

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 37-8251
Date Received: 7/12/1988
Receipt No: C001825
Received By:

**NOTICE OF CLAIM TO A WATER RIGHT
ACQUIRED UNDER STATE LAW**

1. Name of Claimant(s)

NOTCH BUTTE HYDRO CO INC

Phone: (208) 734-0551

2283 WRIGHT AVE STE D
TWIN FALLS ID USA 83301

2. Date of Priority: 10/28/1985

3. Source: LITTLE WOOD RIVER Trib. to: MALAD RIVER

4. Point of Diversion:

Township	Range	Section	1/4 of 1/4 of 1/4 Lot	County	Type
05S	17E	32	NE NE NE	LINCOLN	

5. Description of diverting works:

6. Water is used for the following purposes:

Purpose	From	To	C.F.S.	(or) A.F.A
POWER	1/01	12/31	200	

7. Total Quantity Appropriated is:
200 C.F.S.

8. Total consumptive use:

9. Non-irrigation uses:

10. Place of use:

Township	Range	Section	1/4 of 1/4 Lot	Use	Acres
05S	17E	29	SW SW	POWER	

11. Place of use in counties: LINCOLN

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

13. Other Water Rights Used:

14. Remarks:

Water used under this right if discharged into a natural channel shall meet Idaho Water Quality Standards.

This right is subject to the provisions of Sections 42-205 through 42-210, Idaho Code, restricting the sale, transfer, assignment, or mortgage of this right. Failure to comply with these provisions is cause for immediate cancellation of this right.

The Director retains jurisdiction of this right in order to limit the use of water for hydropower generation purposes to a specific term of years as required by Section 42-203B(7), Idaho Code.

CLAIMANT SUBMITS THIS CLAIM ON THE BASIS OF ITS INTEREST AS PROSPECTIVE LICENSEE OF THE WATER RIGHT, PURSUANT TO THE ASSIGNMENT AND TRUST AGREEMENT DATED OCTOBER 30, 1987, EXHIBIT A HERETO. CLAIMANT ALSO SUBMITS A COPY OF CORRESPONDANCE DATED NOVEMBER 6, 1987, FROM GARY SPACKMAN, DEPARTMENT OF WATER RESOURCES, EXHIBIT B HERETO, AND A LETTER DATED JULY 1, 1988 FROM DEXTER BALL, PRESIDENT OF FIRST AMERICAN TITLE COMPANY OF MAGIC VALLEY, INC., EXHIBIT B HERETO.

The water right acquired under this permit for hydropower purposes shall be junior and subordinate to all rights to the use of water, other than hydropower, within the State of Idaho that are initiated later in time than the priority of this permit and shall not give rise to any right or claim against future rights to the use of water, other than hydropower, within the State of Idaho initiated later in time than the priority of this permit.

A measuring device and lockable controlling works of a type acceptable to the Department shall be permanently installed and maintained as part of the diverting works.

15. Basis of Claim: License

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: A37-08251
Date Received: 7/12/1988
Receipt No: C001825
Received By: _____

NOTICE OF CLAIM TO A WATER RIGHT
ACQUIRED UNDER STATE LAW

1. Name: CONVERSION INDUSTRIES U.S.A. INC. 818-793-7526
Address: C/O SCOTT MILLER
101 E. GREEN STREET, SUITE 14
PASADENA, CA 91105-2069

2. Date of Priority: OCT 28, 1985

3. Source: LITTLE WOOD RIVER Trib. to: BIG WOOD RIVER

4. Point of Diversion:

Township	Range	Section	1/4 of	1/4 of	1/4	Lot	County
05S	17E	32	NE	NE	NE		LINCOLN

5. Description of diverting works:

6. Water is used for the following purposes:

Purpose	From	To	C.F.S	(or)	A.F.A.
POWER	01/01	12/31	200.000		

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

8. Total consumptive use is Acre Feet Per Annum.

9. Non-irrigation uses:
POWER/ 1178 KW, 31.5' OF HEAD.
GENERATING CAPACITY 1178.0 KILOWATTS

10. Place of Use:

Township	Range	Section	1/4 of	1/4	Lot	Use	Acres
05S	17E	29	SW	SW		POWER	

A37-08251

Page 1

Date: 07/14/88

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11. Place of use in counties: LINCOLN
12. Do you own the property listed above as place of use? YES
13. Other Water Rights Used:
37-08096
14. Remarks:
CLAIMANT SUBMITS THIS CLAIM ON THE BASIS OF ITS INTEREST AS PROSPECTIVE LICENSEE OF THE WATER RIGHT, PURSUANT TO THE ASSIGNMENT AND TRUST AGREEMENT DATED OCTOBER 30, 1987, EXHIBIT A HERETO. CLAIMANT ALSO SUBMITS A COPY OF CORRESPONDANCE DATED NOVEMBER 6, 1987, FROM GARY SPACKMAN, DEPARTMENT OF WATER RESOURCES, EXHIBIT B HERETO, AND A LETTER DATED JULY 1, 1988 FROM DEXTER BALL, PRESIDENT OF FIRST AMERICAN TITLE COMPANY OF MAGIC VALLEY, INC., EXHIBIT B HERETO.
15. Basis of Claim: PERMIT

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 _____ wish to receive and pay a small annual fee for monthly copies of the docket sheet.

Number of attachments: _____

For Organizations:

I do solemnly swear or affirm that I am _____ of
_____, that I have signed the foregoing
_____, that I have signed the foregoing
document in the space below as _____ of
_____, and that the statements contained in the
_____ foregoing document are true and correct.

Signature of Authorized Agent

Title and Organization

Date

State of Idaho)
County of _____) SS.

Subscribed and sworn (or affirmed) before me this _____ day
of _____ 19 _____

Notary Public

Seal

Residing at _____

My Commission Expires _____

17. Notice of Appearance:

Notice is hereby given that I, _____ will be
Print Name

Print Name

acting as attorney at law on behalf of the claimant signing above, and that all notices required by law to be mailed by the director to the claimant signing above should be mailed to me at the address listed below.

Signature _____

Address _____

Date _____

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6. Water is claimed for the following purposes:

(both dates are inclusive)

(cfs)

(acre feet)

For power purposes from 1/1 to 12/31 amount 200 or _____

For _____ purposes from _____ to _____ amount _____ or _____

For _____ purposes from _____ to _____ amount _____ or _____

For _____ purposes from _____ to _____ amount _____ or _____

7. Total quantity claimed (a) 200 (cfs) and/or (b) _____ (acre feet)

8. Total consumptive use claimed is _____ acre feet per annum.

9. Non-irrigation uses; describe fully (eg. Domestic: Give number of households served; Stockwater: Type and number of livestock Etc.) generator nameplate rating: 1178 KW; 31.5 feet of head

10. Description of place of use:

- If water is for irrigation, indicate acreage in each subdivision in the tabulation below.
- If water is used for other purposes, place a symbol of use (example: D for Domestic) in the corresponding place of use below. See instructions for standard symbols.

