

DECLARATION OF PROTECTIVE COVENANTS
FOR EAGLESTONE RANCH

THIS DECLARATION OF PROTECTIVE COVENANTS (this "Declaration") is made this 15th day of October, 2004, by Eaglestone Ranch, Inc., a Wyoming corporation (the "Declarant").

RECITALS

A. Declarant is the owner of that real property (the "Property") described on Exhibit A of this Declaration, known as "Eaglestone Ranch."

B. Declarant desires to implement cohesive plans for highly desirable agricultural, recreational and living environment, while preserving the beauty of the location. In view of Declarant's long-range plans, Declarant desires to impose these restrictions on the Property and yet retain reasonable flexibility to respond to changing circumstances so as to control and maintain the first-class quality and distinction of Eaglestone Ranch.

C. Declarant is adopting this Declaration for the benefit of all Owners of Tracts in Eaglestone Ranch, such that Tracts may be held, transferred and used only in a manner consistent with this Declaration, which shall run with the land and be binding on all parties having any right, title or interest in the Property, and their successors and assigns.

COVENANTS

NOW, THEREFORE, Declarant hereby declares that the Property shall be held, transferred, and occupied subject to the covenants, conditions, restrictions, easements, and liens (collectively, the "Covenants") set forth in this instrument.

ARTICLE I
DEFINITIONS

1.01 Definitions. The following words used in this Declaration shall have the following meanings:

- (a) "Declarant" means Eaglestone Ranch, Inc., which is the owner and developer of Eaglestone Ranch.
- (b) The "Property" means the real property described in Exhibit A which is the subject of this Declaration, including all Tracts.

- (c) "Tract" means any tract of land shown on the recorded plat of the Property as amended from time to time, which is designated as a Tract on the plat, and which is or may be improved with a residential dwelling in conformity with these Covenants. "Adjoining Tract" means a Tract which is contiguous to another referenced Tract as shown on any recorded plat of the Property.
- (d) "Owner" means a person or entity who or which is a record owner of a fee or undivided fee interest in any Tract subject to these Covenants, excluding any person or entity who holds a lien or interest in a Tract as security for the performance of an obligation.
- (e) The "Homeowners' Association" shall consist of all of the Members designated in accordance with the Covenants, and shall have the power and duty to administer and enforce this Declaration. The Homeowners' Association shall be operated by a Homeowners' Association Committee (the "Committee").

ARTICLE II

PROPERTY SUBJECT TO THIS DECLARATION

2.01 Property. All of the Property, located in the County of Sheridan, State of Wyoming, and described on Exhibit A, which includes all Tracts in Eaglestone Ranch, is subject to these Covenants.

2.02 Additions to Property. Additional land(s) may become subject to this Declaration only with the prior written consent of the majority of the outstanding votes of the Owners.

ARTICLE III

USE AND OCCUPANCY CONTROL

3.01 Subdivision. No Tract may be subdivided.

3.02 Residential Use. Each Tract may be used only for residential and agricultural purposes. No dwelling other than one single-family dwelling is allowed on any Tract. No business or commercial building may be erected on any Tract. No commercial enterprise or other non-residential use may be conducted on any Tract, provided that this provision shall not preclude an Owner from conducting business from within the Owner's home electronically or by other means not involving external or visible activities or traffic.

3.03 Building Construction. No mobile home, stock modular building or other building that is constructed off-site and requires transportation to any Tract will be permitted. Structures that are assembled off-site and are completely disassembled for transportation, such as log homes and custom-designed buildings with prefabricated parts, may be permitted. No building materials shall be stored on any Tract for a period longer than thirty (30) days unless substantial construction is in progress.

3.04 Building - Design and Materials. All buildings shall be designed to be consistent with the landscape, and the architecture on other Tracts. All improvements shall be of new construction. The exterior of all buildings shall be of wood, stone, stucco, brick, plaster or other suitable material. Metal products may be used for finished exteriors providing that they do not cause any glare or reflection. It is the intent of this Declaration that the buildings within the area blend with the natural surrounding landscape.

3.05 Buildings - Completion. The exterior of all houses and other permitted structures must be completed within two (2) years after the commencement of construction except where such completion is impossible or would result in undue hardship to the owner or builder due to strikes, fires, national emergency or natural calamities. If the construction progress is slowed or interrupted, the construction site shall be cleaned up and maintained in a clean, safe condition. No residence shall be occupied until exterior construction is substantially complete.

3.06 Setbacks and Building Location. No building shall be erected or permitted to remain on any Tract less than one hundred fifty feet (150') from the perimeter line of the Tract.

