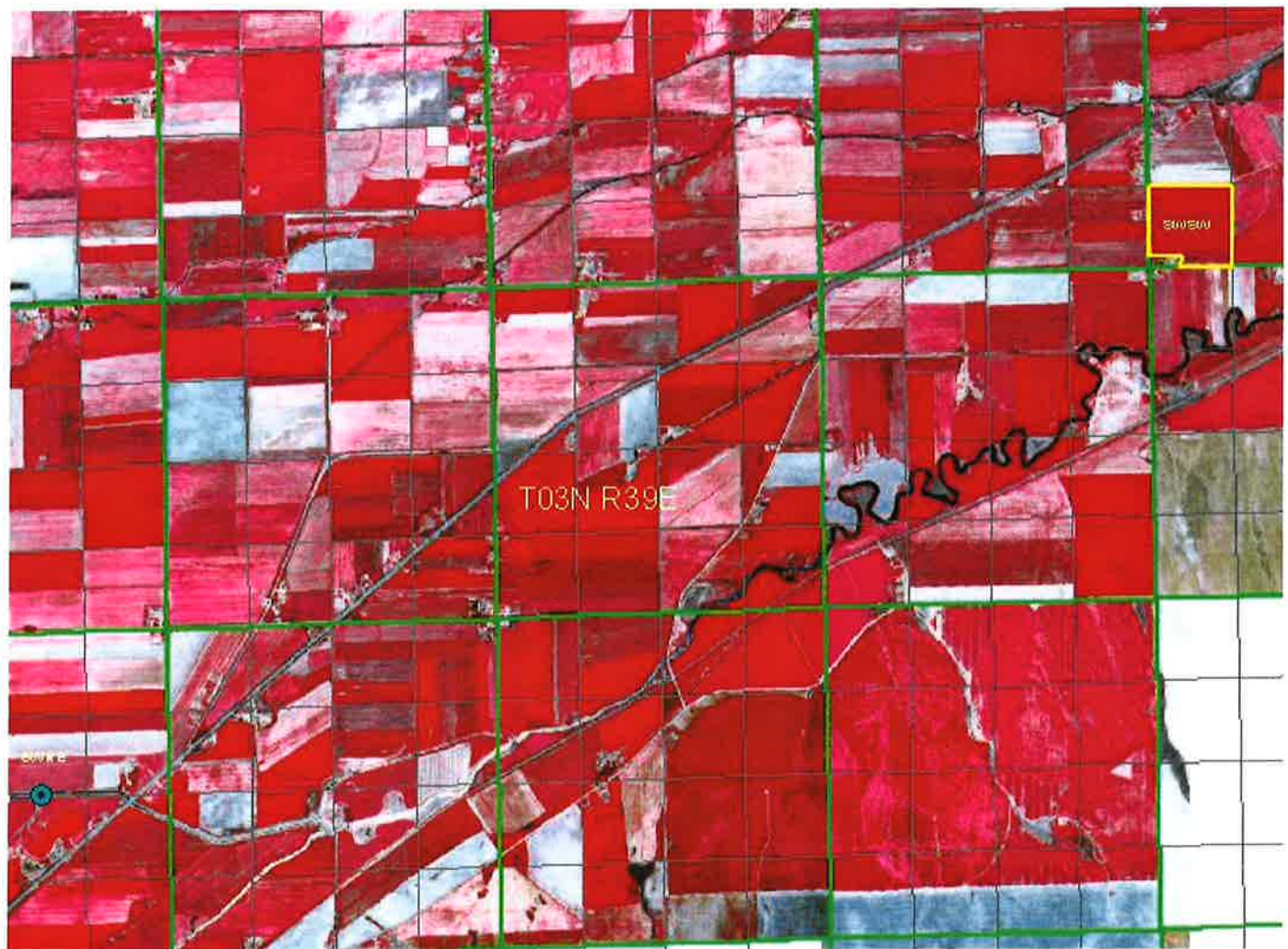


IDAHO DEPARTMENT OF WATER RESOURCES
PRELIMINARY RECOMMENDATION OF WATER RIGHTS ACQUIRED UNDER STATE LAW

1

DEPARTMENT OF WATER RESOURCES

Claim No.: 25-56E

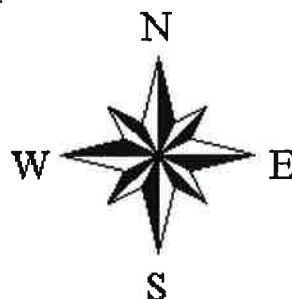


0 1320 2640 3960 5280 6600 Feet

SCANNED

DEC 01 2004

- Point of diversion.shp
- Place of use.shp
- Township/Range
- Sections
- QQ



GIS Place of Use Illustration
1987/1988 NAPP Photography
Prepared by: E. Carlsen
Date: October 2004

PROFILED



State of Idaho

DEPARTMENT OF WATER RESOURCES

900 N. SKYLINE DR., SUITE A, IDAHO FALLS, ID 83402-1718

PHONE: (208) 525-7161 FAX: (208) 525-7177 WEB SITE: www.idwr.state.id.us

EASTERN REGION

DIRK KEMPTHORNE
Governor

KARL J. DREHER
Director

October 25, 2004

HAROLD JONES
4 BIRCH CREEK RD
RIGBY ID 83442

RE: New Recommendation on Claims #25-56E & 25-61A

Dear Harold:

Included with this letter are two new Preliminary Director's Reports for your water rights from Willow Creek. These reports replace the two reports you received in August of this year. You may recall at the public meeting held September that Max Cooper and John Moore insisted they historically received Willow Creek water thru Progressive Irrigation District by exchanging it with Snake River water from the Anderson Canal. They indicated that your predecessor, Mr. Durtschi, also received Willow Creek water based on exchange for at least a portion of your property. Information we subsequently received from Progressive Irrigation District revealed Mr. Durtschi was historically billed for 0.64 cfs (32 miners inches) of exchange water. To reflect this historical practice I have modified the recommendations for 25-56E and 25-61A. The new recommendation for 25-56E describes the exchange and a place of use in T03N R39E Sec11 SWSW. While the new recommendation for 25-61A indicates diversion directly Willow Creek with a place of use in T03N R39E Sec14 NW. The layouts attached to each report illustrate the place of use.

After a careful review of each Preliminary Director's Report complete the Notice Error Reply and return it to this office. If you have questions feel free to call me.