TWP	RNG	SEC	NE 1/4				NW 1/4				SW 1/4				SE 1/4				Totals
			NE1/4	NW1/4	SW1/4	SE1/4	NE1/4	NW1/4	SW1/4	SE1/4	NE1/4	NW1/4	SW1/4	SE1/4	NE1/4	NW1/4	SW1/4	SE1/4	
5S.	17E.	29										P							

Total number of acres irrigated _____

11. In which county (ies) are lands listed above as place of use located? Lincoln

12. Do you own the property listed above as place of use? Yes X No _____
If your answer is No, describe in Remarks below the authority you have to claim this water right.

13. Describe any other water rights used at the same place and for the same purposes as described above.
Water Permit No. 37-8096 or None ()

14. Remarks: Claimant submits this claim on the basis of its interest as
prospective licensee of the water right, pursuant to the Assignment and
Trust Agreement dated October 30, 1987, Exhibit A hereto. Claimant also
submits a copy of correspondence dated November 6, 1987, from Gary Spackman,
Department of Water Resources, Exhibit B hereto, and a letter dated ^{July 1} June 1, 1988
from Dexter Ball, President of First American Title Company of Magic Valley, Inc.,
Exhibit C hereto.

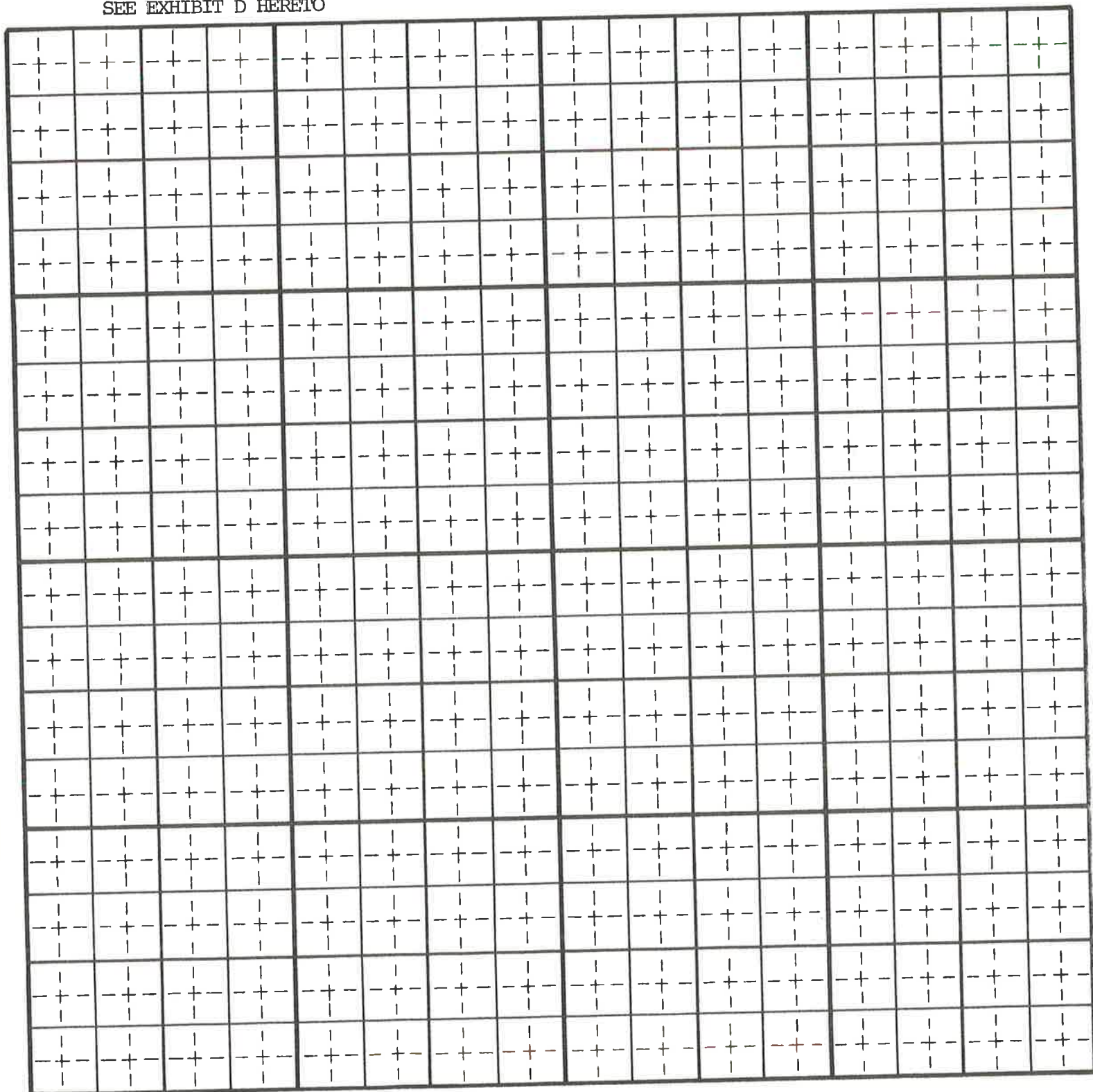
Last Name Conversion Industries Ident No. 37-8251

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Copies: White - State, Yellow - Claimant
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Map of Project: show clearly the point of diversion, place of use, section number, township, and range number.

Scale: 2 inches equals 1 mile

SEE EXHIBIT D HERETO



Last Name Conversion Industries Ident No. 37-8251

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Copies: White-State, Yellow-Claimant
FEB 24 1993

15. Basis of Claim (check one) Beneficial Use _____ Posted Notice _____ License _____ Permit X
Decree _____
If applicable provide IDWR Water Right Number 37-8251
Court _____ Case Number _____ Decree Date _____
Plaintiff vs 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 _____

For Individuals: I do solemnly swear or affirm that the statements contained in the foregoing document are true
and correct.

Signature of Claimant (s) _____ Date _____
_____ Date _____

For Organizations: I do solemnly swear or affirm that I am President
of Conversion Industries U.S.A. Inc. , that I have signed the foregoing
Organization
document in the space below as President of Conversion Industries U.S.A. Inc.
Title Organization
and that the statements contained in the foregoing document are true and correct.

Signature of Authorized Agent [Signature]
Title and Organization President, Conversion Industries Date July 7, 1988
U.S.A. Inc.

State of ~~Idaho~~ or California)
County of Los Angeles) SS.

Subscribed and sworn (or affirmed) before me this 7th day of July 19 88

SEAL



Notary Public Charlene W. Vayos
Residing at 3277 E. Larkspur St., Pasadena Ca
My Commission Expires 1/23/90

Please Print Name

17. Notice of Appearance:

Notice is hereby given that I, Scott L. Campbell, Esq. will be acting as attorney at law on behalf
of the claimant signing above, and that all notices required by law to be mailed by the director to the claimant signing above
should be mailed to me at the address listed below.

