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AGREEMENT

THIS AGREEMENT, made and entered into as of the 1st day of January, 1962, by and between COLUMBIA-GENEVA STEEL DIVISION, UNITED STATES STEEL CORPORATION, hereinafter called "Columbia", and the SOMERSET DOMESTIC WATERWORKS DISTRICT, hereinafter called the "District",

W I T N E S S E T H:

WHEREAS Columbia owns and operates Somerset Mine in the vicinity of Somerset, Colorado; and

WHEREAS Columbia is the owner of a water supply needed for the operation of said Mine, having its source in the Gunnison River, and of a water system in and near the Village of Somerset; and

WHEREAS the District is in need of a supply of water in order that it may furnish water for domestic purposes to the inhabitants of Somerset, and would like to purchase the same from Columbia's Gunnison River supply, and to have conveyed to it that portion of the distribution system lying within the Village of Somerset; and

WHEREAS Columbia is willing to sell water to the District for resale to the residents of the Somerset area, and to quitclaim to the District its interest in and to that portion of the distribution system lying within the Village limits;

NOW, THEREFORE, in consideration of the mutual promises hereinafter contained, the parties hereto agree as follows:

1. Columbia agrees promptly to convey, transfer and quitclaim to the District its interest in and to, all water pipes and pipelines, distribution lines, service lines, hydrants, connections, and all other water-handling facilities and accessories located within the platted townsite of Somerset, as shown in red color on drawing ARB-16 dated 10-13-61 which is attached hereto marked "A" and made a part hereof. Columbia further agrees promptly to assign and transfer to the District the right to enter upon the property of

the residents of the area served by the District for the purpose of operating, inspecting, maintaining, repairing, removing, relocating and replacing pipes and other water facilities, all as reserved to Columbia by deeds heretofore delivered to the residents. The transfers provided for in this paragraph shall be accomplished by Columbia's execution and delivery of instruments in the form of Exhibits B and C, attached hereto and made a part hereof, which the parties have initialed for identification.

2. Columbia agrees to sell and deliver to the District, and the District agrees to take, use and pay for, such quantity of water as the District may require to meet the domestic needs of the residents of Somerset area; provided, however, that Columbia will not be required to supply water in excess of a total of 75 gallons per minute. In case of emergencies, such as fire, Columbia will try to supply all the water possible. The water to be sold and delivered to the District hereunder shall be of substantially the same quality as that used by Columbia for its own operations and purposes.

3. Delivery of water by Columbia to the District hereunder shall, subject to paragraph 11 hereof, be made at the point of inter-connection of facilities to be retained by Columbia and of facilities to be conveyed to the District, the point being located on the main water line just north of the Denver & Rio Grande Western Railroad Company right of way and being designated "Proposed Meter and Valve Box" on drawing AR8-16. Columbia shall install and maintain a meter at this point on the water line. Columbia, at its own expense, shall maintain the pipeline and pump, tank and other facilities necessary to deliver the water to this point. The District shall maintain the water distribution system to be conveyed to it beyond this point, and, at its expense, shall procure, furnish, install, operate and maintain all facilities, rights of way and easements required to receive, apply, and utilize the water delivered hereunder. Any responsibility for improvement in the quality of the water over and above the standard of quality hereinabove provided for shall be the District's and not Columbia's.

4. It is recognized by the parties that the meter referred to in paragraph 3 will not have been installed on the water line by January 1, 1962, the effective date of this agreement. Pending installation of said meter, Columbia will furnish such quantity of water as the District may require to meet the domestic needs of the residents of the Somerset area at the monthly rate of \$256.00. Beginning with the first complete month following installation of said meter, water shall be sold to the District hereunder at the rate of twenty-six cents (26¢) per 1,000 gallons of water furnished.

If owners of other kinds of establishments of a sort not listed above and not presently found in the District as now constituted should request the District to furnish them with water, a charge proportionate to their consumption shall be made.

5. Bills for water delivered shall be rendered by Columbia to the District monthly and shall be due and payable on receipt thereof by the District.

6. In case the Consumer Price Index, as published by the Bureau of Labor Statistics, United States Department of Labor, during the term of this Agreement, shall rise to a point higher than the Consumer Price Index as of January, 1962, the charge to the District for water sold hereunder may be increased proportionately. Increases in the cost of water permitted under this paragraph shall not be made more frequently than once a year and shall be prospective only in their application.

