

MINIMUM REQUIREMENTS CHECKLIST
TO BE SUBMITTED WITH APPLICATION FOR TRANSFER

An application for transfer must be prepared in accordance with the minimum requirements listed below to be acceptable for processing by the Department. Incomplete applications will be returned. The instructions, fee schedule, Part 2A reports and additional Part 2B forms are available from any Department office or on the Department's website at idwr.idaho.gov.

Name of Applicant(s) Flying Joseph Ranch LLC

RECEIVED

APR 09 2019

DEPARTMENT OF
WATER RESOURCES**Check whether each item below is *attached* (Yes) or *not applicable* (N/A) for the proposed transfer.****Yes N/A** * Means the item is always required and must be included with the application.

- ☒ * Completed Application for Transfer of Water Right form, Part 1.
- ☒ * Signature of applicant(s) or applicant's authorized representative on Application for Transfer Part 1. Include evidence of authority labeled Attachment #3 (see below) if signed by representative.
- ☒ * Application for Transfer Part 2A. Attach a [Part 2A](#) report describing each water right in the transfer as currently recorded.
- ☐ ☒ Complete and attach an Application for Transfer [Part 2B](#) for each water right for which only a portion is proposed to be changed through this transfer application.
- ☒ * Application for Transfer Part 3A is always required (see Attachment #7a below); Parts 3B and 3C must be completed for transfer applications proposing to change the nature of use of the water right(s) or proposing changes to supplemental right(s).
- ☒ * Correct fee submitted with transfer application form. ([Fee schedule](#) is on website and instructions for application for transfer.)

Attachments to Application - Label each attachment with the corresponding number shown below as Attachment #1-10.

- ☐ ☒ #1 If the applicant is a business, partnership, organization, or association, and not currently registered in the State of Idaho as a business entity, attach documentation identifying officers authorized to sign or act on behalf of right holder. (See Part 1.)
- ☐ ☒ #2a Water Right ownership documentation if Dept. records do not show the applicant as the current water right owner. **
- ☐ ☒ #2b If the ownership of the water right will change as a result of the proposed transfer to a new place of use, attach documentation showing land and water right ownership at the new place of use. Include documentation for all affected land and owner(s).**
** Additional fee(s) required for water right ownership changes; see fee schedule.
- ☐ ☒ #3 Documentation of authority to make the change if the applicant is not the water right owner.
- ☐ ☒ #4 Power of Attorney or documentation providing authority to sign or act on the applicant's behalf. (See Part 1.)
- ☐ ☒ #5 If the transfer application proposes to change the point of diversion for a water right affecting the Eastern Snake Plain Aquifer (ESPA), attach the results of an ESPA analysis and a detailed mitigation plan to offset any depletions to hydraulically connected reaches of the Snake River. ESPA transfer spreadsheet and model grid labeled cells are available on the Department's website at idwr.idaho.gov/water-rights/transfers/resources.html.
- ☐ ☒ #6 Notarized statement of agreement or a statement on official letterhead signed by an authorized representative from each lien holder or other entity with financial interest in the water right(s) or land affected by the proposed transfer. (See Part 1.5.c.)
- ☒ * #7a Attach a map identifying the proposed point(s) of diversion, place(s) of use, and water diversion and distribution system details as described on the application. Include legal description labels. If only a portion of the right is proposed to be changed, identify the current location of the part of the existing right(s) proposed to be changed. (See Part 3A.)
- ☒ ☐ #7b If the transfer application proposes to change the place or purpose of use of an irrigation right attach a Geographic Information System ([GIS](#)) shape file, or an aerial photo or other image clearly delineating the location and extent of existing acres and changes to the place of use. If some or all of any right is leased to the Water Supply Bank, you must also show the the specific location and/or acres to be idled at the new, proposed place of use to satisfy lease requirements.
- ☐ ☒ #8a If the transfer application proposes to change the nature of use or period of use for one or more rights, provide documentation describing the extent of historic beneficial use for the water rights proposed to be transferred and document how enlargement will be avoided. (See Part 3B.) Additional fee required for proposed changes to nature of use; see [fee schedule](#).
- ☐ ☒ #8b If the transfer application proposes to change the place of use of a supplemental irrigation right, provide documentation regarding the historic use of the supplemental right(s) and availability or reliability of the primary right(s) being supplemented, both before and after the proposed change. (See Part 3C.)
- ☐ ☒ #9 Water Supply Bank information for all rights proposed for transfer and currently leased to the Bank. ([Attachment WSB](#))
- ☒ ☐ #10 Other. Please describe: copy of State of Idaho Department of Lands Lease

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

RECEIVED

APR 09 2019

APPLICATION FOR TRANSFER OF WATER RIGHT
PART 1

DEPARTMENT OF
WATER RESOURCES

Name of Applicant(s) Flying Joseph Ranch LLC Phone (206) 762-1171
Mailing address 7299 Perimeter Rd., S. Seattle, WA 98108 Email kgalfano@winglets.com

- ☐ If applicant is not an individual and not registered to do business in the State of Idaho, attach documentation identifying officers authorized to sign or act on behalf of the applicant. Label it **Attachment #1**.
- ☐ Attach water right ownership documentation if Department records do not show the transfer applicant as the current water right owner. Label it **Attachment #2a**.
- ☐ If the ownership of the water right will change as a result of the proposed transfer to a new place of use, attach documentation showing land and water right ownership at the new place of use. Include documentation for all affected land and owner(s). Label it **Attachment #2b**.
- ☐ Attach documentation of authority to make the proposed change if the applicant is not the water right owner. Label it **Attachment #3**.

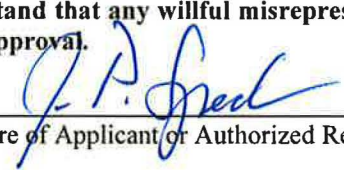
Provide contact information below if a consultant, attorney, or any other person is representing the applicant in this transfer process.

☐ No Representative

Name of Representative James P. Speck, attorney Phone (208) 726-4421
Mailing address P.O. Box 987 Ketchum, ID 83340 Email jim@speckandaanestad.com

- ☐ Send all correspondence for this application to the representative and not to the applicant.
OR
- ☒ Send original correspondence to the applicant and copies to the representative.
- ☐ The representative may submit information for the applicant but is not authorized to sign for the applicant.
OR
- ☒ The representative is authorized to sign for the applicant. Attach a Power of Attorney or other documentation providing authority to sign for the applicant and label it **Attachment #4**.

I hereby assert that no one will be injured by the proposed changes and that the proposed changes do not constitute an enlargement in use of the original right(s). The information contained in this application is true to the best of my knowledge. I understand that any willful misrepresentations made in this application may result in rejection of the application or cancellation of an approval.


Signature of Applicant or Authorized Representative

FLYING JOSEPH RANCH, LLC
Print Name and Title if applicable

4-3-19
Date

Signature of Applicant or Authorized Representative

Print Name and Title if applicable

Date

A. PURPOSE OF TRANSFER

- ☒ Change point of diversion ☐ Add diversion point(s) ☒ Change place of use

☐ Change nature of use ☐ Change period of use ☐ Other _____
- Is this a transfer for changes pursuant to Idaho Code § 42-221.O.8?

If yes, ☐ attach an explanation and any supporting documentation labeled as **Part 1A.2**.
- Describe your proposal in narrative form, including a detailed description of non-irrigation uses to justify amounts transferred (i.e. number of stock, etc.), and provide additional explanation of any other items on the application. Attach additional pages if necessary and label it **Part 1A.3**.

This application seeks to correct the legal descriptions of the points of diversion and places of use after installation of a pivot irrigation system and the future interconnection of groundwater wells. Surface water is not used in the described system. The described system has been in operation for more than 5 years.

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

APPLICATION FOR TRANSFER OF WATER RIGHT

PART 1 Continued

B. DESCRIPTION OF RIGHTS AFTER THE REQUESTED CHANGES. IF THE RIGHTS ARE BEING SPLIT, DESCRIBE PORTIONS TO BE CHANGED AS THEY WOULD APPEAR AFTER THE REQUESTED CHANGES.

1.	Right Number	Amount (cfs/ac-ft)	Nature of Use	Period of Use	Source & Tributary
All or Part ☒ ☐	73-7102	1.65/598.9	irrigation	4/15 to 10/15	groundwater
☒ ☐	73-10020A	4.34/651.0	irrigation	4/1 to 10/31	groundwater
☒ ☐	73-10020B	3.09/463.0	irrigation	4/1 to 10/31	groundwater
☒ ☐	73-11840	1.92/288.0	irrigation	4/1 to 10/31	groundwater
☒ ☐	73-2165	2.05/874.2	irrigation	4/1 to 10/31	groundwater
☐ ☐				to	
☐ ☐				to	
☐ ☐				to	
☐ ☐				to	

Total authorized under rights 13.05 cfs cfs and/or 2,875.1 acre-feet.

2. Total amount of water proposed to be transferred or changed 13.05 cubic feet per second and/or 2,875.1 acre-feet per year.

3. Point(s) of Diversion:

- ☐ No changes to point(s) of diversion are proposed - the following chart is therefore not completed. (Proceed to #4.)
- ☐ Attach Eastern Snake Plain Aquifer analysis if this transfer proposes to change a point of diversion affecting the ESPA. Label it **Attachment #5**.

New ?	Lot	¼	¼	¼	Sec	Twp	Rge	County	Source	Local name or tag #
N			SE	SW	1	13N	22E	Custer	groundwater	
N		SE	NE	SE	12	13N	22E	Custer	groundwater	
N			SE	SW	18	13N	23E	Custer	groundwater	
N			NE	SE	13	13N	22E	Custer	groundwater	

4. Place of use: (If irrigation, identify with number of acres irrigated per ¼ ¼ tract.)

- ☐ No changes to place of use are proposed - the following chart is therefore not completed. (Proceed to #5.)

