Via DelaFile
March 19, 2018

Ms. Donna L. Nickerson, Secretary
Delaware Public Service Commission
861 Silver Lake Boulevard
Cannon Building, Suite 100
Dover, Delaware 19904

Dear Ms. Nickerson:

RE: Section 215 Application

Enclosed please find a joint application of Artesian Water Company, Inc. and Slaughter Beach Water Company for approval of an asset purchase agreement. AWC paid the required application fee electronically through the Commission's electronic portal *Delafile*.

Please feel free to contact me at (302) 453-6986 should you have any questions regarding this application.

Sincerely,

Scott W. Stephan
Rates Analyst

664 Churchmans Road, Newark, Delaware 19702, P.O. Box 15004 Wilmington, Delaware 19850 Phone: (302) 453-6900 Fax: (302) 453-6957
14701 Coastal Highway, Milton, Delaware 19968 Phone: (302) 645-7751 Fax: (302) 645-8233
email: artesian@artesianwater.com Website: artesianwater.com

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE

JOINT APPLICATION OF **ARTESIAN WATER COMPANY, INC.** and **SLAUGHTER BEACH WATER COMPANY** FOR APPROVAL OF AN ASSET PURCHASE AGREEMENT	* * * * * * * * *	Docket No. 18-_____

APPLICATION

I. INTRODUCTION

Artesian Water Company, Inc. ("AWC" or "Artesian") and Slaughter Beach Water Company ("Slaughter Beach" and together with Artesian, "Applicants"), request approval pursuant to 26 *Del. C.* § 215, to the extent necessary, from the Delaware Public Service Commission ("Commission") to participate in a transaction whereby Artesian will purchase all of the rights, title and interest in the assets of Slaughter Beach along with the rights to provide water service to all of Slaughter Beach's existing customers.

In support of this Application, Applicants state the following:

II. DESCRIPTION OF APPLICANTS

A. Artesian Water Company, Inc.

AWC is a Delaware public water utility, regulated by the Delaware Public Service Commission. AWC distributes and sells water to residential, commercial, industrial, governmental, municipal and utility customers throughout the state of Delaware. As of February 28, 2018, AWC was serving approximately 84,400 metered, mostly residential customers across the state of Delaware. AWC is a wholly owned subsidiary of Artesian Resources Corporation. AWC is a Delaware

corporation providing water service to customers pursuant to rates last established by the Commission in Order No. 8816, dated January 16, 2016 in Docket No. 14-132.

B. Slaughter Beach Water Company

Slaughter Beach is a Delaware public water utility, regulated by the Delaware Public Service Commission. Slaughter Beach distributes and sells water to residential and commercial customers in the Town of Slaughter Beach, a coastal community located in Sussex County, Delaware. As of February 28, 2018, Slaughter Beach was serving 263 unmetered residential customers at a fixed annual rate of $336. Slaughter Beach also serves 2 metered commercial customers at a monthly rate of $175; plus $3.00 per 1,000 gallons in excess of 25,000 gallons per month. Slaughter Beach is a Delaware corporation providing water service to customers pursuant to rates last established by the Commission in Order No. 8526, dated February 6, 2014 in Docket No. 13-364.

C. Contact Information

For purposes of this Application, contacts for the applicants are as follows:

Dave B. Spacht CFO & Treasurer Artesian Water Company, Inc. 664 Churchmans Road Newark, Delaware 19702	Frank S. Draper Owner Slaughter Beach Water Company P.O. Box 118 Milford, Delaware 19963

III. Request Approval For Applicants To Enter Into An Asset Purchase Agreement

AWC and Slaughter Beach request approval to enter into an Asset Purchase Agreement (the "Agreement") whereby AWC intends to purchase the water utility assets and the rights to provide water service to the customers served by those assets from Slaughter Beach. A draft copy of the Asset Purchase Agreement is provided in Exhibit A. The assets to be transferred include without limitation, all of the following:

a) All wells and supply infrastructure, water plant and facilities, treatment plant and facilities, mains, lines, meters, pumps, and related appurtenances;

b) All interests in real property, including easements, relating to or used in conjunction with the Water Business; and

c) All accounts receivable (including trade accounts receivable) and all rights to receive payments, including any rights with respect to any third party collection procedures or any other actions or proceedings which have been commenced in connection therewith, that relate solely to the Water Business for products or services rendered by Seller to customers of the Water Business prior to the Effective Time.

IV. Purchase Price

As stated in the Agreement, Artesian will pay a purchase price of $450,000 to Slaughter Beach to acquire it's water utility assets. The purchase price will be allocated to utility assets in the following manner:

a) Water assets, improvements, buildings and structures = $161,584

b) Fee Simple Real Property:

   A. Tax Parcel No. 230-4.00-52.06 = $12,130

   B. Tax Parcel No. 330-9.00-7.00 = $118,205

   C. Tax Parcel No. 230-1.00-5.01 = $4,408

   D. Tax Parcel No. 330-5.00-64.00 = $15,226

c) Easements:

   A. Deed 2282-965 = $10,494

   B. Deed 570-534 = $127,953

V. Public Interest Statement & Lawful Purpose of Application

The proposed Agreement described herein is consistent with the public interest and will not impair the ability of the Applicants to provide water service to their customers. The Agreement will result in the transfer of all water utility assets and the right to serve customers by those assets to a company that has been in the business of providing a safe, secure, reliable water supply in the State of Delaware for over 100 years. Artesian's operations are overseen by a well-qualified management team with experience and technical expertise.

The Agreement is structured so that water service will remain uninterrupted. Upon consummation of the Agreement, Artesian will take over all aspects of providing water service to the customers served by the Slaughter Beach water system. Shortly after closing, Artesian will send notification letters explaining the change in water service provider and how it will affect customers. Service will continue to be provided to customers with no immediate change in rates or terms and condition of service. Before becoming subject to Artesian's rates and terms of service, new meters will need to be installed for all customers The cost of the installation will be paid by Artesian. Once the installation is complete, customers will be notified on the timing and change over to Artesian's rates and terms of service as approved by the Commission. Artesian's total charge for water service consists of the sum of a customer charge, and to the extent applicable, a charge for metered water volumes and a fire protection charge. The average daily cost of water in 2017 for Artesian residential customers was $1.69.

This agreement is made in accordance with the law, for proper purpose, and is consistent with the public interest. See 26 Del. C. § 215(d).

VI. Conclusion

WHEREFORE, for all of the foregoing reasons, the Applicants respectfully request that the Commission approve the Asset Purchase Agreement and approve the rates to be charged. Further, the Applicants request that the Commission expeditiously act on the Application so that the transfer of assets can be completed in an appropriate and timely manner.

Respectfully submitted,

David B. Spacht
Artesian Water Company, Inc.
Chief Financial Officer & Treasurer

Frank S. Draper
Slaughter Beach Water Company
Owner

AFFIDAVIT

STATE OF DELAWARE)
) SS
COUNTY OF NEW CASTLE)

On this 16th day of MARCH, 2018, personally came before me, the subscriber, a Notary Public in and for the state and county aforesaid, Frank S. Draper, an Owner of Slaughter Beach Water Company known to me personally to be such or having presented to me satisfactory evidence of identity, and acknowledged this document to be his act and deed and the act and deed of such corporation, that the signature of such individual is in his own proper handwriting, and that the facts set forth in this application are true and correct to the best of his knowledge, information, and belief.

SIGNED AND SWORN (OR AFFIRMED) before me on this 16th day of MARCH, 2018

Robin E Thompson
Signature of Delaware Notarial Officer

NOTARY PUBLIC
Title (e.g., Notary Public)

ROBIN E. THOMPSON
NOTARY PUBLIC
STATE OF DELAWARE
MY COMMISSION EXPIRES March 14, 2020

SEAL

AFFIDAVIT

STATE OF DELAWARE)
) SS
COUNTY OF NEW CASTLE)

On this 16th day of MARCH, 2018, personally came before me, the subscriber, a Notary Public in and for the state and county aforesaid, David B. Spacht, the CFO and Treasurer of Artesian Water Company, Inc. known to me personally to be such or having presented to me satisfactory evidence of identity, and acknowledged this document to be his act and deed and the act and deed of such corporation, that the signature of such individual is in his own proper handwriting, and that the facts set forth in this application are true and correct to the best of his knowledge, information, and belief.

Signature of individual

David B. Spacht
Printed Name

SIGNED AND SWORN (OR AFFIRMED) before me on this 16th day of MARCH, 2018

Signature of Delaware Notarial Officer

NOTARY PUBLIC
Title (e.g., Notary Public)

My Commission Expires:
March 14, 2018

SEAL

ROBIN E. THOMPSON
NOTARY PUBLIC
STATE OF DELAWARE
MY COMMISSION EXPIRES
March 14, 2020

EXHIBIT A

DRAFT
DRAFT

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT ("**Agreement**") is entered into as of this ___ day of March, 2018 by and between Artesian Water Company, Inc., a Delaware corporation ("**Buyer**"), and Slaughter Beach Water Company, a Delaware corporation ("**Seller**").

WHEREAS, Seller is a public water utility company that provides water service in the area in and adjacent to Slaughter Beach, Sussex County, Delaware (the "**Water Business**"); and

WHEREAS, Buyer desires to purchase from Seller, and Seller desires to sell, assign, transfer, convey and deliver to Buyer, certain real property, easement rights and substantially all of the assets of the Water Business, under the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the representations, warranties, covenants and agreements of the parties hereinafter set forth, Buyer and Seller do hereby agree as follows:

ARTICLE I
DEFINITIONS

Section 1.1 The following terms shall have the following meanings when used in this Agreement:

(a) "**Indebtedness**" means all (i) indebtedness of the Water Business for borrowed money, including purchase money indebtedness, capital or financing leases, equipment operating leases, non-trade payables and credit facilities, or obligations for or in respect of the deferred purchase price of goods or services, (ii) obligations of the Water Business under any guaranty, letter of credit, performance credit or other contract having the effect of assuring a creditor against loss, (iii) obligations of the Water Business under any interest rate, currency or other hedging contract, and (iv) any and all of the foregoing items described under clause (i), (ii) or (iii) of, from, or with any of the Water Business' affiliates.

(b) "**Liability**" or "**Liabilities**" means any and all direct or indirect Indebtedness, liability, assessment, claim, loss, damage, deficiency, obligation or responsibility, expense (including, without limitation, reasonable attorneys' fees, court costs, accountants' fees, environmental consultants' fees, laboratory costs and other professional fees), Order (as hereinafter defined), settlement payments, Taxes (as hereinafter defined), fines and penalties, fixed or unfixed, choate or inchoate, liquidated or unliquidated, secured or unsecured, accrued, absolute, actual or potential, contingent or otherwise (including any Liability under any guaranties or letters of credit, or with respect to insurance loss accruals) owed by the Water Business.

