

AGREEMENT TO PURCHASE REAL ESTATE AT PUBLIC AUCTION

This Agreement to Purchase Real Estate at Public Auction is made and entered into by and between the Buyer(s) identified on the signature page below (hereafter called "Buyer", whether one or more) and Curtis Jahnke and Ace Exploration and Water Drilling Company, as their respective interests appear (collectively, "Seller"), in connection with a public auction conducted on February 28, 2013 (the "Auction") by Schrader Real Estate and Auction Co., Inc., as auctioneer (the "Auction Company"), in cooperation with Lee & Associates Commercial Real Estate Services, by and through Clifford Crowe, California real estate broker license number 00982577, as broker ("Broker").

The terms set forth below, together with the terms set forth in the auction announcements attached hereto as **Addendum A** (collectively, this "Agreement"), have been included in the bidder packets distributed to all bidders for purposes of the Auction and, upon Seller's acceptance of the Bid Price, as evidenced by Seller's execution of this Agreement, shall constitute a binding agreement for the sale and purchase of the Property described herein.

BUYER ACKNOWLEDGES THAT THE PROPERTY IS BEING SOLD "AS IS, WHERE IS" AND THAT BUYER'S OBLIGATION TO PURCHASE THE PROPERTY IS NOT CONTINGENT UPON FINANCING.

1. **PROPERTY.** Seller agrees to sell and Buyer agrees to purchase the real estate described as follows (collectively, the "Property"):

All of Section 5 of Township 11 North, Range 3 West, in San Bernardino County, State of California, including:

 - (a) Surface rights, including approximately 640 acres of land, together with all buildings, permanent improvements and fixtures attached thereto and all existing irrigation equipment located thereon;
 - (b) All of Seller's interest with respect to mineral, oil and solar rights;
 - (c) The right to produce water therefrom up to and including 10,000 acre-feet in any calendar year (**the "First Tier Water Rights"**); and
 - (d) The right to produce water therefrom in excess of 10,000 acre-feet in a calendar year (**the "Additional Water Rights"**).

2. **BID PRICE.** The amount of Buyer's bid is \$_____ (the "Bid Price"). The Bid Price constitutes the purchase price for the surface rights, the First Tier Water Rights and all other Property **except** the Additional Water Rights. The entire Bid Price shall be paid in immediately available funds at closing, less applied Earnest Money and any other credits due Buyer as may be provided herein. The purchase price for the Additional Water Rights will be determined and paid in the manner and amounts and at the times set forth in **Section 4**, below. The total purchase price for the Property shall consist of the Bid Price plus post-closing payments due for the Additional Water Rights as provided below.

3. **EARNEST MONEY.** Concurrently herewith, Buyer is delivering \$_____ (the "Earnest Money"), payable to Fidelity National Title Company, 1300 Dove Street, Suite 310, Newport Beach, CA 92660; Tel: 949-622-5000 (the "Title Company"), to be held in escrow and applied to the Bid Price at closing.

4. **ADDITIONAL WATER RIGHTS.** The purchase price for the Additional Water Rights will be determined and paid as follows:
 - (a) Water produced from the Property in any calendar year in excess of 10,000 acre-feet and up to 15,000 acre-feet shall be purchased as a permanent Additional Water Right at a price of \$5,500 per acre-foot. For example, if the purchaser/producer who previously had not produced water in a calendar year exceeding a volume of 10,000 acre-feet produces 12,002 acre-feet in a calendar year, that producer shall then pay to seller the sum of \$11,011,000.00 and shall have the permanent right to produce up to 12,002 acre-feet annually.