Twp	Rge	Sec	NE ¼				NW ¼				SW ¼				SE ¼				Acre Totals
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
13N	22E	1											1				35	31	67.0
13N	22E	12	32	36	0.5	33	0.5						10	35	31		21	26	225.0
13N	22E	13	31	36	12	17	40	23	5	24									188.0
13N	23E	7							32			31	32	34					129.0
									L2			L3	L4						
13N	23E	18					34	32											66.0
								L1*											

* State Land lease (copy attached)

Total Acres (for irrigation use)

675

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

APPLICATION FOR TRANSFER OF WATER RIGHT PART 1 Continued

5. General Information:

- a. Describe the complete diversion system, including how you will accommodate a measuring device and lockable controlling works should they be required now or in the future:

Diversion is from wells through the distribution system shown in Attachment 7a/7b. Measuring devices and lockable controlling works have been installed as required by Water District 73 and Water District 170.

- b. Who owns the property at the point(s) of diversion? applicant

If other than the applicant, describe the arrangement enabling the applicant to access the property for the diversion system:

- c. Are the lands from which you propose to transfer the water right subject to any liens, deeds of trust, mortgages, or contracts? If yes, ☐ attach a notarized statement from the holder of the lien, deed of trust, mortgage or contract agreeing to the proposed changes on official letterhead signed by an authorized representative. Label it **Attachment #6**. List the name of the entity and type of lien: _____

It is the applicant's responsibility to provide notice to lien holder, trustee, mortgagor, or contract holder of the proposed changes that may impact or change the value of the water rights or affected real property. Any misrepresentation of legal encumbrance on this application may result in rejection of the application or cancellation of an approval.

- d. Are any of the water rights proposed for transfer currently leased to the Water Supply Bank?

If yes, ☐ complete Attachment WSB.

- e. Describe the effect on the land now irrigated if the place or purpose of use is changed pursuant to this transfer:
No physical change to the land now irrigated will occur. This application seeks to correct the legal description of the place of use.

- f. Describe the use of any other water right(s) for the same purpose or land, or the same diversion system as right(s) proposed to be transferred at both the existing and proposed point(s) of diversion and place(s) use:

There are no other water rights currently used for the same place of use or purpose of use. Water right 73-2165 contributes additional flow rate, but no additional irrigated acreage.

- g. To your knowledge, has/is any portion of the water right(s) proposed to be changed:

Yes No

- | | | |
|--------------------------|-------------------------------------|---|
| ☐ | ☒ | undergone a period of five or more consecutive years of non-use, |
| ☐ | ☒ | currently leased to the Water Supply Bank, |
| ☐ | ☒ | currently used in a mitigation plan limiting the use of water under the right, or |
| ☐ | ☒ | currently enrolled in a Federal set-aside program limiting the use of water under the rights? |

If yes, describe:

Water rights have been used as described for more than 5 years.

Basis:	License
--------	---------

Tributary

GROUND WATER

<u>Beneficial Use</u>	<u>From To</u>	<u>Diversion Rate</u>	<u>Annual Volume</u>
IRRIGATION	4/15 to 10/15	1.65 CFS	598.9 AF
	Total Diversion	1.65 CFS	598.9 AF

Location of Point(s) of Diversion

GROUND WATER SE1/4SW1/4 Sec. 1, Twp 13N, Rge 22E B.M.
CUSTER County

Place of Use

IRRIGATION Within CUSTER County

T13N R22E S1	SESW	40.00	T13N R22E S1	SWSE	40.00
T13N R22E S1	SESE	40.00	T13N R22E S12	NENE	40.00
T13N R22E S12	NWNE	40.00	T13N R22E S12	NENW	40.00

Total Acres: 240

Conditions of Approval:

1. R30 This right when combined with all other rights shall provide no more than .02 cfs per acre nor more than 3.5 afa per acre for irrigation of the lands above.

Licensed Date: 4/14/1997

**IDAHO DEPARTMENT OF WATER RESOURCES
APPLICATION FOR TRANSFER OF WATER RIGHT
PART 2A**

Current Water Right No.: 73-10020A

Current Owner: FLYING JOSEPH RANCH LLC
Priority Date: 6/9/1969
Origin: Water Right
Status: Active
Basis: Decreed

Source

Tributary

GROUND WATER

<u>Beneficial Use</u>	<u>From To</u>	<u>Diversion Rate</u>	<u>Annual Volume</u>
IRRIGATION	04/01 to 10/31	4.34 CFS	651 AF
	<u>Total Diversion</u>	4.34 CFS	651 AF

Location of Point(s) of Diversion

GROUND WATER SE1/4NE1/4SE1/4 Sec. 12, Twp 13N, Rge 22E B.M.
CUSTER County

Place of Use

IRRIGATION Within CUSTER County

T13N R22E S12	SWNE	40.00	T13N R22E S12	SENE	40.00
T13N R22E S12	SENE	20.00	T13N R22E S12	NESE	40.00
T13N R23E S7	Lot 2 SWNW	39.00	T13N R23E S7	Lot 3 NWSW	38.00
Total Acres: 217					

Conditions of Approval:

1. C18 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.
2. This right is for a portion of combined right nos. 73-7004 and 73-7005.

Decreed Date: 12/29/2010

**IDAHO DEPARTMENT OF WATER RESOURCES
APPLICATION FOR TRANSFER OF WATER RIGHT
PART 2A**

Current Water Right No.: 73-10020B

Current Owner: FLYING JOSEPH RANCH LLC
Priority Date: 6/9/1969
Origin: Water Right
Status: Active
Basis: Decreed

Source

Tributary

GROUND WATER

<u>Beneficial Use</u>	<u>From To</u>	<u>Diversion Rate</u>	<u>Annual Volume</u>
IRRIGATION	04/01 to 10/31	3.09 CFS	463 AF
	<u>Total Diversion</u>	3.09 CFS	463 AF

Location of Point(s) of Diversion

GROUND WATER	SE1/4SW1/4	Sec. 18,	Twp 13N,	Rge 23E B.M.
CUSTER County				
GROUND WATER	NE1/4SE1/4	Sec. 13,	Twp 13N,	Rge 22E B.M.
CUSTER County				

Place of Use

IRRIGATION Within CUSTER County

T13N R22E S12	SESE	39.00	T13N R22E S13	NENE	37.00
T13N R22E S13	SENE	23.00	T13N R22E S13	NESE	10.00
T13N R23E S7	Lot 4 SWSW	39.00	T13N R23E S7	SESW	39.00
T13N R23E S18	NENW	38.00	T13N R23E S18	Lot 3 NWSW	15.00
T13N R23E S18	SESW	11.00			

Total Acres: 251

Conditions of Approval:

1. C18 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.
2. K06 This right is limited to the irrigation of 155 acres within the place of use described above in a single irrigation season.

Decreed Date: 3/12/2010

**IDAHO DEPARTMENT OF WATER RESOURCES
APPLICATION FOR TRANSFER OF WATER RIGHT
PART 2A**

Current Water Right No.: 73-11840

Current Owner: FLYING JOSEPH RANCH LLC

Priority Date: 6/6/1969

Origin: Water Right

Status: Active

Basis: Decreed

Source

Tributary

GROUND WATER

<u>Beneficial Use</u>	<u>From To</u>	<u>Diversion Rate</u>	<u>Annual Volume</u>
IRRIGATION	04/01 to 10/31	1.92 CFS	288 AF
	<u>Total Diversion</u>	1.92 CFS	288 AF

Location of Point(s) of Diversion

GROUND WATER	NE1/4SE1/4	Sec. 13,	Twp 13N,	Rge 22E B.M.
CUSTER County				
GROUND WATER	SE1/4SW1/4	Sec. 18,	Twp 13N,	Rge 23E B.M.
CUSTER County				

Place of Use

IRRIGATION Within CUSTER County

T13N R22E S12	SESE	39.00	T13N R22E S13	NENE	37.00
T13N R22E S13	SENE	23.00	T13N R22E S13	NESE	10.00
T13N R23E S7	Lot 4 SWSW	39.00	T13N R23E S7	SESW	39.00
T13N R23E S18	NENW	38.00	T13N R23E S18	Lot 3 NWSW	15.00
T13N R23E S18	SESW	11.00			

Total Acres: 251

Conditions of Approval:

1. K06 This right is limited to the irrigation of 96 acres within the place of use described above in a single irrigation season.
2. C18 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.