(c) "**Lien**" or "**Liens**" means, with respect to any right, asset, property or interest owned by the Water Business, any lien (including mechanic's, warehouseman's, laborers' and landlords' liens), charge, restriction, claim, hypothecation, pledge, security interest, mortgage, preemptive right, right of first refusal, option, judgment, title defect, right of way, easement, conditional sale or other title retention agreement, or other restriction or encumbrance of any kind in respect of or affecting such asset.

(d) "**Order**" means any order, judgment, preliminary or permanent injunction, temporary restraining order, award, citation, decree, consent decree or writ by which the Water Business is bound.

(e) "**Tax**" or "**Taxes**" means, with respect to the Water Business, all taxes, charges, fees, imposts, levies or other assessments, including, without limitation, all net income, franchise, profits, minimum alternative, gross receipts, capital, sales, use, *ad valorem*, value added, transfer, transfer gains, inventory, intangibles, capital stock, license, withholding, payroll, employment, social security, unemployment, excise, severance, stamp, occupation, real or personal property, abandoned or unclaimed property assessment, and estimated Taxes, water, rent, and sewer service charges, customs duties, fees, assessments and charges of any kind whatsoever, together with any interest and any penalties, fines, additions to Tax or additional amounts thereon, imposed by any taxing authority (federal, state, local or foreign) and shall include any transferee Liability in respect of Taxes.

ARTICLE II
SALE AND DELIVERY OF THE WATER BUSINESS

Section 2.1 Sale and Delivery of Water Business Assets.

(a) Except as provided in Section 2.1(b) below with respect to excluded property (the "**Excluded Property**"), at Closing (as hereinafter defined), and subject to the terms and conditions of this Agreement, Seller shall sell, assign, transfer, convey and deliver to Buyer all of Seller's right, title and interest in and to the assets of the Water Business (the "**Purchased Assets**"), including, without limitation:

(i) all wells and supply infrastructure, water plant and facilities, treatment plant and facilities, mains, lines, meters, pumps, and related appurtenances; and

(ii) all interests in real property, including easements, relating to or used in conjunction with the Water Business; and

(iii) all accounts receivable (including trade accounts receivable) and all rights to receive payments, including any rights with respect to any third party collection procedures or any other actions or proceedings which have been commenced in connection therewith, that relate solely to the Water Business for products or services rendered by Seller to customers of the Water Business prior to the Effective Time.

Drawings generally reflecting Purchased Assets situated in the Water Business service territory is attached hereto and incorporated herein as **Exhibit A**.

(b) The following Excluded Property shall not be sold, assigned, transferred, conveyed or delivered to Buyer, but instead shall remain the property of Seller:

(i) Seller's name and trademarks; and

(ii) all cash (including checks received prior the Closing date, whether or not deposited or cleared prior to the close of business on the Closing date) that relate to any period prior to the date of Closing; and

(iii) all assets held by or for the account of Seller pursuant to the terms of any deferred compensation, incentive compensation, welfare or other employee benefit plan; and

(iv) all insurance policies of Seller; and

(v) all refunds or credits, if any, of Taxes due to Seller with respect to any period prior to Closing; and

(vi) the Excluded Liabilities (as defined below).

Section 2.2 Buyer's Non-Assumption of Seller's Liabilities.

Buyer shall not assume, and shall not be deemed to have assumed through anything contained in this Agreement or otherwise, any Liabilities of Seller whatsoever (the "**Excluded Liabilities**"). Without limiting the generality of the foregoing, Buyer shall not assume, and shall not be deemed by anything contained in this Agreement or otherwise to have assumed:

(a) Liabilities and obligations of Seller set forth in this Agreement;

(b) Liabilities arising out of ownership or the operation of the Water Business or the Purchased Assets prior to the Closing date;

(c) Liabilities or demands for any Taxes from Seller or in respect of the Water Business or Purchased Assets that are due and payable as of the Closing date, including, but not limited to, any claim, demand, Liability or obligation for any Taxes resulting from the transactions contemplated hereby;

(d) (A) Liabilities or demands with respect to wages, salaries, commissions or vacation payments (including overtime required by federal or state law) and any employment or employment-related claims, including but not limited to any Liability under any benefit plan and any successor Liability arising under ERISA or otherwise in connection with any employee benefit plan or obligation of Seller; and (B) Liabilities arising in connection with any worker's compensation claims, in each case, arising out of the conduct of Seller's business on or prior to the Closing date;

(e) Liabilities or demands arising out of any litigation (whether civil or criminal), arbitration, mediation, administrative proceeding, audit or investigation, or threatened litigation or proceedings, relating to any period ending at or prior to the Closing date;

(f) Liabilities or demands arising out of any work of Seller that were to be performed by Seller at or prior to the Closing date, including, without limitation, any warranty claims relating thereto;

(g) Liabilities or demands, including, without limitation, for any interest, penalties, late charges, prepayment charges or termination fees relating to any Indebtedness outstanding as of the Closing, or Taxes resulting from cancellation of such Indebtedness;

(h) any other Liens, Liabilities or Indebtedness of Seller that are not specifically described above.

Section 2.3 Title. Seller shall deliver to Buyer at Closing deeds to the fee simple real property included in the Purchased Assets (the "**Real Property**") containing covenants of special warranty and further assurances against encumbrances (the **"Deeds"**), which Deeds shall convey to Buyer good and marketable fee simple title in and to the Real Property, free and clear of all Liens. Title shall be insurable without exceptions at standard rates by a recognized title insurance company licensed to do business in the State of Delaware. Upon request by Buyer, Seller shall execute such affidavits, indemnities or other documents or instruments as are required by Buyer's title insurance company for the elimination of any standard or printed exceptions in Buyer's final policy of title insurance (the **"Title Policy"**), including the exception for unfiled mechanics' liens. In the event Seller is unable to convey title to the Real Property to Buyer at Closing in accordance with the requirements of this **Section 2.3**, Buyer shall have the option of (i) taking such title as **Seller** is able to convey, with an abatement of the Purchase Price in the amount of any Lien on the Real Property or (ii) terminating this Agreement. Nothing herein, however, shall be construed to deny Buyer the right to specifically enforce this Agreement.

Section 2.4 Purchase Price; Payment Thereof.

(a) Purchase Price. In consideration of the sale, assignment, transfer, conveyance and delivery by Seller of the Purchased Assets to Buyer, and in reliance on the representations, warranties, covenants and agreements made by Seller in this Agreement, Buyer shall pay Seller the sum of Four Hundred Fifty Thousand and 00/100 Dollars ($450,000.00) (the "**Purchase Price**"), of which Buyer has already paid Seller a deposit in the amount of Fifty Thousand and 00/100 Dollars ($50,000.00) (the "**Deposit**"), with the remaining Four Hundred Thousand and 00/100 Dollars ($400,000.00) to be paid at Closing.

(b) Prorations. In connection with Closing hereunder, the parties will prorate all customarily proratable items relating to the Real Property, with the net amount calculated as being for the account of Buyer or Seller, as the case may be, to be wire

transferred in immediately available funds to such account or accounts as shall have been designated by the applicable party. Prorations shall be calculated through the date of Closing and, without limitation of the prior sentence, shall be made for utility charges (electricity, cable, water, sewer and natural gas) and property taxes. The adjustments referred to in this **Section 2.4(b)** shall reflect, in accordance with generally accepted accounting principles, the approach that all expenses and income attributable to periods from and after the date of Closing are for the account of Buyer, and all expenses and income attributable to periods before the date of Closing are for the account of Seller.

(c) Transfer Taxes. Buyer and Seller shall each pay one-half of all applicable state and local real estate transfer taxes which may be payable in connection with the conveyance of the Property to Buyer.

Section 2.5 Allocation. The parties shall allocate the Purchase Price among the Purchased Assets as set forth below:

(a) Water assets, improvements, buildings and structures: $161,584.00

(b) Fee Simple Real Property:

(A) Tax Parcel No. 230-4.00-52.06 $12,130.00

(B) Tax Parcel No. 330-9.00-7.00 $118,205.00

(C) Tax Parcel No. 230-1.00-5.01 $4,408.00

(D) Tax Parcel No. 330-5.00-64.00 $15,226.00

(c) Easements:

(A) Deed 2282-965 $10,494.00

(B) Deed 570-534 $127,953.00

ARTICLE III
CLOSING

Section 3.1 Closing.

The closing of the transactions contemplated by this Agreement ("**Closing**") is contingent upon satisfaction of the contingencies set forth in Article VII. The parties shall use their best efforts to have Closing occur on or before March 31, 2018, and in all events Closing shall occur as soon as reasonably practicable. Closing shall occur at the offices of Morris, Nichols, Arsht & Tunnell LLP or any other location that is otherwise mutually

agreed upon by Buyer and Seller.

Section 3.2 Closing Deliveries.

(a) At or before Closing, Seller shall deliver or cause to be delivered to Buyer:

(i) a bill of sale and assignment for the personal property assets to be conveyed to Buyer hereunder in a form agreeable to Buyer; and

(ii) special warranty deeds for each parcel of Real Property in a form agreeable to Buyer; and

(iii) the Assignment of Easements in a form agreeable to Buyer; and

(iv) all customer-related and all operational books and records of the Water Business, including, but not limited to, water customer account information; facilities and infrastructure manuals, specifications, purchase records, and maintenance logs; and any written warranties relating to Water Business assets; and

(v) a written certification, dated as of the Closing date, signed by an authorized signor of the Seller, certifying that no Liens, Liabilities or Indebtedness exists with respect to the Water Business or the Purchased Assets other than current, ordinary monthly accruals (for which Seller shall be responsible); and

(vi) any payment due from Seller under **Sections 2.4(b) and (c)**; and

(vii) such other endorsements, assignments, instruments or other documents as are contemplated by this Agreement or as are reasonably deemed necessary by Buyer or Buyer's legal counsel to vest in Buyer good and marketable title to the Purchased Assets.

(b) At Closing, Buyer shall deliver or cause to be delivered to Seller:

(i) Four Hundred Thousand and 00/100 Dollars ($400,000.00), constituting the unpaid balance of the Purchase Price; and

(ii) any amounts due under **Sections 2.4(b) and (c)**; and

(iii) such other instruments or other documents as are contemplated by this Agreement or as are reasonably deemed necessary by Seller.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF SELLER

Seller hereby represents and warrants to Buyer that the following representations and warranties are, as of the date hereof, and as of the Closing date shall be, true and correct:

Section 4.1 Organization and Good Standing.

