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Department of Water Resources
Eastern Region

WATER RIGHT SETTLEMENT AGREEMENT

THIS WATER RIGHT SETTLEMENT AGREEMENT (the "Agreement") is made and entered into this 3rd day of February, 2006, by and between JASON C. WILDE and KATIE WILDE, husband and wife, and STAN HAWKINS and LINN HAWKINS, husband and wife (hereinafter referred to as "Hawkins") and DALE and MARLA MEYER and GREEN VALLEY RANCH, INC., an Idaho corporation with its principal place of business located at 1415 Bone Road, Iona, Idaho 83427 (hereinafter collectively referred to as "GVR"). The foregoing are sometimes referred to herein individually as a "Party" or collectively as the "Parties".

RECITALS:

A. The Parties' water rights are presently being adjudicated in the District Court of the Fifth Judicial District of the State of Idaho, in and for the County of Twin Falls, Case No. 39576 in the Matter of the Snake River Basin Adjudication ("SRBA").

B. The Parties (or their predecessors) have each submitted water right claims within Basin 25 in the pending SRBA. IDWR was submitted Water Right Recommendations in the Basin 25 Director's Report filed with the SRBA District Court with respect to each of said claims and certain parties have filed objections thereto.

C. The Parties claim certain domestic and stock water rights: GVR rights are those described in Water Right Nos. 25-14078 in the amount of .04 cfs and 25-13831 in the amount of .02 cfs and 25-04040 in the amount of .02 cfs; GVR's principals, Dale and Marla Meyer, also have claimed rights as described in Water Right No. 25-04099 in the amount of .04 cfs and 25-04098, in the amount of .02 cfs; and Hawkins' rights are those described in Water Right No. 25-4058 in the amount of .04 cfs (hereinafter collectively "Claims").

D. Even though Parties have received partial decrees upon most of these rights, it has now been claimed that some of the Parties' water right records may be incorrect insofar as "point of diversion" and "places of use" are concerned. Furthermore, there has arisen a dispute between the Parties as to whether the Parties' predecessors in interest had made certain agreements of

subordination as to priority rights of the respective claims and whether all of the claims are valid or have been forfeited.

E. The Parties desire to enter into this Agreement for the purpose of fully compromising and settling the Parties' pending claims and objections in Basin 25 and to describe the rights and responsibilities each Party has in the present concrete spring box upon Canyon Creek, a tributary of Willow Creek (hereinafter "Spring").

F. The legal description of the properties of Green Valley Ranch, Inc., to which this Agreement applies and to which the water herein is appurtenant is as follows:

Section 29: Township 1 South, Range 40 East, Bonneville County, Idaho:
NE1/4 NW1/4 NW1/4

Section 20: SE1/4SW1/4SW1/4

G. The legal description of the property for Stan Hawkins, to which this Agreement applies and to which the water is appurtenant is attached hereto as Exhibit "A", and by this reference made a part hereof as though fully set forth herein.

AGREEMENT:

NOW, THEREFORE, IT IS HEREBY MUTUALLY AGREED among the Parties as follows:

1. Joint Use of Single Point of Diversion.

The Parties to this Agreement agree that regardless of the location which is described in each of their present claims or which have been partially decreed by the Court from said claims, each claim's point of diversion has actually been accomplished from the location described below where the present concrete spring box structure exists:

Section 29: Township 1 South, Range 40 East, Bonneville County, Idaho:
NE1/4 NW1/4 NW1/4, GS N 43°18'39.6"; W111°47'54.8"

2. Claims to be Amended with Correct Points of Diversion and Places of Use.

Each of the Parties' claims will be amended to meet the terms of this Agreement as to the correct points of diversion (the above described concrete spring box) as well as places of use, and thereafter submitted to the Court for its approval. The said amended claims are hereby approved by

and among the Parties as per the terms and conditions herein, and shall include only domestic and stock water rights with periods of use commencing January 1 through December 31 of each year, which should be partially decreed by the Court accordingly.

