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DEPARTMENT OF
WATER RESOURCES

Attorneys for Tree Top Ranches, L.P.

Scott L. Campbell, ISB No. 2251
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MOFFATT, THOMAS, BARRETT, ROCK &
FIELDS, CHARTERED
101 S. Capitol Blvd., 10th Floor
Post Office Box 829
Boise, Idaho 83701
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22567.0000

IN THE DISTRICT COURT OF THE FIFTH JUDICIAL DISTRICT
OF THE STATE OF IDAHO, IN AND FOR THE COUNTY OF TWIN FALLS

In Re SRBA

Case No. 39576

Subcase Nos.	63-00127A	63-00128A
63-00129A	63-00130A	63-00131A
63-00127B	63-00128B	63-00129B
63-00130B	63-00131B	63-00178B
63-00178C	63-21530	63-00160
63-03201	63-09744	

NOTICE OF SETTLEMENT

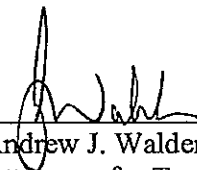
COME NOW Tree Top Ranches, L.P., Greg and Ann Obendorf, The Tina Iest Family, L.L.L.P., the Hauck Family Revocable Trust, and THEDRAKE LLC, successor-in-interest to the Hauck Family Revocable Trust, by and through undersigned counsel of record and hereby submit this Notice of Settlement with the Court. The above-referenced parties are pleased to inform that they have amicably resolved this matter through the Settlement Agreement attached hereto as Exhibit A.

Through filing and service of this notice, the above-referenced parties are submitting the Settlement Agreement ("Agreement") to the Idaho Department of Water Resources (the "Department") for its review. Throughout the settlement negotiation process, the parties kept Department personnel and counsel informed of their progress and of the general parameters of the Agreement. The above-referenced parties are confident that the Agreement will meet with the Department's approval, and are committed to working with the Department to address any questions or comments it might have concerning the Agreement.

Likewise, the above-referenced parties are confident that the Standard Form 5 ("SF5") Settlement Documents called for in the Agreement will meet with the approval of the Boise Project Board of Control and the United States Bureau of Reclamation, both of whom are also parties to the above-captioned subcases by virtue of their Standard Form 2 Responses. This is because the Agreement incorporates the same season of use remark previously negotiated and submitted to the Court by Tree Top Ranches, L.P., the Boise Project Board of Control, and the United States Bureau of Reclamation in their Joint Motion For Approval of Season of Use, filed December 16, 2008. *See* Agreement at Section II.B.4 "Season of Use" (Agreement, p. 4).

DATED this 11th day of February, 2011.

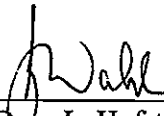
MOFFATT, THOMAS, BARRETT, ROCK &
FIELDS, CHARTERED

By 

Andrew J. Waldera – Of the Firm
Attorneys for Tree Top Ranches, L.P.

DATED this 11th day of February, 2011.

DANA L. HOFSTETTER

By  /for and with permission of
Dana L. Hofstetter – Of the Firm
Attorneys for the Estate of Tina Iest, Tina
Iest Family L.L.L.P., Greg and Ann
Obendorf, and the Hauck Family
Revocable Trust

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 11th day of February, 2011, I caused a true and correct copy of the foregoing NOTICE OF SETTLEMENT to be served by the method indicated below, and addressed to the following:

Dana L. Hofstetter
HOFSTETTER LAW OFFICE, LLC
608 W. Franklin St.
Boise, ID 83702-5509

(X) U.S. Mail, Postage Prepaid
() Hand Delivered
() Overnight Mail
() Facsimile

Albert P. Barker
BARKER ROSHOLT & SIMPSON
1010 W. Jefferson, Suite 102
P.O. Box 2139
Boise, ID 83701-2139

(X) U.S. Mail, Postage Prepaid
() Hand Delivered
() Overnight Mail
() Facsimile

David W. Gehlert
U.S. DEPARTMENT OF JUSTICE
999 18th Street
South Terrace - Suite 370
Denver, CO 80202

