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OPEN MEETING AGENDA ITEM

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ARIZONA CORPORATION COMMISSION
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ORIGINAL

AMENDMENT NO. 1

to

JOINT WELL DEVELOPMENT AGREEMENT

between

PINE WATER COMPANY

and

PINE-STRAWBERRY WATER IMPROVEMENT DISTRICT

dated

July __, 2007

Arizona Corporation Commission

DOCKETED

DEC 12 2008

DOCKETED BY	MM
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**AMENDMENT NO. 1 TO
JOINT WELL DEVELOPMENT AGREEMENT**

THIS AMENDMENT NO. 1 TO JOINT WELL DEVELOPMENT AGREEMENT ("Amendment No. 1") is made as of the ___ day of July, 2007 by and among **Pine Water Company** ("PWCo") and the **Pine-Strawberry Water Improvement District** ("PSWID"). PWCo and PSWID, from time to time, are each sometimes individually referred to herein as a "Party" and collectively as the "Parties".

RECITALS

A. PWCo and PSWID entered into a Joint Well Development Agreement dated May 1, 2007.

B. PWCo and PSWID enter into this Amendment No. 1 to correct certain technical errors and omissions subsequently discovered to be contained in the Agreement that was executed by the Parties.

NOW, THEREFORE, in consideration of the mutual conditions and covenants set forth in the Agreement and herein, and other good and valuable consideration, the receipt of which is hereby acknowledged, the Parties agree as follows:

AGREEMENT:

1. Incorporation of Recitals. By this reference, the Parties hereby agree to incorporate the recitals above as part of their agreement as if fully set forth herein.

2. New Paragraph 28; Conflict of Interest. PWCo and PSWID hereby add a new Paragraph 28 to the Agreement as follows:

"28. Conflict of Interest. Under Section 38-511, Arizona Revised Statutes, as amended, PSWID may cancel this Agreement within three years after its execution and without penalty or further obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating this Agreement on behalf of PSWID is, at any time while the Agreement or any extension thereof is in effect, an employee or agent of any other party to this Agreement in any capacity or a consultant to any other party to this Agreement with respect to the subject matter of this Agreement. In addition to the right to cancel this Agreement, PSWID may recoup any fee or commission paid or due to any person significantly involved in initiating, negotiating, securing, drafting or creating this Agreement on behalf of PSWID from any other party to this Agreement arising as the result of this Agreement. In the event PSWID elects to exercise its right under Section 38-511, Arizona Revised Statutes, as amended, PSWID agrees to immediately give written notice thereof to PWCo.

3. Amendments of K2 Site Legal Description. PWCo and PSWID hereby amend the legal description for the K2 site, Attachment 1 to the Agreement, to correct typographical errors and delineate the correct easements for ingress and egress. A corrected Attachment 1 is attached and incorporated herein by this reference.

4. Amendment of Outside Deadline. PWCo and PSWID hereby amend the time frame specified on Attachment 3 as the Outside Deadline for Project Completion to read "730" instead of "770." A corrected Attachment 3 is attached hereto and incorporated herein by this reference.

5. ACC Approval. The references to ACC approval of the Agreement contained in the Agreement (e.g., Paragraphs 4.2.1.1 and 5.2.2.1) is limited to ACC approval of those portions of the Agreement for which approvals may be required by A.R.S. §§ 40-285(A) and 40-302(A).

6. Incorporation and Ratification. This Amendment No. 1 shall be attached to and incorporated into the Agreement and the Agreement as amended by this Amendment No. 1 is hereby ratified to be effective May 1, 2007 as if the amendments were in the Agreement *ab initio*.

7. Counterparts. This Amendment No. 1 may be executed in counterparts, each of which may contain fewer than all signatures but all of which, together, shall constitute a single instrument.

THE REMAINDER OF THIS PAGE LEFT INTENTIONALLY BLANK.

IN WITNESS WHEREOF, this Joint Well Development Agreement has been executed as of the date first written above.