Seller is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, and is duly authorized and qualified to do business under all applicable laws, regulations, ordinances and orders of public authorities, with full corporate power and authority to carry on its business in the places and in the manner as now conducted, to own or hold under lease the properties and assets it now owns or holds under lease, and to perform all of its obligations under all valid contracts to which Seller is a party. Seller is not qualified to do business in any jurisdiction other than its state of organization.

Section 4.2 Authority and Validity.

Seller represents and warrants that it is not subject to restrictions or prohibitions that preclude, prevent or impair Seller from selling the Purchased Assets to Buyer. Seller has taken all necessary corporate action to enter into this Agreement and to consummate the transactions contemplated hereby. This Agreement has been duly and validly executed, sealed and delivered by Seller, constitutes valid and binding obligations of Seller, and is enforceable against Seller in accordance with its terms, except as the same may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws now or hereafter in effect relating to the enforcement of creditors' rights generally or by principles governing the availability of equitable remedies.

Section 4.3 No Conflict.

Neither the execution and delivery of this Agreement nor the carrying out of any of the transactions contemplated hereby will result in any: (a) violation, termination or modification of, or be in conflict with, Seller's articles of organization or operating agreement, each as amended to date; (b) breach of or constitute a default under (whether with notice, lapse of time or otherwise), or give to others any rights of termination, amendment, acceleration or cancellation, or result in the creation of any Lien upon any of Purchased Assets pursuant to any permit or any contract to which Seller is a party or by which it is bound or affected, or (c) violation of, or be in conflict with, any law or permit applicable to Seller, or by which any Purchased Assets are bound or affected.

Section 4.4 Title to Purchased Assets.

The Purchased Assets constitute all of Seller's assets, properties and rights (in each case whether real or personal, tangible or intangible), except for the Excluded Property. The Purchased Assets are sufficient for Buyer to conduct the Water Business as it was conducted prior to closing. Title to the Purchased Assets set forth in Section

2.1(a) shall be conveyed to and vest in Buyer immediately upon receipt by Seller of the balance of the Purchase Price at Closing. Seller has good and marketable title to all of the Purchased Assets (in each case whether real or personal, tangible or intangible) used by Seller in the Water Business or located on any property owned or used by Seller, free and clear of all Liens and defects of title. Seller specifically represents and warrants that no Liens or Indebtedness exist relating to the Purchased Assets other than current, ordinary monthly accruals such as the current month's electric bill. All of the Purchased Assets are in good condition and repair, ordinary wear and tear excepted, and have been maintained and repaired in a good and workmanlike manner in accordance with industry standards. Seller has the ability and power to assign to Buyer all utility easement rights in its service territory that are created in deeds and other instruments.[1]

Section 4.5 Real Property. (i) There are no leases, subleases, licenses or other similar agreements or arrangements granting to any person any right to the possession, use, occupancy or enjoyment of the Real Property or any portion thereof; (ii) there is no work being done at or materials being supplied to the Real Property or any portion thereof that will or could result in a Lien on the Real Property; (iii) Seller has not received notice of any violation of any applicable zoning, subdivision, building code or other requirement of Law relating to the Real Property or the Water Business; (iv) no options or other contract rights are outstanding which give or grant to any Person a right to purchase any interest in the Real Property; (v) Seller has not received notice of any pending or threatened condemnation proceeding against the Real Property or the intention of any governmental authority to take or use the Real Property or any material part thereof; (vi) the Real Property is not affected by any tax abatements or exemptions, and Seller has not received notice of any presently pending real estate tax increase or special assessment of any nature with respect to the Real Property; (vii) the present zoning of the Real Property permits the last active uses of the Real Property and such uses of the Real Property do not violate any subdivision, land use, building or similar Law or any certificate of occupancy or any restrictions running with the land; (viii) Seller has adequate rights of ingress and egress with respect to the Real Property and the Improvements pursuant to public streets and roads or by good, marketable and insurable appurtenant easements; and (ix) Seller has delivered or made available to Buyer all surveys, property plans, title reports and title insurance policies in Seller's possession or control.

Section 4.6 Contracts. There are no material contracts relating to the ownership or operation of the Water Business or the Purchased Assets that must be assigned to or assumed by Buyer. There is no leased equipment in the operation of the Water Business.

Section 4.7 Litigation.

There are no outstanding Orders of any governmental authority involving or relating to the Purchased Assets or the Water Business. There is no litigation (civil or criminal) and there are no other actions, suits, arbitrations, mediations, administrative proceedings, audits or investigations, whether or not the defense thereof or Liabilities in

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1 Artesian: Are there easements in addition to the two already identified?

respect thereof are covered by insurance, pending or, to Seller's knowledge, threatened against, the Purchased Assets or the Water Business.

Section 4.8 Taxes.

(a) Seller has no unpaid Liability for any Taxes with respect to any taxable period ending on or before the Closing date for which Buyer would be liable or to which the Purchased Assets or the Water Business would be subject. As used in this Agreement, the term "**Pre-Closing Tax Period**" shall mean (i) any taxable period ending on or before the Closing date, and (ii) the portion prior to Closing of any straddle tax period that begins before and ends after the Closing date.

(b) Seller has filed, or will cause to be timely filed, with all appropriate taxing authorities all Tax returns required to have been filed by it prior to Closing (subject to any timely extensions permitted by law), including with respect to unclaimed property, with respect to Taxes for any period ending on or before the Closing date. Seller has paid, or made provision for the payment of, all Taxes that have or may become due prior to Closing, or pursuant to any assessment received by Seller.

(c) Seller represents and warrants: (i) no deficiency for any amount of Tax has been asserted or assessed by a taxing authority against Seller that remains unpaid, (ii) no notice of audit or possible assessment has been received by Seller from any taxing authority, and (iii) Seller has not agreed to any waiver or extension of the statute of limitations applicable to the assessment or collection of any Tax imposed with respect to a Pre-Closing Tax Period.

(d) Seller has withheld or otherwise collected all Taxes or other amounts that it was required to withhold or collect under any applicable federal, state or local law, including, without limitation, any amounts required to be withheld or collected with respect to employee, state and federal income Tax withholding, social security, unemployment compensation, sales or use Taxes (including any sales or use Taxes applicable to the transactions contemplated hereby), workmen's compensation, abandoned or unclaimed property, or other Taxes, and all such amounts have been timely remitted to the proper authorities.

Section 4.9 Compliance with Laws.

The ownership and operation of the Purchased Assets and the operation of the Water Business as it is currently conducted do not violate or infringe any law in any material respect. Seller has not received written notice (or, to the Seller's knowledge, oral notice) of any violation by Seller of any law applicable to the operation of the Water Business as currently conducted or the Purchased Assets as currently operated. Seller has timely paid all applicable fees or other Taxes, including registration fees and maintenance fees, required by any governmental authority, to maintain permits in good standing.

Section 4.10 Hazardous Substances. To the knowledge of Seller, no release of hazardous substances has occurred on the Real Property during the term of its

ownership and no hazardous substance contamination exists at the Real Property. No underground storage tanks, inpoundments, pits or disposal areas for hazardous substances are located on or, to the knowledge of Seller, have been removed from, abandoned or closed at the Real Property. To the knowledge of Seller, no portion of the Property has been used as a landfill, dump or depository for solid waste, refuse or hazardous substances. There are no hazardous substances being used or stored at the Real Property.

Section 4.11 Broker. Seller has no liability or obligation to pay any fees or commissions to any broker or finder with respect to the transactions contemplated by this Agreement for which Buyer could become liable or obligated.

ARTICLE V
REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer hereby represents and warrants to Seller that the following representations and warranties are, as of the date hereof, and as of the Closing date shall be, true and correct:

Section 5.1 Organization and Good Standing.

Buyer is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. Buyer has full corporate power and authority to own its properties and carry on its business as it is now being conducted.

Section 5.2 Authority and Validity.

Buyer's execution and delivery of this Agreement, performance by Buyer hereunder, and the consummation by Buyer of the transactions contemplated hereby have been duly and validly authorized by all required corporate action by or on behalf of Buyer. This Agreement has been duly and validly executed and delivered by Buyer, constitutes valid and binding obligations of Buyer, and is enforceable against Buyer in accordance with its terms, except as the same may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws now or hereafter in effect relating to the enforcement of creditors' rights generally or by principles governing the availability of equitable remedies.

Section 5.3 No Violation.

There is no legal action, proceeding or investigation pending or, to the knowledge of Buyer, threatened against Buyer, nor is there any judgment outstanding against Buyer or to which Buyer is subject or bound, that materially adversely affects the ability of Buyer to consummate any of the transactions contemplated hereby.

Section 5.4 Broker. Buyer has no liability or obligation to pay any fees or commissions to any broker or finder with respect to the transactions contemplated by this Agreement for which Seller could become liable or obligated.

ARTICLE VI
COVENANTS

Section 6.1 Pre-Closing Covenant. During the period from the date of this Agreement through and including the Closing date:

(a) Seller's Conduct of the Water Business Pending Closing. Except as may be first consented to by Buyer in writing, during the period from the date of this Agreement through and including the Closing date, Seller shall conduct the Water Business according to its ordinary and usual course of business, preserve intact its Water Business and the Purchased Assets, and keep available the services of its employees and independent contractors. Seller shall not sell, lease, transfer, assign, convey, hypothecate, encumber or make any dividend or distribution of any Purchased Assets, shall not amend any Tax return, and shall otherwise maintain satisfactory relationships with respect to the Water Business with all relevant governmental authorities, suppliers, agents, customers, and others having business relationships with Seller. In addition, Seller shall promptly notify Buyer in writing of any notice or other communication that it receives (written or oral) respecting any litigation or audit involving or affecting Seller. Without limiting the foregoing, Seller, except as may be first consented to by Buyer in writing, shall not:

(i) enter into any contract other than with customers or suppliers in the ordinary course of business substantially as conducted heretofore;

(ii) cause any material adverse change, including performing or not performing any action, the performance or non-performance of which would reasonably be expected to result in a material adverse change to the Purchased Assets or the Water Business;

(iii) make any loan or advance other than for services provided to customers on credit in the ordinary course of business consistent with past practice;

(iv) (1) incur any Indebtedness, except expenses and current Liabilities incurred in connection with or for services rendered or goods supplied in the ordinary course of business, or obligations or Liabilities incurred by virtue of the execution of this Agreement, or (2) create any Lien on any of Seller's assets; or

(v) make any capital expenditure or commitment therefor.