Signature Scott L. Campbell
Address P.O. Box 1559, Boise, ID 83701

Date July 12, 1988

Last Name Conversion Industries Ident. Number 37-8251

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Copies White State, Yellow Claimant
FEB 24 1993

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NOV 04 1987

ASSIGNMENT AND TRUST AGREEMENT

Department of Water Resources

This Assignment and Trust Agreement (hereinafter called the "Assignment"), dated October 30, 1987, is hereby entered into by Conversion Industries U.S.A., Inc., a California corporation with its principal office at 255 South Marengo Avenue, Pasadena, California 91101 (hereinafter called the "Assignor"), ~~First American Title Company of East Idaho, an Idaho corporation with its principal offices at P.O. Box 580, 1350 West Main Street, Blackfoot, Idaho 83226~~ (hereinafter called the "Trustee"), Rhode Island Hospital Trust National Bank, a national banking association with its principal office at One Hospital Trust Plaza, Providence, Rhode Island 02903 (hereinafter called the "Lender"), and Geobon II Associates Limited Partnership, an Idaho limited partnership with its principal offices at 255 South Marengo Avenue, Pasadena, California 91101 (hereinafter called the "Lessee").

1. Subject to and specifically conditioned upon the written approval hereof by the Idaho Department of Water Resources, Assignor hereby assigns to Trustee, all of Assignor's right, title, and interest in the following water permits for power purposes issued by the State of Idaho, Department of Water Resources: 37-8096 and 37-8251 and all amendments and additions thereto (hereinafter called the "Permits").

2. Lender hereby consents to the lease of the Permits by Assignor to Lessee pursuant to the Amended and Restated Lease for Power Production Purposes, dated October 7, 1987, as may be amended from time to time (hereinafter called the "Lease").

3. It is understood and agreed that until the occurrence of a default in the covenants, terms, or conditions under the October 7, 1987, Term Loan Agreement between the Lessee and Lender (hereinafter called the "Loan Agreement") pertaining to the financing of a certain hydroelectric project known as the Geobon II Hydroelectric Project (hereinafter called the "Project"), Lessee may retain, use, and enjoy the benefits of the leasehold interest in the Permits created by the Lease.

4. It is understood and agreed that this Assignment is entered into in order to facilitate closing of a loan transaction between Lessee and Lender pertaining to financing of the Project. If said loan transaction does not close within 30 days from the date of execution hereof, at the written request of Assignor, the Trustee shall immediately assign the Permits to Assignor, after which the parties' rights and obligations hereunder shall automatically terminate.

5. Upon the occurrence of a default under the Loan Agreement, Trustee, at the sole direction of the Lender and at the

** First American Title Company of Magic Valley, Inc., P.O. Box 1807, 1616 Addison Avenue East, Twin Falls, Idaho 83303

expense of the Lessee, may without notice or demand elect to exercise any and all of Lessee's rights and remedies under the Permits, without any interference or objection from Assignor, at which time all of Lessee's rights and remedies hereunder shall terminate.

6. Trustee shall hold all right, title, and interest in the Permits for the benefit of Lender subject to the limitations herein, pending issuance of water licenses to replace the Permits by the Idaho Department of Water Resources. The water licenses shall be issued to Assignor, which shall have all right, title, and interest therein, subject to the rights of Lessee and Lender created under the Lease, the Mortgage, and the Loan Agreement, all dated October 7, 1987. Upon issuance of the water licenses to Assignor, the rights and obligations of Lender and Trustee hereunder shall terminate, except to the extent of Lender's rights under the Lease, the Mortgage and the Loan Agreement, all dated October 7, 1987.

7. Should the water licenses be issued to Trustee instead of Conversion, as specified above, Trustee shall take all necessary steps to transfer ownership of the water licenses to Conversion as soon as possible, subject to the Lease, the Mortgage, and the Loan Agreement, all dated October 7, 1987.

8. Assignor shall, upon the reasonable request of Trustee, deliver to Trustee copies of all written agreements, correspondence, and memoranda between Assignor and the State of Idaho, Department of Water Resources, setting forth the arrangements between them. Such requests may be made at any reasonable time.

9. Upon the occurrence of a default under the Loan Agreement, Trustee and/or its agents, at the request of the Lender, may without notice or demand with or without entry upon the Premises, at its option, take over and enjoy the benefits of the Permits, to the same extent as Assignor might do. Assignor hereby releases Trustee and its agents from any and all claims which it has or might have against Trustee arising out of such performance by Trustee and its agents.

10. From and after the date hereof, except as specifically provided in paragraph 4 hereof, any Permits hereby assigned may not be assigned, altered, amended, or cancelled without the prior written consent of Trustee, which consent shall be given only at the request of the Lender.

11. All of the foregoing powers herein granted Trustee shall be liberally construed. Trustee need not expend its own funds in the exercise of such powers, but if it does, such amount shall be considered as advances for and on behalf of Lender secured by this Assignment.

12. Assignor agrees to faithfully observe and perform all of the obligations and agreements imposed upon Assignor under the

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FEB 24 1993

Permits. Trustee will not be deemed in any manner to have assumed the same. Assignor agrees to indemnify and to hold Trustee harmless of and from any and all liability, loss, or damage which it may or might incur by reason of any claims or demands against it based on its alleged assumption of Assignor's duty and obligation to perform and discharge the terms, covenants, and agreements in said Permits.

13. Nothing herein contained shall be construed as making Trustee a mortgagee in possession, or as constituting a waiver or suspension by Lender of its right to enforce payment of the debts under the terms of the Loan Agreement. Trustee is not the agent, partner, or joint venturer of either the Assignor or of the State of Idaho, Department of Water Resources.

14. Assignor warrants and represents:

a. That it has the right to execute and deliver this Assignment, to the extent that the Permits are assignable; and

b. That all Permits are in full force and effect on the date hereof, subject to no defenses, setoffs, or counter-claims whatsoever.

15. When the context so requires, the singular shall include the plural and conversely, and use of the gender shall include all genders.

16. This Assignment and the covenants and agreements herein shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

17. It is understood and agreed that Trustee shall in no case or event be liable for the failure of any of the conditions of this Assignment or damage caused by the exercise of its discretion in any particular manner, or for any other reason, except gross negligence or willful misconduct with reference to the said Assignment, and Trustee shall not be liable or responsible for its failure to ascertain the terms or conditions, or to comply with any of the provisions of, any agreement, contract or other document filed herewith or referred to herein, nor shall it be liable or responsible for forgeries or false personation.

18. It is further agreed that if any controversy arises, between the parties hereto or with any third person with respect to the subject matter of this Assignment, its terms or conditions, Trustee shall not be required to determine the same or take any action in the premises, but Trustee may await the settlement of any such controversy by final appropriate legal proceedings or otherwise as it may require, notwithstanding anything in this Assignment to the contrary, and in such event Trustee shall not be liable for interest or damages.