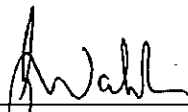
(X) U.S. Mail, Postage Prepaid
() Hand Delivered
() Overnight Mail
() Facsimile

Director
IDAHO DEPARTMENT OF WATER RESOURCES
322 E. Front Street, 6th Floor
P.O. Box 83720
Boise, ID 83720

(X) U.S. Mail, Postage Prepaid
() Hand Delivered
() Overnight Mail
() Facsimile

Jan Shurte (*Courtesy Copy*)
IDAHO DEPARTMENT OF WATER RESOURCES
WESTERN REGION OFFICE
2735 Airport Way
Boise, ID 83705

(X) U.S. Mail, Postage Prepaid
() Hand Delivered
() Overnight Mail
() Facsimile



Andrew J. Waldera

SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement") is made as of the 11th day of February, 2011, by, between and among Tree Top Ranches L.P. ("Tree Top"), Greg and Ann Obendorf ("Obendorf"), The Tina Iest Family L.L.L.P. ("Iest"), the Hauck Family Revocable Trust ("Hauck"), and THEDRAKE LLC, successor-in-interest to the Hauck Family Revocable Trust.

I. PURPOSE

This Agreement is made as a compromise by, between and among the parties for the complete and final settlement of their respective claims, differences, and causes of action in the following water right subcases now pending in the Snake River Basin Adjudication ("SRBA") and any SRBA subcases that may arise relating to the same or following root (or parent) water rights:

63-00127A, 63-00128A, 63-00129A, 63-00130A, 63-00131A, 63-00127B, 63-00128B, 63-00129B, 63-00130B, 63-00131B, 63-00178B, 63-00178C, 63-21530, 63-00160, 63-03201, and 63-9744.

Each of the above-referenced root water rights (*i.e.*, 63-00127, 63-00128, 63-00129, 63-00130, 63-00131, 63-00160 and 63-00178), with the exceptions of water right nos. 63-21530,¹ 63-03201 and 63-09744, are Boise River, Stewart Decree-based water rights diverted through a common conveyance known as the Andrews Ditch. Each of the parties to this Agreement now owns portions of the underlying places of use originally decreed for the above-referenced water rights, and the parties have agreed to the apportionment of those water rights between and among them as set forth herein.

In addition to addressing the above-referenced SRBA subcases, this Agreement is also made as a compromise between the parties for the complete and final settlement of any respective claims, differences, and causes of action regarding the following "winter" wildlife water right permits or permit applications:

63-11617, 63-32066, 63-32067, 63-32459, 63-32460, 63-32466, 63-32462, 63-32467, 63-32911, and 63-32912.

¹ Water Right No. 63-21530 is owned by Tree Top and is used on its Parma Ranch in conjunction with the other irrigation rights referenced herein. However, Water Right No. 63-21530 is a Sand Hollow Creek-sourced water right, not a Boise River-sourced water right diverted through the Andrews Ditch. Water Right No. 63-21530 was included in the trial setting of the Andrews Ditch subcases for administrative reasons. Consequently, this Agreement also resolves the parties' respective claims, differences, and causes of action with respect to SRBA Subcase No. 63-21530 and Obendorf's SRBA Subcase Nos. 63-03201 and 63-09744.

II. TERMS OF SETTLEMENT

A. Winter Wildlife Water Right Permits

The parties hereto hereby expressly acknowledge and agree as follows:

1. Tree Top shall request and direct the Idaho Department of Water Resources to revoke and cancel Permit No. 63-32466 (the Sand Hollow Creek diversion just off of Iest Road) within thirty (30) days of the full and complete execution of the SRBA Standard Form 5 documents for the irrigation rights described below.
2. Tree Top agrees that its winter wildlife water use under Water Right Nos. 63-32462, 63-32467, 63-32911, and 63-32912 shall be returned to the respective source from which the water was initially diverted (*i.e.*, winter water diverted from the Boise River will be returned to the Boise River, and winter water diverted from Sand Hollow Creek will be returned to Sand Hollow Creek). Said return flow condition is already contained within Permit Nos. 63-32466; 63-32467, 63-32911, and 63-32912. Tree Top shall request and direct that the same condition be included within Permit No. 63-32462 (which currently exists as a pending Application for Permit), and that the condition carry over into all Licenses issued under the above-referenced wildlife water rights.
3. Obendorf shall withdraw all pending petitions, protests, and/or objections of any kind whatsoever to Tree Top Permit Nos. 63-32462 (Sand Hollow Creek diversion at Highway 95), 63-32467 (Boise River diversion through Andrews Ditch), 63-32911 (Boise River diversion via pump), and 63-32912 (Sand Hollow Creek diversion via pump). Obendorf shall withdraw all said petitions, protests, and/or objections within thirty (30) days of the full and complete execution of the SRBA Standard Form 5 documents for the irrigation rights described below.
4. Tree Top shall not file any petitions, protests, and/or objections of any kind to any of Permit Nos. 63-11617, 63-32066, or 63-32067 provided that the owners of those permits do not seek material or substantial amendments to the existing permits. Further, Tree Top shall withdraw all pending petitions, protests, and/or objections of any kind whatsoever to G.O. Investments, LLC Applications for Permit Nos. 63-32459 and 63-32460. Tree Top shall withdraw all said petitions, protests, and/or objections within thirty (30) days of the full and complete execution of the SRBA Standard Form 5 documents for the irrigation rights described below.

B. Irrigation Water Rights

The parties hereto hereby expressly acknowledge and agree to execute SRBA Standard Form 5 settlement documents for the identified irrigation water rights based on the following:

1. 63-00127 through 63-00131

The Stewart Decree decreed a total of 750 inches (or 15.0 cfs) for these water rights. Tree Top and Obendorf own the lands constituting the historic, decreed place of use of these water rights, and hereby agree to apportion these water rights among them as follows:

63-00127

Tree Top: 2.89 cfs

Obendorf: 0.41 cfs

63-00128

Tree Top: 5.28 cfs

Obendorf: 0.72 cfs

63-00129

Tree Top: 1.14 cfs

Obendorf: 0.16 cfs

63-00130

Tree Top: 0.79 cfs

Obendorf: 0.11 cfs

63-00131

Tree Top: 3.08 cfs

Obendorf: 0.42 cfs

In sum, under these water rights, Tree Top will be decreed a total of 13.18 cfs and Obendorf will be decreed a total of 1.82 cfs.

2. 63-00178

The Stewart Decree decreed a total of 425 inches (or 8.5 cfs) for this water right. Tree Top, Obendorf, Iest, and Hauck own the lands constituting the historic, decreed place of use of this water right, and hereby agree to apportion this water right among them as follows:

Tree Top: 0.42 cfs

Obendorf: 0.54 cfs

Iest: 7.33 cfs

Hauck: 0.21 cfs.

3. 63-00160

The Stewart Decree decreed a total of 350 inches (or 7.0 cfs) for this water right. Obendorf and Johnson Feedlot ("Johnson") own the lands constituting the historic, decreed place of use of this water right. At present, Obendorf has claimed the entirety of water right no. 63-00160 (7.0 cfs) in the SRBA through a late claim granted by the SRBA Court on May 20, 2009. Due to the proportionate land ownership pattern of the historic, decreed place of use for this water right, and

Johnson's pending late claim for 3.8 cfs of the total available 7.0 cfs, Obendorf agrees to amend his pending late claim to claim no more than a 3.2 cfs proportionate share of water right no. 63-00160. Obendorf agrees to file the necessary papers amending his claim from 7.0 cfs to 3.2 cfs within ninety (90) days of the parties' full and complete execution of this Agreement. Obendorf further agrees to divert no more than 2.5 cfs of water right 63-00160 from Andrews Ditch, thereby leaving the remaining (up to) 0.7 cfs within the Andrews Ditch for communal carriage purposes. If the Idaho Department of Water Resources ("IDWR" or "Department") recommends a quantity of 2.5 cfs or less to Obendorf under this claim, the parties agree that Obendorf may divert the entirety of the right ultimately recommended from the ditch. The parties further agree not to object to, protest, or otherwise hinder the Obendorf amended claim for 63-00160 (3.2 cfs).