(b) Access; Cooperation. Upon reasonable prior notice, Seller shall give Buyer and its representatives such access to Seller's Purchased Assets, records, customers and suppliers during regular business hours as may be reasonably requested by Buyer. Seller and its representatives shall also cooperate with Buyer and its representatives, including Buyer's auditors and counsel, in the preparation of any documents or other materials required in connection with the transactions contemplated by this Agreement, including with respect to obtaining Delaware Public Service Commission ("**Commission**")

approval and a Certificate of Public Convenience and Necessity to provide exclusive water service to all areas within Slaughter Beach, Sussex County Delaware ("**CPCN**"). In addition, Seller and Buyer shall use their respective reasonable good faith efforts to satisfy all conditions to Closing and all other matters relating to the consummation of the transactions contemplated by this Agreement. Seller and Buyer shall cooperate with each other in connection with any filings with any governmental entity with authority over the parties or the transactions contemplated by this Agreement and shall use their reasonable good faith efforts to furnish to each other all information required for any such filing to be made with any such governmental authority in connection with the transactions contemplated by this Agreement.

(c) Risk of Loss. Buyer shall be given exclusive possession of the Real Property and Purchased Assets at the time of Closing. Until Closing, risk of loss with respect to the Purchased Assets shall remain with Seller, and Seller agrees to maintain comprehensive property/casualty insurance and third party public liability insurance covering the Purchased Assets until Closing.

Section 6.2 Post-Closing Covenants.

(a) Grant of Additional Rights Over Seller's Property. In the event necessary for operation of the Water Business, Seller shall cause its principals, Frank Draper and Marilyn Draper, to grant Buyer in the future such easements as Buyer may reasonably request across property owned by Frank Draper and/or Marilyn Draper.

(b) Further Assurances. Each party hereto agrees to execute and deliver any and all other agreements, documents or instruments necessary to effectuate or evidence the rights under this Agreement as reasonably requested by the other Party.

ARTICLE VII
CONDITIONS TO CLOSING

At or before Closing, the following provisions of **Article VII** shall have been satisfied.

Section 7.1 Absence of Certain Changes.

There shall have been no change that constitutes or results in a material adverse change in the Water Business or the Purchased Assets.

Section 7.2 Due Diligence.

Buyer shall have completed due diligence of the Purchased Assets and review of title to the Real Property, the results of which shall have been satisfactory to Buyer in its sole discretion.

Section 7.3 CPCN and Other Approvals. Buyer shall have been granted a CPCN for the exclusive provision of water services to Slaughter Beach, Sussex County,

Delaware by the Delaware Public Service Commission ("Commission") and shall have received such other agreements from such parties, including but not limited to the Commission and the Town of Slaughter Beach, as Buyer deems necessary in order to operate the Purchased Assets.

ARTICLE VIII
TERMINATION

Section 8.1 Termination.

This Agreement may be terminated at any time prior to Closing upon the occurrence of any of the following:

(a) at any time, by mutual written consent of Buyer and Seller; or

(b) by either Buyer or Seller at any time (if such party is not then itself in material breach of any of its representations and warranties, covenants, agreements or other obligations contained in this Agreement), if the other party is in material breach or default of any of its representations and warranties, covenants, agreements or other obligations herein, which breach or default remains uncured for a period of ten (10) days after such other party's written notice of the breach or default; or

(c) by Buyer at any time prior to Closing if there is a material adverse change in the Water Business or the Purchased Assets; or

(d) by Buyer at any time prior to Closing if the Buyer's due diligence results in concerns regarding the Purchased Assets or title to the Real Property; or

(e) by Buyer at any time if the Commission refuses to grant Buyer a CPCN for the territory served by the Purchased Assets or otherwise withholds consent for Buyer to enter into or perform under this Agreement.

Section 8.2 Consequences of Termination; Regulatory Terminations.
In the event this Agreement is terminated pursuant to this **Article VIII**: (a) each party shall return all documents, work papers and other material relating to the transactions contemplated hereby, whether obtained before or after the execution hereof, to the party furnishing the same; (b) the Deposit shall be returned to Buyer; and (c) all further obligations of the parties under this Agreement shall terminate without further duties of either party to the other, except that (i) the provisions of this **Section 8.2** and the expenses provision contained in **Section 9.1** shall survive such termination and continue in full force and effect, and (ii) nothing herein shall relieve any party from liability for any material breach of any covenant or any willful breach of any other provision of this Agreement prior to such termination.

Section 8.3 CPCN. Notwithstanding anything to the contrary in this Agreement, Buyer shall not be liable to Seller for any failure to perform any obligations hereunder in the event the Commission refuses to consent to the transactions contemplated hereby or refuses to grant Buyer the necessary CPCN.

ARTICLE IX
GENERAL PROVISIONS

Section 9.1 Expenses.

The parties shall bear their respective expenses incurred in connection with the preparation, execution and performance of this Agreement and the consummation of the transactions contemplated hereby, including, without limitation, all fees and expenses of their respective representatives and all fees, expenses and costs for obtaining any required consents.

Section 9.2 Successors and Assigns.

This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective legal representatives, successors, heirs, executors and assigns; *provided, however*, that this Agreement and all rights and obligations hereunder may not be assigned or transferred without the prior written consent of the other party hereto, *except* that Buyer may assign its rights hereunder to a directly or indirectly wholly-owned subsidiary or affiliate of Buyer, provided Buyer remains liable for its obligations hereunder.

Section 9.3 Choice of Law; Venue.

This Agreement and the rights of the parties hereto shall be governed by and construed in accordance with the laws of the State of Delaware without consideration of the choice of law or conflict of law principles. Each of the parties hereto irrevocably consents to the service of any process, pleading, notices or other papers by the mailing of copies thereof to such party with delivery confirmation at such party's address set forth herein, or by any other method provided or permitted under the laws of the State of Delaware. Each party hereby irrevocably submits to the jurisdiction of any federal or state court located in State of Delaware (and any appellate court therefrom) with respect to any action or proceeding arising out of or relating to this Agreement. Each party hereby irrevocably and unconditionally waives and agrees not to plead, to the fullest extent provided by law, any objection it may have to venue and the defense of an inconvenient forum to the maintenance of such action or proceeding in Delaware courts.

Section 9.4 Waiver of Jury Trial.

EACH PARTY HERETO HEREBY KNOWINGLY AND VOLUNTARILY IRREVOCABLY WAIVES, AFTER CONSULTATION WITH COUNSEL, ALL RIGHT TO TRIAL BY JURY IN ANY PROCEEDING (WHETHER BASED IN CONTRACT, TORT, EQUITY OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY TRANSACTION OR AGREEMENT CONTEMPLATED HEREBY OR THE ACTIONS OF ANY PARTY HERETO IN THE NEGOTIATION, PERFORMANCE OR ENFORCEMENT HEREOF.

Section 9.5 Notices.

Unless otherwise provided in this Agreement, any notice required or permitted under this Agreement shall be given in writing and addressed to the party to be notified as indicated below, or to such other addresses as the parties may designate from time to time hereafter through written notice to the other party:

If to Buyer:

Artesian Water Company, Inc.
Attn: Karl G. Randall
664 Churchmans Road
Newark, Delaware 19702

If to Seller:

Slaughter Beach Water Company
Attn: Frank S. Draper
P.O. Box 118
Milford, Delaware 19963

Section 9.6 Severability.

If any portion of this Agreement shall be held invalid, illegal or unenforceable, that portion shall, to the extent possible, be modified in such manner as to be valid, legal and enforceable, provided any such modification shall as nearly as possible retain the intent of the parties, and if such modification is not possible, such portion shall be severed from this Agreement. In either case, the remainder of this Agreement shall be interpreted as if such provision were so modified or excluded, as the case may be, and shall be enforceable in accordance with its terms.

Section 9.7 Survival of Representations, Warranties and Covenants.

The representations, warranties, covenants and agreements made by the parties in this Agreement shall survive the Closing, and shall continue in full force and effect without limitation after the Closing for a period of twenty-four (24) months, except that: (a) claims relating to fraud or willful misconduct or Liabilities related to Excluded Property shall survive until the date on which the statute of limitations otherwise applicable to such claims expires, which statute of limitations shall be extended to twenty years; and (b) claims arising from the breach of representations and warranties relating to Taxes shall survive until the later of (i) the date on which the statute of limitations applicable to such claims expires or, (ii) the date when any audit, investigation, proceeding or suit relating to pre-closing Taxes is finally and irrevocably closed, resolved, terminated, or adjudicated, including through any appeals. The hold harmless covenants set forth in **Section 9.8** below shall survive the Closing.

Section 9.8 Hold Harmless.

During the periods while the parties' representations and warranties continue in full force and effect, the parties each agree to indemnify, defend and hold harmless the other party, including the other party's affiliates, directors, officers, agents, employees, contractors, subcontractors, successors and assigns, from and against any and all claims, counterclaims, actions, proceedings, suits, losses, debts, demands, judgments, liens, costs and liabilities ("**Claims**"), including attorneys' fees and expert witness fees, arising out of or in any way relating to any breach of the indemnifying party's representations and warranties, covenants or other agreements, including, without limitation, indemnification by Seller of any claims relating to any Excluded Property.

Section 9.9 Entire Agreement.

This Agreement constitutes the entire agreement by, between and among the parties with respect to the subject matter hereof and supersedes all prior understandings and agreements, whether written or oral.

Section 9.10 Construction.

The parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties, and no presumption or burden of proof shall arise favoring or disfavoring either party by virtue of authorship of any particular portion hereof. The titles and section headings used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

Section 9.11 Counterparts.