Decreed Date: 3/12/2010

**IDAHO DEPARTMENT OF WATER RESOURCES
APPLICATION FOR TRANSFER OF WATER RIGHT
PART 2A**

Current Water Right No.: 73-2165

Current Owner: FLYING JOSEPH RANCH LLC
Priority Date: 9/23/1966
Origin: Water Right
Status: Active
Basis: Decreed

Source

Tributary

GROUND WATER

<u>Beneficial Use</u>	<u>From To</u>	<u>Diversion Rate</u>	<u>Annual Volume</u>
IRRIGATION	04/01 to 10/31	2.05 CFS	874.2 AF
	<u>Total Diversion</u>	2.05 CFS	874.2 AF

Location of Point(s) of Diversion

GROUND WATER NE1/4NW1/4 Sec. 13, Twp 13N, Rge 22E B.M.
CUSTER County

Place of Use

IRRIGATION Within CUSTER County

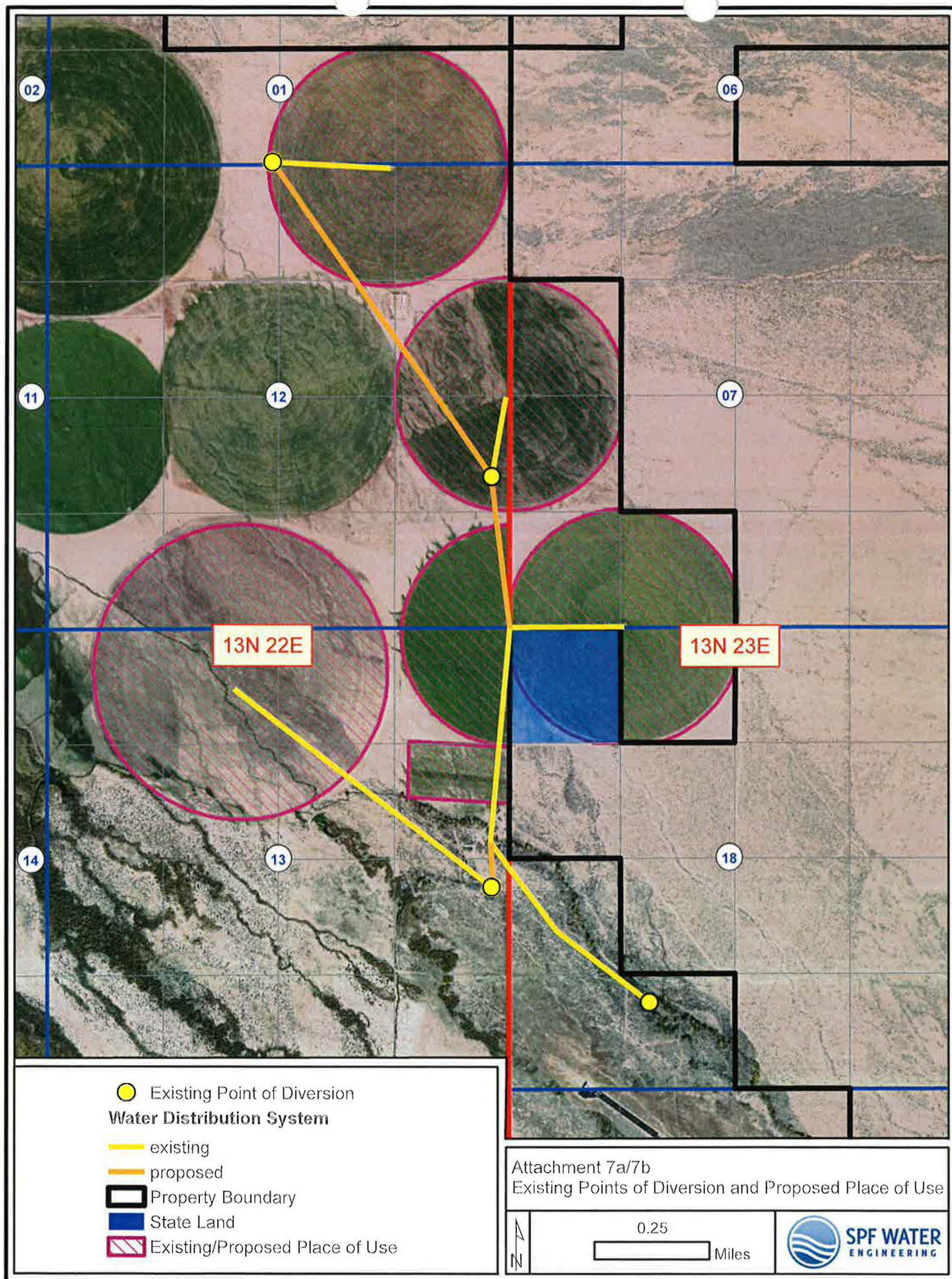
T13N R22E S1	SWSW	40.00	T13N R22E S2	SESE	28.00
T13N R22E S11	NENE	37.00	T13N R22E S11	SENE	32.00
T13N R22E S11	NESE	25.00	T13N R22E S11	SESE	4.00
T13N R22E S12	NWNW	40.00	T13N R22E S12	SWNW	40.00
T13N R22E S12	NWSW	24.00	T13N R22E S12	SWSW	22.00
T13N R22E S12	SESW	2.00			

Total Acres: 294

Conditions of Approval:

1. E55 Right Nos. 73-147A, 73-147B, 73-147C, 73-150D, 73-189, 73-259, 73-2165, 73-10040, 73-10041 and 73-12110 are limited to the irrigation of a combined total of 2365.6 acres in a single irrigation season.
2. C05 Right includes accomplished change in place of use pursuant to Section 42-1425, Idaho Code.
3. C18 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.

Decreed Date: 9/30/2010





FARMING LEASE
No. C800060
Flying Joseph Ranch, LLC

SUMMARY OF LEASE PROVISIONS:

Lessor: STATE OF IDAHO
By and through the State Board of Land Commissioners
300 North 6th Street, Suite 103
PO Box 83720
Boise ID 83720-0050

Lessee: Flying Joseph Ranch
Attn: Joe Clark
7213 Perimeter Rd. South
Seattle, WA 98108

Lease Term: Commencement: January 1, 2017
Expiration: December 31, 2031

Rent: The annual rent payment is due on January 1st of each year.

FARMING:

Dryland 31 acres at \$45.00 per acre

Other Use: Hay Storage at \$200.00, per annum.

Rent terms are more particularly described in *Section 2. Rental Rate and Modification of Rent* of the Lease Provisions.

Leased Premises Legal Description:

See Attachment B

The Lessor, in consideration of the rental paid and the covenants, conditions and restrictions hereinafter set forth, in the Lease (including the Lease Provisions, Signature Page and all Attachments, including any Special Terms and Conditions), does hereby lease and demise unto the Lessee the lands (Leased Premises) described in Attachment B for the uses specified herein.

Primary Use of Leased Premises:

Farming

Bond:

N/A

Liability Insurance:

N/A

Lease Index:

SUMMARY OF LEASE PROVISIONS
LEASE PROVISIONS
SIGNATURE PAGE
ATTACHMENT A – SPECIAL TERMS AND CONDITIONS
ATTACHMENT B – LEASED PREMISES LEGAL DESCRIPTION
ATTACHMENT C – SITE MAP(S)
ATTACHMENT D – REPORTS
ATTACHMENT E – SAGE GROUSE CONSERVATION MEASURES

LEASE PROVISIONS

1. Use of Premise.

- A. Farming Use. The Lessee is authorized to use the number of acres identified on this lease as cropland. The location and management of said acres shall be designated in this written Lease. Said use shall be in accordance with this Lease, the Lessee's approved Summary of Lease Provisions, Lease Provisions, and all Attachments, including any Special Terms and Conditions attached hereto. No use of the leased land for cropping purposes shall occur prior to the final approval of the written Lease by Lessor. Lessee shall pay to Lessor an additional rental for the identified acres of cropland whether cultivated or not in an amount determined by Lessor pursuant to Lessor's current cropland rental policy, along with the annual base rental payment as set forth in *Section 2. Rental Rate and Modification of Rent* of these Lease Provisions.

2. Rental Rate and Modification of Rent.

- A. Annual Rent Payment. Lessee agrees to pay to Lessor, in lawful money of the United States, each year's rent for every acre and/or AUM covered by this Lease, in an amount to be calculated pursuant to Lessor's most current formulas for each applicable use at the time the rental is calculated or recalculated. The rent shall be payable on or before the annual rental payment due date of each successive year. Lessee shall pay the annual rental to Lessor without abatement, offset, or deduction of any kind, unless otherwise authorized by the Lessor through a completed Lease Adjustment form provided by the Lessor. Lessor reserves the right to increase or decrease the annual rent. Lessee will be notified one hundred eighty (180) calendar days in advance of the due date of any increase in rental.
- B. Late Payment Charge. In the event any rent due hereunder is not paid in full when due, Lessee shall pay, in addition to such rent, a late charge in the first calendar month of such delinquency the amount of twenty-five dollars (\$25.00) or one percent (1%) of the unpaid rent, whichever is greater. For each subsequent calendar month of such delinquency, Lessee shall pay an additional late charge equal to one percent (1%) of the then unpaid delinquency. The parties acknowledge and agree that the late charge described herein is a reasonable attempt to estimate and to compensate Lessor for higher administration costs associated with administering such late payments and is not intended as a penalty. By assessing this late charge, Lessor does not waive any right to declare a breach and to pursue any right or remedy available to Lessor by reason of such breach, after expiration of any applicable notice or cure period.
- C. Lien. The amount of the rent, late charge, and interest shall constitute a lien in favor of the State of Idaho against all of Lessee's improvements and other property on the Leased Premises, including, but not limited to, crops and livestock.

3. Lease Provisions and Special Terms and Conditions.

- A. Lease Provisions and Special Terms and Conditions. Prior to issuance of this Lease, Lessee and Lessor must agree to written Lease Provisions and any Special Terms and Conditions. The content of the Lease Provisions and any Special Terms and Conditions shall address all activities that may take place under this Lease and include, but not be limited to, farming, the construction of improvements, the vegetation, noxious weed control and other factors identified by Lessor as necessary for inclusion in the Lease Provisions and any Special Terms and Conditions based on the specific characteristics of the Leased Premises and/or of Lessee's use of the Leased Premises.
- B. Modification of Lease Provisions and Special Terms and Conditions. Lessor may review and modify any Lease Provisions or any Special Terms and Conditions upon changes in conditions, laws, or regulations, provided that Lessor shall give Lessee thirty (30) calendar days notice of any such modifications prior to the effective date thereof. Prior to Lessee instituting any changes, Lessee must submit, in writing, the proposed

changes to Lessor for approval. No changes shall occur prior to Lessor's written approval of the amended Lease Provisions and any Special Terms and Conditions. Modifications mutually agreeable to both Lessor and Lessee may be made at any time.