3. Priority Dates of Claims to Remain the Same. Yet Subordinated to Equality of Rights.

Each Party's claims have their own unique and differing quantities and priority dates based upon its historical beginning of use. Notwithstanding this fact, the Parties hereby agree that the water rights of the Parties shall be diverted and delivered in the following manner:

Hawkins' water right no. 4056 shall be allowed to divert water up to the cumulative total of GVR's water rights no. 25-14078, no. 25-13831 and 25-04040 (when combined with all other rights described in paragraph C in the Recitals above including Dale and Marla Meyer's right numbers 45-04098 and 45-04099 are allowed to divert (and vice versa), up to the lesser of one half of the capacity of the spring or one half of the maximum diversion allowed by law under the combined rights. In other words, each Party, regardless of a water rights' priority date and total quantity which they presently own, may only divert the same amount of water from the concrete spring box as the other Party is allowed to divert. In effect, this agreement could result in a delivery of water to Hawkins that may be deliverable under GVR and/or Meyer's water rights providing the higher diversion rates, and could also result in a delivery of water to GVR and Meyers that is only available under Hawkins' water right that has an earlier priority date.

Neither Party has the right to make a "call" upon the other Party unless the other Party is taking more than half of the water available from the concrete spring box. Further, the Parties hereby declare the spring to be fully appropriated, and agree to make no further claim to water, or initiate a transfer, or take any action that may diminish the water available for diversion at this location. The Parties agree to actively oppose any third party claims that may be initiated at this point of diversion or anywhere else that can be shown to affect the volume of water available for diversion at the spring box.

4. Reconstruction of Concrete Spring Box.

The Parties understand and agree that in order to provide for the terms of this Agreement, the concrete spring box must be reconstructed in a manner which will put the Parties on equal

footing for diversion rights and which will allow for potable water use from the spring. Therefore, the Parties agree to hire Mountain River Engineering or other agreed on firm to develop a plan for the said reconstruction of the concrete spring box, which shall follow the following basic rules:

- a1. Providing potable water.
- a2. Providing a stock water trough that doesn't conflict with potable water.
- a3. Providing sustainability of the improvements.
- b. The historical configuration of this spring development has been to provide

water to three diversion pipes on a "demand" basis with the excess overflowing from an overflow pipe and immediately flowing away down gradient. The historical configuration will continue except that only two pipes will receive water.

c. Two 2" domestic pipes capable of providing the equal water rights of the Parties shall be provided in the box in such a manner so as to allow both parties to draw equally from the water arising within the box from the spring while at the same time maintaining the historical water elevation as evidenced by the present overflow pipe. An overflow pipe shall be maintained at the top of the box to allow excess water to drain out into the natural channel of the spring down gradient from the box or recaptured by GVR for stock water trough purposes in a manner consistent with Paragraph 4(a) above.

d. Subject to complying with any water quality laws and the engineering requirements, the present box shall be modified or replaced to eventually provide for a sealed cap over the present concrete box with a manhole placed there to allow human access. The outside of the box shall then be buried with earth.

e. Subject to engineering requirements, a "seal" will be constructed, to capture the water produced at the spring, down gradient from the spring. A berm of earth shall be placed around the perimeter of the spring and the box in such a manner so as to divert any contaminating surface drainage around the box and the spring above the box.

f. A fence shall be constructed around the spring outside of the berm and around and above the box itself in such a manner so as to keep cattle and others from damaging or interfering with the quality of water in the box. The fence shall be of no more in radius from the box

than what is recommended by the engineer or twenty-five (25) feet, whichever is less. The sole exception to the radius requirement is below the box which shall be no greater than eight (8) feet, unless additional distance is required by the approved engineering firm.

g. The construction of the box, fence, and earth fill, together with all other incidental costs incurred in the reconstruction described above shall be borne by the Parties equally. It is anticipated to begin in the spring of 2006. Before any construction may occur, the plans therefor must be agreed upon by the Parties and a written outline drafted and provided to the Parties' respective legal counsel. In order to reduce costs, the Parties may agree to perform work themselves, provided all Parties agree and provide notice to their respective legal counsel, prior to any such work being performed. If at any time in the future, modifications to this plan are necessary to meet the requirements of quality or quantity of water available under this agreement, the Parties agree to cooperate to effect those modifications.

h. Except for the limited rights that pertain to the water right held by Hawkins, Hawkins is not given any other right of access to GVR's property without the express consent of GVR's principal owners. Access to the fenced area around the spring box is allowed as outlined in this Agreement, while all other access to GVR property by Hawkins is expressly not allowed.