- (b) Water produced from the Property in any calendar year in excess of 15,000 acre-feet and up to 20,000 acre-feet shall be purchased as a permanent Additional Water Right at a price of \$6,500 per acre-foot.
- (c) Water produced from the Property in any calendar year in excess of 20,000 acre-feet shall be purchased as a permanent Additional Water Right at a price of \$7,500 per acre-foot.
- (d) The purchase price per acre-foot for Additional Water Rights stated above in subsections (a), (b) and (c) of this section 4 shall be increased on January 1, 2017, and on January 1 of each year thereafter, by the percentage increase in the Mojave Water Agency Replacement Water Assessment charged as Watermaster in the Mojave River Basin adjudication as compared to the charge made therefor on the immediately previous January 1.
- (e) All water produced from the Property by Seller shall be metered and the total amount produced in any partial or full calendar year shall be calculated and reported to Buyer on or before March 1 of the immediately following calendar year. Payment for Additional Water Rights produced shall be due on or before the March 1 immediately following the calendar year in which that production occurred. The payment shall be made together with accounting materials sufficient to document the amount of production which occurred in the previous calendar year. The payment and supporting materials shall be subject to audit by Seller at its discretion. Payment shall be provided at a location and address identified by Seller, which may be modified from time to time. If an audit discloses a deficiency in the amount due and owing to Seller of 10% or more, Buyer shall pay the costs of the audit within 30 days of being provided a statement for those costs with reasonable supporting data.
- (f) The Buyer's obligation to pay for the Additional Water Rights shall be secured by a first position Deed of Trust to be executed and delivered by Buyer at closing, substantially in the form of the attached **Exhibit A**, pursuant to which Buyer will grant to Seller a first-position lien with respect to the Additional Water Rights.

5. **POST-CLOSING AGREEMENTS.** Seller has a substantial interest in the development of the full water production potential of the Property. Accordingly, the Buyer shall be obligated to employ its best efforts to promptly conduct necessary studies to establish the maximum amount of water which can be produced from the Property and supplied for reasonable and beneficial uses and, upon establishing that amount, to continue to employ its best efforts to sell and provide that maximum amount of water through the applicable regulatory, construction and marketing processes. Those efforts shall include, but not be limited to, the following:

- (a) By July 1, 2014, complete a bore hole on the Property at least 3,000 feet in depth and 8 to 10 inches in diameter and produce a full detailed drill log with an explanation of materials drilled every 5 feet, a full E-log with commentary and a full temperature log every 50 feet;
- (b) By January 1, 2016, complete the construction of two commercial production wells on the Property capable of producing 4000 GPM each, a minimum of 1,000 feet in depth with 24-inch casing with adequate Roscoe Moss louvered screening, and an e log for each well as specified in subparagraph 5(a) above, and otherwise in accordance with the specifications provided in materials heretofore provided by Seller; and
- (c) Upon construction of the wells specified above, provide Seller with the results of a 72 hour minimum pump test of the wells (at a minimum of 7,000 gpm), monitoring all on-site wells, and, if possible, at least one well located off the Property to the south (e.g. well #7 mentioned in the Barto Report).

Buyer shall provide to Seller copies of all information concerning the Property and its water bearing capacity and water quality obtained by Buyer, including all test results, reports and the product of computer models, generated by all tests performed on and investigations of the Property together with the consideration of other available data. Seller shall be afforded reasonable notice of the scheduling of the testing and construction of the production wells, and Seller's representative shall be afforded the opportunity to observe those observations on the Property. All of Buyer's payment obligations and all other provisions of section 4, above, and this section 5 of this Agreement shall survive the conveyance of the

Property from Seller to Buyer and shall remain in full, force and effect until all payment obligations and other obligations of Buyer set forth in section 4, above, and this section 5 of this Agreement are fully discharged.

