



GREAT DIVIDE WATER COMPANY
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November 22, 2021

Board of Directors
Hawk Ridge HOA
c/o Mr. Ken Witt-President
19550 Soaring Wing Drive
Colorado Springs, CO 80908
(720) 934-8365 / president@hawkridgehoa.com

Re: Hawk Ridge Subdivision water rights situation

Greetings:

As discussed at the last Great Divide Water Company (“GDWC”) annual meeting, as I have been reviewing the GDWC records, I discovered some serious issues for a number of our GDWC shareholders. Unfortunately, Hawk Ridge appears to be one of those that falls into this category, and its Directors need to take action to resolve the issue. This letter attempts to set forth the issues I believe exist. If anyone has corrections to my history and conclusions, please feel free to let me know.

Hawk Ridge Land Company, LLC (“HRLC”) was the developer of Hawk Ridge subdivision. On information and belief, HRLC included the following members: R.E. Puckett, Chester Allen Pratt and R.C. Altrogge and Joy Altrogge. Mr. Pratt and Mr. Puckett appear to have been the managers of the LLC. The entity was administratively dissolved May 3, 2004 according to the Secretary of State records.

In connection with getting the water supply plan for the development approved by the County, Mr. Puckett, Mr. Pratt and the Altrogges obtained a decree in Case No. 92CW57 in their personal names (not in HRLC) granting them ground water rights in the NNT Dawson, NT Denver, NT Arapahoe and NT Laramie-Fox Hills aquifers. At that point they apparently intended to build a central water system for the community.

Later, the plan changed to individual Dawson aquifer wells in augmentation plan approved under Case Nos. 92CW55 (Div. 2) / 92CW98 (Div. 1) (“Augmentation Plan”); decree also obtained in personal names. The source of augmentation water was specified in the decree as “nontributary water underlying the Subject Property, as decreed in Case No. 92CW57 with decreed uses to include all beneficial uses, including augmentation and exchange, septic system return flows from the not nontributary Dawson aquifer, and direct discharges or return flows from well UD-1-17798-F . . .” It also allowed Northgate to substitute Northgate’s Denver aquifer water for the UD-1 Dawson water. This Augmentation Plan is what allows lot owners in the subdivision to drill and use Dawson aquifer wells to serve their single-family dwellings.

Well UD-1 was owned by Northgate Company ("Northgate") at the time, and is now owned by Great Divide Water Co. ("GDWC"). Northgate created the Great Divide Water Company (GDWC) to physically pump the water that provides the physical replacement of stream depletions. Initial replacements were made by trucking water from UD-1 over the hill to release into Division 2, but Northgate completed a new Denver aquifer well (AD-3) in November of 1994 that gravity flows to Monument Creek in the Arkansas Basin. All Division 2 replacements are now made from AD-3. GDWC owns also owns well AD-3.

HRLC (not the four individual members) contracted with Northgate on April 20, 1994 to buy 2 acre feet of Denver aquifer water rights ("Northgate Contract" and "Northgate Rights," respectively) to make replacements to Division 2 (Arkansas Basin). A condition of the purchase contract is that HRLC form a property owners association to hold title to the Northgate Rights and become a shareholder in GDWC in order to access the Northgate water rights.

On September 2, 1994, Andrew Klatskin incorporated "Home Owners Association of Hawk Ridge, Inc." ("HOA"), and Mr. Pratt was the initial registered agent.

On October 7, 1994, Northgate deeded the Northgate Rights to HRLC ("Northgate Deed"), but I can find no evidence that the Northgate Deed was ever recorded by HRLC. The Northgate Rights sale was subject the terms and conditions of the Northgate Contract, which survived the transfer, and HRLC also received 200 shares of GDWC stock via GDWC stock certificate #6.

The Augmentation Plan also required the applicants to reserve in any deeds of the property, all of the nontributary Arapahoe and Laramie-Fox Hills aquifer water underlying the subdivision land and deed it to a HOA which would be the perpetual entity to maintain the augmentation plan.

I checked out about 15-20 of the deeds from HRLC to lot buyers as a representative sample and it appears they did deed the Dawson rights to the lot owners and reserved the water rights in the other three aquifers. I note that the deeds to owners came from HRLC, not the four individual members who obtained the decrees, so I am hoping that means that the four assigned their decreed water rights to HRLC. HRLC reserved the nontributary water in each of those deeds, so presumably owns all of it. Perhaps Mr. Puckett will have a recollection (I copied him on this, using an email address found online, so he can hopefully help).

HRLC should have 1) recorded the Northgate Deed and 2) conveyed its Northgate Rights, Northgate Contract and GDWC stock shares to the HOA when it assigned the rights and responsibilities under the augmentation plan to the HOA. R.E. Puckett, Chester Allen Pratt, R.C. Altrogge and Joy Altrogge (or HRLC, if these four assigned their rights to HRLC) should have conveyed at least the Arapahoe and Laramie-Fox Hills water rights under Hawk Ridge to the HOA. Unless I have missed seeing documents, and unless HRLC distributed these interests somewhere else, I believe HRLC and its four members still owns the Northgate Rights, GDWC stock and the Arapahoe and Laramie-Fox Hills water.