4. Season of Use

Each of the parties' respective Andrews Ditch water rights shall have the same season of use remark for uniformity purposes. To this end, the parties agree that each Andrews Ditch water right shall contain the following Season of Use remark, which has been previously approved by Boise Project Board of Control and the United States Bureau of Reclamation:

"Diversion of irrigation water under this water right prior to April 1 and after October 31 shall occur only when the natural flow of the Boise River below the Star Bridge in Township 04 North, Range 01 West, Section 18, NE 1/4 of the SE 1/4 of the SE1/4, Boise Meridian (approximate river mile 33.9) is sufficient for water to be available for diversion at the point of diversion described above, provided that any such use of this water right prior to April 1 and after October 31 shall not interfere with storage of water under water rights for Lake Lowell, Lucky Peak, Arrowrock, or Anderson Ranch Reservoirs."

5. 63-03201, 63-09744 and 63-21530

Tree Top shall withdraw its pending objections, and shall not file any further petitions, protests, responses and/or objections of any kind whatsoever in SRBA Subcase Nos. 63-03201 and 63-09744. Obendorf shall withdraw their pending objections and/or responses, and shall not file any further petitions, protests, responses and/or objections of any kind whatsoever in SRBA Subcase No. 63-21530. Tree Top and Obendorf agree to withdraw their respective pending objections/responses within ninety (90) days of the execution of this Agreement.

C. The Hauck Transfer of Water Right Permit No. 63-32176

Hauck is the owner of Permit No. 63-32176. The permit allows Hauck to divert 0.15 cfs from a pond on the Hauck property for irrigation purposes. The permit provides that the pond is tributary to the Boise River. Hauck is considering submitting an Application for Transfer of a Water Right with the IDWR for purposes of transferring and/or adding a point of diversion to Permit No. 63-32176 from the pond on the Hauck property to the Boise River for diversion into the Andrews Ditch. Hauck is considering this transfer in order to facilitate gravity-based irrigation of the Hauck property from Andrews Ditch. The parties agree not to object to, protest,

or otherwise hinder the proposed Hauck transfer application described herein should Hauck choose to pursue the administrative transfer.

D. Additional Beneficial Use Claims

Upon the investigation of the parties, it appears that Andrews Ditch has historically diverted and conveyed up to 40 cfs from the Boise River for irrigation by the Andrews Ditch water users. This ditch capacity exceeds the quantity of water historically decreed by the Stewart Decree under water right nos. 63-00127 (3.3 cfs), 63-00128 (6.0 cfs), 63-00129 (1.3 cfs), 63-00130 (0.9 cfs), 63-00131 (3.5 cfs), 63-00160 (3.2 cfs), and 63-00178 (8.5 cfs) by 13.3 cfs. In order to promote and preserve the historic operations of the Andrews Ditch, the parties hereto agree to file additional beneficial use water right claims in the SRBA with claimed priorities no earlier than, January 19, 1906, one day after issuance of the Stewart Decree, to the remaining 13.3 cfs based upon their respective proportionate shares of the Stewart Decree water rights. Thus, the parties shall submit late SRBA beneficial use irrigation water right claims for water diverted from the Andrews Ditch to the remaining 13.3 cfs in the following respective proportions/quantities:

Tree Top: 51% (or 6.78 cfs)
Obendorf: 21% (or 2.79 cfs)
Iest: 27% (or 3.59 cfs)
Hauck: 1% (or 0.14 cfs).

The above-referenced percentages are predicated upon the parties' collective assumption that the Department will ultimately recommend the full 3.2 cfs to Obendorf under claim number 63-00160. The parties agree to adjust these percentages, if necessary, to conform to the quantity of water ultimately recommended by the Department under claim number 63-160. The parties shall not oppose each others' late SRBA beneficial use water right claims complying with the terms of this Section and shall mutually cooperate in obtaining IDWR and SRBA Court approval for such claims.

