

MEMORANDUM

TO: Water Right File 63-12343

FROM: Daniel Nelson – Analyst 3

DATE: March 14, 2019

SUBJECT: Licensing Review of Water Right 63-12343

This field exam was performed by Western Region staff. The field examiner recommended this permit be licensed for year round fire protection with a diversion rate of 1.10 cfs.

Point of Diversion and Place of Use:

The field examiner marked that an amendment would be needed to correct the place of use and point of diversion. However, the point of diversion and place of use recommended by the field examiner are within the legal description described in the permit. No amendment will be needed to remove legal descriptions from the permit. I have reviewed the information supplied by the field examiner, and I was able to confirm the field examiner's recommended point of diversion and place of use.

Diversion Rate:

The field examiner recommended a diversion rate of 1.10 cfs. In reviewing the theoretical calculations used by the field examiner, I discovered that the field examiner used the static water level for the theoretical calculation, and did not allow for any drawdown. Water was first encountered in the well between 180 and 183 feet. I was concerned that the water table was so far below the static water level, so I reviewed the information supplied much closer. The information in the field report states that the pump was set at 168 feet, which suggests a pumping water level of between 148 to 158 feet.

The field examiner also didn't allow for any pressure being pushed out of the pipe discharging into the water tank. Typically, a minimum of 5 to 15 psi is needed to get the water to discharge out of an open discharge pipe.

As you can see from my analysis on the attached spreadsheet, I am recommending a diversion rate of 0.81 cfs instead of the 1.10 cfs recommended by the field examiner. This calculation supplies a much more reasonable representation of what is happening at this well.

Diversion Volume:

This permit allows water to be diverted into an 8,000 gallon storage tank to allow a pump to divert water for fire protection at a greater rate than can be supplied by the well. At the time the permit was filed, the Department allowed storage without a water right as long as the diversion rate could fill the storage unit within a 24 hour period. At 365 gpm (0.81 cfs) the permit holder could fill the 8,000 gallon tank in 21 minutes.

The Department currently requires a storage volume for any fire protection storage, but this permit was filed correctly when it was approved in 1996. I am recommending that storage is not needed at this time. The 8,000 gallon tank equates to 0.026 af. The minimum volume amount we can allocate is 0.1 af, which would allow approximately 4 times as much volume as they have stored in this tank.

Overlap:

There are no overlapping water rights for domestic or commercial uses for this parcel. However, the field report states that the office for this company is served by a small domestic well under the domestic exemption described in Idaho Code § 42-227 and § 42-111. The domestic use and the fire protection system are not tied together, so there should be no issues with overlapping water rights.

Conditions:

Condition 077 will be carried forward to licensing, and the remaining conditions will be removed or replaced with standard conditions. The water bearing zone on the permit limited the total depth to 220 feet, but there is a communication memorandum in the file that the well driller contacted the Department while drilling the well to request an adjustment of the water bearing zone. It appears as though the majority of the water being diverted comes from 208 to 222 feet, which is only 12 feet deeper than the water bearing zone discussed in the permit. The water bearing zone will be dropped at licensing, since it is outside the Basin 63 restricted area.

Ownership:

The owner of this permit is listed as Sawtooth Pellet Co. The field exam report states the new owner as Sawtooth Forest Industries, and the tax parcel information lists the owners as Susan and Edward Ray Montierth. A review of the Idaho business search shows that Sawtooth Pellet Company dissolved in 2002. Sawtooth Forest Industries show Susan and Edward Ray Montierth as the owners of this business since April of 1997. I have included the Montierth's as an interested party in the data base the present owners.

THEORETICAL HORSEPOWER EQUATION WORKSHEET (cjh 1/92)

6

Water Right No.: 63-12343
 Examiner: Dan Nelson
 Date of Field Exam: 3/14/2019

	10 ft above pump	20 ft above pump	
P/D No.:			
PUMP HORSEPOWER	25	25	
BOOSTER HORSEPOWER	0	0	
PUMPING LEVEL	158	148	
DISCHARGE PRESSURE	14	14	
FRICTION	4	4	
RATE OF FLOW (cfs)	0.79	0.84	AVE
(gpm)	355.7	375.0	0.81
			365.3

The above calculates the formula =

$$Q = \frac{\text{Efficiency) * hp}}{\text{ter} + 2.31*(\text{psi})+\text{friction}}$$

Assumptions: %70 efficiency.