This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

ATTEST:

BUYER:
ARTESIAN WATER COMPANY, INC.
A Delaware corporation

_____
Name: Joseph A. DiNunzio
Title: Secretary

By: _____
Name: Dian C. Taylor
Title: President & Chief Executive Officer

WITNESS/ATTEST:

SELLER:
SLAUGHTER BEACH WATER COMPANY

By: _____
Name: _____
Title: _____

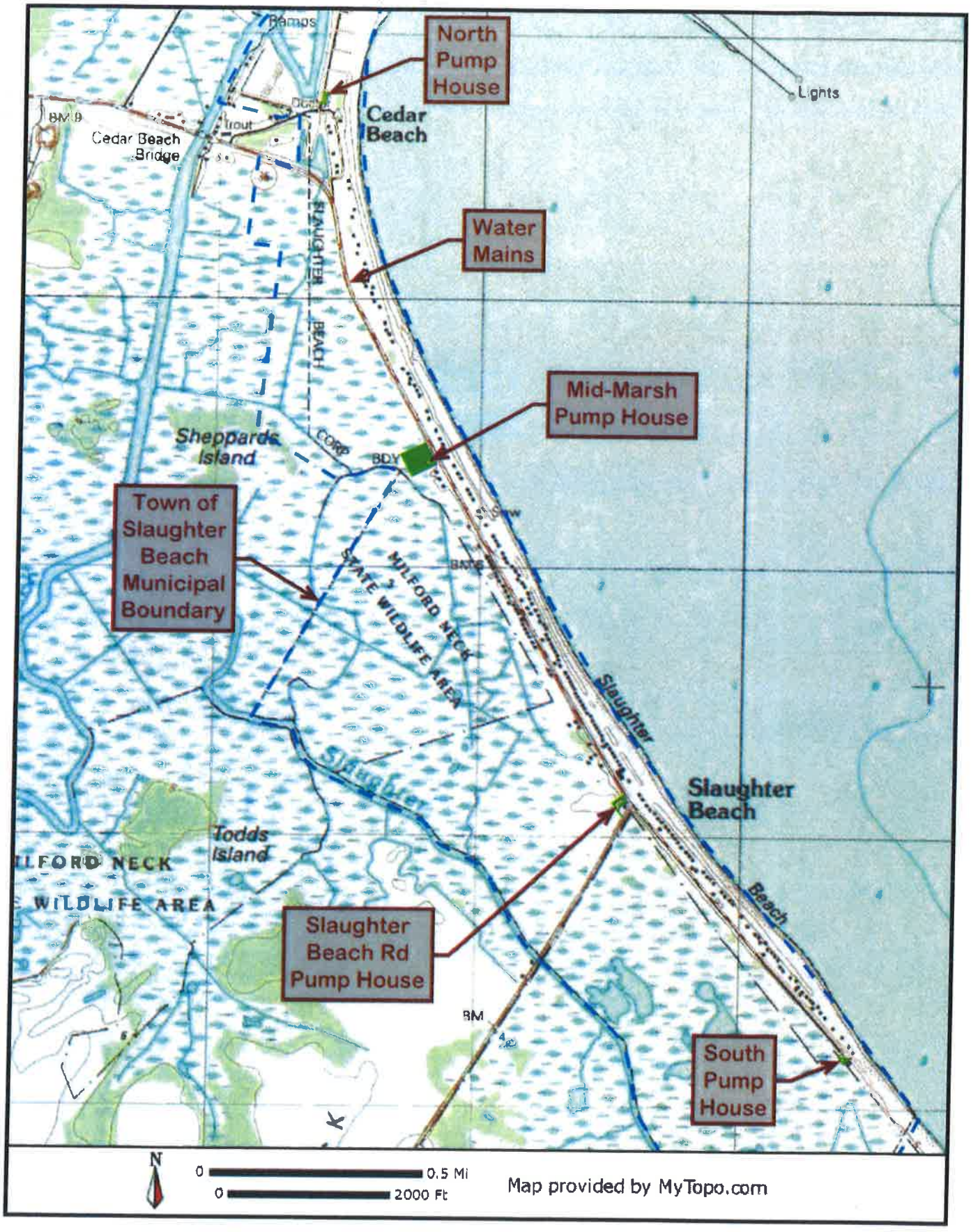
By: _____
Name: Frank S. Draper
Title: President

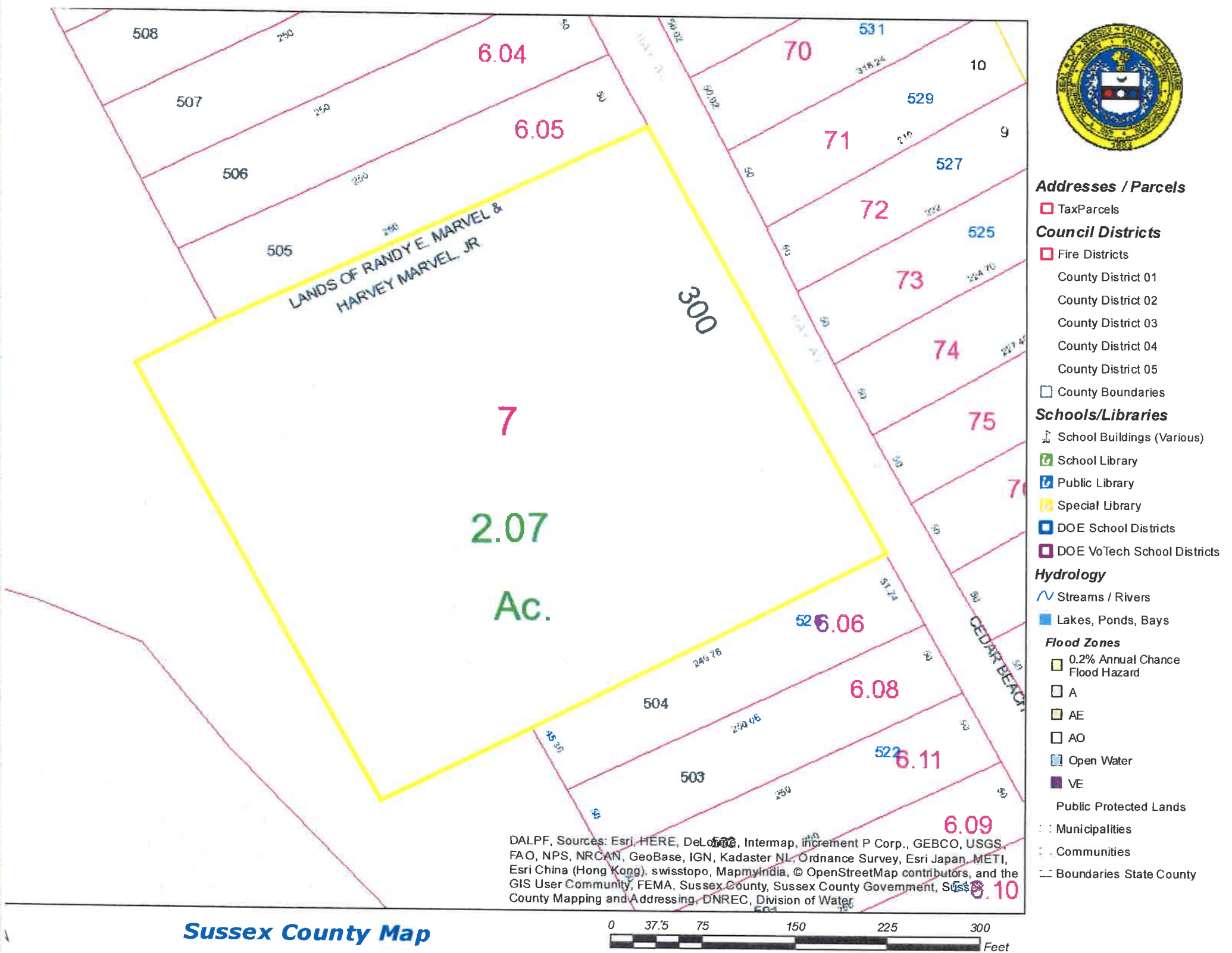
11705090.3

EXHIBIT A

WATER BUSINESS PURCHASED ASSETS

[Drawings generally reflecting location of Purchased Assets]


North Pump House
Water Mains
Mid-Marsh Pump House
Town of Slaughter Beach Municipal Boundary
Slaughter Beach Rd Pump House
South Pump House
Cedar Beach
Slaughter Beach
Ramps
Lights
Cedar Beach Bridge
Trout
BM
Sheppards Island
Todds Island
WILDLIFE AREA
BM
N
0 0.5 Mi
0 2000 Ft
Map provided by MyTopo.com


508
507
506
505
6.04
6.05
LANDS OF RANDY E. MARVEL &
HARVEY MARVEL, JR
300
7
2.07
Ac.
531
70
10
529
71
9
527
72
525
73
74
75
CEDAR BEACH
6.06
6.08
504
6.11
503
6.09
6.10
Addresses / Parcels
TaxParcels
Council Districts
Fire Districts
County District 01
County District 02
County District 03
County District 04
County District 05
County Boundaries
Schools/Libraries
School Buildings (Various)
School Library
Public Library
Special Library
DOE School Districts
DOE VoTech School Districts
Hydrology
Streams / Rivers
Lakes, Ponds, Bays
Flood Zones
0.2% Annual Chance Flood Hazard
A
AE
AO
Open Water
VE
Public Protected Lands
Municipalities
Communities
Boundaries State County
DALPF, Sources: Esri, HERE, DeLorme, Intermap, increment P Corp., GEBCO, USGS, FAO, NPS, NRCAN, GeoBase, IGN, Kadaster NL, Ordnance Survey, Esri Japan, METI, Esri China (Hong Kong), swisstopo, MapmyIndia, © OpenStreetMap contributors, and the GIS User Community, FEMA, Sussex County, Sussex County Government, Sussex County Mapping and Addressing, DNREC, Division of Water
Sussex County Map
0 37.5 75 150 225 300
Feet

NO LIEN OR TITLE SEARCH WAS DONE AS NONE WAS REQUESTED.
DUNLAP, HOLLAND & EBERLY
A PROFESSIONAL ASSOCIATION
ATTORNEYS AT LAW
GEORGETOWN, DELAWARE 19947

1730

BOOK 916 PAGE 124

This Deed, made this 13th day of September, 1978, by and between: GEORGE H. DRAPER, JR. and LAURA S. DRAPER, his wife, individually, and LAURA S. DRAPER, attorney in fact for GEORGE H. DRAPER, JR.,

parties of the first part,

- AND -

FRANK S. DRAPER and MARILYN P. DRAPER, t/a SLAUGHTER BEACH WATER COMPANY, of Milford, Delaware 19963,

parties of the second part;

Witnesseth, that the said parties of the first part, for and in consideration of the sum of ONE DOLLAR ($1.00)----------, current lawful money of the United States of America, the receipt whereof is hereby acknowledged, hereby grant and convey unto the said parties of the second part, their heirs and assigns,

ALL that certain lot, piece or parcel of land situate, lying and being at Cedar Beach, within the limits of Slaughter Beach, Sussex County, Delaware, being more particularly described as follows, to wit:

BEGINNING at a concrete monument on the Westerly right-of-way line of Highway Rt. #204 leading from Slaughter Beach to Milford, located 251-½ feet Northerly from a monument marking the division point of the lands of Harvey G. Marvel and lands of Benson & Bridgham on the West side of road; thence with other lands of Harvey G. Marvel South 71 degrees 30 minutes West a distance of 300 feet to a concrete monument; thence North 18 degrees 30 minutes West a distance of 299.94 feet to a concrete monument; thence North 71 degrees 30 minutes East a distance of 300 feet to a concrete monument on the Westerly right-of-way line of Highway Rt. #204; thence with right-of-way line South 17 degrees 40 minutes East 200 feet to a stake and South 20 degrees 05 minutes East a distance of 100 feet to a concrete monument, the point of beginning, containing 90,000 square feet of land be the same more or less.