Respectfully,

Ernest Carlsen
Water Rights Supervisor

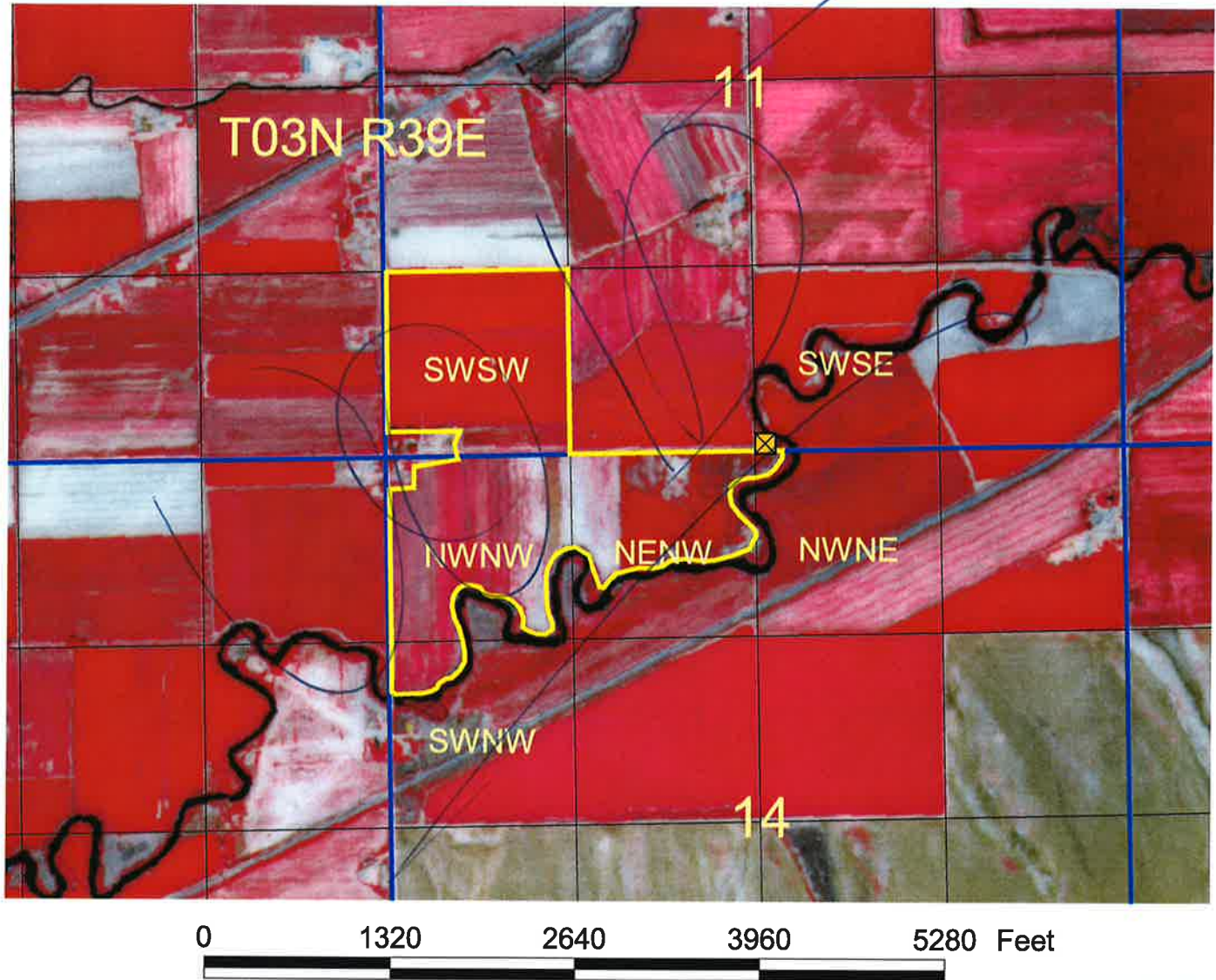
Enclosures (4)
emc

SCANNED
DEC 01 2004

ROFILED

DEPARTMENT OF WATER RESOURCES

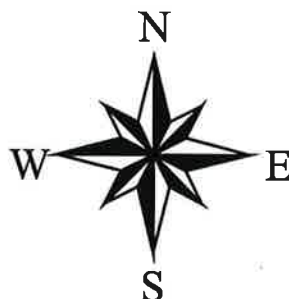
Claim No.: 25-56E
25-61A



SCANNED

SEP 22 2004

- Point of diversion.shp
- Place of use.shp
- Township/Range
- Sections
- QQ



GIS Place of Use Illustration
1987/1988 NAPP Photography
Prepared by: E. Carlsen
Date: August 2004

PROFILED

25-56E - Does not appear to be covered by an exchange. WDOI records show delivery of Partsch Pump. -

25-56 E. 0.64 g/s. 32 MC.

25-61A - 1.21 g/s 60.5 mc

p.p.v.
96.5 re
bored on the left.

Recommend each claim with a

X 27-	32mc	3'	60.5 mc
F 14-	96.5'		

FBI - Enterprise

PROFITED
SCANNED
SEP 22 2004

13-782	500 SHEETS, FILLER	5 SQUARE
42-393	50 SHEETS, ENCASE	5 SQUARE
42-381	100 SHEETS, ENCASE	5 SQUARE
42-382	200 SHEETS, ENCASE	5 SQUARE
42-389	100 RECYCLED WHITE	5 SQUARE
42-399	200 RECYCLED WHITE	5 SQUARE

Made in U.S.A.

A25-00056E / A25-00061A Summary 9/27/03

I couldn't contact owner but stopped by and found him home, he was with me during inspection.

1) Ownership is correct per change of ownership filed 1/2003. New phone numbers:

523-4128 home

681-0177 cell

523-7613 office

Note & ownership also applies to A25-00061A, from paper file it is not clear that was done.

2) POD is correct on layout. Two 5-hp pumps lift water $\approx$ 8 feet into ditch. GPS

674,892E
279,748N

~~674,820E~~ ~~279,952N~~ Waypoint 56E.

POD can only serve the south 2 40 acre parcels. N. parcel is irrigated from N by ditch. Claimant is a new owner and did not operate the farm.

Likely N ditch comes from Anderson Canal or another Canal. Farm also has Enterprise shares.

Corrected ditches on new GPS unit
BAC 9/30/03

Water Resources
Field Services
208 663 4667

4) POU is correct per layout.

PROFILED

SCANNED

SEP 22 2004

A25-00056E / A25-00061A Summary p2

5) Overlap. Enterprise shares.

6) Proposal. From other claimants it appears there is a formal or informal arrangement for exchanges, allowing canal co. shares to be delivered via Willow Creek & allowing Willow Creek rights to be served by Snake River water from canals. Though N side of POU could physically only be irrigated from claimant's POU if a pressurized system were installed, I propose recommending full POU if supported by decree & reasonable accomplished transfer if needed.

6) Photos of POU & POU.

PROFILED

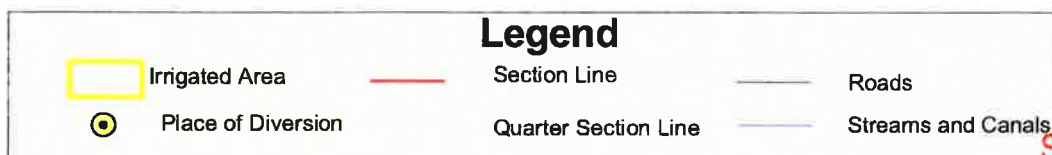
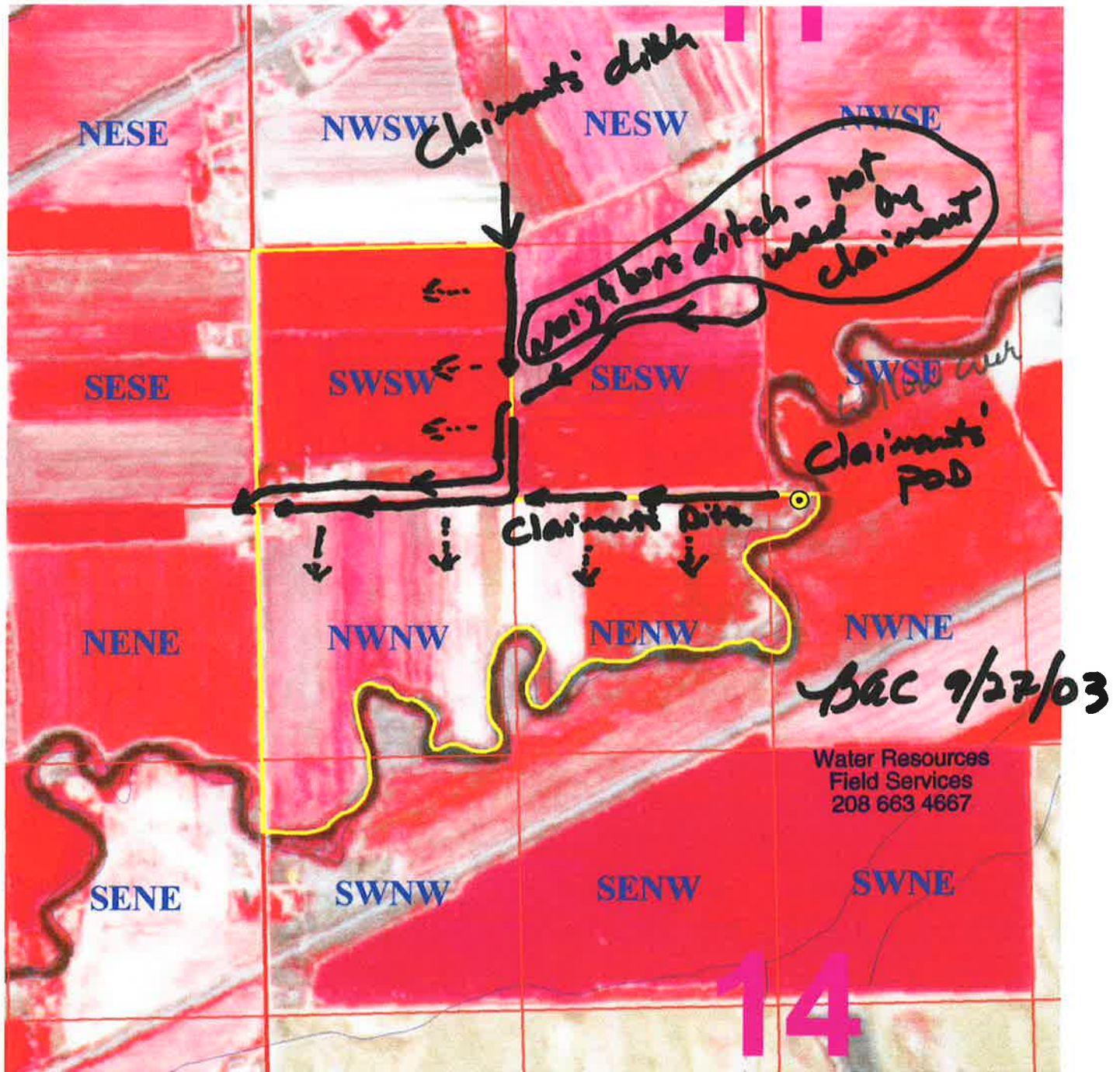
Byron A. Contor

