WEST PANGUITCH IRRIGATION AND RESERVOIR COMPANY
CHANGE APPLICATION APPROVAL AGREEMENT

This Agreement is entered into this ___ day of _____, _____, between the WEST PANGUITCH IRRIGATION AND RESERVOIR COMPANY, a Utah nonprofit corporation (WPI) and _____ shareholder(s) of WPI (Shareholder).

RECITALS

A. WPI has the rights to divert water from Panguitch Creek for use by its stockholders.

B. Shareholder is the owner of _____ share of WPI stock, evidenced by certificate number _____. Shareholder acknowledges that permanent change application to change the point of diversion and/or place of use and/or purpose was filed with the Utah State Water Rights and will be approved under water rights number _____.

C. WPI consented to a Shareholders request to file the permanent change application pursuant to the terms and conditions provided in this Agreement and WPI policies and Shareholder is willing to comply strictly with such terms and conditions.

In consideration of the covenants contained in this Agreement, the parties agree as follows:

AGREEMENT

1. Form of Change Application.

WPI consented to the filing of the permanent change application by shareholder with the Utah State Engineer referred to in this Agreement. The change application as approved by the Utah State Engineer on terms and conditions consistent with this Agreement. If either party concludes the Utah State Engineers memorandum decision approving the change application is inconsistent with, or imposes a condition that either party concludes violates the terms of this Agreement or WPI Policies, either party has the right to withdraw the change application and

terminate this Agreement after reasonable efforts to confer with the other party(s) to resolve the issues.

2. Description of Water Right.

Title to the water right that was amended by the change application is owned by WPI. The change application was filed jointly in the name of WPI and Shareholder.

3. Ownership of WPI Shares.

Shareholders, or their successor, shall maintain ownership of the _____ shares of stock and pay all assessments levied against said stock in accordance with WPI Articles of Incorporation, Bylaws and Policies. This one-time fee of $2,400.00 per share which will be prorated for the amount of shares used.

4. Domestic Residence

The change application may only permit the service of one Domestic Residence outlined under the provisions of the change application and water right _____ referred to in this agreement.

5. Responsibility for Change Application Approval.

Shareholder shall be responsible for filing, prosecuting and defending the change application in the administrative proceedings before the Utah State Engineer. WPI may participate in the administrative proceedings to protect its interests, but has no duty to do so. If a judicial review action is filed in the district court following a decision by the State Engineer, either by Shareholder or by any other interested party, WPI will be a necessary party. Shareholder shall indemnify and hold harmless WPI for all costs, expenses and attorney's fees incurred by WPI as a result of its participation in the administrative proceedings or the judicial review action, including any appeals taken from the district courts decision. Shareholder or WPI may elect to withdraw the change application to avoid the judicial review action.

6. Carrier Water - Beneficial Use.

The change application, as approved, will allow Shareholder to divert water from a source other than the WPI distribution system. Under the change application, WPI will have the discretion to divert the historic return flows into its distribution system to be used as carrier water.

7. Water Meter and Related Infrastructure.

Shareholder shall, at Shareholders expense, construct, operate and maintain all facilities needed to divert and convey the water to its place of use. Upon written request from WPI Shareholder shall install a water meter on the underground well and shall provide records of the water pumped from this well to WPI and the Utah State Engineer, upon request. WPI shall have no responsibility for such diversion, conveyance or measurement facilities.

8. Maintaining the Change Application in Good Standing/Status Report.

Shareholder shall maintain the change application and water right _____ in good standing and will notify WPI of any action required to do so. Shareholder will reimburse WPI for all costs and expenses it incurs related to the change application. Shareholder shall respond in a timely manner to any additional inquiries made to Shareholder concerning the change application or implementation of the changes contemplated under the change application.

9. Indemnity.

Shareholder agrees to indemnify and hold harmless WPI, its officers and directors, against any and all losses, damages, liabilities, costs, expenses and attorney fees incurred by WPI in any way resulting from this Agreement or arising out of the use of water by Shareholder under the change application.

10. Retirement of Acreage.

Shareholder represents, warrants and agrees that as part of the proof of beneficial use of water under the subject change application Shareholder has the right and power to ask WPI and

the Utah State Engineer to retire the required acreage from irrigation (dry up) under the WPI water rights.

The acreage required to be dried up for this change application will be .53 acres as outlined in WPI published policy, well permit policy. The dried-up acreage is outlined in an agreement letter signed by _____ on _____ __, _____ which specifically refers to this change application _____ for the drying up of land in _____.

11. Entire Agreement.

This Agreement constitutes the entire agreement between the parties and supersedes any prior understanding, representation, or agreement regarding the subject matter.

12. Third Party Rights Prohibited.

This Agreement is not intended to create third-party beneficiary rights.

13. Standard for Interpreting the Agreement.

This Agreement was drafted as an agreement between both parties. It shall not be construed against any one party in the event of a controversy regarding its interpretation. This Agreement shall be governed by the laws of the State of Utah and the venue for any legal action based thereon shall be with the District Court of Garfield County.

14. Assignment.

This Agreement, together with the shares of stock and the Shareholders interest in the change application which are the subject of this Agreement, may be assigned by Report of the Water Right Conveyance (ROC). However, the right to divert water under the change application is conditioned on the ownership of the underlying shares of stock in WPI that support the change. Therefore, any assignment of this Agreement and water right _____ must also include an assignment of all Shareholders interest in the change application the shares of stock in WPI

assigned as a result of change application to that same party. Shareholder agrees to provide notice of any such assignment to WPI.

15 No Segregation.

The _____ shares of stock as represented by shareholder in this agreement must remain with the change application and cannot be segregated or split from this change application without the expressed written consent of WPI.

WEST PANGUITCH IRRIGATION AND RESERVOIR COMPANY

_____

By: Allen Henrie, WPI's Board President

SHAREHOLDERs

_____

_____