Examiners Notes:

The original filed examiner used the static water level in his theoretical calculation, and didn't include any discharge pressure. I estimated the pressure by taking the height of the tank 21 feet and dividing by 2.31 to get a pressure of 9.1 psi. I then added approximately 5 psi for the open discharge as is standard, and determined the minimum pressure needed at the well head was 14 psi. The field examiner determined a friction loss of 4 feet, so I included that amount as well.

The field report included an invoice from Adamson Pump and Drilling, that states that the pump was set at 168 feet. Generally, the pumping water level is between 10 and 20 feet above pump, so I used this as the lift instead of the static water level used by the field examiner. The well log shows that well is drilled through some very hard basalt until it hits a level of 208 feet, and they didn't hit water until they hit 180 feet. If not for the invoice, I would have expected the pump to be placed at the 180 ft level. I believe my estimate of the pumping level of 148 to 158 to be extremely generous.

Using the pump curve supplied in the field report, if the flow rate would be from 140 gpm (at 168 feet pumping water level) to 420 gpm (at static water level - 122 ft) as the water level stabilizes in the well. These flow rates average out to 280 gpm, which is much lower than the 365 gpm average calculated above. Therefore, I am recommending the average diversion rate of 0.81 cfs. Please Note: The field examiner didn't include a discharge pressure in his total dynamic head calculations, so the total dynamic head was corrected to account for discharge pressure when calculating the 420 gpm at static water level above.

Permit 63-12343 – License Review Map

The 2013 aerial image below shows the place of use and point of diversion. The field exam didn't have an aerial photo, so I included one in my review.



Permit 63-12343 Licensing Review Maps



This top Google Earth image shows the earliest image after proof of beneficial use was filed. This is a 2002 image of the place of use.



In this second 2010 Google Earth image, you can see the fire protection storage tank, which allows us to determine the location of the well from the diagram in the field report.

<i>Filing Type</i>	General Business Corporation (D)
<i>Status</i>	Inactive-Dissolved (Administrative)
<i>Formed In</i>	IDAHO
<i>Term of Duration</i>	Perpetual
<i>Principal Address</i>	N/A
<i>Mailing Address</i>	3601 CLIFTON WAY NAMPA, ID 83686
<i>Initial Filing Date</i>	10/06/1994
<i>Inactive Date</i>	02/17/2000
 <i>AR Due Date</i>	01/01/0001
<i>Registered Agent</i>	Noncommercial 0000000 NO AGENT AGENT RESIGNED OR INVALID BOISE, ID 83702

Annual Report Form
Due No Later Than November 30, 1998

Return to:
SECRETARY OF STATE
700 WEST JEFFERSON
PO BOX 83720
BOISE, ID 83720-0080

NO FEE REQUIRED

★ ★ FINAL NOTICE ★ ★

1. Mailing Address - Please Correct, If Not Correct

SAWTOOTH PELLET COMPANY
JAY DEE KARREN

~~8758 MELMONT RD~~
3601 CLISTON WAY 83686
~~MELBA ID 83641~~

2. Registered Agent and Office NOT A P.O. BOX

JAY DEE KARREN
8758 MELMONT RD

MELBA ID 83641

3. Organized Under the Laws of:

ID C107930

4. Corporations: Enter Names and Business Addresses of President, Secretary and Directors
Limited Liability Companies: Enter Names and Addresses of ☐ Managers or ☐ Members (check one)

Office held

Name

Street or P.O. Address

City

State

Zip

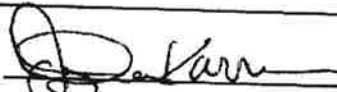
PRESIDENT JAY DEE KARREN 3601 CLISTON WAY MELBA ID 83686
Secretary Adelle Karren "

5. Signature of New Registered Agent



6.

Signature



Date

12/18/98

Name (Typed or Printed)

JAY DEE KARREN

Title

PRES

ISSUED: 10-03-1998

DO NOT TAPE OR STAPLE

5323

SECRET

<i>Filing Type</i>	General Business Corporation (D)
<i>Status</i>	Active-Good Standing
<i>Formed In</i>	IDAHO
<i>Term of Duration</i>	Perpetual
<i>Principal Address</i>	N/A
<i>Mailing Address</i>	825 HEARTLAND DR NAMPA, ID 83686
<i>Initial Filing Date</i>	04/02/1997
<i>AR Due Date</i>	04/30/2019
<i>Registered Agent</i>	Noncommercial 0015233 RAY MONTIERTH 825 HEARTLAND DR NAMPA, ID 83686