SCANNED

SEP 22 2004

Water Right Claim Number 25-00056E, 61A
Township, 3N39E

11/22/2000



500 0 500 1000 1500 Feet

SPATIAL DYNAMICS

SEP 22 2004

PROFILE

SEP 22 2004

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523-4128 new phone #
681-0177 cell phone
523-7613 office #

N Poll can't be located fr.
pump - pretty exchange - claimant has
just bought the pump, not sure -
claimant also has Futapne shower.

1 looking SW @ poll from POD
1 looking @ NE 40 acre fr. SE corner

have
both pumps has 5 hp motors

Water also coming fr. ditch to North
Creek POD GPS 674, 820 E
279, 952 N
Waypoint 56 E

See
correction
on summary
file 9/30/03

1 @ SW corner of poll looking NE
1 @ POD - 2 pumps fr. creek to ditch.

1) Photos

A25-00056E / A25-00061A field notes 9/26/03

A25-00056E Contact Log

9/23/03 9:23 AM 538-7724 disconnected.
No listing in phone book.

PROFILED
SCANNED

SEP 22 2004

August 18, 2003

Harold and Laree Jones
4 Birch Creek Road
Rigby, ID 83422

Re: Water Right Adjudication Claim(s) A25-00056E

Dear Water User:

Idaho Department of Water Resources (IDWR) is reviewing claims to water rights in the Snake River Basin Adjudication in your area. Water Resources Field Services has been retained to do field inspections to aid the Department in making correct recommendations to the court. In the next weeks and months I will be contacting you to make an appointment to look at your diversion works and uses of water.

The main purpose of this visit is to locate and photograph the headgate(s), ditches, and irrigated lands.

I look forward to helping make sure your water right recommendation is correct. Please contact me if there is a particular time that would be convenient for you. You may call in the evenings, or leave a message on the answering machine.

Sincerely,

Bryce A. Contor

SCANNED

SEP 22 2004

PROFILED

Water Resources
Field Services
208 663 4667

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES
NOTICE OF CHANGE IN WATER RIGHT OWNERSHIP

Please print or type. Attach pages with additional information. Instructions are included at the end of this form.
 Incomplete forms will be returned.

RECEIVED
 JAN 27 2003
 Department of Water Resources
 Eastern Region

1. Please list the water right number(s) and/or adjudication claim number(s) (if any) for each water right to be changed. List just the adjudication claim number if there is no corresponding water right record on file with the department. Indicate, by checking in the space provided (under the "split" heading), if the change in ownership is limited to a portion of a water right in which case division of the existing water right or adjudication claim record will be required.

Water Right No(s).	Adjudication Claim No(s).	Split	Water Right No(s).	Adjudication Claim No(s).	Split
25-56E	25-56E	—			—
25-61A	25-61A	—			—
\$25 — 25-4140	25-4140	—			—
\$25 — 25-10019	25-10019	—			—
		—			—

2. The following **REQUIRED** information must be submitted with this form:

- A. The appropriate **FILING FEE**. See instructions for fee amounts. \$ 50
- B. A copy of the most recent **DEED, TITLE POLICY, CONTRACT OF SALE** or other legal document indicating your ownership of the property and water right(s) or claim(s) in question, **WITH ATTACHED LEGAL DESCRIPTION**.
- C. Either of the following (if necessary to clarify division of water rights or other complex property descriptions):
PLAT OF PROPERTY or **SURVEY MAP** clearly showing the location of the point(s) of diversion and place of use of your water right(s) and/or adjudication claim(s) (these are usually attached to your deed or on file with the county).

OR

If your water right(s) and/or adjudication claim(s) is for ten or more acres of irrigation, you must submit a USDA Farm Service Agency **AERIAL PHOTO** with the irrigated acres outlined and point(s) of diversion clearly marked. The **AERIAL PHOTO** should be submitted in place of the **PLAT OF PROPERTY** or **SURVEY MAP**.

3. Name and Address of Former Owner/Claimant(s) Armin H Durtschi and Glora Dean Durtschi
375 Barlow Dr, Idaho Falls, ID 83401 208 529-8505
4. New Owner/Claimant(s) Harold Jones and Laree Jones
 Name Connector (Check one): ☒ and, ☐ or, ☐ and/or
- New Mailing Address 4 Birch Creek Road
- City, State and ZIP Code Rigby, ID 83442
- New Telephone Number 208) 538 7724
5. Date you acquired the property 01-16-03

PROFILED

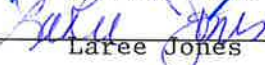
SCANNED

SEP 22 2004

6. **If the change in ownership affects the entire water right for each water right or adjudication claim number listed in item 1, THEN SKIP THIS ITEM AND GO TO ITEM 7.** If the change in ownership divides the water right(s) among multiple owners, you must describe, in detail, your portion of each water right after the change. Fill in the appropriate spaces in the box(es) below to describe your water right(s) after the change (one water right per box, you may copy this page as necessary). If your quantity of water is greater than a proportionate split, you must attach documentation to show justification for a larger amount. If you are not sure how to identify your portion of the original water right or adjudication claim records, please contact the nearest IDWR office for assistance.

DESCRIPTION OF YOUR PORTION OF WATER RIGHT (If the right(s) will not be split, skip this area and proceed to item 7)		
Water Right and/or Adjudication Claim Number _____		
Water Use	Diversion Rate or Volume (cubic feet per second or acre-feet per annum)	Description (acres, number and type of stock, homes, etc)
Irrigation	_____	_____
Stock	_____	_____
Domestic	_____	_____
Other _____	_____	_____
Total	_____	_____

DESCRIPTION OF YOUR PORTION OF WATER RIGHT (If the right(s) will not be split, skip this area and proceed to item 7)		
Water Right and/or Adjudication Claim Number _____		
Water Use	Diversion Rate or Volume (cubic feet per second or acre-feet per annum)	Description (acres, number and type of stock, homes, etc)
Irrigation	_____	_____
Stock	_____	_____
Domestic	_____	_____
Other _____	_____	_____
Total	_____	_____

7. Signature of New Owner(s) or Claimant(s) _____
(include title if applicable)
- 
 Harold Jones

 Laree Jones

For Snake River Basin Adjudication Claims: Please attach a Notice of Appearance completed by your attorney, if you wish IDWR to correspond with him/her for all matters related to your claims.