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19. It is understood that the fee agreed upon for the Trustee's services hereunder shall be considered compensation for ordinary services as contemplated by this Assignment, and in the event that the conditions of this Assignment are not promptly fulfilled or that Trustee renders any service hereunder not provided for herein, or that there is an assignment of any interest in the subject matter of this Assignment or modification herein, or that any controversy arises hereunder or that Trustee is made a party to, or intervene in, any litigation pertaining to this Assignment or the subject matter thereof, Trustee shall be reasonably compensated for such extraordinary services and reimbursed for all costs and expenses occasioned by such default, delay, controversy or litigation and Trustee shall have the right to retain all documents and/or other things of value at any time held by Trustee hereunder until such compensation, fees, costs and expenses shall be paid, the Lessee hereby promising to pay such sums upon demand.

20. This instrument shall be governed by the laws of the State of Idaho.

IN WITNESS WHEREOF, Assignor has caused this Agreement to be executed on this 29th day of October, 1987.

CONVERSION INDUSTRIES U.S.A., INC.

By Pat Kuey, President

RHODE ISLAND HOSPITAL TRUST NATIONAL
BANK

By Philip S. [Signature]

FIRST AMERICAN TITLE COMPANY OF
~~WEST VALLEY~~ MAGIC VALLEY, INC.

By Cindy D. Ball, Vice President

Geebon II Associates Limited Partnership
By: Western Hydropower Inc. General Partner
for Limited Partnership

By Pat Kuey
Its President (title)
of Western Hydropower, Inc.

RECEIVED

NOV 04 1987

Department of Water Resources

STATE OF California)
COUNTY OF Los Angeles) ss.

On Nov. 29, 1987, 1987, before me
a notary public in and for said county and
state, personally appeared PATRICK KUENY
known or identified to me to be the PRESIDENT
of CONVERSION INDUSTRIES U.S.A. INC., the corporation that
executed the within instrument, and known to me to be the person
who executed the within instrument on behalf of said corporation
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.



Charlene A. Vayos
Notary Public for
Residing at: 1300 E. Green St., Pas. 91106
Commission Expires: 1/23/90

STATE OF Rhode Island)
County of Providence) ss.

On November 3, 1987, before me, Gail E. McCann
a notary public in and for said county and
state, personally appeared L. Phillip Schlennitzauer
known or identified to me to be the Vice President
of RHODE ISLAND HOSPITAL TRUST NATIONAL BANK, the corporation bank
that executed the within instrument, and known to me to be the
person who executed the within instrument on behalf of said
corporation 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.

Gail E. McCann
Notary Public for Rhode Island
Residing at 12 Harbour Terrace, Cranston, RI
Commission expires 6/30/91 02905

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FEB 24 1993

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NOV 04 1987

STATE OF Idaho)
County of Twin Falls) ss.

Department of Water Resources

On November 2, 1987, 1987, before me, Mary Lou Panatopoulos

, a notary public in and for said county and state, personally appeared Cindy D. Ball

known or identified to me to be the Vice President

** of ~~FIRST AMERICAN TITLE COMPANY OF EAST IDAHO~~ the corporation that executed the within instrument, and known to me to be the person who executed the within instrument on behalf of said corporation 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.



Mary Lou Panatopoulos
Notary Public for Idaho
Residing at Twin Falls
Commission expires May 18, 1993

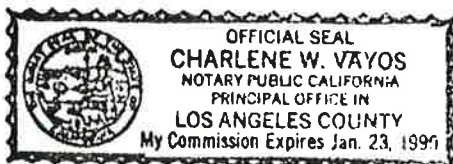
STATE OF California)
COUNTY OF Los Angeles) ss.

On Oct. 29, 1987, before me

, a notary public in and for said county and state, personally appeared PATRICK KUENY

known or identified to me to be the President of WESTERN HYDROPOWER, INC., the general partner of GEOBON II ASSOCIATES LIMITED PARTNERSHIP, the corporation that executed the within instrument, and known to me to be the person who executed the within instrument on behalf of said corporation 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.



Charlene W. Vayos
Notary Public for
Residing at : 1301 E. Green St., Pasadena
Commission Expires: 9/10/90
1/23/90

** First American Title Company of magic Valley, Inc.

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FEB 24 1993



State of Idaho
DEPARTMENT OF WATER RESOURCES
STATE OFFICE, 450 W. State Street, Boise, Idaho

CECIL D. ANDRUS
Governor

R. KEITH HIGGINSON
Director

Mailing address:
Statehouse
Boise, Idaho 83720
(208) 334-4440

November 6, 1987

Scott L. Campbell
Elam, Burke & Boyd
P.O. Box 1559
Boise, ID 83701

Scott Miller
Conversion Industries U.S.A.
255 South Marengo Avenue
Pasadena, CA 91101

Thomas Miller
Hawley Troxell Ennis & Hawley
P.O. Box 1617
Boise, ID 83701

Gail McCann
Edward & Angell
2700 Hospital Trust Tower
Providence, RI 02903

Phillip Schlernitzauer
Vice President
Rhode Island Hospital Trust
National Bank
One Hospital Trust Plaza, Room 815
Providence, RI 02903

Re: Assignment and Trust Agreement for Water Permits
Nos. 37-8096 and 37-8251

Dear Interested Parties:

This office has received a copy of the Assignment and Trust Agreement, dated October 30, 1987, whereunder Conversion Industries, U.S.A., Inc. ("Conversion"), has assigned the above-referenced water permits ("Permits") to First American Title Company of Magic Valley ("First American"), as Trustee for Rhode Island Hospital Trust National Bank ("Trust Bank").

This office has also received executed originals of the Assignment of Permit form, whereunder Geobon II Associates Limited Partnership ("Associates") has assigned its interest in the Permits to Conversion. Additionally, we have received executed originals of the Affidavit of Residency forms from Conversion and First American.

Based upon our understanding of the information contained in the above-referenced documentation, Conversion has leased the

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FEB 24 1993

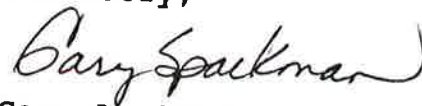


above-referenced water permits to Associates for the operation of the hydroelectric facility which is the subject matter of the Permits. Additionally, Trust Bank has agreed to provide financing to Associates for the hydroelectric project, but as part of the security for the financing, has required that the water permits be assigned to First American as Trustee to protect Trust Bank's interests.

This letter confirms that this office has reviewed the above documentation and has found that the same conform to and comply with the requirements of Idaho Code sections 42-206 through 42-210, and that First American is a qualified entity to hold the Permits in accordance with the laws of the State of Idaho, as Trustee. Therefore, the Assignments of Permits from Associates to Conversion and the Assignment and Trust Agreement involving Conversion, First American, Associates, and Trust Bank are consented to and approved by the Idaho Department of Water Resources, as of the date of this correspondence.