- C. **Compliance Required.** Lessee shall abide by all Lease Provisions and any Special Terms and Conditions. If Lessee fails to abide by all Lease Provisions and any Special Terms and Conditions, Lessee will be deemed in breach of this Lease and the Lease will be subject to cancellation in accordance with *Section 17. Lessee's Default*, of these Lease Provisions.
- D. **Reimbursement for Non-Standard Administrative Costs.** The Lessee shall reimburse the Lessor for administrative costs incurred to address issues of compliance. Lessor's request for payment to Lessee will include a detailed description of the work completed and actual expense incurred.
- E. See Attachment A of this Lease for any Special Terms and Conditions in effect as of the date of execution of this Lease.

4. Subleasing or Assignment.

- A. **Written Approval Required.** Lessee shall not sublease or authorize another person to use any part of Lessee's interest under this Lease, or assign this Lease, without the prior written consent of Lessor to be evidenced by Lessor's execution of consent forms provided by Lessor for that purpose. Any request for approval of a sublease or assignment must be in writing, complying with the statutes or rules governing subleasing, and accompanied by a copy of the proposed sublease agreement and the appropriate processing fee. Lessor may withhold consent for any reason. Any attempt by Lessee to sublease Lessee's interest in the Leased Premises or any part of the Leased Premises or to assign this Lease, shall be void unless Lessor has given such prior written consent. No request for Lessor's approval of any assignment or sublease will be considered unless all rent due has been paid in full, and Lessee is in good standing under the terms of the Lease. No sublease will act as a release of Lessee's obligations hereunder unless Lessor executes a separate written release of Lessee. Lessor has no obligation to so release Lessee, and Lessor can withhold such release at Lessor's sole discretion. Any sublease or assignment will be subject to, but not limited to, the existing Lease Provisions and any Special Terms and Conditions. The sublease cannot go beyond the Lease expiration date.
- B. **Additional Rental Due.** In the event the Leased Premises is subleased in accordance with all terms and conditions of *Section 4. Subleasing or Assignment* of these Lease Provisions, for an amount greater than the base rental, Lessee shall in addition to Lessee's annual base rental pay to Lessor an amount equal to one-half (1/2) the difference between Lessee's base rental rate herein established, and the rental rate paid by Sublessee.
- C. **Improvements.** Upon approved sublease or assignment, ownership of any existing Lessee-owned improvements under this Lease must be separately negotiated between Lessee and such Sublessee or Assignee.
- D. **Copies to be Filed.** Copies of all assignments, subleases, pasturage or any other agreement of any kind or nature involving the use of the Leased Premises by another person shall be timely filed with Lessor.

5. Leasehold Mortgage.

Lessee shall not mortgage, pledge or otherwise dispose of Lessee's interest in the Lease, or any portion thereof, without prior written consent of Lessor. Lessee shall use mortgage or deed of trust forms provided by Lessor, and shall submit completed forms and appropriate fee to Lessor for review and approval. The term of a mortgage agreement shall not exceed the Lease term. Lessor may accept or reject a leasehold mortgage at its discretion.

6. Environmental, Safety and Sanitary Requirements.

- A. **No Hazardous Materials.** Lessee shall neither commit nor permit the use, placement, transport or disposal of any hazardous waste, including, but not limited to, petroleum products, such as oil, gasoline, or any other substance that is or is suspected to be a hazardous substance or material on the Leased Premises except the customary use associated with weed and pest control, machinery, equipment and vehicles. Lessee shall

be responsible, and shall pay all costs for the removal or other appropriate remedial action regarding any hazardous waste, substances, or materials which Lessee may have caused to be introduced on the Leased Premises. Any such remediation or removal or storage must be conducted in accordance with applicable federal, state, or local law, regulation, rule or ordinance and Lessee shall immediately, upon the introduction of any hazardous waste, substances or materials onto the Leased Premises, contact the Idaho Department of Environmental Quality (DEQ) and enter into a consent order for remediation with DEQ, provided however, Lessee shall not forestall commencing any necessary remediation while negotiating the terms of any consent order with DEQ, unless Lessee is so authorized in writing by Lessor. In event of introduction of any hazardous waste, substances or materials, Lessor may also require Lessee to enter into consent orders or other agreements with any other relevant agency. Lessee shall indemnify, defend and hold Lessor harmless from all costs, expenses, damages or fines relating to pollution and hazardous materials including, without limiting the generality of the foregoing, attorney fees and costs of defense or of enforcement of Lessor's rights hereunder. The amount of any costs incurred by Lessor due to Lessee's violation of this provision shall constitute a lien in favor of the State of Idaho against all of the Lessee's improvements and other property on the Leased Premises including, but not limited to, crops.

- B. Fire and Safety Regulations. Lessee shall comply with all applicable federal, state and local laws, rules, regulations and ordinances for fire protection and prevention. Lessee agrees to keep the Leased Premises free from fire hazards as determined by Lessor. Lessee is prohibited from burning garbage or household trash and any burning on the land, including the burning of wood, weeds or other debris, but excepting campfires necessary for the use under this Lease, requires the prior written permission of Lessor. Any burning must comply with applicable federal, state or local law, regulation, rule or ordinance.
- C. Sanitary Requirements. Concerning activities authorized under this Lease, Lessee shall at all times keep the Leased Premises in a clean and sanitary condition, free of trash, garbage and litter so the Leased Premises is maintained in the same or better condition as when this Lease was issued. Lessee shall not dispose of sewage except in conformity with applicable federal, state, and local law, rules and regulations pertinent to Lessee's use and shall dispose of sewage on the Leased Premises only if specifically authorized by Lessor. The Lessee shall not store trash on the Leased Premises nor transport trash, garbage, litter or debris onto the Leased Premises. Lessee shall dispose of all trash, garbage and carcasses in conformity with all legal requirements. Lessee is responsible for all costs associated with sewage, garbage and litter disposal.

7. No Warranty of Suitability - Quiet Enjoyment - Public Use.

- A. No Warranty. Lessee acknowledges that neither Lessor nor any agent of Lessor has made any representation or warranty with respect to the Leased Premises or concerning the suitability of the Leased Premises for the uses intended by Lessee. Lessee acknowledges that it has accepted the Leased Premises in an AS IS CONDITION, accepting any and all known or unknown faults therein.
- B. Quiet Enjoyment. Lessor agrees that Lessee, upon payment of the rent and performing the terms of this Lease, may quietly have, hold and enjoy the Leased Premises, for the purposes and uses allowed hereunder, during the term hereof. Lessee acknowledges that the Lease is non-exclusive, and Lessor retains the right to use of the Leased Premises, or to grant rights to others for use of the Leased Premises, to the extent any such use does not materially interfere with Lessee's purpose and uses allowed hereunder, unless otherwise provided for in this Lease.
- C. Public Use. Lessee must allow the general public the right to use the Leased Premises for any lawful use available to the public for lands owned by the State of Idaho. However, nothing in this Lease authorizes or purports to authorize trespass on private lands to reach state-owned lands, including the Leased Premises. Public use of State lands shall not be restricted without prior written approval of Lessor. This Lease is not an exclusive control lease as described under Idaho Code § 36-1603(b).

8. Water Right and Water Use.

- i. Water Rights Held by Lessee or Third Parties. Lessee represents that the following water rights are held by Lessee, or are held by a third party from which permission to exercise the right has been obtained by Lessee, for use on, or diversion from, the Leased Premises.

Water Right No.:73-2159 Flying Joseph Ranch, LLC, 73-2162 Flying Joseph Ranch, LLC, 73-2165 Flying Joseph Ranch, LLC, 73-7102 Flying Joseph Ranch, LLC, 73-10020A Flying Joseph Ranch, LLC, 73-10020B Flying Joseph Ranch LLC, 73-11840 Flying Joseph Ranch, LLC, 73-12171 Flying Joseph Ranch, LLC, 73-12172 Flying Joseph Ranch, LLC.

- ii. The water right(s) identified in subsections [8(A)(i) and (ii)] include each and every water right that Lessee, or its authorized agent, will use on, or divert from, the Leased Premises.

- B. Future Water Rights and Water Use Generally. The establishment of any new water rights during the term of this Lease shall be by and for Lessor and no claim thereto shall be made by Lessee. Such water rights shall attach to and become appurtenant to the Leased Premises, and the Lessor shall be the owner thereof. The use of any water rights by the Lessee shall be in conformance with Idaho water law. Lessee must receive the prior written consent of Lessor or its authorized agent, and the prior written consent of any department or agency of the State of Idaho having jurisdiction to regulate water rights or water use in and for the State of Idaho for any of the following:
- i. To drill and use a water well,
 - ii. To develop and use any source of water,
 - iii. To cause any water to be conveyed off the Leased Premises,
 - iv. To bring water onto the Leased Premises.
- C. Water Systems. If water is supplied to the Leased Premise by a water system operated by the State of Idaho, the use of such system and the supply of water provided thereby may be curtailed or terminated upon thirty (30) calendar days written notice of Lessee from Lessor or its authorized agent. Neither Lessor nor its agents and employees nor any entity of the State of Idaho shall be liable in any manner for damage or inconvenience to the Lessee by reason of failure or, damage to, or termination or curtailment of the operation of any water system or source supplying water to the Leased Premises.
- D. Improvements in Aid of Water Use. Improvements (pre-existing or future) made in aid of any and all water use on, or diversion from, the Leased Premises are subject to the permit requirements of this Lease.
- E. No Right of Access to Water Rights Upon Expiration or Termination of Lease. Upon Expiration or Termination of this Lease, the Lessee shall have no right to access any point of diversion or any place of use of any water right on the Leased Premises without the prior written consent of the Lessor.