6. **DEED.** At the closing, upon full payment of the Bid Price, Seller shall deliver a grant deed conveying the Property to Buyer, free and clear of all liens, but otherwise subject to the Permitted Exceptions as hereinafter defined. The deed shall be substantially in the form of the attached **Exhibit B**.
7. **PRELIMINARY TITLE WORK.** A preliminary title report prepared by the Title Company and dated January 17, 2013 (the "Preliminary Title Work") has been made available for Buyer's review prior to bidding at the Auction. Buyer agrees to accept title to the Property free and clear of liens but otherwise in its current status as reflected in the Preliminary Title Work (and subject also to the Permitted Exceptions, as hereinafter defined).
8. **TITLE INSURANCE.**
 - (a) Seller shall provide for and, except as provided in subsection 8(c), below, shall pay one-half of the cost of the issuance of a CLTA standard coverage owner's title insurance policy by the Title Company insuring marketable title to the surface rights in the amount of \$5,300,000.00; subject, however, to all standard exceptions, conditions and requirements and subject also to the Permitted Exceptions (as hereafter defined).
 - (b) Prior to the closing, Buyer shall be entitled to receive a commitment for the issuance of a title insurance policy, as described above, dated after the date of this Agreement (the "Final Title Commitment").
 - (c) The costs of the Final Title Commitment and/or the owner's title insurance policy issued pursuant to the Final Title Commitment shall be shared equally (50:50) by Seller and Buyer, but only with respect to the title policy for surface rights in the amount of \$5,300,000.00 as described above. In any event, Seller's share of the cost of the title insurance shall not exceed \$2,250.00.
 - (d) Buyer acknowledges and understands that title insurance may not be available with respect to the water production rights and/or Mineral Rights. In any event, Seller is not obligated to provide (and the closing is not contingent upon and shall not be delayed for the issuance of) any title insurance coverage, commitment and/or endorsement sought by Buyer with respect to the water production rights and/or Mineral Rights.
9. **PERMITTED EXCEPTIONS.** Buyer agrees to accept title and title insurance subject to: (a) existing roads and public utilities; (b) visible uses and easements; (c) current taxes and assessments; (d) any interests of other parties with respect to Mineral Rights, whether or not listed in the Preliminary Title Work or the Final Title Commitment; (e) recorded easements, covenants, conditions, restrictions, reservations and other matters (except liens) appearing of record; and (f) any other matter (except liens) disclosed or listed in this Agreement (including Addendum A), the Preliminary Title Work and/or the Final Title Commitment (collectively, the "Permitted Exceptions"). Buyer agrees that title shall not be deemed unmarketable or defective by reason of any matter that constitutes a Permitted Exception.
10. **MINERAL RIGHTS.** The conveyance of the Property to Buyer shall include any interest that Seller may have with respect to Mineral Rights. However, Seller makes no representation or warranty regarding the extent of any Mineral Rights which may be owned by Seller. For purposes of this Agreement, "Mineral Rights" refers to, collectively, any interest of any person or entity with respect to oil, gas and other minerals, including all leases, grants, exceptions, reservations, easements, security interests and/or other rights pertaining thereto.
11. **SURVEY.** A new survey will not be provided.
12. **REAL ESTATE TAXES.** Real property taxes shall be paid and charged against Seller and Buyer by prorating the taxes due as of the date of close of escrow. At closing, any unpaid portion of the real property taxes allocated to the Seller shall be paid either directly to the appropriate tax collection office or via credit against the sums due from Buyer. Buyer shall then be responsible for payment of all installments which

become due after the closing. If the applicable tax rate or value is unavailable at the time of closing, any tax credit shall be estimated based on 100% of the taxes assessed for the prior year, with no adjustment after closing.