PWCo

By: _____
Name: Robert T. Hardcastle
Title: President

PSWID

By: _____
Name: R. Gary Sherlock
Title: Chairman

By: _____
Name: William F. Haney
Title: Secretary

Attachments

1. Legal Description (Corrected)
2. NONE
3. Preliminary Project Timeline (Corrected)

CORRECTED ATTACHMENT 1

Composed of:

- 1. Exhibit "A" Legal Description K2 Site (2 pages)**
- 2. Exhibit "B" Depiction of K-2 Wellsite (1 page)**

EXHIBIT "A"
LEGAL DESCRIPTION
K2 SITE

That portion of the Southeast Quarter of the Southwest Quarter of Section 22, Township 12 North, Range 8 East, of the Gila and Salt River Meridian, Gila County, Arizona, which lies immediately north of and adjacent to the northerly line of STRAWBERRY KNOLLS UNIT TWO, according to the plat of record in the office of the Gila County Recorder, Map No. 240, described as follows:

COMMENCING at the northwest corner of Lot 107, STRAWBERRY KNOLLS UNIT TWO;

- Thence: S 69° 18'28" E, along the northerly line thereof, a distance of 79.78 feet;
- Thence: S 27°39'21" E, continuing along said northerly line of Lot 107, a distance of 69.16 feet;
- Thence: S 48°27'33" E, continuing along said northerly line of Lot 107, a distance of 82.95 feet to the southeast corner of said Lot 107, being coincident with a point on the existing northerly right-of-way line of Parkinson Drive;
- Thence: N 68°56'15" E, along said northerly right-of-way line, a distance of 39.81 feet;
- Thence: S 79°58'32" E, continuing along said northerly right-of-way line, a distance of 85.93 feet;
- Thence: N 81°27'23" E, continuing along said northerly right-of-way line, a distance of 56.23 feet;
- Thence: N 09°21'41" W, a distance of 47.43 feet to the TRUE POINT OF BEGINNING;
- Thence: N 80°42'42" E, a distance of 100.61 feet;
- Thence: N 09°37'10" W, a distance of 79.80 feet;
- Thence: S 79°22'32" W, a distance of 100.28 feet;
- Thence: S 09°21'41" E, a distance of 77.46 feet to the TRUE POINT OF BEGINNING.

TOGETHER WITH an easement for ingress and egress and water utilities over the following described real property:

BEGINNING at the southwest corner of Lot 2 of STRAWBERRY KNOLLS UNIT FOUR, AMENDED, as shown on Map 592, Gila County Records;

- Thence: N 09°37'01" W, along the west line of said Lot 2, a distance of 109.80 feet;
- Thence: N 79°22'32" E, a distance of 30.00 feet;

- Thence: S 09°37'01" E, a distance of 235.10 feet to a point on the northerly right-of-way line of Parkinson Drive;
- Thence: N 37°18'22" W, along the northerly right-of-way line of Parkinson Drive, a distance of 33.27 feet;
- Thence: N 73°24'09" W, continuing along the northerly right-of-way line of Parkinson Drive, a distance of 7.48 feet;
- Thence: N 09°37'01" W, a distance of 93.64 feet;
- Thence: S 68°58'19" W, a distance of 8.15 feet to the TRUE POINT OF BEGINNING.

Tetra Tech, Inc.
Project No. 1333.0015
July 13, 2007



CORRECTED ATTACHMENT 3
PRELIMINARY PROJECT TIMELINE

**Total Days
from Date of
Agreement***

Description

30	File App w/ ACC to approve Agreement (Section 10.2)
60	Budget (preliminary) prepared (Section 4.1)
210	ACC Approval of Agreement (Section 5.2.2.1)
270	Transfer K2 Wellsite and provide Notice to PSWID that funding for Project is available
330	Mobilization and drilling of Test Well (Section 2.1)
390	Hydrologist determination of Estimated Sustainable Yield (Section 2.2.3.1)
510	Mobilization and drilling of Production Well (Section 2.3)
610	Completion of Project
730	Outside Deadline for Project Completion (Section 5.2.1)

*Assumes maximum duration for each step