DEG. 31 MIN. 31 SEC. EAST AND NORTH 89 DEG. 57 MIN. WEST RECORD) ALONG THE SAID SOUTH LINE A DISTANCE OF 815.46 FEET TO THE POINT OF BEGINNING.

PARCEL II:

ALL THAT PORTION OF THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 25, TOWNSHIP 17 SOUTH, RANGE 13 EAST, G. & S. R. B. & M., PIMA COUNTY, ARIZONA, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SAID SECTION 25;

THENCE SOUTH 88 DEG. 59 MIN. 41 SEC. WEST, MEASURED (PREVIOUSLY RECORDED AS NORTH 89 DEG. 12 MIN. 52 SEC. WEST AND NORTH 89 DEG. 27 MIN. 29 SEC. WEST) ALONG THE NORTH LINE OF SAID SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER A DISTANCE OF 15 FEET TO A POINT IN THE EAST LINE OF CALLE VALLE VERDE AS RECORDED IN BOOK 17 OF ROAD MAPS AT PAGE 39, PIMA COUNTY RECORDS;

THENCE SOUTH 01 DEG. 50 MIN. 27 SEC. EAST, MEASURED, (SOUTH 00 DEG. 00 MIN. 46 SEC. WEST, RECORD) A DISTANCE OF 1003.76 FEET TO A POINT IN THE NORTHWESTERLY RIGHT-OF-WAY LINE OF THE TUCSON NOGALES HIGHWAY;

THENCE NORTH 55 DEG. 24 MIN. 40 SEC. EAST A DISTANCE OF 17.83 FEET TO A POINT IN THE EAST LINE OF THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SAID SECTION 25;

THENCE NORTH 01 DEG. 50 MIN. 27 SEC. WEST, MEASURED (NORTH 00 DEG. 00 MIN. 46 SEC. EAST, RECORD) ALONG THE SAID EAST LINE A DISTANCE OF 993.90 FEET TO THE NORTHEAST CORNER OF THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SAID SECTION 25, BEING THE POINT OF BEGINNING.

PARCEL III:

ALL THAT PORTION OF THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 25, TOWNSHIP 17 SOUTH, RANGE 13 EAST, G. & S. R. B. & M., PIMA COUNTY, ARIZONA, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEAST CORNER OF THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SAID SECTION 25;

THENCE NORTH 01 DEG. 50 MIN. 27 SEC. WEST, MEASURED (NORTH 00 DEG. 00 MIN. 46 SEC. EAST RECORD) ALONG THE EAST LINE OF SAID SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER A DISTANCE OF 92.88 FEET TO A POINT IN THE SOUTHEASTERLY RIGHT-OF-WAY LINE OF TUCSON NOGALES HIGHWAY;

THENCE SOUTH 55 DEG. 24 MIN. 40 SEC. WEST ALONG SAID SOUTHEASTERLY
RIGHT-OF-WAY LINE A DISTANCE OF 168.17 FEET TO A POINT IN THE SOUTH LINE OF
SAID SECTION 25;

THENCE NORTH 88 DEG. 55 MIN. 52 SEC. EAST, MEASURED (SOUTH 39 DEG. 31 MIN.
31 SEC. EAST RECORD) ALONG THE SAID SOUTH LINE A DISTANCE OF 141.46 FEET TO
THE SOUTHEAST CORNER OF THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SAID
SECTION 25 AND THE POINT OF BEGINNING.

EXHIBIT "2"
TO DECLARATION

Exhibit C to FICO Agreement
Form of Reservations, Covenants and Easements
Requiring Metering, Inspection and Entry,
to be Included in Sales Agreements
and Deeds

The property described herein that is the subject of this conveyance (the "Property") is subject to an Agreement made and entered into as of December 31, 1978 (the "Agreement"), by and among Farmers Investment Co., an Arizona corporation, Anamax Mining Company, a partnership consisting of the Anaconda Company, a Delaware corporation, and AMAX Arizona, Inc., a Nevada corporation, and Duval Corporation, a Delaware corporation (the "Parties"), and to a Declaration of Reservations, Covenants, and Easements running with the land recorded on December 20, 1979, in Docket 6179 at page 719, et seq., and re-recorded on February 26, 1980, in Docket 6223, page 671, et seq., in the records of Pima County, Arizona (the "Declaration"). As provided in and in accordance with paragraph 2 of the Declaration, the prohibitions in paragraph 1 of the Declaration on taking, withdrawing, transferring, assigning or using water underlying the surface of the Property are hereby modified and released on the following terms and conditions. The grantee hereunder by acceptance of any contract of sale or deed to the Property covenants to be personally bound hereby, to include this paragraph in all future

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agreements of sale and deeds of conveyance of the Property or any part thereof and to require all lessees or any other persons who enjoy any beneficial interest in the Property through the grantee to comply with the terms hereof. The following reservations, covenants and easements are hereby declared to attach to and run with the land, in favor of the Parties, to be binding upon the land and all owners, mortgagees (excepting mortgagees pursuant to mortgages of record on the date of recordation of the Declaration), lessees and other persons having or acquiring any right, title or interest in and to the Property or any part thereof. The taking, withdrawal, transfer, assignment or use in any manner whatsoever of water underlying the surface of the Property is prohibited except in compliance with the following provisions. Each well on the Property shall be equipped by the grantee with a recording device that will within acceptable engineering standards measure accurately the gallonage of water produced by such well. The production of each well shall be recorded and the records maintained. Each Party shall be entitled at reasonable times to inspect each measuring and recording device on the Property and its installation and to copy the recording and recorded data as made. Each Party shall also, upon reasonable notice, be entitled to have any such device checked for accuracy, provided that such activity shall be so conducted so as not unreasonably to interfere with the usage of the well being checked. The grantee hereunder shall maintain for