9. Noxious Weeds.

- A. The Lessee shall cooperate with Lessor or any other agency authorized to undertake programs for control or eradication of noxious weeds. Lessee shall take measures to control noxious weeds on the Leased Premises in accordance with Title 22, Chapter 24, Idaho Code, except those resulting from activities beyond the Lessee's control. Costs for control of noxious weeds on the Leased Premises shall be the responsibility of the Lessee, unless otherwise provided for in the Special Terms and Conditions included in Attachment A.
- B. The Lessee shall ensure that prior to moving onto the Leased Premises that all equipment is free of noxious weeds and their seeds as defined by the Idaho Department of Agriculture and local Coordinated Weed Management Area. Cleaning of contaminated equipment and vehicles shall not take place on any state endowment land, including the Leased Premises.
- C. All straw and forage used for livestock feed, with the exception of that grown on the Leased Premises or on Lessee's immediately adjacent land, must be certified in accordance with the Idaho Department of Agriculture Forage and Straw Certification Rules (IDAPA 02.06.31) and must be certified as Idaho State Noxious Weed Free.

10. Construction of Improvements.

- A. Permit Required. Lessee shall not construct or reconstruct, initiate or place improvements or structures of any character (herein referred to as "improvements") on or to the Leased Premises without the prior expressed, and written permission of Lessor. Said permission shall be in the form of a permit issued by

Lessor, and shall be required for any improvement or structure on the Leased Premises including, but not limited to, range improvements, buildings or other structures, water developments, fences, vegetation treatment, or the clearing of land. Lessee shall submit project plans to the Lessor. If the project plans are approved and permitted in writing by Lessor, then Lessee shall construct and implement the improvements in full compliance with the approved plans, the permit and all applicable building codes, rules and laws. Permitted improvements shall be the property of Lessee, unless otherwise provided in the permit or this Lease. Failure to obtain a written permit prior to construction and implementation of any improvement will be considered a trespass violation and may result in cancellation of the Lease or cause the Lessor to initiate proceedings to recover damages as provided for in IDAPA 20.03.14. Any improvement associated with the uses authorized in this Lease and placed on endowment land prior to January 1, 1970 is considered grandfathered and properly authorized even though there may be no documentation of authorization.

- B. Condition of Improvements. At all times during the term of this Lease, Lessee shall keep all improvements in good repair and functional condition to the satisfaction of Lessor. Any and all fences shall be neat, stock-proof, lawful fences and gates.
- C. Maintenance of Improvements. Lessee may be required to remove or reconstruct improvements in poor or non-serviceable condition. Existing maintenance agreements on lands acquired from the federal government shall remain in effect until amended by the parties involved. If maintenance is not being accomplished, Lessor shall provide a letter to Lessee informing Lessee of the violation of the Lease. If work is not begun within thirty (30) calendar days and completed in a timeframe specified by the Lessor, Lessor may contract repairs and bill Lessee for actual costs incurred.
- D. Removing Improvements. Lessee shall not remove, relocate or otherwise alter any improvements without prior written permission from Lessor.
- E. Cost of Improvements. Any permitted improvement constructed by or at the request of Lessee, shall be constructed at Lessee's own expense, unless Lessor and Lessee shall have entered into a prior written cost sharing agreement for construction of such improvement.
- F. Permitted Improvements At Lease Expiration/Termination. Upon expiration or termination of this Lease for any reason, other than a default by Lessee, and in the event Lessor leases the Leased Premises to a new lessee, Lessor shall require the new lessee to pay Lessee the then existing value of the permitted improvements in accordance with the then existing statutes and rules. Said value shall be determined through a valuation conducted by Lessor or by Lessee's documented cost of construction if the improvement was authorized after July 1, 2009. Improvement payments shall be first applied towards any rent or other monies due to Lessor before being disbursed to Lessee. Lessor does not hereby agree or become obligated to pay any such value to Lessee, such obligation shall be solely on the subsequent lessee, if any. Any improvement which Lessee is entitled or required to remove upon expiration of the Lease must be removed within six (6) months of the expiration of the Lease, otherwise it is deemed abandoned and title to such abandoned improvement shall vest in the State of Idaho. Provided, however, Lessor may authorize, in writing, prior to the expiration of the six (6) month time period, additional time for removal of improvement(s) by Lessee. Failure of Lessee to remove any such improvement within the extended time period established by Lessor shall constitute an abandonment of Lessee's rights to such improvement.
- G. Improvements Not Approved. At any time during the term of the Lease, or upon expiration or termination of this Lease for any reason, Lessor may require, at Lessor's sole discretion, that Lessee remove any improvement placed on the Leased Premises without a prior permit from Lessor. The full cost of such removal, including the restoration of the Leased Premises, shall be solely Lessee's. In the event Lessor does not elect to require such removal, Lessee's failure to secure such permit shall constitute forfeiture. Title to any improvement placed on the Leased Premises without a permit from Lessor shall, at Lessor's option, immediately vest in Lessor without waiver of Lessor's right to require removal of the same by Lessee.
- H. Lessor's Removal of Improvement. Lessor may, at its discretion, remove or have removed the abandoned or non-permitted improvement and Lessee shall be responsible for the full cost of removal and restoration of the Leased Premises. Nothing in this section of the Lease shall relieve Lessee from the obligation to

remove any improvement as required by Lessor under other terms within this Lease or the permit authorizing the improvement.

11. No Liens.

Lessee will not permit or suffer any liens of any kind or nature to be effected on or enforced against the Leased Premises, including, but not limited to, any mechanics' liens or material suppliers' liens for any work done or materials furnished on the Leased Premises at Lessee's instance or request. Lessee shall ensure that full payment is made for any and all materials joined or affixed to the Leased Premises pursuant to this Lease and for any and all persons who perform labor on the land.

12. Sale, Exchange or Change in Use of Leased Premises.

- A. **Sale.** Lessor may sell all or any portion of the Leased Premises during the term of this Lease. Lessor will notify Lessee that the Leased Premises are being considered for sale at the time the proposed sale is scheduled for submission to the Land Board for approval. Lessee will be notified of a scheduled sale at least thirty (30) calendar days prior to sale date. Lessee shall deliver immediate possession of the land sold unto Lessor, or to the person or party as may be specified in writing by Lessor or Lessor's designee, unless the land remains subject to the Lease, or unless Lessee is to be permitted to harvest a growing crop before surrendering possession. When creditable improvements are present, and Lessee delivers possession of the land, Lessor shall value them in accordance with Idaho Code § 58-313, or the then existing applicable statute or rule, and Lessee shall be paid for the improvements by the purchaser on the day of sale. Lessee shall have the rights provided by *Section 10. Construction of Improvements, F. Permitted Improvements At Lease Expiration/Termination* of these Lease Provisions, and the then existing statutes or rules with respect to compensation for permitted improvements placed upon the Leased Premises by Lessee.
- B. **Consent To Land Exchange.** Lessee acknowledges that the Leased Premises, or any portion thereof, may be the subject of a future land exchange by Lessor, and Lessee hereby consents to the inclusion of any such land, or portion thereof, in any land exchange deemed necessary or appropriate by Lessor. This consent is given in compliance with Idaho Code § 58-138. In the event Lessor chooses to include the Leased Premises, or any portion thereof, in any proposed land exchange in the future, Lessor shall provide Lessee with at least thirty (30) days written notice from the Director of the Department of Lands. Upon the consummation of the proposed land exchange, that portion of lands included within the exchange shall be deleted from this Lease, and Lessee's lease payment obligation for the ensuing year shall be reduced proportionately. Lessee shall be entitled to continue to use the lands included within any such exchange for the balance of the year in which the exchange occurs unless otherwise notified in writing by Lessor, in which event the lease payment for such year shall be prorated.
- C. **Change in Use.** The Lease may be cancelled in whole or in part upon one hundred eighty (180) calendar days written notice by Lessor if the use of the Leased Premises is to be changed to any other use that is incompatible with the use authorized by this Lease, as designated by Lessor. In the event of early cancellation due to change in land use, Lessee will be entitled to a pro rata refund of the premium bid for a conflicted lease.

13. Relationship of the Parties.

Lessee is not an officer, employee or agent of Lessor. In no event shall any official, officer, employee or agent of Lessor or of the State of Idaho be in any way personally liable or responsible for any covenant or obligation contained in this Lease, express or implied, nor for any statement, representation or warranty made in connection herewith.

14. Reservations by Lessor.

Lessor expressly reserves and excepts the following rights:

- A. To enter upon the Leased Premises, or any portion thereof, during the term of this Lease for any purpose, including, but not limited to, the purpose of inspecting the Leased Premises.