5. Maintenance and Notice of Access to Concrete Spring Box.

Upon the completion of the initial construction of the concrete spring box, any and all required maintenance and construction to maintain the spring and improvements for their intended use, shall be borne equally between the Parties. Equal access shall be given to the Parties to the area within and around the proposed fence for normal maintenance, inspection and operations. However, neither Party shall access the area within the fence to be constructed around the box with the intent to service, modify, change, or otherwise perform reconstruction work on either the spring, or other improvements without first giving reasonable prior notice to the other party of the reason for access and the intended result sought by the access. Any work that may necessarily involve the use of a backhoe or other heavy equipment requires the Parties' prior consultation and agreement. Agreement and consent to necessary access may not be unreasonably withheld for necessary work required to keep the spring in a condition that will meet the intent of this Agreement. The Parties

may each independently “check” the spring box whenever there is a problem with flow or pressure or there is a problem visually obvious, and do seasonal start and stop flow operations; provided, it is done without vehicular access by Hawkins.

Should access be required due to a plug or other condition requiring immediate attention, in either Party’s delivery system and the other Party is unreachable by phone and not otherwise immediately available for any reason, then the accessing party may access the spring box and restore water delivery providing it doesn’t cause undue disturbance to the water quality of the spring box. Once the water delivery is restored, the accessing Party shall properly replace all covers and notify the other Party as soon as practicably possible of the access and work performed.

6. Diversion Pipe Maintenance and Modifications.

The Parties are fully responsible for construction costs for improvements necessary on their own property for their own needs including their own construction, repair, maintenance or replacement costs incurred by the diversionary pipes leading from the spring box to the Parties’ individual places of use; provided, however, that the method of diversion out of the spring box will be provided in such a way to maintain the historical elevation of the water in the spring box while providing equal water quantities to the Parties’ 2" delivery pipes in order to insure that neither Party may draw more water from the spring box 2" pipes than the other Party. Any plan to replace a pipe to Hawkins’ property which must necessarily be buried on lands owned by GVR outside of the fenced area must be installed with the consideration that the natural character of the grounds must not be disturbed any more than is absolutely necessary, and initially done during the construction stage.

7. Withdrawal of Objections.

All objections of all parties to all water right claims, as modified to conform to the terms of this Agreement, are hereby withdrawn.

8. Partial Decrees.

All of the Parties’ water right claims, as modified to conform with the terms of this Agreement, shall be presented to the Court as reflected in the decree or claims referred to herein. It is intended the “Other Provisions Necessasry” of the Parties’ claims as finally decreed shall

contain a reference to this recorded Agreement and administered accordingly.

9. Capacity to Execute Agreement.

The Parties warrant and represent that the person executing this Agreement is empowered to do so on behalf of each company or entity and thereby binds such entity by signing this Agreement.

10. Waivers.

The failure to object to any breach of any term or condition in this Agreement shall not constitute a waiver and no failure to object shall be deemed a waiver of any prior or subsequent breach.

11. Entirety of Agreement.

This Agreement represents the entire and integrated agreement between the Parties and supersedes all prior negotiations, representations, and oral agreements. No promise or inducement has been offered or made except as herein set forth, and this Agreement is executed without reliance on any statement or representation by any other Party or their agent.

12. Cooperation.

All Parties agree to cooperate fully and execute any and all supplementary documents and to take all additional actions which may be necessary or appropriate to give full force to the basic terms and intent of this Agreement.

13. Modification.

This Agreement may be amended or modified only by a written agreement signed by each of the Parties to this Agreement.

14. Covenant Running with the Lands of the Parties.

It is understood and agreed that this Agreement shall be a covenant running with the lands of the Parties, which lands are described in the attached Exhibit "A", and shall inure to the benefit of said lands. This Agreement shall be recorded in the official records of Bonneville County, Idaho.

15. Signatures and Binding Effect.

IN WITNESS WHEREOF, the Parties to this Agreement, through their duly-authorized representatives, have executed this Agreement and certify that they have read, understood, and agree

to the terms and conditions of this Agreement as set forth herein and that they are the titled owner of the respective lands described in Exhibit "A".

This Agreement is not only binding upon the parties hereto, but upon their respective successors, heirs, administrators and assigns.