7. Columbia shall exercise reasonable care and diligence to furnish such water to the District as provided for herein, but the parties recognize that Columbia cannot guarantee the sufficiency of its source of supply, and Columbia shall not be required to acquire additional water rights or other sources of supply in order to meet its obligations hereunder. Columbia shall not be liable for any failure, interruption or shortage of water, or any loss or damage resulting therefrom occasioned in whole or in part by causes beyond the reasonable control of Columbia.

8. Columbia shall furnish, inspect, test and repair, and keep in repair, all meters and other instruments which may be required to measure the water delivered to the District hereunder. The District shall have the right at any time to test and inspect any such meters and instruments.

9. The District shall not assign any interest herein to any party without the written consent of Columbia first had and obtained.

10. The term of this agreement shall be for seven years from and after the effective date hereof, and shall continue thereafter from year to year unless terminated by either party hereto upon 6 months' written notice. The charges provided for herein and all other matters relating to the furnishing of water to the District shall be renegotiated between Columbia and the District at any time after December 31, 1968, upon 60 days' advance notice by either party.

11. It is recognized that five residences located outside the Village of Somerset and remote from the District's distribution system will require water. The residences are readily accessible from Columbia's main water line, however, and Columbia agrees to install water meters for these residences and to deliver water to the District, for ultimate use of the occupants, to points on its water line where 5 separate meters shall be installed. The charge for water furnished these residences shall be as outlined in paragraph 4. Installation of these meters shall be at Columbia's expense. The occupants' consumption shall be measured by Columbia, and the quantity of water consumed shall be taken into consideration in determining the maximum amount of water required to be furnished by Columbia.

12. The parties recognize that Columbia acquired coal lands near Somerset to insure itself of coking coal for its steel-making operations in Utah; that the coal found in the vicinity of Somerset is particularly adaptable for this purpose; and that Columbia intends to continue to conduct mining operations at Somerset for the foreseeable future, subject only to interruptions which are characteristic

of all such operations, as for example, inclement weather, lack of demand and labor disturbances, none of which appear to be imminent. Notwithstanding paragraph 10, the parties recognize that if for any reason or any time Columbia decides to terminate its operations and abandon the mining area adjacent to the Village of Somerset, Columbia will be relieved of its obligations hereunder. In such event, Columbia agrees that the water supply will be handled as follows:

(a) Columbia will give the settling pond, pumps, filters, chlorinating system, tanks and pipelines to the District at no charge.

(b) Columbia will make available to the District, at no charge to the District, such water from its Gunnison River supply as necessary to meet the reasonable domestic needs of the District; provided, however, the parties recognize that Columbia cannot guarantee the sufficiency of its source of supply, and Columbia shall not be required to acquire additional water rights or other sources of supply to meet this obligation.

In the event Columbia sells, assigns, or transfers Somerset Mine to some other operator, or enters into an operating agreement with another whereby the latter operates said Somerset Mine with Columbia remaining as owner, Columbia shall assign this agreement to such new operator who shall be entitled to its benefits and bound by its obligations.

13. Any notice which is provided or permitted to be given to either party hereunder shall be deemed to have been given or made 48 hours after such notice has been deposited in the United States mail postage prepaid and addressed to Columbia at 120 Montgomery Street, San Francisco, California, or to the District at Somerset, Colorado, as the situation may require. Said addresses may be changed by either party by notice in writing given to the other party.

14. Columbia is not a public utility or service company and by entering into this Agreement is not holding itself out or undertaking to furnish water to the public or to the individual

residents or inhabitants of the Village of Somerset or its vicinity and nothing in this agreement shall in any way be construed to place Columbia under the duties, rights, or obligations of a public service company. Should the Public Utility Commission or any similar body assert any jurisdiction over Columbia, Columbia shall have the option of performing under this Agreement or not performing, in whole or in part, as it shall deem best, without any liability on account of any action taken in the premises.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the first day of January, 1962.

UNITED STATES STEEL CORPORATION

By /s/ D. E. Rice
Vice President
Columbia-Geneva Steel Division

SOMERSET DOMESTIC WATERWORKS DISTRICT

By /s/ Peter Tullio
President