

PALOMINO AT OLD WEST RANCH
ADDENDUM - WATER STATEMENT

Old West Ranch is a community of individual residential parcels at least 35 acres in size, located within the Upper Black Squirrel Creek Groundwater Management District (the "District"). Under Colorado law, parcels of 35 acres or more and located within a designated groundwater management district are generally eligible to obtain a small capacity well through the Colorado Division of Water Resources, which is also known as the State Engineer's Office. The State Engineer's Office issues all water well permits in Colorado. By law, every new well in the state that pumps ground water must have a well permit.

A property owner must apply to the State Engineer's Office for a well permit and pay a permit fee. Generally, a water well driller assists in the process of obtaining a well permit and providing the necessary information to the State Engineer's Office after the well is drilled. Uses of water under the permit are limited specifically by the conditions of approval stated on the permit when it is issued. In most cases, small capacity well permits within the District limit the pumping rate to no more than fifteen gallons per minute and no more than 1.0 acre-feet per year per well.

Residential well permits in the District are issued on tracts of land of 35 acres or more where the proposed well will be the only well on the tract, will provide water for no more than two single-family dwellings, and will irrigate one acre or less of lawn and garden. The State Engineer's Office has a Form GWS-44 used to apply for a residential well permit. A residential well permit cannot be used to provide water for commercial uses. The District has the right to adopt additional rules and regulations governing the issuance of small capacity well permits and the administration of ground water use within its boundaries.

The developer of Old West Ranch has reserved all water and water rights underlying the community, except that it will convey to a buyer of a 35 acre parcel at Palomino at Old West Ranch at the time of sale one (1) acre feet of water rights in the Denver Aquifer of the Denver Basin. The use of and limitations on the water rights conveyed to a new owner will remain subject to Colorado water law and the District's rules and regulations, but generally will provide for an adequate amount of water for the uses outlined above for a residential well permit.

More information on the well permitting program (and Colorado water information in general) can be obtained through the following links:

<http://water.state.co.us/DWRIPub/Documents/wellpermitguide.pdf>

<http://upperblacksquirrelcreekwater.com>

<http://water.state.co.us/groundwater/choice.asp>

State Engineer's Office: Ground Water Information Desk at (303) 866-3587 between the hours of 9AM - 4PM, Monday through Friday.