It should be noted that while First American holds the Permits as Trustee, it will be listed as the owner of record of the water permits. The Department acknowledges that the Assignment and Trust Agreement provides that the water licenses shall be issued to Conversion, despite the fact that First American is the holder of the Permits. While the Department will endeavor to accommodate the desires of the parties to the Assignment and Trust Agreement, we cannot guarantee that the Department can accommodate this request. It is the ultimate responsibility of the parties to the agreement to ensure that the terms thereof are properly enforced.

Sincerely,



Gary L. Spackman
Section Manager
Water Allocation Section

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FEB 24 1993



JUL 5 1988

First American Title Company

P.O. BOX 446, 102 FIFTH AVENUE EAST, GOODING, IDAHO 83330
TELEPHONE (208) 934-4427

July 1, 1988

Scott L. Campbell
Elam, Burke & Boyd
P.O. Box 1559
Boise, ID 83701

RE: CONVERSION INDUSTRIES WATER PERMIT NO. 37-8251

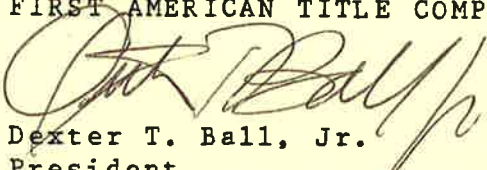
Dear Mr. Campbell:

Pursuant to the Assignment and Trust Agreement dated October 20, 1987 and those terms and conditions set forth, First American Title Company of Magic Valley Inc., as Trustee, authorizes the following:

That Conversion Industries USA, Inc., file the required notice of claim to water rights in the Snake River Basin Adjudication with regard to Water Permit No. 37-8251.