3.07 Buildings - Maximum Height. No building shall exceed thirty-six feet (36') or two stories in height measured at any cross section of the building from the original grade to the highest point of the building, not including chimneys or other minor projections.

3.08 Avoidance of Sprawl. All garages, barns, sheds, and other outbuildings on any Tract shall be located in proximity to the dwelling on the Tract, such that the distance between the residence and the nearest wall of any outbuilding shall not exceed three hundred feet (300').

3.09 Garages; Outbuilding Size. Each residential dwelling shall provide an enclosed garage space to enclose a minimum of two conventional automobiles, and sufficient driveway space (within the boundaries of the Tract) for the parking of at least three guest automobiles. No garage or outbuilding shall exceed one hundred feet (100') in any horizontal dimension, except for horse riding arenas, which may be constructed to a size up to 150' x 200' with approval of the Homeowners' Association.

3.10 Equipment. Roof mounted mechanical equipment is prohibited. Any exterior mechanical equipment must be wall or ground mounted adjacent to the residence. Ground mounted equipment must be enclosed by walls, fences or landscaping of sufficient height and density to screen the equipment from view and to buffer sound. Antennas and satellite dishes

larger than three feet (3') in diameter are prohibited. Satellite dishes must be situated in non-obtrusive locations.

3.11 Destruction of Improvements. In the event any structure is destroyed either wholly or partially by fire or other casualty, such structure shall be promptly rebuilt or remodeled to conform with the covenants contained herein, or all remaining portions of the structure, including foundations, and all debris, shall be promptly removed from the Tract.

3.12 Temporary Buildings; Trailers. No temporary building, structure or trailer may be erected, placed or maintained on any Tract, except for (i) construction trailers used during active construction for a period not exceeding one year, so long as they are not used as residences or permitted to remain on the Tract after completion of construction, (ii) motor homes and recreational trailers for periods not exceeding two weeks, and (iii) trailers of Owners stored inside buildings or in a location permitted under Section 3.13.

3.13 Vehicles; Storage. Trucks (larger than pickup trucks), buses, motor homes, camper vehicles (except camper shells mounted on pickup trucks), trailers, boats, motorcycles, snowmobiles, and other motorized equipment and vehicles, other than conventional automobiles, must be stored or parked within an enclosed garage or in a location screened from the view of other Owners by walls or fences. No non-functional or abandoned vehicle or equipment shall be permitted outside a building enclosure on any Tract. Tools, lawnmowers, maintenance equipment, and similar items shall be stored inside buildings out of the view of other Tracts.

3.14 Garbage. No garbage or trash shall be kept on any Tract so as to be visible from another Tract. No refuse pile, garbage or unsightly objects shall be allowed to be placed, accumulated or disposed of anywhere on a Tract. Fully enclosed trash containers may be set out for a maximum of two (2) days for pickup. No trash or garbage may be burned or buried at any location on the Property.

3.15 Hay Storage. Hay may not be stored on any Tract, except in a barn or storage building.

3.16 Signs. No sign shall be displayed to the public view from any Tract except for modest signs identifying a residence by name, and construction or sale signs of limited size and type, in accordance with standard construction and sale procedures.

3.17 Lighting. Exterior lighting is permitted within a Tract boundary, provided such lighting does not result in excessive glare toward other Tracts. All exterior lighting must be low-level, subdued intensity.

3.18 Utilities. All utility lines across the Property shall be buried underground.

3.19 Animals. No animals, including farm animals, birds and reptiles, of any kind may be kept, bred or maintained on any Tract, except as follows:

- (a) A reasonable number of commonly accepted household pets such as dogs, cats, small caged animals, or birds, aquatic species in an aquarium, may be kept in a residence.
- (b) In no event shall any domestic pet be allowed to run free away from its Owner's Tract without a leash, or so as to create a nuisance.
- (c) Horses, mules, donkeys and cattle may be kept on a Tract, but not more than twelve (12) animals per Tract, including those animals openly grazing and those confined and fed in indoor stalls. All grazing animals shall be confined to the Owner's Tract by a fence.
- (d) No Tract shall be overgrazed, and the natural beauty and character of the Tract shall not be changed by grazing.
- (e) The Tract, including areas used for animals shall at all times be maintained in a clean and sanitary condition.

3.20 Mining. Owners shall not explore for or remove any oil or other hydrocarbons, minerals of any kind, or earth substance of any kind. The Declarant or the Committee may however, remove granular materials and process them on-site during initial infrastructure construction and for road, ditch, pipeline and pond maintenance within Eaglestone Ranch. Declarant shall have no obligation to prevent exploration or development by mineral owners.