13. **CLOSING.** The closing shall take place on or before March 28, 2013 or as soon as possible thereafter when the Final Title Commitment and Seller's closing documents have been completed. The closing shall be held at and/or administered through the office of the Title Company.
14. **EXPENSES OF SALE.** Seller and Buyer agree that all closing costs and expenses of sale are to be paid in cash at or prior to the closing.
 - (a) **SELLER'S EXPENSES:** Seller shall pay: (i) all costs of releasing existing liens and recording the releases; (ii) one-half of the fee charged by the closing agent to administer a cash closing; (iii) one-half of the cost of the owner's title insurance; (iv) preparation of the deed; (v) any applicable transfer tax due upon recording of the deed; (vi) the professional fees due to the Broker and Auction Company in this transaction; and (vii) any expense stipulated to be paid by Seller under any other provision of this Agreement.
 - (b) **BUYER'S EXPENSES:** Buyer shall pay: (i) all expenses incident to any loan (e.g., loan commitment fees, preparation of loan documents, recording fees, title examinations, mortgage title insurance, prepaid interest and credit reports); (ii) one-half of the fee charged by the closing agent to administer a cash closing (and 100% of any additional closing fee due to any loan); (iii) one-half of the cost of the owner's title insurance; and (iv) any expense stipulated to be paid by Buyer under any other provision of this Agreement.
15. **RISK OF LOSS; INSURANCE.** Prior to closing, Seller shall maintain property and casualty insurance coverage fully insuring the buildings and improvements against all standard risks. In the event of any damage to any building or improvement that is not repaired prior to closing, all insurance claims with respect thereto and/or the proceeds thereof shall be assigned and/or delivered to the Buyer at closing. Seller's property insurance may be canceled as of the date of closing.
16. **POSSESSION.** Seller shall deliver exclusive possession of the Property to Buyer within 90 days of closing.
17. **THE PROPERTY IS SOLD "AS IS" AND "WHERE IS". ANY AND ALL WARRANTIES, EXPRESS OR IMPLIED, REGARDING THE CONDITION OF THE PROPERTY, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, ARE HEREBY DISCLAIMED. IN NO EVENT SHALL SELLER, BROKER OR AUCTION COMPANY BE LIABLE FOR CONSEQUENTIAL DAMAGES.** Without limiting the foregoing, Seller, Broker and Auction Company do not warrant any acreages, zoning matters, location or availability of utilities, assurance of building or other permits, or that the property qualifies for any specific use or purpose. Seller, Broker and Auction Company shall have no liability with respect to, and hereby disclaim all representations and warranties contained in, any third party reports or materials provided in connection with the Auction or this Agreement. For purpose of this section, the terms "Seller", "Broker" and "Auction Company" include their respective agents, officers, employees and representatives.
18. **DEFAULT.**
 - (a) **If this transaction fails to close due to non-performance, breach and/or default with respect to the Buyer's obligation(s) under this Agreement: (i) Buyer acknowledges and agrees that it would be impractical and extremely difficult to calculate the damages which Seller may suffer by reason of such default and that the amount of the Earnest Money is a reasonable estimate of the total net economic detriment that Seller would suffer due to such default; (ii) Seller shall have the right to demand and receive the Earnest Money as liquidated damages and not as a penalty; (iii) upon such demand and Seller's receipt of the Earnest Money, this Agreement shall be completely terminated in all respects at such time; and (iv) at Seller's option, at any time prior to termination under this subsection (a), Seller may elect instead to seek specific performance and/or any other remedy available in equity or at law.**

The parties hereby acknowledge the Seller's right to demand and receive the Earnest Money as liquidated damages in the event of Buyer's non-performance, breach and/or default, as provided above.