16. Attorney's Fees.

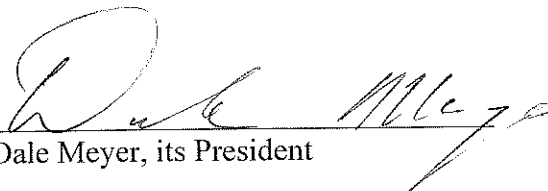
In the event either Party hereto shall be required to employ an attorney for the enforcement of this Agreement, with or without suit, the defaulting Party agrees to pay the prevailing Party's reasonable attorney's fees.

17. Binding Agreement.

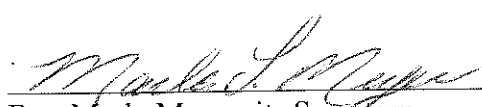
Should for any reason IDWR and/or SRBA Court reject any substantive term, neither Party shall be bound by this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement the day and year first above written.

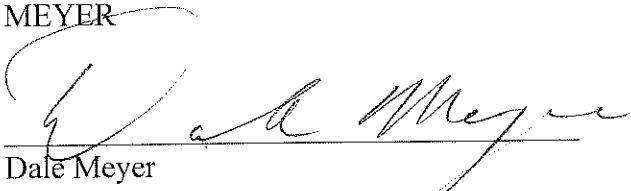
GVR

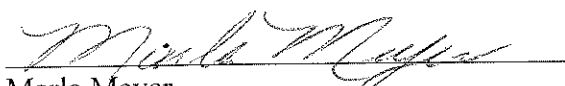

By: Dale Meyer, its President

Attest:

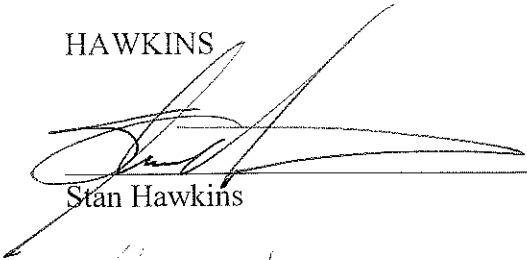

By: Marla Meyer, its Secretary

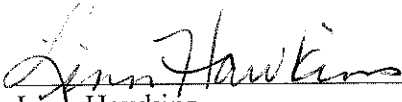
MEYER

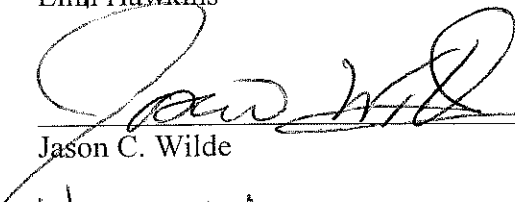

Dale Meyer

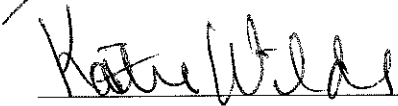

Marla Meyer

HAWKINS


Stan Hawkins


Linn Hawkins

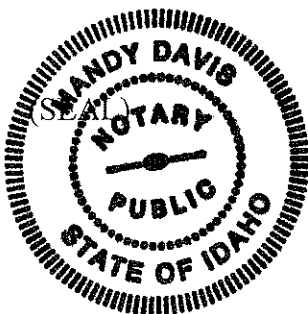

Jason C. Wilde

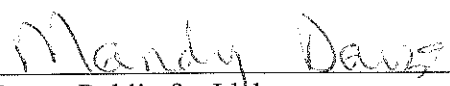

Katie Wilde

STATE OF IDAHO)
 :SS
County of Madison)

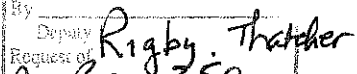
On this 7 day of February, 2006, before me, the undersigned, a Notary Public in and for said State, personally appeared DALE W. MEYER and MARLA L. MEYER, known to me to be the President and Secretary of GREEN VALLEY RANCH, INC., the corporation that executed the foregoing instrument and acknowledged to me that such corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.