BEING the same lands conveyed to George H. Draper, Jr. and Laura S. Draper, t/a S. B. Water Company, by deed of Harvey G. Marvel and Violet C. Marvel, his wife, dated October 26, 1961, and filed for record in the Office of the Recorder of Deeds, in and for Sussex County, at Georgetown, Delaware, in Deed Book 541, at Page 234.

SUBJECT to restrictions of record in the Office of the Recorder of Deeds, aforesaid, in Deed Book 541, at Page 234.

The Power of Attorney executed by George H. Draper, Jr. in favor of Laura S. Draper is of record in the Office of the Recorder of Deeds, aforesaid, in Deed Book 29, at Page 93.

330 - 9.00 - 7.00

In Witness Whereof, the said party of the first part has hereunto set her hand and seal the day and year first above written.

Sealed and delivered
in the presence of:

Mildred A. Huggins

Laura S. Draper (SEAL)
LAURA S. DRAPER, individually, and as attorney in fact for GEORGE H. DRAPER, JR.

(SEAL)

(SEAL)

State of Delaware
STATE TAX DEPT. • • • SUSSEX
REALTY TRANSFER TAX ≡ 0.00 (SEAL)

STATE OF DELAWARE :
: SS:
COUNTY OF Sussex :

BE IT REMEMBERED, that on this 18th day of September, 1978, personally came before me, the subscriber, a notary public in and for the county and state aforesaid, LAURA S. DRAPER, individually, and as attorney in fact for GEORGE H. DRAPER, JR., party to this indenture, known to me personally to be such, and she acknowledged this indenture to be her act and deed.

Given under my hand and seal of office the day and year aforesaid.

Notary Public

STATE OF :
: SS:
COUNTY OF :

BE IT REMEMBERED, that on this day of 19 , personally came before me, the subscriber, a notary public in and for the county and state aforesaid,

part to this indenture, known to me personally to be such, and acknowledged this indenture to be act and deed.

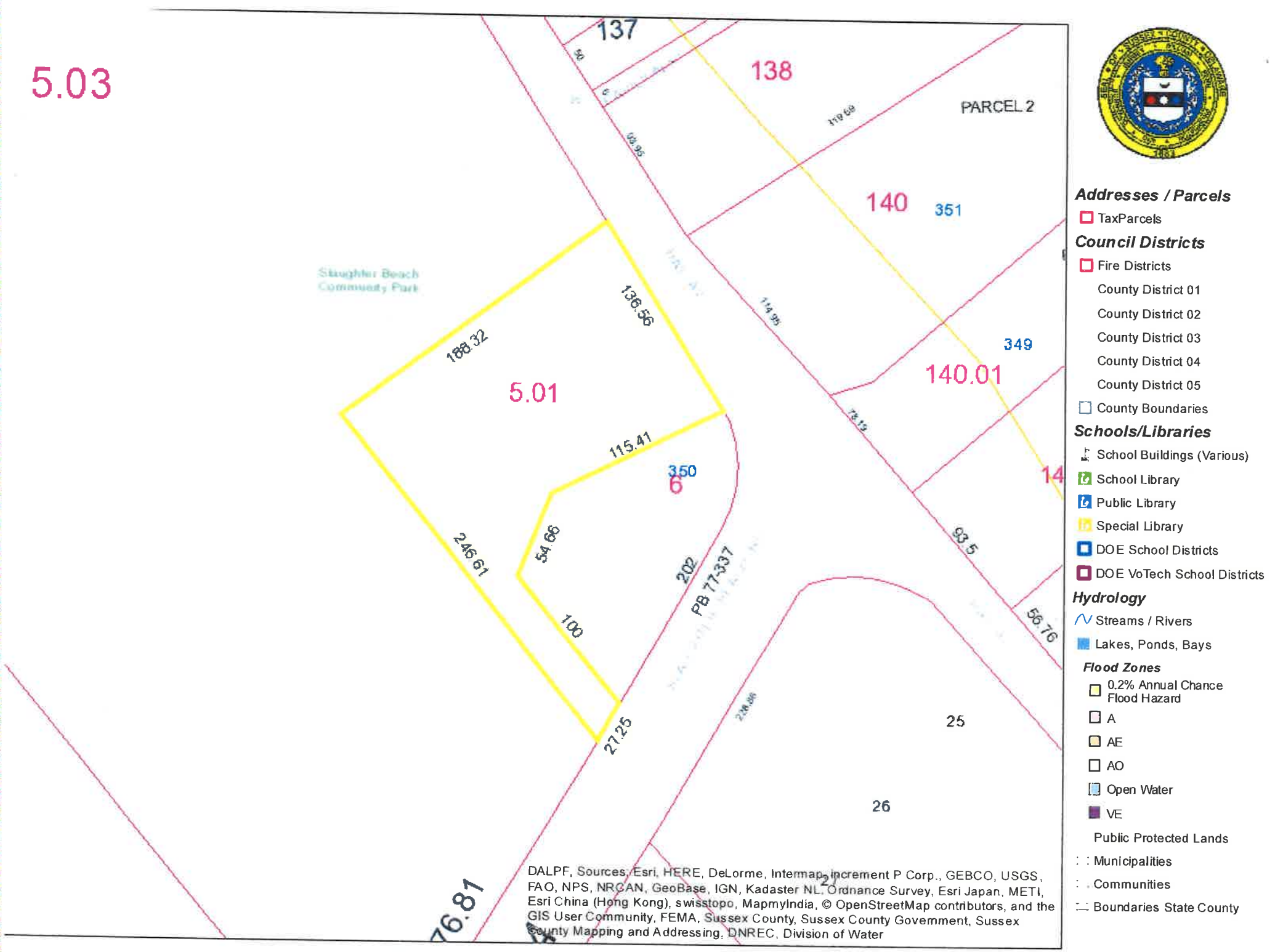
Given under my hand and seal of office the day and year aforesaid.

Notary Public

RECEIVED
MARY ANN McCABE
SEP 27 3 38 PM '78
RECORDER OF DEEDS
SUSSEX COUNTY

THIS 28 DAY OF Sept., 1978
PURCHASERS REPORT MADE
ASSESSMENT DIVISION OF SUSSEX COUNTY

Arnold & Cooper
710 N. Dupont Hwy
Milford, Del 10/16/78


5.03
137
138
PARCEL 2
140
351
349
140.01
14
5.01
6
350
Slaughter Beach Community Park
136.56
188.32
115.41
246.61
54.66
100
202
PB 77-337
27.25
93.5
56.76
25
26
27
119.69
99.95
114.95
78.19
238.86
76.81
DALPF, Sources: Esri, HERE, DeLorme, Intermap, increment P Corp., GEBCO, USGS, FAO, NPS, NRCAN, GeoBase, IGN, Kadaster NL, Ordnance Survey, Esri Japan, METI, Esri China (Hong Kong), swisstopo, MapmyIndia, © OpenStreetMap contributors, and the GIS User Community, FEMA, Sussex County, Sussex County Government, Sussex County Mapping and Addressing, DNREC, Division of Water
Addresses / Parcels
TaxParcels
Council Districts
Fire Districts
County District 01
County District 02
County District 03
County District 04
County District 05
County Boundaries
Schools/Libraries
School Buildings (Various)
School Library
Public Library
Special Library
DOE School Districts
DOE VoTech School Districts
Hydrology
Streams / Rivers
Lakes, Ponds, Bays
Flood Zones
0.2% Annual Chance Flood Hazard
A
AE
AO
Open Water
VE
Public Protected Lands
Municipalities
Communities
Boundaries State County
Sussex County Map
0 37.5 75 150 225 300
Feet

NO LIEN OR TITLE SEARCH WAS DONE AS NONE WAS REQUESTED

DUNLAP, HOLLAND & EBERLY
A PROFESSIONAL ASSOCIATION
ATTORNEYS AT LAW
GEORGETOWN, DELAWARE 19947

2095

BOOK 864 PAGE 218

This Deed, made this 12th day of October 1977, by

and between: GEORGE H. DRAPER, JR. and LAURA S. DRAPER, his wife, individually, and LAURA S. DRAPER, attorney in fact for GEORGE H. DRAPER, JR.

parties of the first part,

- AND -

FRANK S. DRAPER and MARILYN P. DRAPER, t/a SLAUGHTER BEACH WATER COMPANY,

parties of the second part;

Witnesseth, that the said parties of the first part, for and in consideration of the sum of ONE DOLLAR ($1.00)----------

----------, current lawful money of the United States of America, the receipt whereof is hereby acknowledged, hereby grant and convey unto the said parties of the second part, their heirs and assigns,

ALL that certain lot, piece and parcel of land, lying and being in the Town of Slaughter Beach, Sussex County and State of Delaware, fronting on the northwesterly side of the 60 foot right of way of County Route 224 and on the southwesterly side of the curving 30 foot right of way of County Route 204, adjoining other lands of grantors and lands of Ann B. Doto, and more particularly described as follows, to wit:

BEGINNING at an iron pipe set on the northwesterly right of way line of County Route 224 at a corner for other lands of grantors and distant, on a bearing of South 39 degrees 45 minutes West, 201.31 feet from the point at which the northwesterly right of way line of County Route 224 and the southwesterly right of way line of County Route 204 intersect; thence proceeding with other lands of grantors North 28 degrees 55 minutes 24 seconds West 246.61 feet to an iron pipe; thence continuing with other lands of grantors North 61 degrees 04 minutes 36 seconds East 188.32 feet to an iron pipe; thence running with aforementioned right of way line of County Route 204 and deflecting left along a 1354.17 foot radius curve, the chord of which bears South 27 degrees 52 minutes 34 seconds East 136.51 feet, an arc distance of 136.55 feet to an iron pipe; thence proceeding with lands of Ann B. Doto South 67 degrees West 109.18 feet to an iron pipe; thence continuing with lands of Ann Doto South 50 degrees 55 minutes East 85.00 feet to an iron pipe; thence finally following aforementioned right of way line of County Route 224 South 39 degrees 45 minutes West 117.08 feet to the place of beginning; containing 0.7704 acres of land, more or less.