For Office Use Only

Received by _____ Date 1-30-03 Fee \$ 50-
 Receipted by AGC Date 1-30-03 Receipt No. E028463
 Processed by _____ AJ Date _____ WR _____ Date _____

RECORDATION REQUESTED BY:

ZIONS FIRST NATIONAL BANK
RIGBY BRANCH
219 EAST MAIN, P.O. BOX 54
RIGBY, ID 83442

WHEN RECORDED MAIL TO:

ZIONS FIRST NATIONAL BANK
Loan Servicing Group UT RDWG 0187
2460 South 3270 West
West Valley City, UT 84119

Recorded 1-21-03 @ 4:18
#1101232

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE ONLY

MORTGAGE

THIS MORTGAGE dated January 13, 2003, is made and executed between HAROLD JONES and LAREE JONES, HUSBAND AND WIFE (referred to below as "Grantor") and ZIONS FIRST NATIONAL BANK, whose address is 219 EAST MAIN, P.O. BOX 54, RIGBY, ID 83442 (referred to below as "Lender").

GRANT OF MORTGAGE. For valuable consideration, Grantor mortgages, grants, bargains, sells and conveys to Lender all of Grantor's right, title, and interest in and to the following described real property, together with all existing or subsequently erected or affixed buildings, improvements and fixtures; all easements, rights of way, and appurtenances; all water, water rights, watercourses and ditch rights (including stock in utilities with ditch or irrigation rights); and all other rights, royalties, and profits relating to the real property, including without limitation all minerals, oil, gas, geothermal and similar matters, (the "Real Property") located in BONNEVILLE County, State of Idaho:

SEE ATTACHED EXHIBIT "A"

The Real Property or its address is commonly known as 11326 NORTH 95TH EAST, IDAHO FALLS, ID 83401. The Real Property tax identification number is RP03N39E116001;RP03N39E140621

THIS MORTGAGE, INCLUDING THE ASSIGNMENT OF RENTS AND THE SECURITY INTEREST IN THE RENTS AND PERSONAL PROPERTY, IS GIVEN TO SECURE (A) PAYMENT OF THE INDEBTEDNESS AND (B) PERFORMANCE OF ANY AND ALL OBLIGATIONS UNDER THIS MORTGAGE. THIS MORTGAGE IS GIVEN AND ACCEPTED ON THE FOLLOWING TERMS:

PAYMENT AND PERFORMANCE. Except as otherwise provided in this Mortgage, Borrower shall pay to Lender all Indebtedness secured by this Mortgage as it becomes due, and Borrower and Grantor shall strictly perform all Borrower's and Grantor's obligations under this Mortgage.

POSSESSION AND MAINTENANCE OF THE PROPERTY. Borrower and Grantor agree that Borrower's and Grantor's possession and use of the Property shall be governed by the following provisions:

Possession and Use. Until the occurrence of an Event of Default, Grantor may (1) remain in possession and control of the Property; (2) use, operate or manage the Property; and (3) collect the Rents from the Property. The following provisions relate to the use of the Property or to other limitations on the Property.

Duty to Maintain. Grantor shall maintain the Property in tenantable condition and promptly perform all repairs, replacements, and maintenance necessary to preserve its value.

TAXES AND LIENS. The following provisions relating to the taxes and liens on the Property are part of this Mortgage:

Payment. Grantor shall pay when due (and in all events prior to delinquency) all taxes, payroll taxes, special taxes, assessments, water charges and sewer service charges levied against or on account of the Property, and shall pay when due all claims for work done on or for services rendered or material furnished to the Property. Grantor shall maintain the Property free of any liens having priority over or equal to the interest of Lender under this Mortgage, except for those liens specifically agreed to in writing by Lender, and except for the lien of taxes and assessments not due as further specified in the Right to Contest paragraph.

PROPERTY DAMAGE INSURANCE. The following provisions relating to insuring the Property are a part of this Mortgage:

Maintenance of Insurance. Grantor shall procure and maintain policies of fire insurance with standard extended coverage endorsements on a replacement basis for the full insurable value covering all Improvements on the Real Property in an amount sufficient to avoid application of any coinsurance clause, and with a standard mortgagee clause in favor of Lender. Grantor shall also procure and maintain comprehensive general liability insurance in such coverage amounts as Lender may request with Lender being named as additional insureds in such liability insurance policies. Additionally, Grantor shall maintain such other insurance, including but not limited to hazard, business interruption and boiler insurance as Lender may require. Policies shall be written by such insurance companies and in such form as may be reasonably acceptable to Lender. Grantor shall deliver to Lender certificates of coverage from each insurer containing a stipulation that coverage will not be cancelled or diminished without a minimum of ten (10) days' prior written notice to Lender and not containing any disclaimer of the insurer's liability for failure to give such notice. Each insurance policy also shall include an endorsement providing that

coverage in favor of Lender will not be impaired in any way by any act, omission or default of Grantor or any other person. Should the Real Property be located in an area designated by the Director of the Federal Emergency Management Agency as a special flood hazard area, Grantor agrees to obtain and maintain Federal Flood Insurance, if available, within 45 days after notice is given by Lender that the Property is located in a special flood hazard area, for the full unpaid principal balance of the loan and any prior liens on the property securing the loan, up to the maximum policy limits set under the National Flood Insurance Program, or as otherwise required by Lender, and to maintain such insurance for the term of the loan.

Application of Proceeds. Grantor shall promptly notify Lender of any loss or damage to the Property. Lender may make proof of loss if Grantor fails to do so within fifteen (15) days of the casualty. Whether or not Lender's security is impaired, Lender may, at Lender's election, receive and retain the proceeds of any insurance and apply the proceeds to the reduction of the Indebtedness, payment of any lien affecting the Property, or the restoration and repair of the Property.

LENDER'S EXPENDITURES. If any action or proceeding is commenced that would materially affect Lender's interest in the Property or if Grantor fails to comply with any provision of this Mortgage or any Related Documents, including but not limited to Grantor's failure to discharge or pay when due any amounts Grantor is required to discharge or pay under this Mortgage or any Related Documents, Lender on Grantor's behalf may (but shall not be obligated to) take any action that Lender deems appropriate on the Property and paying all costs for insuring, maintaining and preserving the Property. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Grantor. All such expenses will become a part of the Indebtedness and, at Lender's option, will (A) be payable on demand; (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term of the Note; or (C) be treated as a balloon payment which will be due and payable at the Note's maturity.

WARRANTY; DEFENSE OF TITLE. The following provisions relating to ownership of the Property are a part of this Mortgage:

Title. Grantor warrants that: (a) Grantor holds good and marketable title of record to the Property in fee simple, free and clear of all liens and encumbrances other than those set forth in the Real Property description or in any title insurance policy, title report, or final title opinion issued in favor of, and accepted by, Lender in connection with this Mortgage, and (b) Grantor has the full right, power, and authority to execute and deliver this Mortgage to Lender.

Defense of Title. Subject to the exception in the paragraph above, Grantor warrants and will forever defend the title to the Property against the lawful claims of all persons. In the event any action or proceeding is commenced that questions Grantor's title or the interest of Lender under this Mortgage, Grantor shall defend the action at Grantor's expense. Grantor may be the nominal party in such proceeding, but Lender shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of Lender's own choice, and Grantor will deliver, or cause to be delivered, to Lender such instruments as Lender may request from time to time to permit such participation.

FULL PERFORMANCE. If Borrower pays all the Indebtedness when due, and otherwise performs all the obligations imposed upon Grantor under this Mortgage, Lender shall execute and deliver to Grantor a suitable satisfaction of this Mortgage and suitable statements of termination of any financing statement on file evidencing Lender's security interest in the Rents and the Personal Property. Grantor will pay, if permitted by applicable law, any reasonable termination fee as determined by Lender from time to time.

EVENTS OF DEFAULT. Each of the following, at Lender's option, shall constitute an Event of Default under this Mortgage:

Payment Default. Borrower fails to make any payment when due under the Indebtedness.

Default on Other Payments. Failure of Grantor within the time required by this Mortgage to make any payment for taxes or insurance, or any other payment necessary to prevent filing of or to effect discharge of any lien.