Notary Public for Idaho
Residing at: St. Anthony, ID
My Commission Expires: 6-24-11

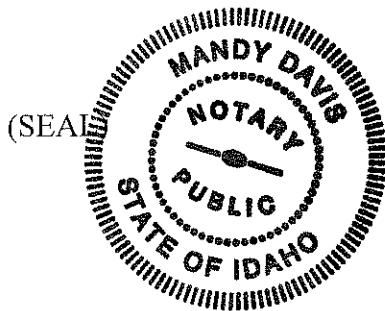
INSTRUMENT NO.	<u>1215433</u>
DATE	<u>2-22-06</u>
INST. CODE	<u>819</u>
IMAGED PGS	<u>11</u>
FEE	<u>33.00</u>
STATE OF IDAHO)	
COUNTY OF BONNEVILLE)	
I hereby certify that the within instrument was recorded.	
Ronald Longmore, County Recorder	

By 
Request of Pg Box 250
Kenburne, ID 83440

STATE OF IDAHO)
 :SS
County of Madison)

On this 7 day of February, 2006, before me, the undersigned, a Notary Public in and for said State, personally appeared DALE MEYER and MARLA MEYER, husband and wife, known to me to be the persons whose names are subscribed to the within instrument, and acknowledged to me that they executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

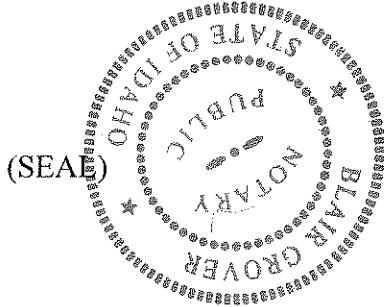


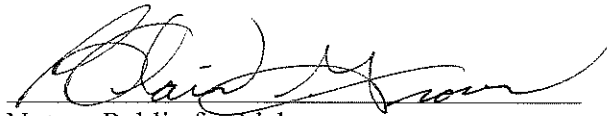
Mandy Davis
Notary Public for Idaho
Residing at: St. Anthony, ID
My Commission Expires: 6-24-11

STATE OF IDAHO)
 :SS
County of Jefferson)

On this 6th day of February, 2006, before me, the undersigned, a Notary Public in and for said State, personally appeared STAN HAWKINS and LINN HAWKINS, husband and wife, known to me to be the persons whose names are subscribed to the within instrument, and acknowledged to me that they executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

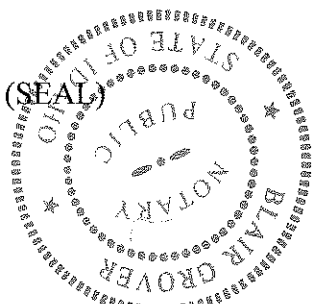


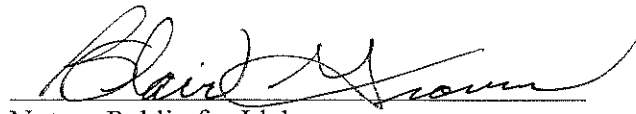

Notary Public for Idaho
Residing at: Highway, Idaho
My Commission Expires: 10/24/2009

STATE OF IDAHO)
 :SS
County of Jefferson)

On this 6th day of February, 2006, before me, the undersigned, a Notary Public in and for said State, personally appeared JASON C. WILDE and KATIE WILDE, husband and wife, known to me to be the persons whose names are subscribed to the within instrument, and acknowledged to me that they executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.




Notary Public for Idaho
Residing at: Highway, Idaho
My Commission Expires: 10/24/2009

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Department of Water Resources
Eastern Region

Law Offices

**RIGBY, THATCHER, ANDRUS
RIGBY, & MOELLER, Chartered**

*Ray W. Rigby
Gordon S. Thatcher
G. Rich Andrus
Jerry R. Rigby
Michael S. Kam (1954-2001)
Gregory W. Moeller
Reed E. Andrus*

*P.O. Box 250
25 North Second East
Rexburg, ID 83440*

*Telephone: (208) 356-3633
Fax: (208) 356-0768
E-Mail: jrigby@rigby-thatcher.com*

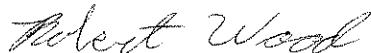
Ernie Carlsen
IDWR
Eastern Regional Office
900 North Skyline Drive, Suite A
Idaho Falls, ID 83402-6105

February 28, 2006

Dear Ernie,

Enclosed please find a copy of the WATER RIGHT SETTLEMENT AGREEMENT between Green Valley Ranch, Jason and Katie Wilde, and Stan and Linn Hawkins. If you have any questions or concerns, please feel free to give Jerry a call at 356-3633. Thank you.

Sincerely,



Robert H. Wood
Assistant to Jerry Rigby