The Power of Attorney executed by George H. Draper, Jr. in favor of Laura S. Draper, is of record in the office of the Recorder of Deeds, in and for Sussex County, at Georgetown, Delaware, in Deed Book 29, page 93.

In Witness Whereof, the said party of the first part has hereunto set her hand and seal the day and year first above written.

Sealed and delivered
in the presence of:

_____ _____ (SEAL)
LAURA S. DRAPER, individually, and as attorney in fact for GEORGE H. DRAPER, JR.

_____ _____ (SEAL)

_____ _____ (SEAL)

_____ _____ (SEAL)

State of Delaware
STATE TAX DEPT. SUSSEX
REALTY TRANSFER TAX
OCT 13'77
$00.00

STATE OF DELAWARE :
: SS:
COUNTY OF SUSSEX :

BE IT REMEMBERED, that on this 12th day of October, 19 77 personally came before me, the subscriber, a notary public in and for the county and state aforesaid, LAURA S. DRAPER, individually and as attorney in fact for GEORGE H. DRAPER, JR.,

party to this indenture, known to me personally to be such, and she acknowledged this indenture to be her act and deed.

Given under my hand and seal of office the day and year aforesaid.

_____
Notary Public

RECEIVED
OCT 13 2 58 PM '77
RECORDER OF DEEDS
SUSSEX COUNTY

PURCHASER'S COPY NOT RECORDED
THIS 13th DAY OF October 1977
ASSESSMENT DIVISION OF SUSSEX COUNTY
MICHAEL E. SAVAGE

STATE OF :
: SS:
COUNTY OF :

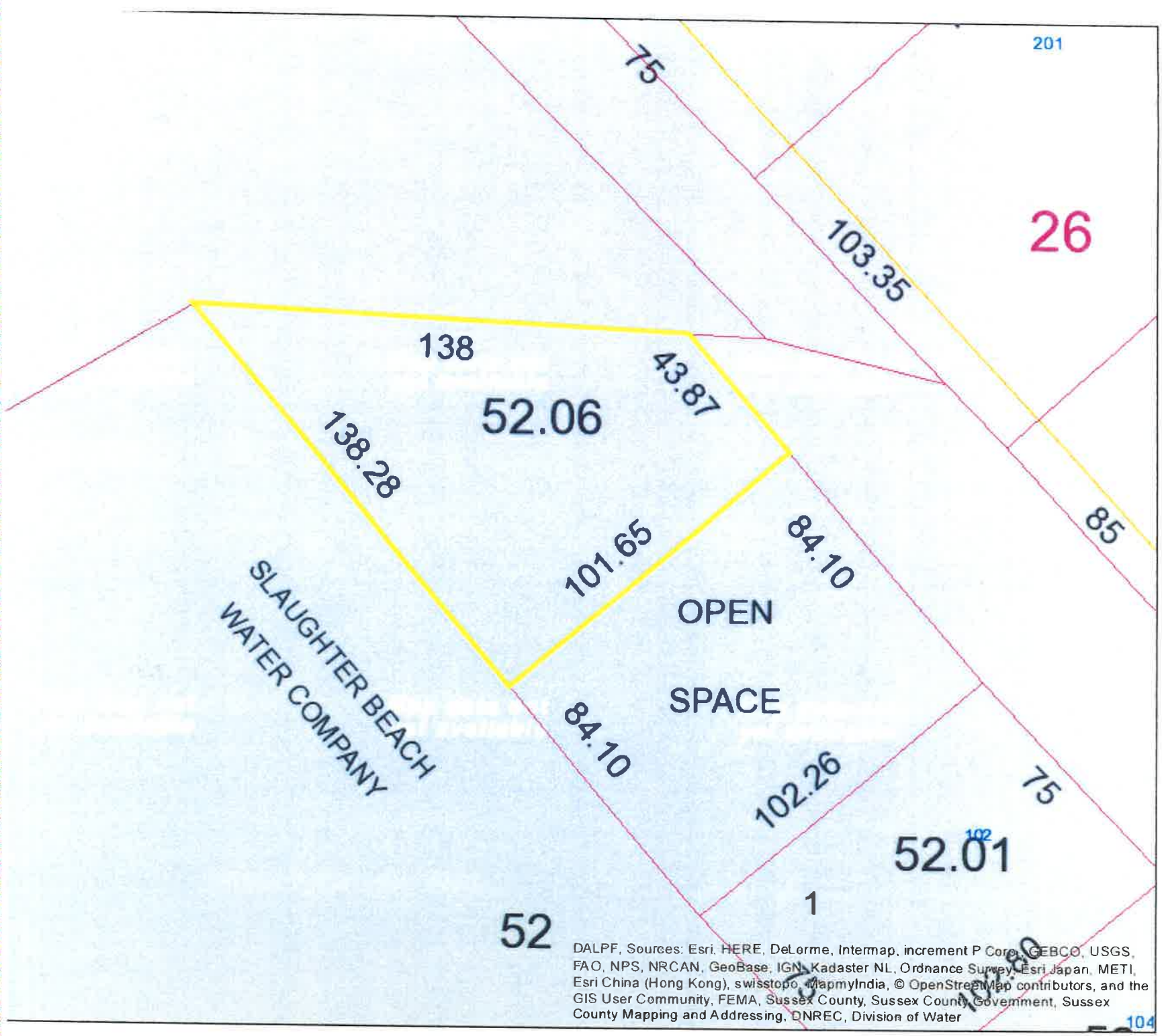
BE IT REMEMBERED, that on this day of 19 , personally came before me, the subscriber, a notary public in and for the county and state aforesaid,

part to this indenture, known to me personally to be such, and acknowledged this indenture to be act and deed.

Given under my hand and seal of office the day and year aforesaid.

_____
Notary Public

77-82-0-Z1 Prothill
Acres Lot
Deed Stamps



Addresses / Parcels
- TaxParcels

Council Districts
- Fire Districts
- County District 01
- County District 02
- County District 03
- County District 04
- County District 05
- County Boundaries

Schools/Libraries
- School Buildings (Various)
- School Library
- Public Library
- Special Library
- DOE School Districts
- DOE VoTech School Districts

Hydrology
- Streams / Rivers
- Lakes, Ponds, Bays

Flood Zones
- 0.2% Annual Chance Flood Hazard
- A
- AE
- AO
- Open Water
- VE

Public Protected Lands
- Municipalities
- Communities
- Boundaries State County

Sussex County Map

0 15 30 60 90 120 Feet

26820

BK 03146 PG 140

NO TITLE EXAMINATION MADE

TAX MAP #2-30-4.00-52.00 (part of)
Prepared by: Moore & Rutt, P.A.
P.O. Box 554
Georgetown, DE 19947
Return to: Frank Draper
P.O. Box 118
Milford, DE 19963

THIS DEED, made this 9th day of May, in the year of our LORD Two Thousand Five (2005),

BETWEEN ***HOWARD I. PEPPER*** of 22217 Paradise Road, Georgetown, Delaware 19947 and **MARK WELLS** of 7417 Wells Road, Milford, Delaware 19963, parties of the first part,

- AND -

SLAUGHTER BEACH WATER COMPANY, P.O. Box 118, Milford, Sussex County, Delaware 19963, party of the second part,

WITNESSETH, that the said parties of the first part, for and in consideration of the sum of ONE DOLLAR ($1.00) lawful money and other valuable consideration of the United States of America, the receipt whereof is hereby acknowledged, hereby grant and convey unto the said party of the second part,

ALL that certain lot, piece and parcel of land, lying and being situate in Cedar Creek Hundred, Sussex County, and State of Delaware, as depicted on a survey prepared by Charles D. Murphy Associates, Inc., dated September 22, 2003, fronting on the westerly right of way line of Bay Road, of which the width varies, as depicted on a plot recorded in Plot Book 29, Page 100, at the Office of the Recorder of Deeds, in and for Sussex County, at Georgetown, Delaware, adjoining lands of the United States of America, and other lands of The Heirs of J. Howard Isaacs, and being more particularly described as follows, to wit:

BEGINNING at a point on aforementioned westerly right of way line of Bay Road, distant 686 feet from the intersection of the southerly line of Simpson Avenue with aforementioned westerly right of way line of Bay Road; thence running with said westerly right of way line South 35 degrees, 42 minutes, 37 seconds East 43.87 feet to a corner for lands now or formerly of The Heirs of J. Howard Isaacs; thence following said Isaacs lands South 54 degrees, 17 minutes, 23 seconds West 101.65 feet to a point on line of lands of The United States of America; thence proceeding along said United States lands the following two (2) courses and distances:

1) North 35 degrees, 17 minutes, 55 seconds West 138.28 feet to a found metal disk, and finally

Consideration: $5000.00 Exempt Code: A

County	State	Total
0.00	75.00	75.00

counter Date: 05/23/2005

2) South 82 degrees, 32 minutes, 52 seconds East 138.00 feet to the place of BEGINNING, containing 9,236 square feet of land, more or less.

BEING part of the same lands conveyed to J. Howard Isaacs, by deed of John S. Isaacs & Sons, Inc., dated March 12, 1962, and of record in the Office of the Recorder of Deeds, in and for Sussex County, at Georgetown, in Deed Book 545, at page 312.

The said J. Howard Isaacs died on or about June 30, 2002 and pursuant to Article VII of his Last Will and Testament the above property was bequeathed to Howard Pepper and Mark Wells, the grantors herein.

SUBJECT TO the following Restrictions for Subdivision of Lands of the Estate of J. Howard Isaacs, also known as Southern Pointe Shores:

All recorded building lots, common area, roadways and other lands within the recorded metes and bounds of the subdivision known as Southern Pointe Shores shall be hereafter encumbered with the following Restrictions which shall prohibit the following activities within the Federal wetlands on the referenced parcels:

A. The removal, excavation, disturbance, or dredging of soil, sand, gravel, or aggregate material of any kind;

B. The drainage or disturbance of the water level, or the water table;

C. The direct dumping, discharge, or filling with any materials;

D. The driving of pilings;

E. The spraying of insecticides, pesticides or herbicides;

F. The removal, disturbance, or destruction of any trees, shrubs or other vegetation;

G. The construction, placement, preservation, maintenance, alteration, decoration or removal of any buildings, roads, signs, billboards or their advertising, or structures on or above ground;

H. Any other activity such as will create a nuisance or render the replacement wetland harmful, detrimental or injurious to public health, safety, or welfare by alteration of its physical, chemical, or biological properties or change its temperature, color or odor; or

I. Any other activity prohibited by law or regulation.

AND FURTHER SUBJECT TO any and all other restrictions, covenants and conditions of public record and those conditions or limitations that are set forth on any recorded plot or survey.