Thank you,

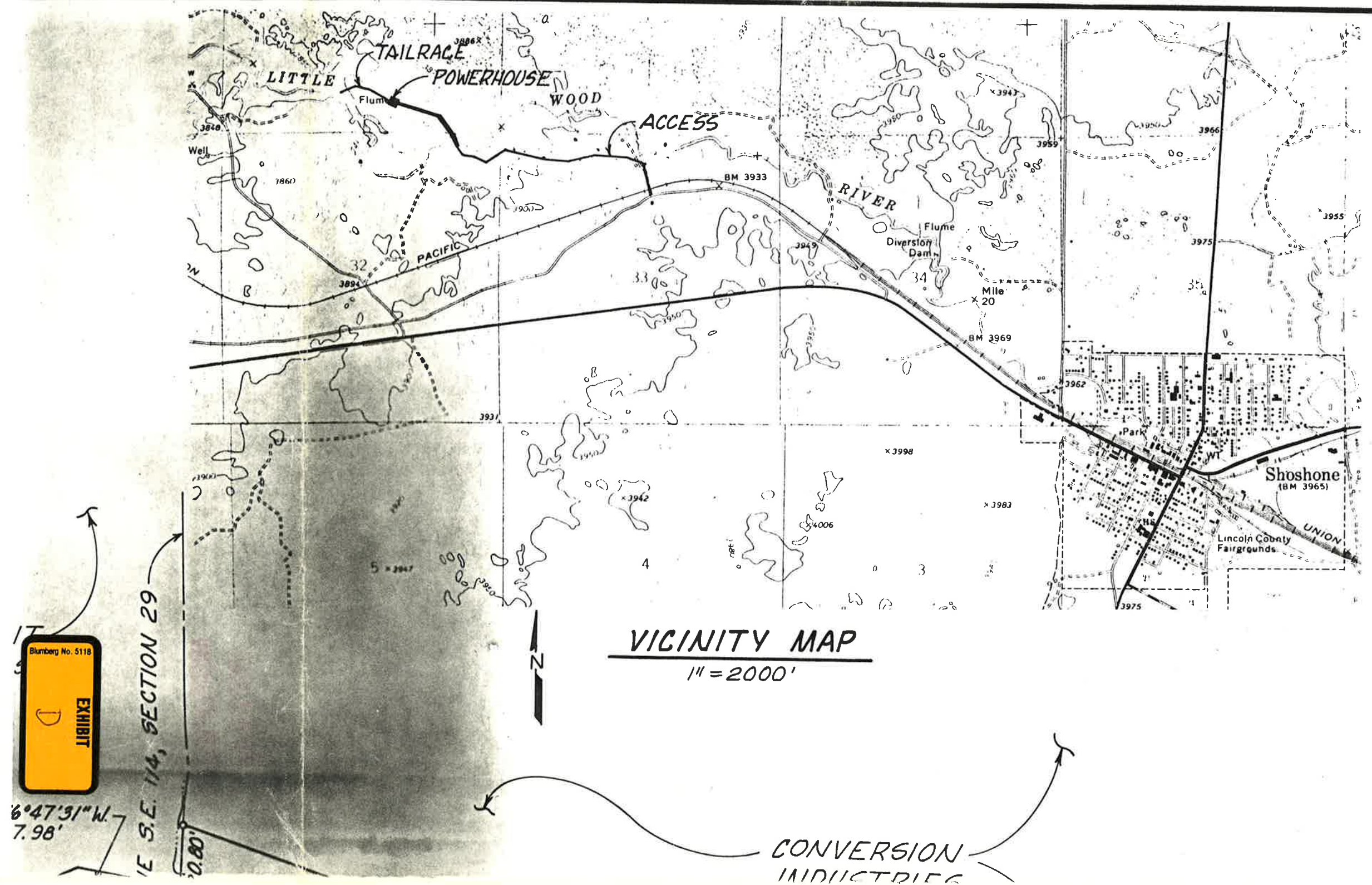
FIRST AMERICAN TITLE COMPANY


Dexter T. Ball, Jr.
President

DB:mf

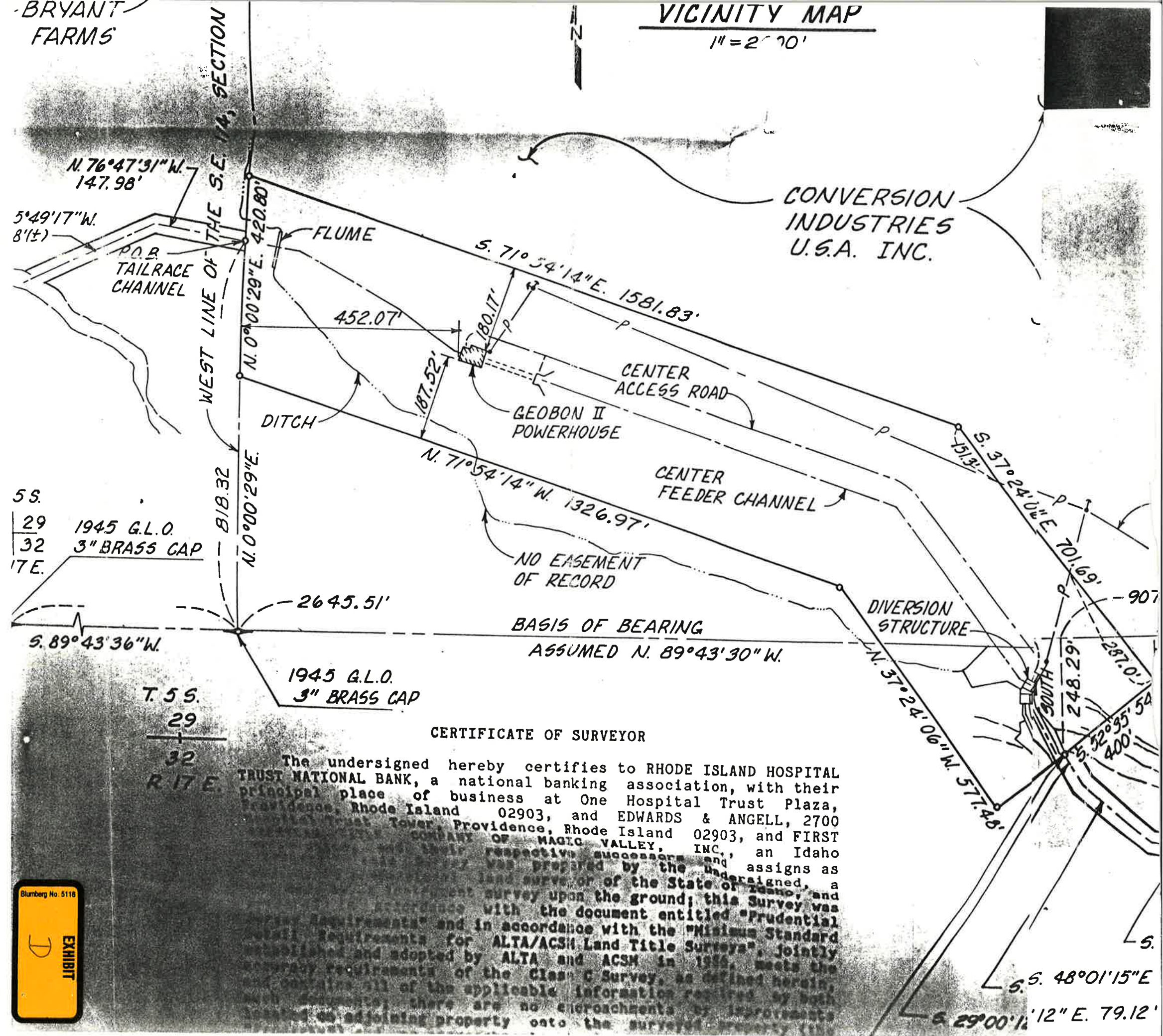
MICROFILMED
FEB 24 1993





BRYANT
FARMS

VICINITY MAP
1" = 2' 70'



CERTIFICATE OF SURVEYOR

The undersigned hereby certifies to RHODE ISLAND HOSPITAL TRUST NATIONAL BANK, a national banking association, with their principal place of business at One Hospital Trust Plaza, Providence, Rhode Island 02903, and EDWARDS & ANGELL, 2700 Hospital Trust Tower, Providence, Rhode Island 02903, and FIRST COMPANY OF MAGIC VALLEY, INC., an Idaho corporation, and their respective successors and assigns as the parties to a certain land survey upon the ground, this Survey was made in accordance with the document entitled "Prudential Survey Requirements" and in accordance with the "Minimum Standard Requirements for ALTA/ACSM Land Title Surveys", jointly published and adopted by ALTA and ACSM in 1985, meets the survey requirements of the Class C Survey, as defined herein, and contains all of the applicable information required by both such documents; there are no encroachments or improvements located on adjoining property onto the surveyed property (the



SRBA CLAIMS RECEIVING CHECKLIST

JULY, 1988

CLAIMANT'S NAME Conversion IndustriesCLAIM IDENT. NO. A37-08251DATE RECEIVED 7-12-88CK # 2193AMOUNT \$ 938.00payment plan

YES

NO

1. Is the name and address complete with zip code?

2. Is priority date entered?

Is the water use exempt from the Permit requirements, or if it is not exempt, has a Permit been approved or a License issued?

A Permit is required for groundwater developed after March 25, 1963 (except single family domestic and stockwater wells using less than 13,000 gpd). A Permit is required for surface water developed after May 20, 1971 (except for instream stockwater).

3. (a) Is a source entered?

(b) Is a tributary to entered? (if required)

4. Is the legal description of the p.d. complete?

5. Is there a description of the diverting works?

6. Are the water uses appropriate for the form? The short form limited domestic and stockwater. Instream stockwater must use long form.

Is the period of use included?

Is a quantity claimed for each use?

7. Is a total quantity claimed entered?

8. Is the consumptive use correct?

If required is a consumptive use entered?

9. Are the non-irrigation uses listed properly? If this claim is on the short form, and more than one domestic use is listed, single ownership must be stated. If not under single ownership, each household must file a separate claim.

10. Is (are) the place(s) of use entered?

11. Is (are) the county(ies) entered?

12. Is the ownership of p.u. checked?

13. Are other water rights listed or "none" checked?

14. If required, are remarks correct? (If the claimant does not own the place of use, authority for filing the claim must be explained in the remarks.)

15. Is the basis of the claim checked?

16. Is the claim signed by the claimant?

Is the signature appropriate? (If an individual is the claimant, has that individual signed the claim, or if an organization is the claimant, is the organization signature block complete?)

Has the claim been signed, sealed, and dated by a notary?

Is the fee enclosed correct?

Should this claim be receipted and data entered?

If this claim is based on an existing water right, has the identification number been entered?

N/A

Claim checked by: CJ

Comments: _____

MICROFILMED

FEB 24 1993

CONVERSION INDUSTRIES U.S.A., INC.
(GEOBON II LIMITED PARTNERSHIP)

Notice of Claim to Water Right:

Priority Date

Number

A37-00485
A37-00486
A37-08096
A37-08251
A37-10552
A37-10553

Beneficial Use from groundwater
Beneficial Use from Little Wood River:

Not provided
April 1, 1883

MICROFILMED

FEB 24 1993



State of Idaho
DEPARTMENT
1301 North Orchard
Phone: (208) 327-1

Jeanie

RESOURCES

Boise, Idaho 83720-9000

CECIL D. ANDRUS
GOVERNOR

R. KEITH HIGGINSON
DIRECTOR

May 22, 1992

RECEIVED

MAY 27 1992

Department of Water Resources
Southern Region Office

Scott L. Campbell
Davis, Wright, Tremaine
702 W. Idaho St., #700
Boise, ID 83702

RE: Change in Notice of Appearance of Counsel on the Snake River Basin Adjudication Claims for Owen Ranches, Pioneer Irrigation District, Cyprus Thompson Creek Mining Company, Conversion Industries U.S.A., Inc. and Settlers Irrigation District

Dear Scott:

The five computer reports enclosed confirm the change in firm and address you requested in your letter dated February 13, 1992. By comparing these reports to the list you supplied with your letter, you will see not all of the water right claims listed in your attachments were changed. Those claim records not changed are filed by persons other than your client(s).