Seller's Initials: _____

Buyer's Initials: _____

- (b) If this transaction fails to close due to non-performance, breach and/or default with respect to the Seller's obligation(s) under this Agreement: (i) Buyer shall have the right to demand and receive a full refund of the Earnest Money; (ii) upon such demand and Buyer's receipt of the Earnest Money, this Agreement shall be completely terminated in all respects at such time; and (iii) at Buyer's option, at any time prior to such termination, Buyer may elect instead to seek specific performance and/or any other remedy available in equity or at law.
- (c) Notwithstanding any other provision, if this transaction fails to close, the escrow agent or closing agent then holding the Earnest Money is authorized to hold the Earnest Money until it receives either: (i) written disbursement instructions signed by Buyer and Seller; (ii) a written release signed by one party authorizing disbursement to the other party; or (iii) a final court order specifying the manner in which the Earnest Money is to be disbursed.
- (d) Notwithstanding any other provision, if a party (the "Non-Defaulting Party") intends to exercise any right or remedy due to a purported breach or default with respect to the obligations of the other party (the "Defaulting Party") under this Agreement and/or due to the non-satisfaction of any condition of this Agreement: (i) the Non-Defaulting Party must first provide the Defaulting Party with written notice of such purported breach, default and/or non-satisfaction (collectively, the "Specified Default"); (ii) the Non-Defaulting Party shall not exercise any such right or remedy for a period of at least 14 days from the effective date of such notice; (iii) the Defaulting Party shall have the right to cure the Specified Default at any time before the exercise of such right or remedy by the Non-Defaulting Party; and (iv) if the Non-Defaulting Party has properly exercised any such right or remedy (after notice in accordance with the foregoing provisions) and has not expressly waived the Specified Default, the Defaulting Party shall not be entitled to any notice or opportunity to cure as a precondition to the exercise of any other right or remedy by the Non-Defaulting Party, whether due to the Specified Default or due to the breach, default or non-satisfaction of any other obligation or condition.

19. **1031 EXCHANGE.**

- (a) Seller may elect to structure its transfer of the Property as part of a like kind exchange under Section 1031 of the Internal Revenue Code by assigning its rights under this Agreement, in whole or in part, to a qualified intermediary who will receive and hold the net proceeds that would otherwise be due Seller under this Agreement pursuant to a separate exchange agreement between Seller and such intermediary; provided, however, that no such assignment shall operate to release Seller from its obligations under this Agreement and Seller shall unconditionally guarantee the full and timely performance by any such assignee of each and every one of the obligations and undertakings of the Seller under the terms of this Agreement. If Seller elects to structure its transfer of the Property as part of a like kind exchange, Buyer agrees to execute an acknowledgment of any such assignment and otherwise to cooperate reasonably with Seller in connection with Seller's exchange; provided, however, that Buyer will not be required to acquire title to any other property, extend the time of closing under this Agreement, assume any additional liabilities or obligations or incur any additional expense as a result of Seller's exchange.
- (b) Buyer may elect to structure its acquisition of the Property as part of a like kind exchange under Section 1031 of the Internal Revenue Code by assigning its rights under this Agreement, in whole or in part, to a qualified intermediary who will pay the Bid Price in whole or in part from an exchange account established pursuant to a separate exchange agreement between Buyer and Buyer's intermediary; provided, however, that no such assignment shall operate to release Buyer from its obligations under this Agreement and Buyer shall unconditionally guarantee the full and timely performance by any such assignee of each and every one of the obligations and undertakings of the Buyer under the terms of this Agreement. If Buyer elects to structure its acquisition of the Property as part of a like kind exchange, Seller agrees to execute an acknowledgment of any such assignment

and otherwise to cooperate reasonably with Buyer in connection with Buyer's exchange; provided, however, that Seller will not be required to acquire title to any other property, extend the time of closing under this Agreement, assume any additional liabilities or obligations or incur any additional expense as a result of Buyer's exchange.