No. C 118963		Due no later than Apr 30, 2018		2. Registered Agent and Address (NO PO BOX)	
Return to: SECRETARY OF STATE 700 WEST JEFFERSON PO BOX 83720 BOISE, ID 83720-0080 NO FILING FEE IF RECEIVED BY DUE DATE		Annual Report Form 1. Mailing Address: Correct in this box if needed. SAWTOOTH FOREST INDUSTRIES INC. RAY MONTIERTH 825 HEARTLAND DR NAMPA ID 83686		RAY MONTIERTH 825 HEARTLAND DR NAMPA ID 83686-8368	
				3. <u>New</u> Registered Agent Signature:*	
4. Corporations: Enter Names and Business Addresses of President, Secretary, and Directors. Treasurer (optional).					
Office Held	Name	Street or PO Address	City	State	Country
DIRECTOR	SUSAN L. MONTIERTH	825	NAMPA	ID	USA
DIRECTOR	RAY MONTIERTH	825 HEARTLAND DRIVE	NAMPA	ID	USA
5. Organized Under the Laws of:		6. Annual Report must be signed.*			
ID C 118963		Signature: Ray Montierth		Date: 02/27/2018	
		Name (type or print): Ray Montierth		Title: Director	
Processed 02/27/2018		* Electronically provided signatures are accepted as original signatures.			

State of Idaho

Department of State

CERTIFICATE OF INCORPORATION OF

SAWTOOTH FOREST INDUSTRIES INC.
File number C 118963

I, PETE T. CENARRUSA, Secretary of State of the State of Idaho, hereby certify that duplicate originals of Articles of Incorporation for the incorporation of the above named corporation, duly signed pursuant to the provisions of the Idaho Business Corporation Act, have been received in this office and are found to conform to law.

ACCORDINGLY and by virtue of the authority vested in me by law, I issue this Certificate of Incorporation and attach hereto a duplicate original of the Articles of Incorporation.

Dated: April 2, 1997



Pete T. Cenarrusa
SECRETARY OF STATE

By *Sheryl Beltruz*

ARTICLES OF INCORPORATION
OF SAWTOOTH FOREST INDUSTRIES INC.

APR 2 3 28 PM '97

The undersigned natural person, acting as incorporator of a corporation (the "Corporation") under the provisions of the Idaho Business Corporation Act (this Act as amended from time to time is referred to herein as the "Act"), adopts the following Articles of Incorporation:

Article 1
Name

The name of the Corporation is Sawtooth Forest Industries Inc.

Article 2
Period of Duration

The period of duration of the Corporation is perpetual.

Article 3
Purposes and Powers

Section 3.01. Purposes. The purposes for which the Corporation is organized are as follows:

- a. To engage in the business of buying, selling and marketing wood and agricultural products.
- b. To manufacture, own, buy, sell, export, import, and deal in, both at wholesale and retail, all kinds of goods, merchandise, commodities, machinery, instruments, tools, building or construction supplies and products, building or construction equipment, and generally engage in any mercantile, fabricating, manufacturing, trading, or brokerage business of any kind or character, not contrary to law, within or without the State of Idaho, and to do all things incidental to such business.
- c. To acquire by purchase or lease, or otherwise, real property and interests in real property, and to own, hold, prove, develop and manage any real property so acquired and to erect or cause to be erected on any real property owned, held, or occupied by the corporation, buildings or other structures with the appurtenances, and to rebuild, enlarge, alter, repair or improve any buildings or other structures now or hereafter erected on any

ARTICLES OF INCORPORATION - 1

IDaho SECRETARY OF STATE
DATE 04/03/1997
0900 79187 2
CK #: 3155 CUST# 79224
CORP 1# 100.00= 100.00

: C

real property so owned, held or occupied, and to mortgage, sell, lease or otherwise dispose of any real property or interests in real property and in buildings or other structures at any time owned or held by the corporation.