- B. All rights not expressly granted to Lessee under this Lease, including, but not limited to, all rights to timber, oil and gas, geothermal rights, mineral rights, easements and rights-of-way, water, and fee title to the Leased Premises, and title to all appurtenances and improvements placed thereon by Lessor.
- C. To grant easements and rights-of-way over and across the Leased Premises. Lessor shall coordinate with Lessee before processing any easement applications on the Leased Premises. The grantee of such easement shall, before exercising the same, pay Lessee the reasonable value of any permitted improvements and any growing and immature crops, if crops or improvements are impacted by the easement. Said value shall be determined by Lessor's valuation.
- D. To issue other leases on the Leased Premises. Such other leases may be for any purpose deemed appropriate by Lessor, including, but not limited to, the exploration and development of oil, gas, geothermal and mineral resources as provided by Title 47, Idaho Code. In the event any such other lease is granted by Lessor, the other lessee shall, before exercising the same, pay Lessee the reasonable value of any permitted improvements and any growing and immature crops, if crops or improvements are impacted by the other lease. Said value shall be determined by Lessor's valuation. If the other lease conflicts with the grazing use or makes consumptive use of forages, the grazing rental will be adjusted to reflect such loss of use.
- E. To require that changes be made in the use under this Lease, and/or to the improvements on the Leased Premises, including, but not limited to, the sanitation or other facilities for the protection of public health, safety, preservation of property or water quality.
- F. To reserve as Lessor's sole property any and all water appurtenant to Lessor's land or from any source arising thereon and to hold water rights for any beneficial use that may be developed as a result of this Lease, and as further provided in *Section 8. Water Right and Water Use* of these Lease Provisions.
- G. Rights of ingress, egress, and access, over and across the Leased Premises for Lessor and its lessees, permittees, contractors, and assigns on existing roads, or on suitable alternative roads provided by Lessee.
- H. To change the use of the Leased Premises, in whole or in part, for other uses that will better achieve the objective of Lessor. Upon a change in use this Lease may, at Lessor's discretion, be terminated in whole or as to the affected part. In the event of any such termination due to a change in use, the provisions of *Section 10. Construction of Improvements* of these Lease Provisions, relating to compensation for permitted improvements shall apply.
- I. To sell timber on the Leased Premises or otherwise conduct forest management activities, Lessor reserves the right to restrict or prohibit grazing use on all or portions of the Leased Premises for timber management purposes. Lessee will be given not less than one hundred eighty (180) calendar days written notice of any such restrictions or termination of grazing use, together with a map of the restricted area.
- J. To restrict or prohibit grazing on all or any portion thereof of the Leased Premises in response to emergency conditions such as, but not limited to, fires, flooding and drought.
- K. To sell all or any portion of the Leased Premises at any time during the term of this Lease, and as further provided in *Section 12. Sale, Exchange or Change-in-Use of Leased Premises* of these Lease Provisions.
- L. To harvest seed from plants on land not under a farming lease. Lessor will coordinate the harvesting activities with Lessee to minimize impacts on farming operations.
- M. To close roads for road protection, wildlife protection or administrative purposes. Planned road closures will be reviewed with Lessee prior to action by Lessor.
- N. To claim all permanent improvements placed upon the Leased Premises remaining after six (6) months in cases of abandonment by Lessee or to take possession immediately in cases of cancellation upon breach of any of the conditions of the Lease. No improvements will be disposed of by Lessor until all appeals have been exhausted.

15. Indemnification.

Lessee shall indemnify, defend and hold harmless Lessor, the State of Idaho, its officers, agents and employees from and against any liability, claims, actions, damages, costs, expenses or losses, including reasonable attorney's fees and costs caused by or arising out of the performance, acts or omissions of Lessee, Lessee's agents, officers or employees, or persons using the Leased Premises with Lessee's permission, or otherwise arising out of Lessee's use or occupation of the Leased Premises; or arising from the failure of the same to comply with any applicable state, federal, local, law, statute, rule, regulation, act, or provision of this Lease. This duty to indemnify, defend and hold harmless shall encompass any claims which include or allege negligence of Lessor, its agents, officers or employees other than claims which arise solely out of negligence on the part of Lessor, and this duty shall survive the termination or expiration of this Lease.

16. Payment of Taxes, Assessments or Fees – Lien.

Unless otherwise provided, Lessee shall pay all water charges, fees, assessments or taxes of whatsoever nature that may be legally levied or assessed against the Leased Premises herein described, or any portion thereof or on any improvements thereto. If the same is not paid, it shall constitute a lien in favor of the State of Idaho against all improvements, or crops growing on the Leased Premises.

17. Lessee's Default.

- A. Lessee's Failure to Comply. Lessee's failure to comply with the Lease Provisions and any Special Terms and Conditions shall be a breach giving rise to a basis for termination of the Lease. Lessor shall provide Lessee thirty (30) calendar days written notice of the cancellation and, if applicable, the corrective action required of Lessee. The notice shall specify a reasonable time to make a correction or cure the violation or breach, if such breach is subject to correction or cure. If the corrective action or cure is not taken within the specified time or does not occur, then the Lease shall be automatically terminated on the date specified in the written cancellation notice without any further notice or demand, unless otherwise agreed by Lessor in writing. Lessee shall not, while in default, remove any of the improvements, or crops thereon, whether crops are harvested or not unless directed by Lessor. In addition to the rights and remedies specifically granted to Lessor under this Lease, Lessor shall have such other rights and remedies against Lessee as are available at law or in equity, and Lessor's pursuit of any particular remedy for breach shall not, in and of itself, constitute a waiver or relinquishment of any other compatible claim of Lessor against Lessee.
- B. Lessor's Performance Upon Lessee Default. In the event Lessee fails to perform any act or do anything which Lessee is required to do under the terms of this Lease, Lessor shall have the right, but not the obligation, to perform on behalf of Lessee, any such action. Lessee shall immediately reimburse Lessor for all costs and expenses, including attorney fees, (including fees from the Office of the Attorney General of the State of Idaho), incurred by Lessor in performing any such act or thing. Lessee's obligation to pay costs hereunder shall be deemed to be additional rent fully due and payable on demand from Lessor.

18. Surrender of Land.

Lessee shall, at the termination or expiration of this Lease, deliver immediate possession and vacate the Leased Premises, leaving it in the same or better condition than it was in at the time of Lessee's entry on such premises under this agreement, except for reasonable use and wear, acts of God, or damage by causes beyond the control of Lessee, and upon vacating shall leave the demised land free and clear of all rubbish and debris, and with all improvements in good order and condition.

19. Cancellation By Mutual Agreement.

Leases may be cancelled by mutual agreement between the Lessor and the Lessee. The Lessor will not unreasonably withhold approval of a request for cancellation by a Lessee.

20. Notices.

- A. Notices. Any notice or any demand given under the terms of this Lease shall be deemed given and delivered on the date when personally delivered or if mailed, the date same is deposited in the United States Mail, and mailed by regular or certified mail, postage prepaid and properly addressed to the appropriate party.
- B. Addresses. Until changed by notice in writing, notice, demands, and communications under this Lease shall be addressed to Lessor at:

Idaho State Board of Land Commissioners
300 North 6th Street, Suite 103
PO Box 83720
Boise ID 83720-0050

and to Lessee at the address set forth at the beginning of this Lease. Any notice or correspondence mailed to Lessee at the last identified address shall be deemed effective delivery. It is Lessee's duty to notify Lessor, in writing, of any change in mailing address.

21. Waiver.

The waiver by Lessor of any breach of any term, covenant or condition of this Lease shall not be deemed to be a waiver of any past, present or future breach of the same or any other term, covenant or condition of this Lease. The acceptance of rent by Lessor hereunder shall not be construed to be a waiver of any violation of the term(s) of this Lease. No payment by the Lessee of a lesser amount than shall be due according to the terms of this Lease shall be deemed or construed to be other than a part payment on account of the most recent rent due, nor shall any endorsement or statement of any check or letter accompanying any payment be deemed to create an accord and satisfaction.

22. Attorneys' Fees and Costs.

In the event Lessor initiates a legal proceeding of any kind instituted under this Lease or to obtain performance of any kind under this Lease, and Lessor prevails, Lessor shall be awarded such additional sums as the court may adjudge for reasonable attorney's fees (including fees from the Office of the Attorney General of the State of Idaho) and to pay all costs and disbursements incurred in such proceeding, including, but not limited to, accountants' fees and fees of appraisers or other experts.

23. Lessee's Compliance with Applicable Laws and Rules.

- A. Full compliance. Lessee shall fully comply with all applicable federal, state, or local statutes, ordinances, rules, regulations and laws now existing or hereafter enacted. This shall include, but not be limited to, all applicable rules and regulations and standards promulgated by the State Board of Land Commissioners or the Idaho Department of Lands, including but not limited to, the rules governing leasing of endowment lands, IDAPA 20.03.14.
- B. No Waste or Nuisance. Lessee shall not use the Leased Premises in any manner that would constitute loss or waste, nor shall Lessee allow the same to be committed thereon. Lessee shall not do anything which will create a nuisance or a danger to persons or property.

24. Miscellaneous.

- A. No Trespass. Lessee shall not allow Lessee's livestock to graze or run at large over any lands of Lessor in a manner not approved within the Lease Terms and Special Provisions, nor shall Lessee authorize any other person to graze or run livestock over Lessor's lands without the express written consent of Lessor.
- B. Appraisals and Valuations. Any appraisal or valuation by Lessor called for in this Lease shall be done by Lessor in accordance with applicable state law and regulations, and the then existing policy of Lessor.