Other Default. Grantor fails to comply with any other term, obligation, covenant or condition contained in this Mortgage or in any of the Related Documents.

Default in Favor of Third Parties. Should Borrower or any Grantor default under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Borrower's or any Grantor's property or Borrower's ability to repay the Indebtedness or Borrower's or Grantor's ability to perform their respective obligations under this Mortgage or any related document.

Death or Insolvency. The death of Borrower or Grantor, the insolvency of Borrower or Grantor, the appointment of a receiver for any part of Borrower's or Grantor's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower or Grantor.

Breach of Other Agreement. Any breach by Borrower or Grantor under the terms of any other agreement between Borrower or Grantor and Lender that is not remedied within any grace period provided therein, including without limitation any agreement concerning any indebtedness or other obligation of Borrower or Grantor to Lender, whether existing now or later.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any guarantor, endorser, surety, or accommodation party of any of the Indebtedness or any guarantor, endorser, surety, or accommodation party dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any Guaranty of the Indebtedness. In the event of a death, Lender, at its option, may, but shall not be required to, permit the guarantor's estate to assume unconditionally the obligations arising under the guaranty in a manner satisfactory to Lender, and, in doing so, cure any Event of Default.

Adverse Change. A material adverse change occurs in Grantor's financial condition, or Lender believes the prospect of payment or performance of the Indebtedness is impaired.

Insecurity. Lender in good faith believes itself insecure.

RIGHTS AND REMEDIES ON DEFAULT. Upon the occurrence of an Event of Default and at any time thereafter, Lender, at Lender's option, may exercise any one or more of the following rights and remedies, in addition to any other rights or remedies provided by law:

Accelerate Indebtedness. Lender shall have the right at its option without notice to Grantor to declare the entire Indebtedness immediately due and payable, including any prepayment penalty which Grantor would be required to pay.

UCC Remedies. With respect to all or any part of the Personal Property, Lender shall have all the rights and remedies of a secured party under the Uniform Commercial Code.

Judicial Foreclosure. Lender may obtain a judicial decree foreclosing Grantor's interest in all or any part of the Property.

Nonjudicial Sale. If permitted by applicable law, Lender may foreclose Grantor's interest in all or in any part of the Personal Property or the Real Property by non-judicial sale.

Other Remedies. Lender shall have all other rights and remedies provided in this Mortgage or the Note or available at law or in equity.

Sale of the Property. To the extent permitted by applicable law, Borrower and Grantor hereby waives any and all right to have the Property marshalled. In exercising its rights and remedies, Lender shall be free to sell all or any part of the Property together or separately, in one sale or by separate sales. Lender shall be entitled to bid at any public sale on all or any portion of the Property.

Election of Remedies. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor under this Mortgage, after Grantor's failure to perform, shall not affect Lender's right to declare a default and exercise its remedies. Nothing under this Mortgage or otherwise shall be construed so as to limit or restrict the rights and remedies available to Lender following an Event of Default, or in any way to limit or restrict the rights and ability of Lender to proceed directly against Grantor and/or Borrower and/or against any other co-maker, guarantor, surety or endorser and/or to proceed against any other collateral directly or indirectly securing the Indebtedness.

Attorneys' Fees; Expenses. If Lender institutes any suit or action to enforce any of the terms of this Mortgage, Lender shall be entitled to recover such sum as the court may adjudge reasonable as attorneys' fees at trial and upon any appeal. Whether or not any court action is involved, and to the extent not prohibited by law, all reasonable expenses Lender incurs that in Lender's opinion are necessary at any time for the protection of its interest or the enforcement of its rights shall become a part of the Indebtedness payable on demand and shall bear interest at the Note rate from the date of the expenditure until repaid. Expenses covered by this paragraph include, without limitation, however subject to any limits under applicable law, Lender's reasonable attorneys' fees and Lender's legal expenses whether or not there is a lawsuit, including reasonable attorneys' fees and expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services, the cost of searching records, obtaining title reports (including foreclosure reports), surveyors' reports, and appraisal fees and title insurance, to the extent permitted by applicable law. Grantor also will pay any court costs, in addition to all other sums provided by law.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Mortgage:

Arbitration Disclosures.

1. ARBITRATION IS FINAL AND BINDING ON THE PARTIES AND SUBJECT TO ONLY VERY LIMITED REVIEW BY A COURT.
2. IN ARBITRATION THE PARTIES ARE WAIVING THEIR RIGHT TO LITIGATE IN COURT, INCLUDING THEIR RIGHT TO A JURY TRIAL.
3. DISCOVERY IN ARBITRATION IS MORE LIMITED THAN DISCOVERY IN COURT.
4. ARBITRATORS ARE NOT REQUIRED TO INCLUDE FACTUAL FINDINGS OR LEGAL REASONING IN THEIR AWARDS. THE RIGHT TO APPEAL OR SEEK MODIFICATION OF ARBITRATORS' RULINGS IS VERY LIMITED.
5. A PANEL OF ARBITRATORS MIGHT INCLUDE AN ARBITRATOR WHO IS OR WAS AFFILIATED WITH THE BANKING INDUSTRY.
6. ARBITRATION WILL APPLY TO ALL DISPUTES BETWEEN THE PARTIES, NOT JUST THOSE CONCERNING THE AGREEMENT.
7. IF YOU HAVE QUESTIONS ABOUT ARBITRATION, CONSULT YOUR ATTORNEY OR THE AMERICAN ARBITRATION ASSOCIATION.

(a) Any claim or controversy ("Dispute") between or among the parties and their employees, agents, affiliates, and assigns, including, but not limited to, Disputes arising out of or relating to this agreement, this arbitration provision ("arbitration clause"), or any related agreements or instruments relating hereto or delivered in connection herewith ("Related Agreements"), and including, but not limited to, a Dispute based on or arising from an alleged tort, shall at the request of any party be resolved by binding arbitration in accordance with the applicable arbitration rules of the American Arbitration Association (the "Administrator"). The provisions of this arbitration clause shall survive any termination, amendment, or expiration of this agreement or Related Agreements. The provisions of this arbitration clause shall supersede any prior arbitration agreement between or among the parties.

(b) The arbitration proceedings shall be conducted in a city mutually agreed by the parties. Absent such an agreement, arbitration will be conducted in Boise, Idaho or such other place as may be determined by the Administrator. The Administrator and the arbitrator(s) shall have the authority to the extent practicable to take any action to require the arbitration proceeding to be completed and the arbitrator(s)' award issued within 150 days of the filing of the Dispute with the Administrator. The arbitrator(s) shall have the authority to impose sanctions on any party that fails to comply with time periods imposed by the Administrator or the arbitrator(s), including the sanction of summarily dismissing any Dispute or defense with prejudice. The arbitrator(s) shall have the authority to resolve any Dispute regarding the terms of this agreement, this arbitration clause, or Related Agreements, including any claim or controversy regarding the arbitrability of any Dispute. All limitations periods applicable to any Dispute or defense, whether by statute or agreement, shall apply to any arbitration proceeding hereunder and the arbitrator(s) shall have the authority to decide whether any Dispute or defense is barred by a limitations period and, if so, to summarily enter an award dismissing any Dispute or defense on that basis. The doctrines of compulsory counterclaim, res judicata, and collateral estoppel shall apply to any arbitration proceeding hereunder so that a party must state as a counterclaim in the arbitration proceeding any claim or controversy which arises out of the transaction or occurrence that is the subject matter of the Dispute. The arbitrator(s) may in the arbitrator(s)' discretion and at the request of any party: (1) consolidate in a single arbitration proceeding any other claim arising out of the same transaction involving another party to that transaction that is bound by an arbitration clause with Lender, such as borrowers, guarantors, sureties, and owners of collateral; and (2) consolidate or administer multiple arbitration claims or controversies as a class action in accordance with Rule 23 of the Federal Rules of Civil Procedure.