E. Additional Terms

1. This Agreement represents the full and final resolution of the facts, circumstances, and claims of the parties hereto regarding the matters discussed herein.
2. The parties hereby agree to execute and file with the SRBA Court and the IDWR any and all documents reasonably necessary and incidental to this Agreement in order to fulfill the agreements and obligations set forth herein. This includes, but is not limited to, the parties filing express notices withdrawing Objections and Responses now pending in the SRBA subcases identified herein. This Agreement is contingent upon IDWR approval, complete execution of the SRBA Standard Form 5s provided for herein, the SRBA Court's entry of Partial Decrees in substantial conformance herewith, and IDWR approval of the permit amendments provided for herein. If such IDWR and SRBA Court approvals are not obtained, the parties hereto may reinstate their respective Claims, Objections, and Responses in the SRBA, and their respective wildlife water permit protests, petitions and objections.

3. The parties agree and acknowledge that each will bear their own attorney fees and costs in these matters.
4. The parties to this Agreement respectively represent and warrant that they have the sole right and exclusive authority to execute this Agreement.
5. None of the parties to this Agreement, nor any other person or entity, may orally or by conduct modify, delete, vary or contradict the terms and/or conditions of this Agreement or this Section. This Agreement may be modified only by a written agreement signed by each of the named parties to this Agreement.
6. This Agreement shall be binding upon and inure to the benefit of the parties and their respective legal representatives, heirs, successors, and assigns.
7. This Agreement is entered into in the State of Idaho and shall be construed and interpreted in accordance with its laws.
8. The invalidity or unenforceability of any provision herein, or portion thereof, shall in no way affect the enforceability of the remaining provisions of this Agreement, which remaining provisions shall remain in full force and effect as if this Agreement had been executed with the invalid portion(s) thereof eliminated.
9. The parties declare and represent that no promise, inducement, or agreement not contained herein has been made, that this Agreement contains the entire agreement between the parties hereto, and that the terms of this Agreement are contractual and not merely recitals. In deciding to enter into this Agreement, the parties have had the opportunity to consult with their legal counsel of choice, have done so, and their respective counsel have fully explained the terms of this Agreement. The terms of this Agreement have been completely read by the parties, and the terms are understood and voluntarily accepted.

[Signature and Notary Pages Following]

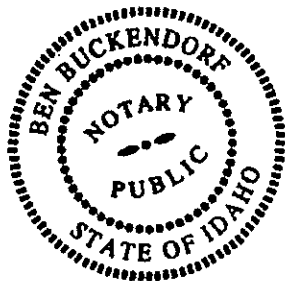


Tree Top Ranches L.P.
By: LDW, Inc., Its General Partner
Larry D. Williams, President

STATE OF IDAHO)
) ss.
County of Ada)

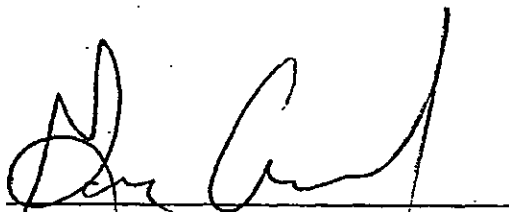
On this 25 day of January, 2011, before me, the undersigned, a Notary Public in and for said State, personally appeared Larry D. Williams, known or identified to me to be the President of LDW, Inc., an Idaho corporation which is the General Partner of Tree Top Ranches L.P., an Idaho limited partnership, and the General Partner who subscribed said limited partnership name to the foregoing instrument, and acknowledged to me that he executed the foregoing instrument on behalf of said corporation, and that such corporation executed the same in said limited partnership's name.

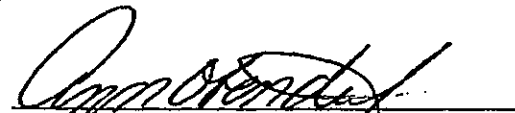
IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.