- C. Subject to Existing Leases/Easements. This Lease is expressly subject to any right-of-way, easement, lease or contract, including, but not limited to, any present or future timber sale contract, that are now in force and effect or that may hereafter be granted relating to the Leased Premises.
- D. Timber. This Lease does not authorize Lessee to cut any timber growing on the Leased Premises. Any unauthorized use of such timber by the Lessee or with his knowledge or consent, shall work a forfeiture of this Lease without notice, and said Lessee shall be responsible for damages in the amount of treble the value of the timber used or taken and all other damages. Said timber value to be determined by Lessor.
- E. Modification. This Lease may be modified only by a fully executed Lease Adjustment on a form provided by Lessor.
- F. Binding on Heirs and Successors. This Lease, including the Lease Provisions and any Special Terms and Conditions, shall inure to the benefit and be binding upon the heirs, executors, successors, sublessees, and assigns of the parties.
- G. Lessee's Non-Discrimination. Lessee shall not discriminate against any person because of race, creed, religion, color, sex, national origin or disability.
- H. Entire Agreement. This Lease, including the Summary of Lease Provisions, the Lease Provisions, the Signature Page and all Attachments attached hereto, contains the entire agreement between the parties concerning the subject matter hereof and supersedes any and all prior agreements. The execution of this Lease has not been induced by either party, or any agent of either party, by representations, promises or undertakings not expressed herein and, further, there are no collateral agreements, stipulations, covenants, promises, inducements or undertakings whatsoever between the respective parties concerning this Lease except those which are expressly contained herein.
- I. Governing Law and Forum. This Lease shall be construed in accordance with and governed by the laws of the State of Idaho and the parties consent to the jurisdiction of Idaho State courts located in Ada County in the event of any dispute with respect to this Lease.
- J. Severability. In the event any provision of this Lease shall be held invalid or unenforceable according to law, for any reason whatsoever, then the validity, legality or enforceability of the remaining provisions shall not in any way be affected or impaired.
- K. Counterparts. This agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute but one and the same instrument.

This Lease, including the Summary of Lease Provisions, Lease Provisions, Signature Page, and all Attachments, is made and entered into by and between the State of Idaho, acting by and through the State Board of Land Commissioners and Flying Joseph Ranch, LLC.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be duly executed the day and year first above written.

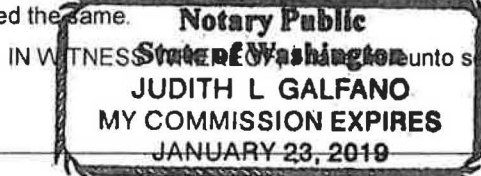
LESSEE SIGNATURES

x *Flying Joseph Ranch* (Lessee/Company) x *[Signature]* (Lessee/Company)
x _____ (Lessee/Company) x _____ (Lessee/Company)

STATE OF WA)
COUNTY OF KING :ss

(SEAL)

On this 6th day of SEPT., in the year 2017, before me JUDITH GALTANO, a Notary Public, personally appeared S.B.J. CLARK, proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is (are) subscribed to the within instrument, and acknowledged that he (she) (they) executed the same.



IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year last above written.

Notary Public: *[Signature]*
Commission Expires: JAN 23, 2019

LESSOR SIGNATURES

COUNTERSIGNED: STATE BOARD OF LAND COMMISSIONERS OF THE STATE OF IDAHO

Secretary of the State of Idaho

President of the State Board of Land Commissioners
and Governor of the State of Idaho

Director Department of Lands

STATE OF IDAHO)
COUNTY OF ADA) :ss

(SEAL)

On this _____ day of _____, in the year _____, before me _____, a Notary Public in and for said State, personally appeared C. L. "Butch" Otter, known to me to be the president of the State Board of Land Commissioners of the State of Idaho and the Governor of the State of Idaho; and Lawrence E. Denney, known to me to be the Secretary of the State of Idaho and Thomas M. Schultz, Jr., known to me to be the Director, that executed the within instrument, and acknowledged to me that the State Board of Land Commissioners of the State of Idaho and the State of Idaho executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year last above written.

Notary Public: _____
Commission Expires: _____

Attachment A

SPECIAL TERMS AND CONDITIONS

Cropland Management/Rotation Strategy:

The Lessee will manage the Leased Premises using Best Management practices appropriate for the local conditions to maintain crop productivity, minimize soil erosion, and limit weed infestations. This will include using low till techniques and the use of herbicides to control broadleaf weedy species and/or wild oats on cropped acres.

The leased premises is managed in conjunction with the Lessee's adjacent cropland to grow hay.

Adjacent Lands:

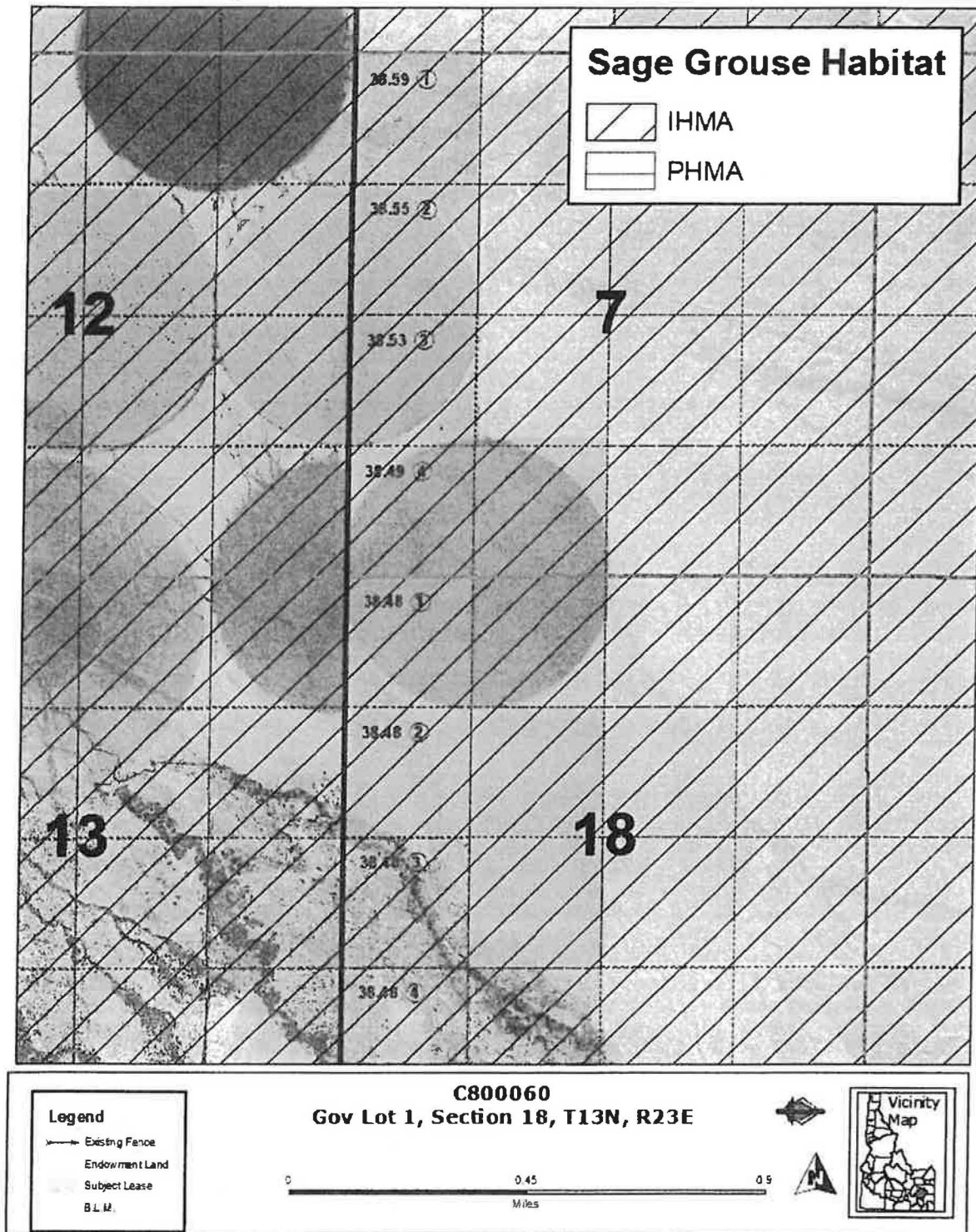
The state lands covered under this lease will be managed in conjunction with adjacent lands. The Lessee must notify the Lessor if control of adjacent lands is lost. Failure to notify the Lessor of a loss of ownership/control will be considered a breach of the lease.

Attachment B
LEASED PREMISES LEGAL DESCRIPTION

TWN	RNG	SEC	Legal Description	County	Endowment	Acres	Wasteland Acres	Irrigated Acres	IHMA
13N	23E	18	Gov Lot 1	Custer	PS	38.48	7.48	31	38.48

Attachment C SITE MAP(S)

MAP #1



Attachment D
ANNUAL CROP PRODUCTION REPORT

REPORTING YEAR 20__

Lease No.: _____ Lessee Name: _____

FSA Office: _____ Farm Number: _____ Tract No(s): _____

Please fill out the information below as it applies to your lease/farm. On the back of this form, please explain your cropping schedule/rotation plan for the next two years.

CONSERVATION RESERVE PROGRAM (CRP)

Acres of State Lease in CRP: _____ Annual Payment / acre: _____

CROPS PLANTED ON LEASE IN 20__

NONE (explain): _____ (fallow, enrolled in CRP, etc.)

Dryland – acres: _____ Yield: _____

Irrigated – acres: _____ Yield: _____

CROP 1 – type: _____ (wheat, barley, hay, etc.)

Dryland – acres: _____ Yield: _____

Irrigated – acres: _____ Yield: _____

CROP 3 – type: _____ (wheat, barley, hay, etc.)