periods of not less than five years accurate records, which records shall disclose the total production in gallons of all water produced for each well on the Property and which records shall be open to inspection and copying by the Parties. Any Party requesting an accuracy check of any water measuring device shall bear the actual expense thereof. The grantee shall submit to each of the Parties (or to such other persons as the Parties may by written notice to the grantee designate in writing) on or before February 15 of each year an annual report stating the total amount of water pumped from each well on the Property during the preceding calendar year. The grantee shall promptly respond to requests for additional information from the Parties related to that amount of water used and such other information as may reasonably be related to the fact, amount and purpose of water use during the year. At the time of delivery of the annual pumping reports, the grantee shall also notify the Parties of any additional wells that have been drilled, any wells that have been deepened and any wells that have been abandoned during the preceding calendar year. Such information shall include the location of the well by legal description, and, as to new and deepened wells, their size, depth, source of power supply, current production or actual productive capacity and productive capacity when last in use. Each Party shall be entitled at reasonable times upon reasonable notice to enter and inspect the Property to determine that the terms hereof are being complied

with and shall have the right to enforce the provisions hereof and to enjoin any violations hereof. The restrictions of this paragraph shall terminate as provided in paragraph 7 of the Declaration. The terms "Party", "Parties", "Farmers Investment Co.", "Anamax Mining Company" and "Duval Corporation" mean the Parties and their successors as defined in paragraph 10 of the Declaration. Except as specifically modified herein, all other reservations, covenants and easements of the Declaration shall remain in full force and effect as to the Property and all owners, mortgagees, lessees and other persons having or acquiring any right, title or interest in and to the Property or any part thereof.

PIMA COUNTY RECORDER
MIKE BOYD, RECORDER
PIMA COUNTY, ARIZONA
CERTIFICATE OF RECORDING

03/17/89
09:21:00

NO. OF PAGES: 004
SEQUENCE: 89031309 DOCKET: 08496 PAGE: 0560
RECORDING TYPE: ASOT EASEMENT
GRANTOR: ANAMAX MINING CO
GRANTEE: AMAX ARIZONA INC +

	4 PAGES	AT		\$	5.00
	CONVERSION FEE				3.00
	0 AFFIDAVIT	AT	2.00 EACH		.00
	0 COPIES	AT	1.00 EACH		.00
	0 POSTAGE	AT	1.00 EACH		.00
	0 SEARCHES	AT	10.00 EACH		.00
	EXTRA DKTS				48.00

				TOTAL	56.00

W
CHANDLER, TULLAR, UDALL
WILL PICK UP

TUCSON AZ 85701

RBJ		AMOUNT PAID	\$	56.00
DEPUTY RECORDER	2234 REC2	AMOUNT DUE	\$.00

THE ABOVE SPACE FOR RECORDERS USE ONLY
TO BE RECORDED AS PART OF DOCUMENT

8496 560

DO NOT DETACH CERTIFICATE FROM DOCUMENT

ASSIGNMENT OF DECLARATION OF ESTABLISHMENT
OF
COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS

FOR VALUE RECEIVED, receipt of which is hereby acknowledged, ANAMAX MINING COMPANY, an Arizona general partnership ("Assignor") hereby transfers and assigns to AMAX ARIZONA, INC., a Nevada corporation, as to an undivided one-half (1/2) interest, and to ANACONDA ARIZONA, INC., as to an undivided one-half (1/2) interest ("Assignees"), all of its rights under those certain agreements entitled Declaration of Establishment of Covenants, Conditions, Restrictions and Easements set forth on Exhibit "A" attached hereto and by this reference incorporated herein (the "Anamax Declarations").

The addresses of Assignees are:

AMAX INC.,
1707 Cole Boulevard
Golden, Colorado 80401-3293
Attention: Legal Department

ANACONDA ARIZONA, INC.,
c/o ARCO Coal Company,
555 Seventeenth St.,
Denver, Colorado 80202
Attention: Legal Department

DATED as of this 28th day of December, 1988.

ASSIGNOR:

ANAMAX MINING COMPANY, an Arizona
general partnership

By 
F. N. Ramsler, General Manager

STATE OF COLORADO)
) ss.
COUNTY OF Denver)

The foregoing instrument was acknowledged before me this 25th
day of January, 1989, by F. N. RAMSEIER, General
Manager of ANAHAX MINING COMPANY, an Arizona general partnership,
on behalf of the partnership.

Deborah Ann Sullivan
Notary Public

My commission expires:
2/5/89

EXHIBIT "A"

ANAMAX DECLARATIONS recorded in Pima County, Arizona Recorder's Office

<u>Parcel</u>	<u>Date Recorded</u>	<u>Docket</u>	<u>Page</u>
Bull Farm	1/12/87	7956	984
Parcel 19	7/8/87	8072	833
Parcel 20	7/8/87	8072	861
Parcel 29	7/8/87	8072	919
Parcels 34 & D	12/9/87	8178	1756
Parcel E-N	9/4/87	8114	724
Parcels 16 & 17	2/5/87	7967	613
Parcel B	7/30/87	8088	387
Parcel C	7/22/87	8082	1742
Parcel 28	9/3/87	8113	333
Parcel A	9/11/87	8118	1789
Parcel 32	10/22/87	8146	1241
Twin Buttes	11/17/87	8163	2786
Parcel 26	12/7/87 and 1/18/88	8176 8204	2129 64
Parcel 27	3/11/88	8241	1903
Parcel 9A	2/1/83	8214	1412