



ZIM INDUSTRIES, INC.

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August 7, 2017

Monterey Peninsula Water Management District
Attn: Jon Lear
PO Box 85
5 Harris Court, Building "G"
Monterey, CA 93942-0085

Re: Santa Margarita ASR #1

Jon,

Zim Industries, Inc. is pleased to submit a cost estimate to remove pump to the Baski Valve that is not holding appropriate psi:

1. Pull pump to Baski Valve (420' of 12" x 3 1/2" x 2 7/16" water-flush)	1 LS	\$10,000.00
2. Reinstall pump	1 LS	\$10,000.00
3. Check for leaks on site	2 HR @ \$300/HR	\$600.00
	TOTAL	<u>\$20,600.00</u>

Optional Items:

1. Remove the remaining pump FCV (in addition to Item #1 above)	1 LS	\$1,500.00
2. Shipping & Handling Baski Valve to Colorado for inspection (1-Way)	1 LS	\$750.00
3. Teardown, inspect and reassemble bowl assy. (repairs are add'l)	1 LS	\$600.00
4. Reinstall complete pump w/ FCV (in addition to original Item #2)	1 LS	\$1,500.00

In the event either party commences a legal proceeding (including litigation or arbitration) against the other party pertaining to this agreement, the prevailing party in such proceeding shall be entitled to recover from the non-prevailing party all reasonable attorneys' fees, expert fees, costs and other expenses incurred in connection therewith.

In no event shall Seller, and/or its employees, representatives, or subsidiaries, be liable to Buyer for any consequential, direct, indirect, punitive, incidental or special damages, whether foreseeable or unforeseeable, and whether or not Buyer has been advised of the possibility of such damage (including but not limited to rupturing, collapsing, telescoping, separating or other damage to Buyer's well), whether based upon lost goodwill, lost profits, loss of use of money, diminution or failure to crops, shortage of water, inability or failure to supply same, diminution or cessation of water flow, sanding or caving in of well, or for sand or chemical damage to pump, sprinklers, crops, soil, reservoirs, storage tanks, pipelines or any other equipment or property.

Owner agrees that this proposal shall become Exhibit "A" relating to Scope of Work and price of a formal agreement between Contractor & Owner

Estimated date to pull pump is week of August 14th to August 18th. Thank you and please contact me if you have any questions.

Sincerely,

Bob Zimmerer, VP/General Manager
Zim Industries, Inc.