(c) The arbitrator(s) shall be selected in accordance with the rules of the Administrator from panels maintained by the Administrator. A single arbitrator shall have expertise in the subject matter of the Dispute. Where three arbitrators conduct an arbitration proceeding, the Dispute shall be decided by a majority vote of the three arbitrators, at least one of whom must have expertise in the subject matter of the Dispute and at least one of whom must be a practicing attorney. The arbitrator(s) shall award to the prevailing party recovery of all costs and fees (including attorneys' fees and costs, arbitration administration fees and costs, and arbitrator(s)' fees). The arbitrator(s), either during the pendency of the arbitration proceeding or as part of the arbitration award, also may grant provisional or ancillary remedies including but not limited to an award of injunctive relief, foreclosure, sequestration, attachment, replevin, garnishment, or the appointment of a receiver.

(d) Judgement upon an arbitration award may be entered in any court having jurisdiction, subject to the following limitation: the arbitration award is binding upon the parties only if the amount does not exceed Four Million Dollars (\$4,000,000.00); if the award exceeds that limit, either party may demand the right to a court trial. Such a demand must be filed with the Administrator within thirty (30) days following the date of the arbitration award; if such a demand is not made with that time period, the amount of the arbitration award shall be binding. The computation of the total amount of an arbitration award shall include amounts awarded for attorneys' fees and costs, arbitration

administration fees and costs, and arbitrator(s)' fees.

(e) No provision of this arbitration clause, nor the exercise of any rights hereunder, shall limit the right of any party to: (1) judicially or non-judicially foreclose against any real or personal property collateral or other security; (2) exercise self-help remedies, including but not limited to repossession and setoff rights; or (3) obtain from a court having jurisdiction thereover any provisional or ancillary remedies including but not limited to injunctive relief, foreclosure, sequestration, attachment, replevin, garnishment, or the appointment of a receiver. Such rights can be exercised at any time, before or after initiation of an arbitration proceeding, except to the extent such action is contrary to the arbitration award. The exercise of such rights shall not constitute a waiver of the right to submit any Dispute to arbitration, and any claim or controversy related to the exercise of such rights shall be a Dispute to be resolved under the provisions of this arbitration clause. Any party may initiate arbitration with the Administrator. If any party desires to arbitrate a Dispute asserted against such party in a complaint, counterclaim, cross-claim, or third-party complaint thereto, or in an answer or other reply to any such pleading, such party must make an appropriate motion to the trial court seeking to compel arbitration, which motion must be filed with the court within 45 days of service of the pleading, or amendment thereto, setting forth such Dispute. If arbitration is compelled after commencement of litigation of a Dispute, the party obtaining an order compelling arbitration shall commence arbitration and pay the Administrator's filing fees and costs within 45 days of entry of such order. Failure to do so shall constitute an agreement to proceed with litigation and waiver of the right to arbitrate. In any arbitration commenced by a consumer regarding a consumer Dispute, Lender shall pay one half of the Administrator's filing fee, up to \$250.

(f) Notwithstanding the applicability of any other law to this agreement, the arbitration clause, or Related Agreements between or among the parties, the Federal Arbitration Act, 9 U.S.C. Section 1 et seq., shall apply to the construction and interpretation of this arbitration clause. If any provision of this arbitration clause should be determined to be unenforceable, all other provisions of this arbitration clause shall remain in full force and effect.

Governing Law. This Mortgage will be governed by, construed and enforced in accordance with federal law and the laws of the State of Idaho. This Mortgage has been accepted by Lender in the State of Idaho.

Choice of Venue. If there is a lawsuit, Grantor agrees upon Lender's request to submit to the jurisdiction of the courts of ADA County, State of Idaho.

Time is of the Essence. Time is of the essence in the performance of this Mortgage.

Waiver of Homestead Exemption. Grantor hereby releases and waives all rights and benefits of the homestead exemption laws of the State of Idaho as to all indebtedness secured by this Mortgage.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Mortgage. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Mortgage shall have the meanings attributed to such terms in the Uniform Commercial Code:

Borrower. The word "Borrower" means HAROLD R. JONES and LAREE K. JONES, and all other persons and entities signing the Note in whatever capacity.

Event of Default. The words "Event of Default" mean any of the events of default set forth in this Mortgage in the events of default section of this Mortgage.

Grantor. The word "Grantor" means HAROLD JONES and LAREE JONES.

Guaranty. The word "Guaranty" means the guaranty from guarantor, endorser, surety, or accommodation party to Lender, including without limitation a guaranty of all or part of the Note.

Indebtedness. The word "Indebtedness" means and includes without limitation all Loans, together with all other obligations, debts and liabilities of Borrower to Lender, or any one or more of them, as well as all claims by Lender against Borrower, or any one or more of them; whether now or hereafter existing, voluntary or involuntary, due or not due, absolute or contingent, liquidated or unliquidated; whether Borrower may be liable individually or jointly with others; whether Borrower may be obligated as a guarantor, surety, or otherwise; whether recovery upon such indebtedness may be or hereafter may become barred by any statute of limitations; and whether such indebtedness may be or hereafter may become otherwise unenforceable.

Lender. The word "Lender" means ZIONS FIRST NATIONAL BANK, its successors and assigns.

Mortgage. The word "Mortgage" means this Mortgage between Grantor and Lender.

Note. The word "Note" means the promissory note dated January 13, 2003, in the original principal amount of \$71,500.00 from Borrower to Lender, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the promissory note or agreement. The maturity date of this Mortgage is February 5, 2013.

Personal Property. The words "Personal Property" mean all equipment, fixtures, and other articles of personal property now or hereafter owned by Grantor, and now or hereafter attached or affixed to the Real Property; together with all accessions, parts, and additions to, all replacements of, and all substitutions for, any of such property; and together with all proceeds (including without limitation all insurance proceeds and refunds of premiums) from any sale or other disposition of the Property.

Property. The word "Property" means collectively the Real Property and the Personal Property.

Real Property. The words "Real Property" mean the real property, interests and rights, as further described in this Mortgage.

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Indebtedness.

Rents. The word "Rents" means all present and future rents, revenues, income, issues, royalties, profits, and other benefits derived from the Property.

EACH GRANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS MORTGAGE, AND EACH GRANTOR AGREES TO ITS TERMS.

GRANTOR:

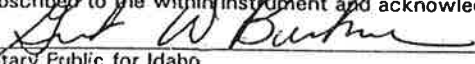
X 
HAROLD JONES, Individually

X 
LAREE JONES, Individually

INDIVIDUAL ACKNOWLEDGMENT

STATE OF Idaho)
) SS
COUNTY OF Jefferson)

On this 15th day of January, in the year 20 03, before me The Undersigned
a notary public in and for the State of Idaho, personally appeared HAROLD JONES and LAREE JONES,
known or identified to me (or proved to me on the oath of _____), to be the persons whose names are
subscribed to the within instrument and acknowledged to me that they executed the same.


Notary Public for Idaho

Residing at _____

My commission expires _____

GRANT W. BOEHME, NOTARY PUBLIC
RESIDING AT: REXBURG, IDAHO
MY COMMISSION EXPIRES: 6/17/2003

EXHIBIT A

TOWNSHIP 3 NORTH, RANGE 39 EAST OF THE BOISE MERIDIAN, BONNEVILLE COUNTY, IDAHO.

SECTION 11: SW1/4 SW1/4

SECTION 14: That portion of the NW1/4 NE1/4 lying West of Willow Creek.
That portion of the NW1/4 lying North of Willow Creek.

EXCEPTING THEREFROM ALL OF THE FOLLOWING DESCRIBED PROPERTY:

- a. Beginning at the Northwest Corner of Section 14, Township 3 North, Range 39 East of the Boise Meridian, Bonneville County, Idaho; running thence East 210 feet; thence South 208 feet; thence West 210 feet; thence North 208 feet to the point of beginning.

Together with any and all water rights now owned or hereafter acquired which are appurtenant thereto, including but not limited to the following specific water rights:

Decreed Water Right #25-56E, with a priority date of 04-01-1874 for 0.640 CFS for irrigation on 96.5 acres with a Location of Point of Diversion being the Willow Creek.