20. **AGENCY AND REPRESENTATION.**

- (a) Broker, Auction Company, and their respective agents and representatives (collectively, "Seller's Representatives"), are representing only the Seller in this transaction. This Agreement is solely between Buyer and Seller. Seller's Representatives shall not be liable for any existing or arising defects or deficiencies in the Property or any improvements thereon or appurtenant features thereof.
- (b) Buyer understands and acknowledges that Seller's Representatives are not qualified and have not undertaken to evaluate, interpret or vouch for any information or reports regarding any purported legal, geological or hydrological attributes of the water rights offered at the Auction. The marketing materials prepared for the Auction have been designed for prospective bidders who have (or have access to) the expertise necessary to independently evaluate the geological and hydrological attributes of the Property and the legal issues relevant to the water rights offered for sale. Such marketing materials are not intended as a complete record of information pertaining to the Property and water rights, nor are they intended as a substitute for a complete and independent investigation and evaluation by a prospective bidder and its qualified advisers. All prospective bidders are responsible for obtaining their own independent technical and legal advice and for conducting their own independent investigation and evaluation of the Property and water rights offered at the Auction and the information and reports provided with respect thereto.
- (c) **SELLER'S REPRESENTATIVES MAKE NO REPRESENTATION OR WARRANTY REGARDING THE PROPERTY OR WATER RIGHTS. SELLER'S REPRESENTATIVES SHALL HAVE NO LIABILITY WITH RESPECT TO, AND HEREBY DISCLAIM ALL REPRESENTATIONS AND WARRANTIES CONTAINED IN, ANY INFORMATION OR REPORTS PROVIDED BY SELLER AND/OR THIRD PARTIES IN CONNECTION WITH THIS AUCTION.**
- (d) **FOR LEGAL ADVICE AND REPRESENTATION REGARDING THIS AGREEMENT AND THE TRANSACTIONS DESCRIBED HEREIN, SELLER AND BUYER SHOULD EACH OBTAIN SEPARATE AND INDEPENDENT LEGAL REPRESENTATION BY AN ATTORNEY OF THEIR RESPECTIVE CHOICE.**

21. **SALES FEE.** Any commission due any of Seller's Representatives shall be paid by the Seller pursuant to a separate agreement. If any other broker or other third party is or claims to be entitled to any commission, fee or other compensation relating to the sale of the Property as a result of Buyer's dealings with such broker or other third party, Buyer shall indemnify and hold harmless Seller and Seller's Representatives from and against the payment of any such commission, fee or compensation. This obligation of Buyer shall survive closing.

22. **WAIVER OF JURY TRIAL. BUYER AND SELLER HEREBY WAIVE ANY RIGHT TO A TRIAL BY JURY OF ANY ISSUE TRIABLE BY A JURY, TO THE FULL EXTENT THAT SUCH RIGHT NOW OR HEREAFTER EXISTS, WITH REGARD TO THIS AGREEMENT AND/OR THE SALE AND PURCHASE OF THE PROPERTY AND/OR ANY CLAIM, COUNTERCLAIM, THIRD PARTY CLAIM OR OTHER ACTION ARISING IN CONNECTION THEREWITH, ALL TO THE EXTENT PERMITTED BY APPLICABLE LAW. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS GIVEN KNOWINGLY AND VOLUNTARILY BY BUYER AND SELLER AND IS INTENDED TO ENCOMPASS INDIVIDUALLY EACH INSTANCE AND EACH ISSUE AS TO WHICH THE TRIAL BY JURY MAY OTHERWISE ACCRUE WITH REGARD TO THE INTERPRETATION OR ENFORCEMENT OF THIS AGREEMENT AND/OR THE SALE AND PURCHASE OF THE PROPERTY.**

23. **ENTIRE AGREEMENT.** This Agreement contains the entire agreement of the parties and no representations, warranties or agreements have been made by either party except as set forth in this Agreement. Neither party is relying upon any statement or promise not set forth in this Agreement and

neither shall be bound by any purported oral modification or waiver.

24. **HEIRS, SUCCESSORS AND ASSIGNS.** This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, successors and assigns.
25. **GOVERNING LAW.** This Agreement shall be constructed in accordance with the laws of the State of California.
26. **SEVERABILITY.** Any provision of this Agreement which is unenforceable or invalid or the inclusion of which would undermine the validity, legality, or enforcement of this Agreement shall be of no effect, but all the remaining provisions of this Agreement shall remain in full force and effect.
27. **TIME IS OF THE ESSENCE.** The time for performance of the obligations of the parties is of the essence of this Agreement.
28. **NOTICE.** Any notice required or permitted under this Contract shall be in writing. Unless receipt of the notice is specifically acknowledged by the party to be notified (by such party signing a copy of the notice), notice must be given by U.S. Certified Mail, return receipt requested, or by nationally recognized overnight courier regularly providing proof of delivery (such as FedEx or UPS), with copies sent via email, as provided below. Notices shall be sent to the following addresses (or such other address as a party may designate in a notice given under this Section):