3.21 Rental of Tracts. An Owner who leases his Tract to any person shall be responsible for assuring compliance by his lessee with all of the provisions of this Declaration, and shall be jointly and severally responsible for any violations by his lessee.

3.22 Water Rights. Ownership of all direct flow water rights attached to any part of the Property shall be administered by the Homeowners' Association through a common distribution system for the benefit of all Tracts. All reservoir rights conveyed by the Declarant will belong to the Homeowners' Association, which will have authority to regulate the use of water for the common benefit of Tract Owners. Tract Owners shall not be entitled to maintain any individual water supply ditch across any other Tract. Nothing herein shall create any claim against or liability of the Declarant for failure to supply or use water.

3.23 Hunting; Firearms; Fireworks. Hunting and shooting of firearms are prohibited within Eaglestone Ranch, except that bow hunting for deer shall be allowed if a majority of the Owners approve such practice on a year-to-year basis. Fireworks shall not be used within Eaglestone Ranch.

3.24 Safe Condition. Each Owner shall maintain his Tract at all times in a safe, sound and sanitary condition and shall repair and correct any condition and refrain from any activity which might interfere with the reasonable enjoyment by other Owners of their Tracts.

3.25 Nuisances. No Owner shall permit anything, including vehicle or recreational equipment use, to be done or kept about or within his/her Tract which will (i) obstruct or interfere with the rights of other Owners to the use and enjoyment of his/her Tract, (ii) be in violation of any law, or (iii) annoy other Owners by unreasonable noises or otherwise. Each Owner shall comply with the requirements of governmental authorities having jurisdiction over the Property.

ARTICLE IV EASEMENTS

4.01 Utility Easements. The Declarant reserves easements for installation, maintenance, repair and removal of utilities over, under and across the Property, as indicated on the recorded plats for the Eaglestone Ranch. This reservation includes full rights of ingress and egress by the Declarant, representatives of the Committee and any bona fide utility company for the installation, operation, maintenance, repair or removal of any utility together with the right to remove any obstruction that may be placed in any easement area that would interfere with the use of such easement, or with the use, maintenance, operation or installation of such utility.

4.02 Irrigation Ditches and Reservoirs. The Declarant reserves and grants to the Homeowners' Association perpetual easements (i) along all existing irrigation ditches and pipelines, (ii) along any ditches or pipelines constructed in the future with the consent of Owners of Tracts crossed by the ditches or pipelines, and (iii) to and around ponds and reservoirs, for the purpose of conveying irrigation water and maintaining the irrigation system. Irrigation rights from the common water supply system shall be limited to one two-inch outlet on each Tract. Tract Owners' property rights are subject to all rights recognized by law allowing irrigation ditch owners to access, use and maintain ditches, including weed and brush control in ditches. Any fence crossing any existing main line irrigation ditch serving other property owners must provide gated access along the ditch bank. Any driveway or road crossing any existing main line irrigation ditch serving other property owners must have a culvert or bridge which does not obstruct the allowable flow of water in the ditch.

4.03 Access Roads. Each Tract shall have access to an internal Eaglestone Ranch road, which will be connected to a public road (Bird Farm Road or Kruse Creek Road). Existing secondary access roads may remain in place on Lots 1 and 10. Otherwise, no Owner shall create any separate access road to any county road.

4.04 Adjoining Landowners. The Declarant or the Homeowners' Association may contract with adjoining landowners to use Eaglestone Ranch roads and enter into easement arrangements, subject to such maintenance sharing provisions and restrictions deemed acceptable to the Declarant or the Homeowners' Association.

ARTICLE V MEMBERSHIP AND VOTING RIGHTS

5.01 Membership. There shall be one Membership in the Homeowners' Association appurtenant to each Tract. The record Owner of the Tract (if an individual person) is the Member. If there are multiple owners of record or if the record Owner is an entity, the Owner shall designate an individual person as the Member with respect to the Tract, provided that spouses who own a Tract together may share a single membership. Multiple owners may not change the designation of the Member more often than once each year, except in the event of death or incapacity of the Member. In the absence of such written designation, assessments shall nevertheless be charged against the Tract and the Owner, but there shall be no right to vote the membership.

5.02 Member Rights. The Member as designated in accordance with the Covenants shall be the only person entitled to vote on behalf of the Owner at Homeowners' Association meetings and elections. A Member shall be entitled to one vote for each Tract in which he/she hold the interest required for membership.