The possibility of questions I raised in our telephone conversation last week were resolved for my part. If you have any questions or need some points clarified, please feel free to contact me.

Thank you for supplying the claim lists in an orderly fashion.

Sincerely,

Donald V. Shaff
Manager, Adjudication Section

DVS:sf:region(s)

Enclosures:

Five Computer Reports

MICROFILMED

FEB 24 1993

Clelland, Steve

From: Clelland, Steve
Sent: Tuesday, November 15, 2005 2:09 PM
To: Clelland, Steve
Subject: FW: Water Right 37-8096

-----Original Message-----

From: Fawcett, Trish
Sent: Tuesday, November 15, 2005 11:00 AM
To: Fritschle, Carter; Clelland, Steve
Subject: FW: Water Right 37-8096

Good morning Carter and Steve,

I received this email from Tiffany (Scott Campbell's paralegal) and I'm not sure which one of you two have this file, so I'm forwarding to you both. Without the file, I can't answer her questions, so if one of you would give her a call, I would appreciate it. Thanks much!

Trish

-----Original Message-----

From: Tiffany Hudak [mailto:TMH@moffatt.com]
Sent: Monday, November 14, 2005 11:12 PM
To: trish.fawcett@idwr.idaho.gov
Subject: Water Right 37-8096

Hi Trish:

We received a preliminary recommendation for this water right but are not sure why. Could you shed some light? The website indicates that the current owner, pursuant to a notice of claim, is CONVERSION INDUSTRIES USA INC, c/o Scott Miller, and Scott Campbell as its attorney of record. However, the preliminary recommendation identifies Notch Butte Hydro Co., Inc. as the current owner. Neither name rings a bell.

Please call to discuss. My number is (208) 385-5435. Thanks for your help!

Tiffany

Tiffany Hudak
Paralegal
Moffatt Thomas Barrett Rock & Fields, Chtd.
101 S. Capitol Blvd., 10th Floor
PO Box 829
Boise, ID 83701
208.385.5435 (direct)
208.385.5350 (fax)
tmh@moffatt.com

**

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Moffatt Thomas Barrett Rock & Fields, Chartered
(208) 345-2000 (800) 422-2889

**

11/15/05 I spoke with Tiffany on the phone today about the various names
on these claims and if Scott Campbell is representing the claimant here.
He originally had Notice of Appearance for the claims as filed in 1988.
The Permit was conveyed to Notch Butte at the time of licensing in 2005.
Tiffany told me the law firm did not represent either Conversion
Industries or Notch Butte. I modified the records today to remove
Campbell from the claims as Attorney of record.

Steve Clelland
IDWR

11/01/2005

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

RIGHT NUMBER: 37-8251

NAME AND ADDRESS: NOTCH BUTTE HYDRO CO INC
2283 WRIGHT AVE STE D
TWIN FALLS ID 83301

SOURCE: LITTLE WOOD RIVER

TRIBUTARY: MALAD RIVER

QUANTITY: 157.000 CFS
114,000.000 AFY

A minimum bypass flow must be maintained in the Little Wood River at the following flow rates to prevent loss of or damage to fish and wildlife resources:

October 1 through March 31	13.0 cfs
April 1 through April 30	50.0 cfs
May 1 through May 31	60.0 cfs
June 1 through June 30	50.0 cfs
July 1 through September 30	40.0 cfs

PRIORITY DATE: 10/28/1985

The rights for the use of water confirmed in this license shall be junior and subordinate to all rights for the use of water other than hydropower, within the State of Idaho that are initiated later in time than the priority of this right and shall not give rise to any right or claim against any future rights for the use of water, other than hydropower, within the State of Idaho initiated later in time than the priority of this right.

POINT OF DIVERSION:

T05S R17E S32 NWNENE Within LINCOLN County

PURPOSE AND
PERIOD OF USE:

<u>PURPOSE OF USE</u>	<u>PERIOD OF USE</u>	<u>QUANTITY</u>
POWER	01/01 12/31	157.000 CFS 114,000.00 AFY

PLACE OF USE: POWER Within LINCOLN County

T05S R17E S29 SWSE

OTHER PROVISIONS NECESSARY FOR DEFINITION OR ADMINISTRATION OF THIS WATER RIGHT:

This partial decree is subject to such general provisions necessary for the definition of the rights or for the efficient administration of the water rights as may be ultimately determined by the Court at a point in time no later than the entry of a final unified decree. Section 42-1412(6), Idaho Code.

The diversion and use of water for hydropower purposes under this license is subject to review by the Director on or after November 26, 2010. Upon appropriate findings relative to the interest of the public, the Director may cancel all or any part of the use authorized herein and may revise, delete or add conditions under which the right may be exercised.

11/01/2005

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

EXPLANATORY MATERIAL: BASIS OF CLAIM - License

This right does not constitute Idaho Public Utilities Commission or Federal Energy Regulatory Commission approval that may be required.

Right 37-08096 is also diverted through the point of diversion described above.

Use of water under this right shall be non-consumptive.

Use of water under this right will be regulated by a watermaster with responsibility for the distribution of water among appropriators within a water district. At the time of this approval, this water right is within State Water District No. 37M.

The right holder shall maintain a measuring device and lockable controlling works or other methods acceptable to the Department and the watermaster for administering the diversion of water under this right and for ensuring that the required bypass flows are met.

The issuance of this right does not grant any right-of-way or easement across the land of another.

State of Idaho
Department of Water Resources
Water Right License

WATER RIGHT NO. 37-08251

Priority: October 28, 1985

Maximum Diversion Rate: 157.00 CFS
Maximum Diversion Volume: 114,000.0 AF

It is hereby certified that NOTCH BUTTE HYDRO CO INC
2283 WRIGHT AVE STE D
TWIN FALLS ID 83301 has complied with the terms and
conditions of the permit, issued pursuant to Application for Permit dated October 28, 1985; and has
submitted Proof of Beneficial Use on November 26, 1990. An examination indicates that the works have
a diversion capacity of 457 cfs of water from:

SOURCE

LITTLE WOOD RIVER

Tributary: MALAD RIVER

and a water right has been established as follows:

<u>BENEFICIAL USE</u>	<u>PERIOD OF USE</u>	<u>DIVERSION RATE</u>	<u>ANNUAL DIVERSION VOLUME</u>
POWER	01/01 to 12/31	157.00 CFS	114,000.0 AF

LOCATION OF POINT OF DIVERSION:

LITTLE WOOD RIVER NW¼NE¼NE¼ Sec. 32, Twp 05S, Rge 17E, B.M., LINCOLN County

PLACE OF USE: POWER

Twp	Rge	Sec	NE				NW				SW				SE				Totals
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
05S	17E	29																X	