NOTARY PUBLIC FOR IDAHO
Residing at Boise
My Commission Expires 3/30/2016

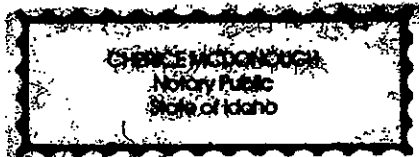

Greg Obendorf
Personally and for the Community


Ann Obendorf
Personally and for the Community

STATE OF IDAHO)
) ss.
County of Campan)

On this 18th day of January, 2011, before me, the undersigned, a Notary Public, personally appeared GREG OBENDORF, known or identified to me, to be the person whose name is subscribed to the within instrument, and acknowledged to me that he 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.

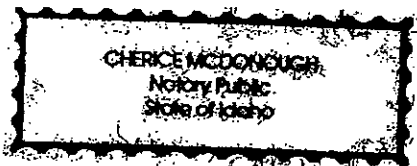


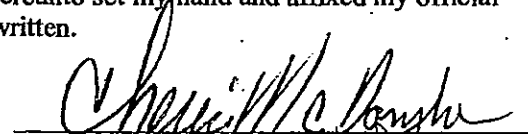

NOTARY PUBLIC FOR IDAHO
Residing at Paruu
My Commission Expires 12/02/2011

STATE OF IDAHO)
) ss.
County of Campan)

On this 18th day of January, 2011, before me, the undersigned, a Notary Public, personally appeared ANN OBENDORF, known or identified to me, to be the person whose name is subscribed to the within instrument, and acknowledged to me that she 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 Paruu
My Commission Expires 12/02/2011

Helen C. Tidwell
The Iest Family L.L.L.P.
By: Helen C. Tidwell, General Partner

STATE OF IDAHO)
County of ada) ss.

On this 14 day of January, 2011, before me, the undersigned, a Notary Public in and for said State, personally appeared Helen C. Tidwell, known or identified to me to be the General Partner of The Tina Iest Family L.L.L.P., an Idaho limited liability limited partnership, and the General Partner who subscribed said limited liability limited partnership name to the foregoing instrument; and acknowledged to me that she executed the same in said limited liability limited partnership's name

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



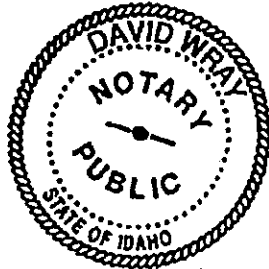
Tonya Smith
NOTARY PUBLIC FOR IDAHO
Residing at Meridian Idaho
My Commission Expires 4-14-2011

John Hauck, Trustee
Hauck Family Revocable Trust
John Hauck, Trustee

STATE OF IDAHO)
County of ADA) ss.

On this 8th day of Feb, 2011, before me, the undersigned, a Notary Public, personally appeared JOHN HAUCK, known or identified to me to be the person whose name is subscribed to the within instrument as the Trustee of the Hauck Family Revocable Trust and acknowledged to me that he executed the same as such Trustee of the Hauck Family Revocable Trust.

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



David Wray
NOTARY PUBLIC FOR IDAHO
Residing at Boise
My Commission Expires 12/10/13

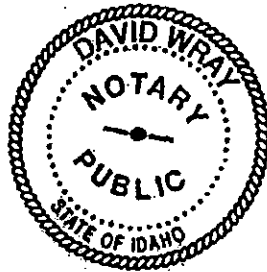


THEDRAKE LLC, successor-in-interest to
the Hauck Family Revocable Trust
John Hauck, Trustee
By: Douglas K. Bates, Manager of BID, LLC, the
managing entity of THEDRAKE LLC

STATE OF IDAHO)
) ss.
County of ADA)

On this 8th day of Feb, 2011, before me, the
undersigned, a Notary Public in and for said State, personally appeared Douglas K. Bates,
known or identified to me to be the Manager of BID, LLC, an Idaho limited liability company
which is the Manager of THEDRAKE LLC, an Idaho limited liability company, and the
Manager who subscribed THEDRAKE LLC's name to the foregoing instrument, and
acknowledged to me that he executed the foregoing instrument on behalf of BID, LLC, and that
BID, LLC executed the same in THEDRAKE LLC's name.

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



David Wray
NOTARY PUBLIC FOR IDAHO
Residing at Poise ID
My Commission Expires 12/10/13