5.03 Quorum and Voting Requirements. Except as specifically stated in these Covenants, any action by or on behalf of the Homeowners' Association requiring approval of Members shall be deemed approved when it receives the affirmative vote of Members who collectively hold more than fifty percent (50%) of the outstanding votes of the Homeowners' Association.

ARTICLE VI FORMATION, POWERS AND DUTIES OF THE COMMITTEE

6.01 Committee. The affairs of the Homeowners' Association shall be conducted by the Committee. The Committee shall consist of three Members. Initially, all Members of the Committee shall be appointed and removed by Declarant, until all of the Tracts in Eaglestone Ranch have been sold by Declarant. After that time, the Members of the Committee shall be elected for calendar year terms by a majority vote of the Members of the Homeowners' Association. Following sale of all Tracts by the Declarant, a majority of the Owners may, at any time, call a special meeting and, by majority vote, remove and replace any member or all members of the Committee.

6.02 Powers and Duties. The Committee shall have the following powers and duties:

- (a) To enter into contracts, maintain bank accounts, purchase materials, labor, equipment and supplies necessary to perform functions of the Committee, and conduct all reasonable business necessary or incidental to the operation of the Homeowners' Association;
- (b) To maintain and repair all common roads as appropriate, and to establish and maintain reserves for maintenance and repairs;
- (c) To enter into agreements with respect to the assessment, collection and disbursement of Homeowners' Association funds;
- (d) To assess Tract Owners for funds necessary for the operation of the Committee;
- (e) To enforce the provisions of this Declaration, place liens on Tracts, and enjoin and seek damages from any Owner for violation of the Declaration;
- (f) To approve or disapprove any plans and specifications submitted for architectural review in accordance with Article VII of the Declaration;
- (g) To maintain and operate the irrigation water distribution system within the Property, and to act on behalf of the Homeowners' Association, which is also a water users association for water ownership and administration purposes, to order, manage and distribute irrigation water; and
- (h) To perform other duties and responsibilities as otherwise set forth in the Declaration.

6.03 Liability Limitations. Neither the Declarant, any Member, the Committee, nor any agent thereof shall be personally liable for (i) debts incurred by the Homeowners' Association; (ii) the tort or contract of another Member, whether such other Member was acting on behalf of the Homeowners' Association or otherwise; (iii) any incidental or consequential damages for failure to inspect any premises, improvements or portion thereof; or (iv) any personal injury or other incidental or consequential damages occasioned by any act or omission in the repair or maintenance of any premises of the Homeowners' Association.

ARTICLE VII
ARCHITECTURAL CONTROL

7.01 Design Review. The Committee shall perform architectural design review duties for all construction on any Tract.

7.02 Approval and Conformity of Plans. No building, fence, wall or other structure or improvement shall be commenced, erected or maintained upon the Property (except for initial construction of roads and infrastructure by the Declarant), nor shall there be any addition to or change to the exterior of any residence or other structure or improvement upon a Tract or the landscaping, grading or drainage from a Tract, except in compliance with plans and specifications (collectively, "Plans") which have been submitted to and approved by the Committee.

7.03 Variances. In the approval or disapproval of Plans in accordance with this Declaration, the Committee shall have discretion to permit reasonable variances from the specific requirements and limitations in this Declaration, specifically to allow for variations of terrain, consistency of design, compliance with other laws and regulations, and fair use of private property, provided that such variances shall be permitted only after giving due consideration to the reasonable needs of and effects upon Owners of the Tract directly affected and Adjoining Tracts.

7.04 Non-Liability for Approval of Plans. Neither the Committee, its Members, the Homeowners' Association, nor the Declarant shall be liable to any Owner or other person for any damage or loss suffered or claimed on account of (a) the approval or disapproval of any Plans, whether or not defective, (b) the construction or performance of any work, whether or not pursuant to approved Plans, or (c) the development or manner of development within the Property. Approval of Plans by the Committee shall not be deemed to be a representation or warranty that the Plans comply with applicable laws or regulations, including zoning ordinances and building codes.

7.05 Inspection and Approval. Any member or authorized consultant of the Committee may at any reasonable time enter upon any Tract after reasonable notice to the Owner in order to inspect improvements constructed or being constructed on such Tract to ascertain that such improvements have been or are being built in compliance with this Declaration and Plans approved by the Committee. The Committee shall cause an inspection of Plans or premises to be undertaken and the Committee shall respond in writing to requests for approval within 30 days of a request from any Owner as to his/her Tract.

