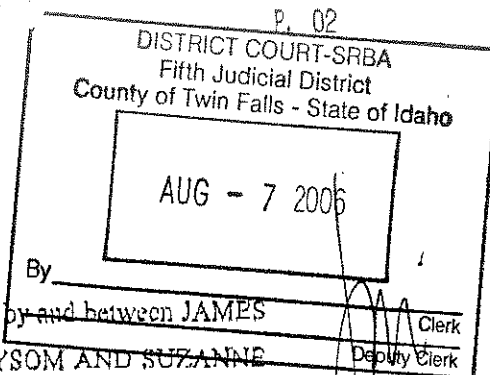


SETTLEMENT AGREEMENT

This AGREEMENT is entered into this ____ day of May 2006, by and between JAMES JUAN SPILLETT (as owner of Water Claim No. 41-8B), KELVIN TAYSOM AND SUZANNE TAYSOM (as owners of Water Right No. 41-8C), KOOMPIN BROTHERS (as owners of Water Right No. 41-8D), ROBERT R. SPILLETT AND JAMES V. SPILLETT (as owners of Water Right Nos. 41-8E and 41-10230), and TUD RANCHES (as owner of Water Right No. 41-8F).

RECITALS

A. The parties to this agreement are the owners of certain water rights and/or claims as more particularly stated above and recorded by the Idaho Department of Water Resources. All of these water rights have been recommended and/or decreed with diversion points within the Adshhead Ditch located on the South Fork of Rock Creek.

B. Partial Decrees were entered for Water Rights Nos. 41-8C, 41-8D, 41-8E, 41-8F and 41-10230 without objection in the year 2000. The Partial Decrees for Water Right Nos. 41-8B and 41-10230 have been set aside.

C. With regard to Water Right 41-8B, James Juan Spillett filed a claim for 0.60 cfs (30 inches). Upon investigation, IDWR recommended that it be decreed in the amount of 0.533 cfs (26.67 inches). James Juan Spillett filed an objection to the recommendation. TUD Ranches filed a response to the objection. It is anticipated that a trial adjudicating James Juan Spillett's claim under Water Right 41-8B will be scheduled before Special Master Terrence A. Dolan.

D. On October 1, 1992, a Final Transfer Order was entered in the Matter of Transfer No. 3519 which approved a change in the point of diversion for Water Right No. 41-8B from the Adshhead Ditch to the Jackson Ditch with the condition that the transferred water "must be diverted in rotation with the other users of the Adshhead Ditch."

E. Because of the Final Transfer Order and the impracticality of James Juan Spillett purchasing the full quantity of the Adshhead Ditch (160 inches) out of the Jackson Ditch during his portion of the rotation, James Juan Spillett informally traded 0.20 cfs (10 inches) of his Adshhead Ditch water to James V. Spillett and Robert Spillett and another 0.20 cfs (10 inches) of his Adshhead water to R. Scott Weston. In return, James Juan Spillett received 0.20 cfs (10 inches) of Jackson Ditch water under Water Right 41-13C from James V. Spillett and Robert Spillett and another 0.20 cfs (10 inches) of Jackson Ditch water under Water Right 41-13A from R. Scott Weston.

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F. After this informal transfer of water was effectuated, Water Right 41-13A owned by R. Scott Weston and Herbert R. Weston was acquired by Koompin Bros., L.L.C.

G. James Juan Spilletti desires to change the point of diversion for 0.133 cfs (6.67 inches) under Water Right 41-8B from the Adshhead Ditch to Jackson Ditch and to take it out of rotation on the Adshhead Ditch. He desires to divert this 0.133 cfs (6.67 inches) from Jackson Ditch in conjunction with the 0.20 cfs (10 inches) under Water Right 41-13C received from James V. Spilletti and Robert Spilletti, the 0.20 cfs (10 inches) under Water Right 41-13A received from R. Scott Weston, and the 0.20 (10 inches) that he claims under Water Right 41-13H.

H. In exchange for the parties consent to do so, James Juan Spilletti has offered to withdraw his objection regarding Water Right 41-8B and to maintain the diversion point for the remaining 0.400 cfs (20.0 inches) under Water Right 41-8B in the Adshhead Ditch.

I. To resolve the disputes that have arisen concerning James Juan Spilletti's objection and his desire to take the aforementioned 0.133 cfs (6.67 inches) out of rotation, the parties hereby enter this Agreement pursuant to the following terms and conditions.

AGREEMENT

In consideration of the foregoing and the Parties' mutual promises and other good, valuable and sufficient consideration, the Parties agree as follows:

1. James Juan Spilletti shall withdraw his objection filed in SRBA Subcase 41-8B and shall request that the Trial be vacated if scheduled.

2. James Juan Spilletti and all parties to this Agreement shall consent to the partial diversion of Water Right 41-8B as recommended by IDWR on October 29, 1999, with a quantity of 0.543 cfs (26.67 inches) and its diversion point being located within the Adshhead Ditch, as more particularly described in the Recommendation of that date attached hereto as Attachment A.

3. All parties to this Agreement shall consent to a change in the point of diversion for 0.133 cfs (6.67 inches) under Water Right 41-8B from the Adshhead Ditch to Jackson Ditch and shall further consent to this 0.133 cfs (6.67 inches) under Water Right 41-8B being taken out of rotation in the Adshhead Ditch.