Decreed Water Right #25-61A, with a priority date of 04-01-1884, for 1,880 CFS for irrigation on 96.5 acres with a Location of Point of Diversion being the Willow Creek.

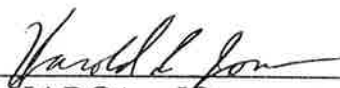
Decreed Water Right #25-4140, with a priority date of 04-01-1874 for 0.020 CFS for stockwater from the Willow Creek.

Decreed Water Right #25-10019, with a priority date of 10-01-1986 for 0.020 CFS for Domestic use and 0.070 CFS for stockwater from Ground Water.

PROPERTY ADDRESS: 11326 North 95th East, Idaho Falls, ID 83401

THE REAL PROPERTY TAX IDENTIFICATION NUMBER: RP03N39E11601 and RP03N39E140621

Signed this 13TH day of JANUARY, 2003


HAROLD JONES, Individually


LAREE JONES, Individually

SCANNED

JUL 25 2001

Log for claim 25-00056E

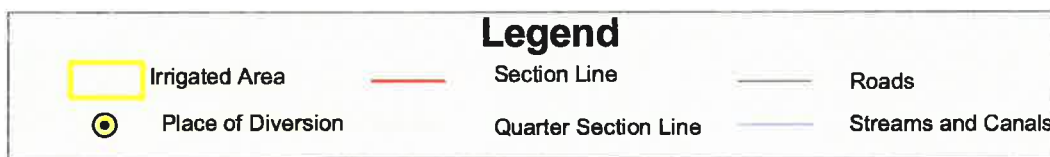
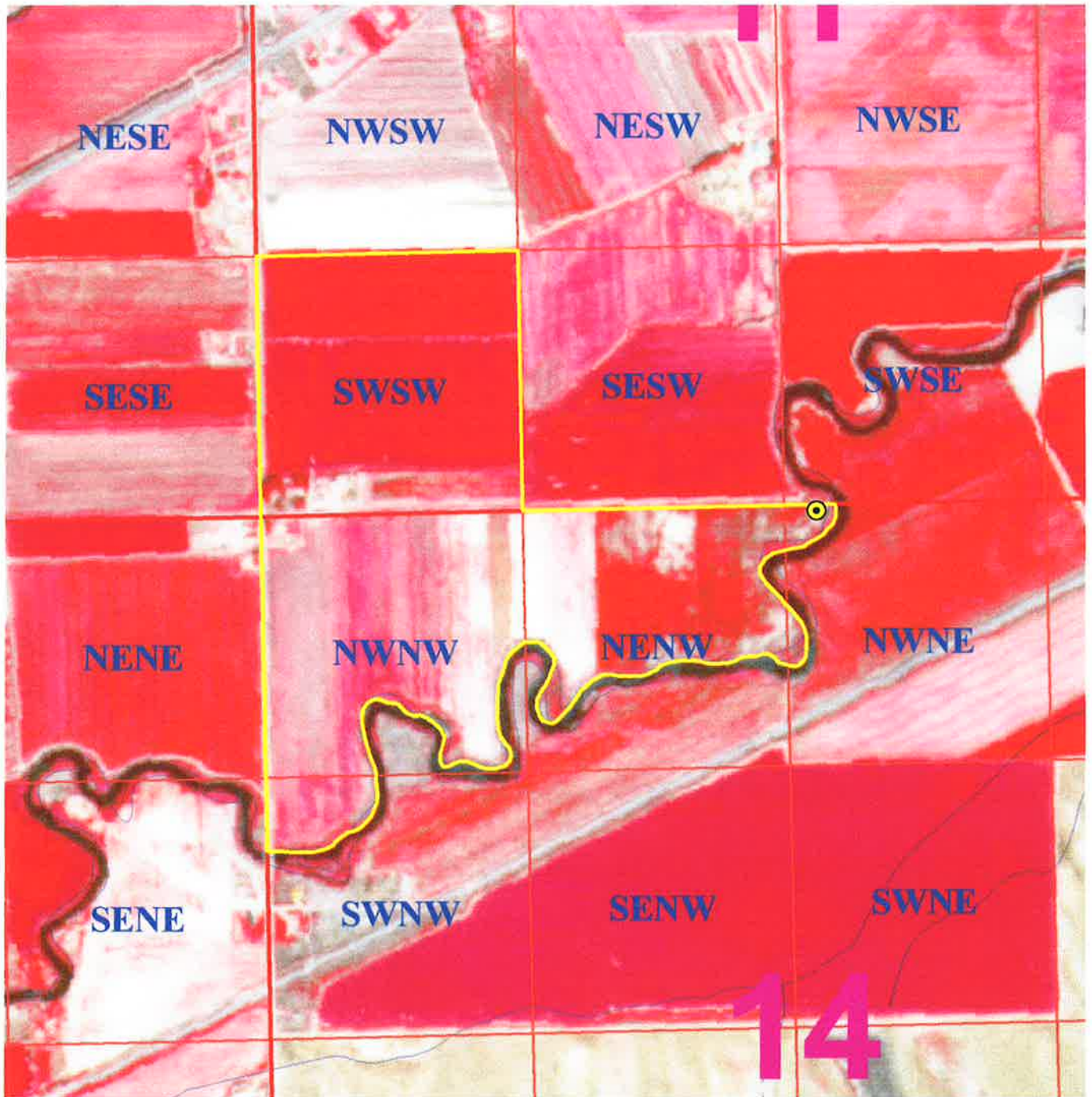
Spatial Dynamics CAT

11/22/00

TR	SEC	QQ	Acres Claimed	Acres Found	COMMENT
03n39e	11	SWSW	36	40	
03n39e	14	NWNE	1	1.6	
03n39e	14	NENW	23	24	
03n39e	14	NWNW	33	35	
03n39e	14	SWNW	3	4.2	
Totals:			96	104.8	