ARTICLE VIII ASSESSMENTS

8.01 Personal Obligation of Assessments. Each Owner of a Tract by acceptance of a deed for the Tract, is deemed to agree to pay to the Homeowners' Association the assessments authorized by this Declaration.

8.02 Interest. If any assessment remains unpaid thirty (30) days after the due date, the unpaid amount shall accrue interest at the rate of eighteen percent (18%) per annum.

8.03 Creation of Lien. The Homeowners' Association shall have a lien against each Tract to secure the payment of all assessments levied pursuant to this Declaration, and expenses incurred in connection with the enforcement of the lien, including interest, costs and reasonable attorneys' fees. Such lien shall be subordinate only to tax liens of the State of Wyoming and its political subdivisions for taxes past-due and unpaid on the Tract. Each lien may be enforced by appropriate judicial proceedings, and the amounts secured by the lien shall be the obligation of the Owner.

ARTICLE IX GENERAL PROVISIONS

9.01 Duration. The Covenants of this Declaration shall run with the land, and shall inure to the benefit of and be enforceable by the Homeowners' Association or the Owners subject to this Declaration. The Covenants shall run perpetually, subject to the rights of the Owners to terminate them. Such termination requires the written consent of the Owners of not less than seventy five percent (75%) of the Tracts.

9.02 Amendments. The Covenants may be amended only with the written consent of the Owners of seventy-five percent (75%) of the Tracts, duly recorded in the records of Sheridan County, Wyoming, provided that no amendment may be made without consent of the Declarant prior to sale of all Tracts by the Declarant.

9.03 Enforcement. The Covenants may be enforced by a proceeding initiated by any Owner, the Declarant, or the Homeowners' Association against any person or persons violating or attempting to violate the Covenants, either to restrain or enjoin violation or to recover damages for the violation, or both, or to enforce any lien created by this instrument. Declarant shall not have any obligation to enforce the Covenants.

9.04 Severability. If any provision of this Declaration is held to be illegal or unenforceable, the remaining provisions shall be considered valid and enforceable.

Executed this 15th day of October, 2004.

EAGLESTONE RANCH, INC.

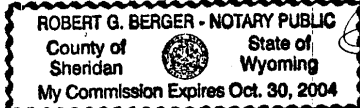
By: Carla J. Ash

Title: Sec / Treas

STATE OF WYOMING)
) ss.
County of Sheridan)

The foregoing instrument was acknowledged before me this 15th day of October, 2004, by
Carla J. Ash, as Secretary/Treasurer of Eaglestone Ranch, Inc.

WITNESS my hand and official seal.



Robert G. Berger
Notary Public

My Commission Expires: 10-30-2004



Professional
Consultants

464

Exhibit "A"

CERTIFIED LEGAL DESCRIPTION

A TRACT OF LAND LOCATED IN SECTION 11 AND SECTION 14, T54N, R84W, 6TH PRINCIPLE MERIDIAN, SHERIDAN COUNTY, WYOMING, AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING at point which is located S 89°59'40" E, 1,325.30 feet from the NW corner of said Section 11, said point being located on the N line of said Section 11;

Thence along said N line S 89°59'40" E, 1,325.30 feet to a point, said point being the N¼ corner of said Section 11;

Thence along the E line of the NW¼ of said Section 11 S 00°08'23" E, 2,620.64 feet to a point, said point being the center of said Section 11;

Thence along the N line of the SE¼ of said Section 11 N 89°33'10" E, 2,653.81 feet to a point, said point being the E¼ corner of said Section 11;

Thence along said E line S 00°06'09" E, 2,631.37 feet to the SE corner of said Section 11;

Thence along the E line of Section 14 S 00°08'33" E, 1,867.09 feet to a point;

Thence leaving said E line S 89°04'39" W, 3,133.90 feet to a point;

Thence N 33°28'27" W, 1,291.35 feet to a point;

Thence N 34°53'52" W, 309.94 feet to a point;

Thence N 36°35'47" W, 682.50 feet to a point, said point being located on the S line of said Section 11;

Thence along said S line N 89°09'06" E, 413.38 feet to a point;

Thence N 00°14'16" E, 5,263.46 feet to the point of **BEGINNING** containing 484.91 acres, more or less.

STATE OF WYOMING)

COUNTY OF SHERIDAN)

) ss.

I, WILLIAM E. PUGH do hereby certify that this description was originally prepared by me on the 28th day of May, 2004, and revised October 15, 2004.

William E. Pugh

William E. Pugh
Wyoming RLS 5300

Architecture - Engineering
Materials Testing - Surveying

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