If to Seller: C/o Curtis Jahnke
 P. O. Box 6247
 Santa Barbara, CA 93160

With a legible PDF copy sent via email to each of the following:
Curtis Jahnke: jrcace1926@gmail.com
James Markman: JMarkman@rwglaw.com
Clifford Crowe: ccrowe@lee-associates.com
Kevin Jordan: kevin@schraderauction.com

If to Buyer: To the Buyer's address provided below, with a legible PDF copy sent via email to the Buyer's email address, if any, provided below

Notice shall be deemed effective as of the earlier of: (i) the day after the notice is sent as provided above; or (ii) the time receipt of the notice is acknowledged by the party to be notified (by such party signing a copy of the notice).

29. **ADDENDA AND EXHIBITS.** The following addenda and exhibits are attached to this Agreement and are incorporated herein and made a part hereof.

Addendum A – Auction Announcements
Exhibit A -- Form of Deed of Trust
Exhibit B -- Form of Deed

30. **CONVEYANCE INSTRUCTIONS.** The Property shall be conveyed to (and Buyer hereby directs Seller to execute and deliver the deed to) the party(ies) identified below Buyer's signature under "Exact name(s) to appear on deed" (the "Deed Grantee"). If the Deed Grantee is different than the party executing this Agreement as Buyer, then: (a) if requested by Seller, Buyer will, prior to closing, execute and deliver an appropriate instrument prepared or approved by Seller assigning Buyer's rights to acquire the Property to the Deed Grantee; and (b) in any event, the Buyer shall nevertheless be bound by all of the terms of this Agreement unless Seller hereafter expressly agrees in writing to release Buyer from this Agreement.
31. **EXECUTION; AUTHORITY.** The individual(s) signing this Agreement on behalf of Buyer represent and warrant that either: (a) he or she is (or they are) the person(s) identified as Buyer on the signature page(s) of this Agreement; or (b) he or she has (or they have) full authority to execute this Agreement on behalf of the person(s) or entity identified as Buyer on the signature page(s) of this Agreement. The undersigned

Curtis Jahnke represents and warrants that he has full authority to execute this Agreement on behalf of Ace Exploration and Water Drilling Company.

- 32. **ACCEPTANCE DEADLINE.** This bid offer is irrevocable until 5:00 o'clock p.m. PST, on February 28, 2013 (the "Acceptance Deadline"). This Agreement shall be binding upon both Buyer and Seller if on or before the Acceptance Deadline: (a) this offer or a copy of this offer is signed by Seller; and (b) this offer, signed by Seller, or a copy thereof, has been delivered to any Buyer or a representative of Buyer in person, via fax or email, or in any other manner. If this offer is not accepted by Seller in writing on or before the Acceptance Deadline: (i) this offer shall automatically expire and shall be null and void; (ii) the Earnest Money shall be promptly returned to Buyer; and (iii) all parties shall stand relieved and released of any and all liability or obligations hereunder (except for the obligation to return the Earnest Money to Buyer).

IN WITNESS WHEREOF, this Agreement is executed by Buyer on the 28th day of February, 2013.

BUYER:

Buyer's name and address:

Sign: _____

Print: _____

Office/capacity: _____

Sign: _____

Print: _____

Office/capacity: _____

BUYER INFORMATION:

Phone #: _____

Fax #: _____

Email address: _____

Lender Name: _____

Lender Contact: _____

Exact name(s) to appear on deed: _____

Form of ownership:

Individuals (tenants in common); Individuals (survivorship tenancy); Individual (sole ownership)

Corporation LLC LP LLP General Partnership Trust

Other: _____

State of incorporation or organization: _____

IN WITNESS WHEREOF, this Agreement is executed by Seller on the _____ day of _____, 2013

SELLER:

(Curtis Jahnke)

Ace Exploration and Water Drilling Company
By its duly authorized officer:

(Curtis Jahnke, President)