Accordingly, HRLC is still the GDWC shareholder of record on our books; the HOA is not. More important, the HOA, which has responsibility for maintaining the augmentation plan technically has no deeded legal right to augmentation water from GDWC or the nontributary aquifers under Hawk Ridge. GDWC has been providing augmentation for Hawk Ridge because we understand this snafu, but the HOA needs to correct this problem in the immediate future. You may need to add a little to your dues assessment for some legal fees to help you consult a water attorney on this.

Here is what I think we need from HRLC:

1. Find the original Northgate Deed (copy attached) so it can be recorded.

2. Find and surrender the original GDWC stock certificate (copy attached—probably yellow with a gold medallion on it), so that GDWC can issue a new one to the HOA.
3. Execute a deed from HRLC to HOA for the Northgate Rights and Contract.
4. A representation as to whether or not the water rights under the subdivision were assigned by the four owners into HRLC. Since I understand Mr. Pratt is deceased, hopefully, HRLC can produce something demonstrating assignment of those rights from the individuals to HRLC (perhaps an LLC Resolution from back in the day or an affidavit from the surviving members).
5. Execute a deed from HRLC (hopefully) to the HOA for the nontributary Arapahoe and Laramie-Fox Hills water rights reserved by the HRLC in the deeds to lot buyers.
5. HRLC and HOA need to execute an assignment agreement from GDWC (I will prepare a draft for you to review with your attorneys).

If the original Northgate Deed and GDWC stock certificate cannot be found, then we will take additional steps (which I have had to do in other cases). But in that case we will need to know whether these assets still remain in HRLC (and were forgotten about) or were conveyed to someone else (estate, trust, successor entity, etc., though no deed appears of record). HRLC may need to be reconstituted and a Statement of Authority created for the signer just to clear this mess up. Worst case, a quiet title action may be required.

Regardless, I would ask that if any of these documents can be found, send all to me and I will take care of recording them and the Northgate Contract, which I have a fully executed copy of, in the proper order. If the HRLC and HOA can work out who will pay the \$250 stock transfer fee charged by GDWC and the recording fees, I can put that information in the stock Assignment agreement that the parties and GDWC will need to sign.

Hopefully, this will help explain things better. We all know a lot more now than back when all these water sales were being done, but if we work together we can fix things without the need to spend a bunch on attorneys. Please go to work looking for documents and gathering information and let me know what is found. Thank you all!

Sincerely,
Great Divide Water Company



Douglas H. Barber-President
(719) 338-3053 / Rawhide@Realtor.com

cc: Jeffrey Puckett
jeff.puckett@aviathusky.com
5460 S. Quebec St., Ste. 250
Greenwood Village, CO 80111

SPECIAL WARRANTY DEED

COPY

THIS DEED, made between THE NORTHGATE COMPANY, a Colorado General Partnership, party of the first part, and HAWK RIDGE LAND COMPANY, LLC, which legal address is PO Box 777, Monument, Colorado 80132, El Paso County, State of Colorado, party of the second part.

WITNESSETH, that the party of the first part, for the consideration of Twenty Thousand and no/100 DOLLARS (\$ 20,000.00), in hand paid, hereby sells and conveys to the party of the second part, the following water rights in the County of El Paso and State of Colorado, TO WIT:

An undivided none one-hundred-twenty-first (0 /121) interest in the non-tributary water from the Dawson-Arkose Aquifer of the Denver Basin which was decreed in Case No. W-8269, by the District Court for Water Division No. 1, on December 30, 1976.

An undivided 2 two-hundred-ninety-eighth (2.00/298) interest in the non-tributary water from the Denver Aquifer of the Denver Basin which was decreed in Case No. 82CW295 by the District Court for Water Division No. 1, on November 23, 1983.


200 class "A" shares of the capital stock of the Great Divide Water Company, a Colorado Nonprofit Corporation.

This Special Warranty Deed is expressly subject to the terms and conditions of the Water Rights Purchase Agreement between the Party of the First Part and the Party of the second Part, dated April 20, 1994. The Water Rights Purchase Agreement survives the delivery of this Special Warranty Deed.

The Party of the first part shall warrant and defend title to the Party of the second part, (its) (his) successors and assigns against all persons claiming to hold title by, through or under the party of the first part.

Signed this 7th day of October, 1994.

THE NORTHGATE COMPANY


R. Burns Moore, General Partner

STATE OF COLORADO)
COUNTY OF EL PASO) SS.

The foregoing instrument was acknowledged before me this 7th day of October, 1994, by R. Burns Moore, as General Partner of The Northgate Company, a Colorado General Partnership, on behalf of the partnership.

Witness my hand and seal.



INCORPORATED UNDER THE LAWS OF

STATE OF COLORADO

SHARES 200 Class A

No. 0006

THE GREAT DIVIDE WATER COMPANY,
a Colorado Nonprofit Corporation

SHARES ARE WITH NO PAR VALUE

HAWK RIDGE LAND COMPANY, LLC

200 Class A

This Certifies that

Thence

THE GREAT DIVIDE WATER COMPANY

EXCISE PAYABLE
NONRESIDENTS EX

*Transferable only on the books of the Corporation by the holder
herein person or by attorney upon surrender of this Certificate
properly endorsed.*

The Witness Whereof,

*the said Corporation has caused this Certificate to be
signed by its duly authorized officers and its seal to be hereunto affixed*

Witness my hand and seal of the Corporation
this 7th

day of October

1994

R. Burns Moore

Kenneth H. Barber, Secretary

R. Burns Moore, President

Organized 1992

200 Class A

EACH