IN WITNESS WHEREOF, the said parties of the first part have hereunto set their hands and seals, the day and year aforesaid.

SIGNED, SEALED, DELIVERED, and witnessed in the presence of

WITNESS

HOWARD I. PEPPER (SEAL)

WITNESS

MARK WELLS (SEAL)

STATE OF DELAWARE :
: SS.
COUNTY OF SUSSEX :

BE IT REMEMBERED, That on this 9th day of May, 2005, personally came before me, the subscriber, a Notary Public for the State and County aforesaid, HOWARD I. PEPPER, party to this Indenture, known to me personally to be such, and acknowledged this Indenture to be his act and deed.

GIVEN under my hand and seal of office, the day and year aforesaid.

Gina M. Pepper
NOTARY PUBLIC

GINA M. PEPPER
NOTARY PUBLIC
STATE OF DELAWARE
MY COMMISSION EXP.: 5-30-08

Printed Name of Notary
My commission expires:

* * * * * * * * * * * * * * * * * * *

TOWN OF SLAUGHTER BEACH
REALTY TRANSFER TAX
SERIAL # 24
AMOUNT $75.00
DATE 5-23-05
BY Doris

STATE OF DELAWARE :
: SS.
COUNTY OF SUSSEX :

BE IT REMEMBERED, That on this 9th day of May, 2005, personally came before me, the subscriber, a Notary Public for the State and County aforesaid, MARK WELLS, party to this Indenture, known to me personally to be such, and acknowledged this Indenture to be his act and deed.

GIVEN under my hand and seal of office, the day and year aforesaid.

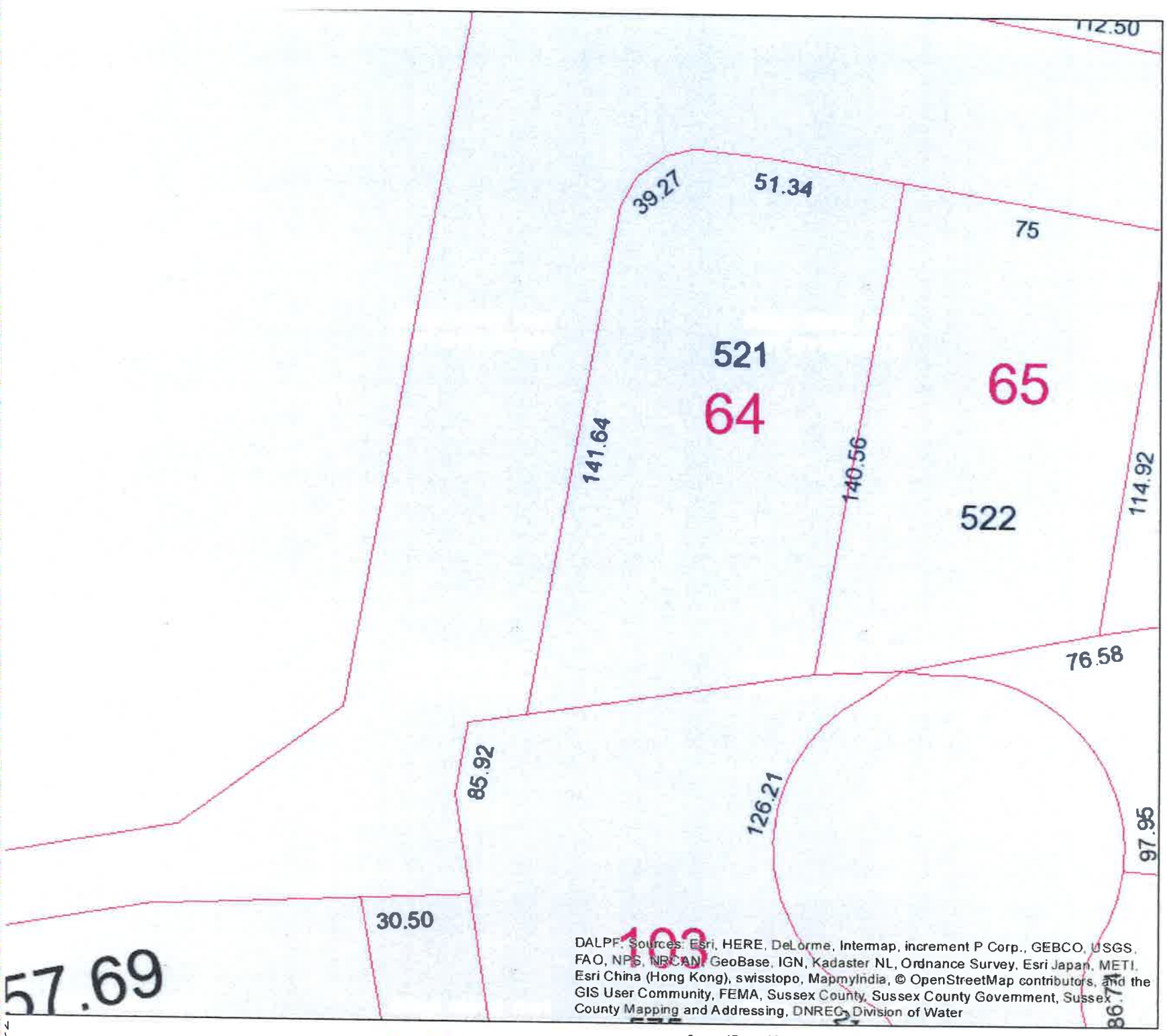
Gina M. Pepper
NOTARY PUBLIC

GINA M. PEPPER
NOTARY PUBLIC
STATE OF DELAWARE
MY COMMISSION EXP.: 5-30-08

Printed Name of Notary
My commission expires:

RECORDER OF DEEDS
JOHN F. BRADY
05 MAY 23 AM 11:13
SUSSEX COUNTY
DOC. SURCHARGE PAID

Received
MAY 24 2005
ASSESSMENT DIVISION
OF SUSSEX CTY



Sussex County Map

Addresses / Parcels

- TaxParcels

Council Districts

- Fire Districts
- County District 01
- County District 02
- County District 03
- County District 04
- County District 05
- County Boundaries

Schools/Libraries

- School Buildings (Various)
- School Library
- Public Library
- Special Library
- DOE School Districts
- DOE VoTech School Districts

Hydrology

- Streams / Rivers
- Lakes, Ponds, Bays

Flood Zones

- 0.2% Annual Chance Flood Hazard
- A
- AE
- AO
- Open Water
- VE

Public Protected Lands

- Municipalities
- Communities
- Boundaries State County

3025 BOOK 1037 PAGE 124

NO LIEN OR TITLE SEARCH WAS DONE AS NONE WAS REQUESTED.

(No. 44-B) DEED-TYPEWRITER

Printed and Sold by Hugh A. George Co. Stationers, 436 Tatnall St., Wilmington, Del.

This Deed, Made this

28th day of November in the year of our LORD one thousand nine hundred and eighty,

BETWEEN, WILLIAM B. PASSWATERS, JR. and BARBARA PASSWATERS, his wife, of R.D. #1, Box 316-E, Milford, Delaware 19963, parties of the first part,

- AND -

SLAUGHTER BEACH WATER CO., of Slaughter Beach, Milford, Delaware, 19963, party of the second part,

Witnesseth, That the said parties of the first part, for and in consideration of the sum of ----------($99.00)---------- lawful money of the United States of America, the receipt whereof is hereby acknowledged, hereby grant and convey unto the said party of the second part,

ALL that certain piece, parcel, tract and lot of land lying and being situate in the Town of Slaughter Beach, Sussex County, Delaware, and being more particularly described as follows, to wit:

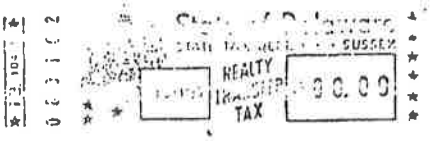
Lot #521, as shown on a plot of lands of William B. Passwaters, Jr., said plot being prepared by Charles D. Murphy, Jr., professional licensed surveyor, said plot being of record in the Office of the Recorder of Deeds, in and for Sussex County, in Plot Book 14, at Page 65, with reference thereto being more fully made to appear as to the confines and outlines of this lot herein conveyed.

Being a part of the lands conveyed to William B. Passwaters, Jr. and Barbara Passwaters, his wife, by deed of Thos. W. Murray, Inc., a corporation of the State of Delaware, being dated July 13, 1973, and filed for record in the Office of the Recorder of Deeds, in and for Sussex County, at Georgetown, Delaware, in Deed Book 713, at Page 08.

SUBJECT to the restrictions shown on the plot of lands above referred to as recorded in Plot Book 14, at Page 65, in the Office of the Recorder of Deeds, in and for Sussex County, and also to be subject to the following restrictions:

1. This lot is conveyed to Grantee herein for the express purposes of constructing, operating and maintaining a water supply system to other lots now or formerly owned by these Grantors.

2. Should this lot cease to be used for the purposes above described, the title thereto shall revert to these Grantors, their heirs, successors, executors, administrators or assigns.



In Witness Whereof, the said part ies of the first part have hereunto set their hand s and seal s, the day and year aforesaid.

Sealed and Delivered in the Presence of

William B. Passwaters, Jr. SEAL
WILLIAM B. PASSWATERS, JR.

Barbara Passwaters SEAL
BARBARA PASSWATERS

State of Delaware,

SUSSEX **County,** ss.

this 29th day of NOVEMBER in the year of our LORD, one thousand nine hundred and eighty

Be It Remembered, That on personally came before me

WILLIAM B. PASSWATERS, JR. and BARBARA PASSWATERS, his wife,

part ies to this Indenture, known to me personally to be such, and they acknowledged this Indenture to be their Deed.

GIVEN under my Hand and Seal of office, the day and year aforesaid.

James E. Duffy
Notary Public

RECEIVED
MARY ANN McCABE
DEC 1 12 50 PM '80
RECORDER OF DEEDS
SUSSEX COUNTY

PURCHASERS RETURN MADE THIS 30 DAY OF

JAMES E. DUFFY
NOTARY PUBLIC
STATE OF DELAWARE

Slaughter Beckwith Co
P.O. Box 118
Milford Del
12/5/80