4. James Juan Spilletti agrees that he will not change the point of diversion for the remaining 0.400 cfs (20.0 inches) under Water Right 41-8B from the Adshhead Ditch and hereby

SETTLEMENT AGREEMENT

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waives, disclaims and releases any right to do so under the Final Transfer Order described above in Recital D.

5. James Juan Spillet further agrees to transfer ownership of 0.20 cfs (10 inches) of Water Right 41-8B to Koompin Bros., L.L.C., and 0.20 cfs (10 inches) of Water Right 41-8B to Robert R. Spillet and James V. Spillet.

6. Koompin Bros., L.L.C., agrees to transfer ownership of Water Right 41-13A recommended by IDWR in the amount of 0.20 cfs (10 inches) (formerly owned by Scott Westin) to James Juan Spillet, which Water Right will be partially decreed as to James Juan Spillet.

7. Robert R. Spillet and James V. Spillet agree to transfer ownership of Water Right 41-13C recommended by IDWR in the amount of 0.20 cfs (10 inches) (formerly owned by Scott Westin) to James Juan Spillet, which Water Right will be partially decreed as to James Juan Spillet.

8. Robert R. Spillet and James V. Spillet and all parties to this Agreement shall consent to the partial decree of Water Rights 41-8B and 41-10230 as recommended by IDWR on October 20, 1999, with its point of diversion being located in the Adshad Ditch, as more particularly described in the Recommendation of that date attached hereto as Attachments B and C, respectively.

9. Except as otherwise provided in this Agreement, it is hereby agreed that the respective points of diversion for Water Rights 41-8B, 41-8C, 41-8D, 41-8E, 41-8F, and 41-10230 shall not be removed from the Adshad Ditch without the express written consent of all parties to this agreement or their successors and assigns, acknowledging that any such change in this point of diversion will cause injury to the other parties.

10. All parties agree to execute and timely record all documents necessary to accomplish the intent of this Agreement.

11. The Parties to this Agreement shall be responsible for their own respective attorney fees and costs incurred prior to the execution of this Agreement with regard to any dispute or litigation concerning the water rights mentioned in this Agreement.

12. If any Party to this Settlement Agreement is required to initiate or defend litigation against another Party to secure performance of this Settlement Agreement, the prevailing Party in such litigation, in addition to any other relief which may be granted, whether legal or equitable, shall be entitled to reasonable attorneys' fees and costs.

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The Parties are signing this Settlement Agreement on the date stated in the introductory
clause.

JAMES JUAN SULLIVANT



HELVIN TAYBOM

7UD RANCHES

By: _____

Its: _____

KOOMPIN BROTHERS

By: _____

Its: _____

SUZANNE TAYBOM

ROBERT R. SULLIVANT

HDWR

By: _____

JAMES V. SULLIVANT

JUN-15-2006 THU 09:19 AM

FAX NO.

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13. This Settlement Agreement is assignable in whole or in part without the prior written consent of the other Parties. However, any assigning Party will not be released from responsibility without the written consent of the other Parties, which may not be unreasonably withheld. Any such assignment shall inure to the benefit of the Parties, and their successors and assigns.

14. Time is of the essence in this Agreement.

The Parties are signing this Settlement Agreement on the date stated in the introductory clause.

JAMES JUAN SPILLET

7UD RANCHES

By: _____
Its: _____

KEVIN TAYSON

[Signature]

KOOMPIN BROS., L.L.C.

SIUZANNE TAYSON

[Signature]

By: _____
Its: _____

ROBERT H. SPILLET

JAMES V. SPILLET

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The Parties are abiding this Settlement Agreement on the date stated in the introductory clause.

JAMES JUAN SPILLETT

7UD RANCHES

By: _____
Its: _____

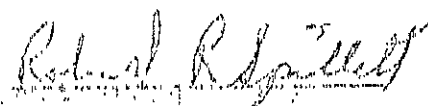
KEVIN TAYSON

KOOMPIN BROS., L.L.C.

SUZANNE TAYSON

By: _____
Its: _____

ROBERT R. SPILLETT


JAMES V. SPILLETT

JUN-15-2006 THU 09:10 AM

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P. 05

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The Parties are signing this Settlement Agreement on the date stated in the introductory clause

JAMES JUAN SPILLETT

700 RANCHES

By: _____
Its: _____

KEVIN TAYSON

KOOMPIN BROS., L.L.C.

SOZANNE TAYSON

By: _____
Its: _____

ROBERT H. SPILLETT

JAMES V. SPILLETT

James V. Spillett

SETTLEMENT AGREEMENT

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The Parties are signing this Settlement Agreement on the date stated in the introductory clause.

JAMES JUAN SPILLETT

700 RANCHES

By: _____
Its: _____

KELVIN TAYSOM

KOOMPIN BROS., L.L.C.

SUZANNE TAYSOM

By: Kenneth Korn
Its: partner

ROBERT R. SPILLETT

JAMES V. SPILLETT

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14 Time is of the essence in this Agreement.

The Parties are signing this Settlement Agreement on the date stated in the introductory clause.

JAMES JUAN SPILLETT

7UD RANCHES

By: Gene Nelson
Its: G. N.

KELVIN TAYSON

KOOMPIN BROS., L.L.C.

SUZANNE TAYSON

By: _____
Its: _____

ROBERT R. SPILLETT

JAMES V. SPILLETT