Water Right Claim Number 25-00056E
Township , 3N39E

11/22/2000

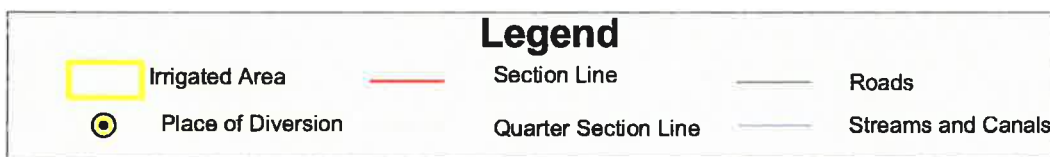
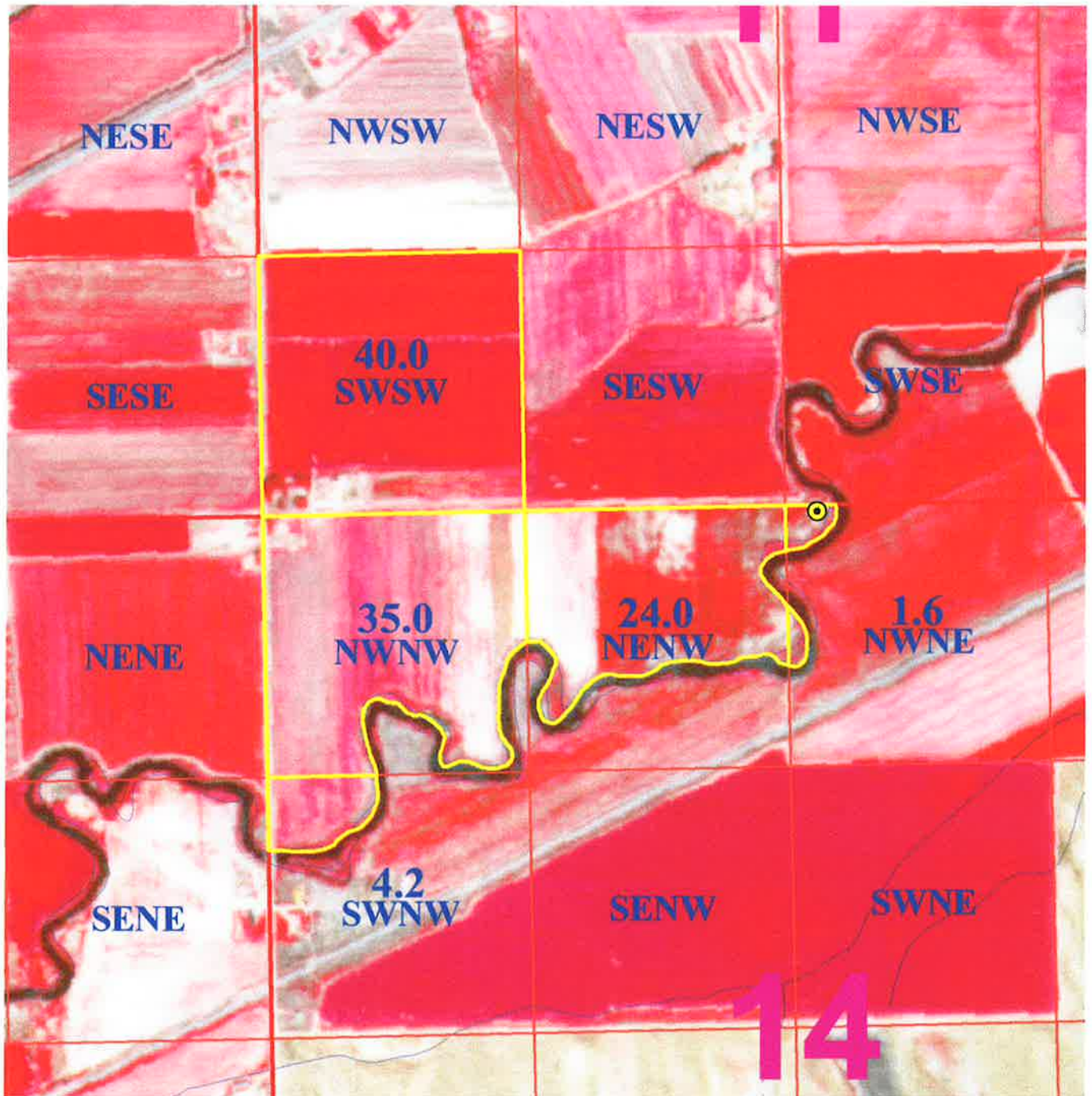


 SPATIAL
DYNAMICS



Water Right Claim Number 25-00056E
Township , 3N39E

11/22/2000



SPATIAL
DYNAMICS



AJ5809NP
No. A25-00056E

IDAHO DEPARTMENT OF WATER RESOURCES
ADJUDICATION CLAIM PROFILE REPORT

DATE: 10/24/00
PAGE: 6

OWNER CODE	NAME & ADDRESS	PRIORITY DATE	WATER USE	USE PERIOD FROM TO	DIVERSION RATE	DIVERSION VOLUME
C	ARMIN H DURTSCHI	04/01/1874	IRRIGATION	04-01 11-01	0.640 CFS	
C	GLORA DEAN DURTSCHI					
	375 BARLOW DR			TOTAL DIVERSION:	0.640 CFS	
	IDAHO FALLS ID 83401			CONSUMPTIVE USE:		241.00 AFA
	(208) 529-8505					

Water Source: WILLOW CREEK

Tributary to: SNAKE RIVER

Stage: DECREED

Point(s) of Diversion: T03N R39E S14 NWNWNE BONNEVILLE County

Place of use Legal Description for: IRRIGATION

NE				NW				SW				SE														
T	R	S		NENE	NWNE	SWNE	SENE	:	NENW	NWNW	SWNW	SENW	:	NESW	NWSW	SWSW	SESW	:	NESE	NWSE	SWSE	SESE	:	SUM		
				Lt	Ac	Lt	Ac	Lt	Ac	Lt	Ac	Lt	Ac	:	Lt	Ac	Lt	Ac	Lt	Ac	Lt	Ac	Lt	Ac	:	
03N	39E	11	:					:						:			36	:							:	36.0
03N	39E	14	:			01		:	23	33	03			:				:							:	60.5
																							TOTAL ACRES		96.5	

POU County: BONNEVILLE

Other Rights: A25-00061A

Other Water Rights with Same Point(s) of Diversion with Stage (Includes All Sources):
25-04140 A25-00061A A25-04140

Other Water Rights Listing Overlapping Place(s) of Use:

A01-00059 A01-00060 A01-00061 A01-00233 A01-00248 A01-10200 A01-10201 A01-10202 A01-10203 A25-00061A
A25-00061B A25-00062 A25-00138A A25-00170

Dates: Exam Made Date: Verified Date: Objection Filed Date:

Misc: Water District Number: Field Inspection Flag: Y
Presumption Flag:

Audit: 06/19/89 CARLSEN 03/29/95 POST-STD

SCANNED

JUL 28 1989

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

IN RE THE GENERAL ADJUDICATION
OF RIGHTS TO THE USE OF WATER FROM
THE SNAKE RIVER BASIN WATER SYSTEM.

CIVIL CASE NUMBER: 39576

Ident. Number: A25-00056E

Date Received: 6/19/1989

Receipt No: E009133

Received By: EMC

NOTICE OF CLAIM TO A WATER RIGHT
ACQUIRED UNDER STATE LAW

1. Name: ARMIN H. DURTSCHI 208-529-8505
Address: 375 BARLOW DR.
IDAHO FALLS, ID 83401

OR

Name: GLORA DEAN DURTSCHI 208-529-8505
Address: 375 BARLOW DR.
IDAHO FALLS, ID 83401

2. Date of Priority: APR 01, 1874

3. Source: WILLOW CREEK Trib. to: SNAKE RIVER

4. Point of Diversion:

Township	Range	Section	1/4 of	1/4 of	1/4 of	Lot	County
03N	39E	14	NW	NW	NE		BONNEVILLE

5. Description of diverting works:
PUMP, MAINLINE AND SPRINKLER SYSTEM.

6. Water is used for the following purposes:

Purpose	From	To	C.F.S	(or)	A.F.A.
IRRIGATION	04/01	11/01	0.640		

7. Total Quantity Appropriated is:
0.640 C.F.S. (and/or) A.F.A.

8. Total consumptive use is 241.0 Acre Feet Per Annum.

9. Non-irrigation uses:

A25-00056E

Page 1

Date: 06/19/89

A2500056E



MICROFILMED

NOV 06 1992

10. Place of Use:

Township	Range	Section	1/4 of	1/4	Lot	Use	Acres
03N	39E	11	SW	SW		IRR	36.0
						Section Acres	36.0
		14	NW	NE		IRR	1.0
			NE	NW		IRR	23.5
			NW	NW		IRR	33.0
			SW	NW		IRR	3.0
						Section Acres	60.5
						Total Acres	96.5

11. Place of use in counties: BONNEVILLE

12. Do you own the property listed above as place of use? YES

13. Other Water Rights Used:
A25-00061A

14. Remarks:

15. Basis of Claim: DECREED
Case Number:
Court :
Decree date: 7/20/1901

EAGLE ROCK WATER CO. ET AL
Decree Plaintiff

vs

HENRY KIEFFER ET AL
Decree Defendant

16. Signature(s)

(a.) By signing below, I/We acknowledge that I/We have received, read and understand the form entitled "How you will receive notice in the Snake River Basin Adjudication." (b.) I/We do _____ do not X wish to receive and pay a small annual fee for monthly copies of the docket sheet.

Number of attachments: 1

For Individuals:

I/We do solemnly swear or affirm that the statements contained in the foregoing document are true and correct.

Signature of Claimant(s): Ermin H. Dartschi Date: 6-19-89

Date: _____

State of Idaho)
County of Bonner) SS.

Subscribed and sworn (or affirmed) before me this 18 day

of June 19 89

Ernest Carlser
Notary Public



Residing at Alabo Falls, ID
My Commission Expires 14 June 1994

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

111° 52' 30"
43° 37' 30"

430000m E

431

432

50'

433

4830000m N

4829

4828

4827

4826

35'

4825



A25-00061A
A25-00056E

MICROFILMED
NOV 06 1992