CONDITIONS OF APPROVAL

1. The issuance of this right does not grant any right-of-way or easement across the land of another.
2. Use of water under this right will be regulated by a watermaster with responsibility for the distribution of water among appropriators within a water district. At the time of this approval, this water right is within State Water District No. 37M.
3. The right holder shall maintain a measuring device and lockable controlling works or other methods acceptable to the Department and the watermaster for administering the diversion of water under this right and for ensuring that the required bypass flows are met.
4. Right 37-08096 is also diverted through the point of diversion described above.
5. A minimum bypass flow must be maintained in the Little Wood River at the following flow rates to prevent loss of or damage to fish and wildlife resources:

October 1 through March 31	13.0 cfs
April 1 through April 30	50.0 cfs
May 1 through May 31	60.0 cfs
June 1 through June 30	50.0 cfs
July 1 through September 30	40.0 cfs

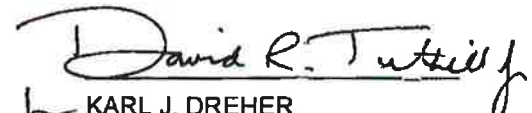
State of Idaho
Department of Water Resources
Water Right License

WATER RIGHT NO. 37-08251

6. This right does not constitute Idaho Public Utilities Commission or Federal Energy Regulatory Commission approval that may be required.
7. Use of water under this right shall be non-consumptive.
8. The rights for the use of water confirmed in this license shall be junior and subordinate to all rights for the use of water other than hydropower, within the State of Idaho that are initiated later in time than the priority of this right and shall not give rise to any right or claim against any future rights for the use of water, other than hydropower, within the State of Idaho initiated later in time than the priority of this right.
9. The diversion and use of water for hydropower purposes under this license is subject to review by the Director on or after November 26, 2010. Upon appropriate findings relative to the interest of the public, the Director may cancel all or any part of the use authorized herein and may revise, delete or add conditions under which the right may be exercised.

This license is issued pursuant to the provisions of Section 42-219, Idaho Code. The water right confirmed by this license is subject to all prior water rights and shall be used in accordance with Idaho law and applicable rules of the Department of Water Resources.

Signed and sealed this 12th day of July, 2005.


for **KARL J. DREHER**
Director

05/93

State of Idaho
DEPARTMENT OF WATER RESOURCES

ASSIGNMENT OF PERMIT
 To change the ownership of a permit

Conversion Industries USA, Inc. hereby assign to Notch Butte Hydro Company, Inc.
(Permit Holder)
 of 1161 West River St #200 Boise Id 83702
(Full Address)

All my right, title, and interest in and to Permit No. 37-8096
 to appropriate the public waters of the State of Idaho. 37-8251

OR (for partial assignments)

The following described portion of my right, title, and interest in and to
 Permit No. _____ to appropriate the public waters of the State of Idaho.

Describe portion of the permit assigned listing the number of acres in each 40 acre subdivision,
 point of diversion location, and the amount of water in cubic feet per second.

Made this 9 day of April May, 1994.

[Signature]

Permit Holder(s)

For Conversion Industries USA, Inc.

State of ~~Idaho~~ CALIFORNIA
SS

County of LOS ANGELES

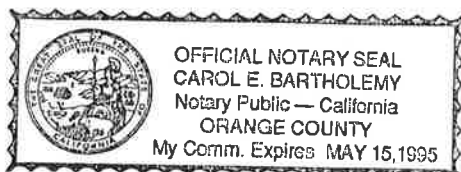
On this 9th day of May, 1994, personally appeared before me
 the signer of the above instrument, duly acknowledged to me that he/she/they executed the same.

CAROL E. BARTHOLEMY
 Notary Public

SEAL

[Signature]
 Signature

My commission expires: 5/15/94



RECEIVED
 JUN 13 1994

BEFORE THE DEPARTMENT OF WATER RESOURCES
OF THE STATE OF IDAHO

IN THE MATTER OF PERMIT	)	ORDER TO CHANGE
NO. 37-8251 IN THE NAME OF	)	MEASURING DEVICE
NOTCH BUTTE HYDRO CO. INC.	)	REQUIREMENT

This matter having come before the Department of Water Resources (Department) to change the measuring device and lockable controlling works requirement, the Department finds, concludes, and orders as follows:

FINDINGS OF FACT

1. On January 7, 1986, the Department issued Permit 37-8251 (permit) to George F. Arkoosh &/or Michael A. Arkoosh (permit holders) with a condition of approval requiring a measuring device and lockable controlling works of a type acceptable to the Department be permanently installed and maintained as part of the diverting works.

3. Through a series of assignments, the permit is now held by Notch Butte Hydro Company, Inc. (permit holder).

4. On May 5, 2003, the Department conducted a field examination of the system developed under this permit and reported, "No installed measuring device or equipment was used for direct measurement of the water flow. The watermaster utilizes a rating developed for the facility to utilize the power records to calculate amount of water diverted to the facility for purposes of charging for the watermaster services."

CONCLUSIONS OF LAW

1. Beneficial Use Examination Rule 35.02.d. (IDAPA 37.03.02.35.02.d.) provides for the waiver of a measuring device and lockable controlling works requirement by the Department.

2. Installation of the measuring device and lockable controlling works is not necessary at this time since Water District No. 37M has utilized the power plant output to obtain flow records.

ORDER

IT IS HEREBY ORDERED that the condition of approval requiring a measuring device and lockable controlling works as part of the diversion works for the permit is MODIFIED as follows:

The right holder shall maintain a measuring device and lockable controlling works or other methods acceptable to the Department and the watermaster for administering the diversion of water under this right and for ensuring that the required bypass flows are met.

Dated this 8th day of July, 2005.



GARY SPACKMAN

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

SWSW

Clelland, Steve

From: Merritt, Allen
Sent: Thursday, April 24, 2003 9:21 AM
To: Walker, Kay; Stanton, Jim
Cc: Keen, Shelley; Clelland, Steve
Subject: RE: Permits 37-8096 & 37-8251

I've made arrangements with Dale Higbee with CHI Energy to do the FE for Notch Butte Hydro on May 5th. The address on the permit for Notch Butte is not correct nor is the current owner of the SRBA claim. CHI Energy is the parent corp. which owns and manages several subsidiary companies which Notch Butte is one.

I might try and do FE for Shorock Hydro (37-8113 and 37-8262) since it is right upstream but have not arranged a time yet.

Allen

-----Original Message-----

From: Walker, Kay
Sent: Wednesday, April 23, 2003 11:40 AM
To: Stanton, Jim; Merritt, Allen
Cc: Walker, Kay; Keen, Shelley; Clelland, Steve
Subject: Permits 37-8096 & 37-8251

Steve Clelland requested that we license the permits referenced above because they will be included in B37 report that will be submitted in November of 2003. I had pulled the files last December so I could get them done, and then today I took a closer look at them and found we don't have any field examinations. I was wondering if you might try and get these two done so we can get them licensed before the SRBA report is prepared? Let me know. Kay