Dryland – acres: _____ Yield: _____

Irrigated – acres: _____ Yield: _____

FEDERAL PAYMENTS FOR ACRES IN LEASE IN 20__ (Production Flexibility Contract)

Wheat – acres: _____ Yield: _____ Payment Rate: _____

Barley – acres: _____ Yield: _____ Payment Rate: _____

Specify if Other Crop:

_____ – acres: _____ Yield: _____ Payment Rate: _____

_____ – acres: _____ Yield: _____ Payment Rate: _____

SIGNED: _____
LESSEE

DATE

***** **Area and Bureau Office Use Only** *****

Form Distribution: 1) Bureau Copy
2) Area Copy

(IDL DATE STAMP)

Attachment E Special Terms and Conditions

SAGE GROUSE CONSERVATION MEASURES

In accordance with Executive Order No. 2015-04 and the Idaho State Board of Land Commissioners Greater Sage-Grouse Conservation Plan (LB SG Plan), the following conservation measures (CMs) will apply to all lands within this Lease which are within sage-grouse Priority Habitat Management Areas (PHMAs) or Important Habitat Management Areas (IHMAs) as identified in the LB SG Plan, as amended from time to time. In the event of a conflict between the location of the PHMAs and IHMAs identified in the LB SG Plan and Exhibit C hereto, the LB SG Plan shall control. The most recent version of the LB SG Plan can be found at Idaho Department of Lands (IDL) website.

For proposed activities by third parties on state endowment trust lands in PHMA and IHMA, IDL will implement CMs as enforceable stipulations in authorizing documents such as leases. With the high diversity of terrain and vegetation types within the sage-grouse region of Idaho, it is difficult to design a "one size fits all" set of CMs. Science and technology also change over time and new options or alternatives may be proposed as part of a site-specific management plan. Site-specific management plans submitted by applicants or lessees should provide equal or better results than the CMs described below. IDL and lessee agree to cooperate in the development of site-specific management plans, including but not limited to vegetative fuels control, range improvement construction, and sage-grouse conservation projects. Site-specific management plans will be reviewed and approved by the appropriate IDL staff. When anticipated results are uncertain, IDL will confer with the Idaho Department of Fish and Game (IDFG) prior to approving any site-specific management plan.

I. Improvement, Construction, and Conservation Projects

- A. Consistent with Section 10. of this Lease, all improvement and construction projects will require written authorization from IDL prior to installation. Project proposals must be submitted to IDL for consideration and may be subject to a habitat analysis by the IDFG. Upon written authorization by IDL, project installation and construction will require full compliance with conservation measures identified in the LB SG Plan.
- B. Existing Improvements: If improvements in existence at the time this Lease is executed are identified by IDL, IDFG, or the Lessee within PHMAs and IHMAs that are not in compliance with the LB SG Plan, IDL will assess the impact of the improvements on a case-by-case basis. When needed IDL will consult with IDFG to determine what, if any, mitigation is necessary based on the specific circumstances of the site.
- C. Conservation Projects within PHMAs: Because PHMAs include characteristics such as existing high-quality sagebrush habitat; highest sage-grouse breeding densities; have been identified as essential to conservation and persistence of the species; and are of importance to the conservation of the species range-wide, these lands will be prioritized by IDL for management and conservation actions. Such actions could include, but are not limited to, a review and subsequent amendment of the existing livestock grazing management plan that is part of this Lease; analysis and mitigation of existing range improvements; and priority consideration for conservation projects that provide landscape-level enhancements to habitat.

II. Fuels Management

- A. IDL and Lessee agree to communicate and work together to develop written targeted grazing fuels management plans, implement fuels reduction projects, and use targeted grazing as a treatment to reduce vegetative fire fuels, reduce annual grass densities, and to enhance and protect PHMAs and IHMAs, when appropriate.

III. Invasive Plant Species

- A. Vehicles and equipment operated by Lessees that will travel off approved/designated transportation routes will be inspected and cleaned of seeds and propagules by Lessee or Lessee-directed personnel to prevent the spread of invasive and noxious plant species.
- B. Lessee and Lessee-directed personnel will inventory and monitor invasive and noxious plant species throughout the term of the Lease and report such activities to IDL.

- C. Reclamation activities conducted by or directed by Lessee will include the use of certified weed-free seed mixes approved by IDL. All materials used for reclamation (mulch, straw, etc.) will be certified weed free by the appropriate federal or State of Idaho agency.
- D. Lessee will use best management practices and appropriate treatments including chemical, mechanical and biological to treat invasive and state listed noxious plant species, in accordance with Section 9. Noxious Weeds, of the lease terms.

IV. Range Management/Livestock Grazing

A. Livestock management and leks.

- I. At the time of execution of this Lease, IDL agrees to work with Lessee in the identification of occupied Sage-grouse leks and will provide a map to Lessee showing the current location of occupied leks, as identified by IDFG.
- II. March through May are identified as seasonal lek periods within PHMA and IHMA depending on habitat elevation, and as such, require flexibility in site-specific management plans. IDL agrees to work with Lessee on site-specific management plans within grazing allotments, including livestock turn-out dates when allotment dates are in direct conflict with above noted identified seasonal lek periods. When possible, Lessee agrees to avoid identified leks with placement of sheep camps, bed grounds, and herding or related activities near active leks so as not to disturb displaying birds.
- III. Once such leks are identified, IDL will work closely with Lessees, local working groups, and/or IDFG to identify mutually agreed upon alternative sites or herding routes that eliminate or reduce disturbance, if possible. In selecting such alternative sites/routes, focus will be on areas away from leks and that do not provide breeding habitat characteristics, where feasible.

B. Livestock management and late brood rearing habitat.

- I. Due to the preference of forbs by domestic sheep, IDL will communicate and work with Lessee in sheep herd management within PHMAs and IHMAs, and on appropriate use of grazing management techniques, when possible, that promote and maintain a diversity of desirable annual and perennial forbs including:
 - a. Alternate or rotate areas for spring turnout.
 - b. Promote light, once-over use of vegetation, as opposed to repeated use during the same season by the same band or successive bands of sheep.
 - c. Ensure that foremen, herders and sheep camp tenders are informed of management and movement requirements, such as related to the avoidance of recent burns, burned area rehabilitation seedings or other restoration sites.
 - d. Employ open (loose) herding of sheep as opposed to tightly bunched sheep.
- II. Lessee agrees to manage grazing of riparian areas, meadows, springs, and seeps in a manner that promotes vegetation structure and composition appropriate to the site. IDL recognizes that in some cases, (e.g., enclosed meadows) the availability and quality of herbaceous species may be improved by periodic grazing use and would be addressed in the Grazing Management Plan approved by IDL.
- III. In agricultural fields where sage-grouse use has been documented or is likely, Lessees shall avoid or limit use of alfalfa by livestock after the last cutting, to provide residual alfalfa for use by sage-grouse broods. This section ONLY applies to agricultural fields under a Cropland Lease.

C. Livestock management during periods of drought.

- I. IDL will cooperate with Lessees as needed during periods of drought to minimize the additional stress placed on herbaceous species. This is anticipated to reduce impacts on perennial herbaceous cover, plant species diversity and plant vigor.

D. Placement of salt and mineral supplements.

- I. Lessee should place any salt or mineral supplements in existing disturbed sites, areas with reduced sagebrush cover, seedings or annual grass sites to reduce impacts to sage-grouse breeding habitat. Where feasible, Lessee should use salts or mineral supplements to improve management of livestock for the benefit of sage-grouse habitat.

E. Placement of fences and other structures.

- I. All fencing, corral, other infrastructure placement, construction, and any movement of existing fencing, corrals or other infrastructure within PHMAs and IHMAs requires IDL written approval (see Section 10. of this Lease) and may be subject to IDFG analysis prior to such written approval. IDL will work closely with IDFG to identify fences within PHMA and IHMA that need to be marked or moved to protect sage-grouse.
- II. IDL and Lessee agree to use USDA-NRCS Fence Collision Risk Tool data, as amended from time to time and local knowledge to determine low, medium or high risk levels around occupied leks. IDL and Lessee agree to cooperate in the flagging of new and existing wire fence segments, in high risk areas, with collision diverter markers as defined by USDA-NRCS design practice specifications. Examples of high risk areas include fencing with characteristics such as evidence of grouse fence strikes, gentle topography near a lek or fences that bisect winter concentration areas. IDL and Lessee agree to flag fences in riparian areas, near lek locations, and other sensitive areas specifically identified by either IDL or IDFG.
- III. In addition to the requirements of Section 10. of this Lease, IDL will consider the impacts on sage-grouse when determining whether to authorize the placement of new fences and structures. IDL will not approve construction of fencing and other structures within 1 km (0.62 mi) of occupied leks, as determined by IDFG, unless authorized in writing by IDFG. Lessee shall place tall structures including but not limited to corrals, loading facilities, water storage tanks, windmills etc., as far as possible from occupied leks to reduce opportunities for perching raptors. Careful consideration, based on local conditions, will be given by IDL when authorizing the placement of new fences or structures near other important seasonal habitats (winter-use areas, movement corridors etc.). In order to reduce potential impacts, fence markers will be used to mitigate mortality within areas identified by IDL, IDFG or Lessee.

F. Design and placement of water developments.

- I. In addition to the requirements of Section 10. of this Lease, spring developments authorized by IDL will be designed to maintain or enhance the free-flowing characteristics of springs and wet meadows. IDL and Lessee agree to cooperate in the retrofit of all water developments during normal maintenance activities to maintain or enhance lentic, riparian properties and minimize annual maintenance.
- II. In addition to the requirements of Section 10. of this Lease all livestock troughs and open water storage tanks authorized by IDL will be fitted with wildlife escape ramps / ladders to facilitate the use of and escape from troughs by sage-grouse and other wildlife. IDL and Lessee agree to cooperate in the installation and retrofit of troughs/tanks with wildlife escape ramps that meet USDA-NRCS practice design requirements and specifications.