

Please Return To:
Public Utility District No. 1 of Skagit County
Post Office Box 1436, 1415 Freeway Drive
Mount Vernon, WA 98273



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Skagit County Auditor

4/6/2004 Page 1 of 2 9:42AM

AGRICULTURAL IRRIGATION WATER SERVICE AGREEMENT

This Agreement is entered into this 1st day of APRIL, 2004, between **PUBLIC UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY** hereinafter referred to as the "District" and **J4 RANCH, LLC** or its successor or assigns, hereinafter referred to as the "Customer".

The Customer is entering into this Agreement to secure a water service to irrigate fruit crops on property located at Kamb Road, Mount Vernon. The parcel **P109057** is located in a portion of the W 1/2 of the NE 1/4 of Section 26, Township 34 N Range 3 E under Assessor's Tax Number 340326-1-004-0200. The District owns and operates a water distribution system, and has limited capacity at the location of the proposed service(s) and is willing to supply water according to the following terms and conditions of this Agreement:

1. The Customer shall be responsible for paying all costs associated with installing water services to the District system as provided for in Resolution No. 1626-94, or its successor.
2. The District shall operate and maintain the system in order to supply water for residential, commercial and industrial purposes that meet the water quality standards of the Washington State Department of Health.
3. The cost of water shall be at the current water rate schedule at the time of each billing.
4. The Customer agrees that the District has the right to limit the gallons per minute or limit the time of day during which water can be drawn for irrigation.
5. The Customer agrees that if water system pressure and flow problems arise which adversely affect the water system, water for irrigation can be limited or discontinued. Water for irrigation is recommended during, and may be limited to, "off peak" hours of 10:00 p.m. to 5:00 a.m. each day, or such hours as the District may prescribe.
6. The District shall use reasonable diligence to provide regular and uninterrupted service to the Customer at approved delivery or discharge point(s), but shall not be liable to the Customer for damages, breach of contract, or otherwise for interruption of service or curtailment of supply for any cause. These could include, but are not limited to, Act of God, sabotage, war, fire, floods, earthquakes, or other catastrophes, strikes or failure of the water distribution system. The Customer shall hold the District harmless from any claim for damages related to continuity of service by third parties by the Customer, to the extent that the claim arises out of Customer's negligence.
7. The District shall plan and improve the water distribution facilities that may become necessary in the future and to replace existing facilities to expand the capacity of the overall water distribution facilities.
8. The Customer recognizes that all water will contain chlorinous compounds, which are dangerous to aquatic life. The Customer shall pursue, with reasonable diligence, the protection of aquatic life onsite and offsite of the Customer's property.
9. Rights and responsibilities under this Agreement may be assigned in part or in whole for the purpose of irrigation by the Customer with the written consent of the District.
10. All or part of this Agreement may be superseded, deleted, or enhanced by future District resolutions.
11. This Agreement remains in full force as long as the service(s) are active.

12. The water service(s) covered by this Agreement are for irrigation of agricultural crops only. Change of use by the Customer in whole or part shall not be permitted without written consent of the District.

13. Non-compliance of this Agreement by the Customer shall constitute cancellation of use of the service(s).

14. This Agreement shall remain with the land. The District shall record this Agreement with the Assessor's Office of Skagit County.

15. Water quality may vary in the future due to the result of the Federal Safe Drinking Water Act or other governmental requirements.

16. Depending on hydraulic flows within the distribution system, pH levels may exceed 10 (alkaline water).

This Agreement and all disputes arising thereunder shall be governed by Washington State Law. Venue shall be in the Superior Court of the State of Washington for Skagit County. The prevailing party shall be compensated for attorney fees.

IN WITNESS WHEREOF, parties hereto have executed this Agreement to the day and year first above written.

J4 RANCH, LLC:

PUD NO. 1 OF SKAGIT COUNTY:

[Signature]
Signature

[Signature]
Kenneth K. Kukuk, General Manager

JOHN D. ROGERS, JR.
Printed Name

MANAGING PARTNER
Title

STATE OF WASHINGTON
COUNTY OF SKAGIT

I certify that I know or have satisfactory evidence that John D. Rogers, Jr. is the person who appeared before me, and said person acknowledged that (he/she) signed this instrument, on oath stated (she/he) was authorized to execute the instrument and acknowledged it as the Managing Partner of J4 RANCH, LLC to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Date: 04/01/04

Kim A. Carpenter
Notary Public in and for the State of Washington
My appointment expires: 08/09/2005