- d. To receive, acquire, hold, purchase, dispose of, convey, mortgage and lease personal property; to dispose of, sell, lease and assign, transfer, mortgage or convey any rights, privileges, franchises, or other personal property of the corporation other than its franchise of being a corporation, and to acquire, purchase, guarantee, hold, mortgage, own, vote, sell, pledge or otherwise dispose of and deal in shares of stock, or bonds, securities and debentures and other evidences of indebtedness of other corporations, domestic or foreign, and within or without the United States of America.
- e. To cause to be formed, merged or reorganized or liquidated, and to promote, take charge of any aid in any way permitted by law, the formation, merger, reorganization or liquidation of any corporation, association or entity domestic or foreign, either within or without the United States of America.
- f. To generally engage in the business of buying, selling, or otherwise dealing in notes, open accounts or other similar evidences of debt, and any and all other forms of real, personal or mixed property, choses in action; to receive and accept transfers, pledges, mortgages, and conditional sales contracts and to deal with the same as owner, lender, assignee, factor, or otherwise as a means of security or of recovering money or property advanced, invested or loaned; to conduct investigations and credit or business researches; and to repossess by legal process or otherwise for the enforcement of any property rights, liens, or interest in property.
- g. To borrow money and otherwise incur indebtedness without limit as to amount, and to draw, make, accept, endorse, transfer, assign, guarantee, execute, and issue loans, debentures, notes, checks, drafts, bills of exchange, negotiable instruments, and all other instruments for the payment of money, negotiable or non-negotiable, and whether secured or unsecured.
- h. To conduct business in this state, other states, the District of Columbia, territories or colonies of the United States and in foreign countries, and to have one or more offices and places of business out of this state, and to acquire, receive, purchase, lease, mortgage, dispose of and convey real or personal property situated therein.
- i. To acquire the good will, rights, and property and the whole or any part of the assets, tangible or intangible, and to undertake or in any way assume the liabilities of any person, firm, association or organization; to pay for the good will, rights, property and assets in cash, the stock of this corporation or bonds of this corporation or otherwise, or by undertaking the whole or any part of the liabilities of the transferrer; to hold or in any manner to dispose of the whole or any part of the property so acquired; and to

conduct in any lawful manner the whole or any part of any business so acquired, and to exercise all powers necessary or convenient in the conduct and management of such business.

- j. To apply for, purchase, register, or in any manner to acquire, and hold, own, use, operate and introduce and to sell, lease, assign, pledge, or in any manner dispose of, and in any manner deal with patents, patent rights, licenses, copyrights, trademarks, trade names, and to acquire, own, use or in any manner dispose of any and all inventions, improvements, processes, labels, designs, brands or other right, and to work, operate or develop the same, and to carry on any business, manufacturing or otherwise, which may directly or indirectly promote these objects or any of them.
- k. To purchase, insofar as the same may be done without impairing the capital of the corporation, except as otherwise permitted by law, and to hold, pledge and reissue shares of its own capital stock; provided that such stock, while so acquired and held, shall not be entitled to vote nor to receive dividends.
- l. To guarantee the performance of contracts, agreements, undertakings, obligations, promises or duties of contractors, subcontractors or other persons.
- m. To have, exercise and enjoy all of the powers now or hereafter granted to corporations organized under the laws of the State of Idaho, and particularly all of the powers and privileges granted to corporations by Chapter 1 of Title 30 of the Idaho Code, and any present and future amendments thereto, and to do any act or thing necessary or convenient for the transaction of the aforementioned business purposes and the carrying into effect of any and all of the aforesaid objects and purposes.
- n. To enter into contracts of obligations of any type or kind essential, necessary, convenient or proper to the transaction of its ordinary business affairs, or for any of the objects and purposes of the corporation. To appoint agents, subagents and salesmen, and to enter into all necessary contracts with agents, subagents, salesmen and dealers.
- o. Ancillary Purposes. To do everything necessary, proper, advisable, or convenient for the accomplishment of the foregoing purposes, and to do all other things incidental to them or connected with them that are not forbidden by the Act, by other law, or by these Articles of Incorporation.

All of the foregoing provisions of this Article II are to be construed both as objects and powers, and it is hereby expressly provided that the enumeration herein of specific objects and powers shall not be held to limit or restrict in any manner the general powers of the corporation; provided, however, that nothing herein contained shall be deemed to authorize or permit the corporation to carry on any business or to exercise any power

or to do any act which corporations formed under the laws of the State of Idaho may not carry on to do at the time. It is the intention that the purposes, objects and powers specified in each of the paragraphs of this Article II of these Articles of Incorporation shall, except as otherwise provided, in no way be limited or restricted by reference of inference from the terms of any other clause or paragraph in this Article, or of any other provision of these Articles of Incorporation.

Section 3.02. Powers. The corporation, subject to any specific written limitations or restrictions imposed by the Act or by these Articles of Incorporation, shall have and exercise the following powers.

- a. **Statutory Powers.** To have and exercise all the powers specified in the Act;
- b. **Entry into Profit-Sharing Arrangements and Partnerships.** To enter into any lawful arrangement for sharing profits, union of interest, reciprocal association, or cooperative association with any domestic corporation or foreign corporations, associations, partnerships, individuals, or other entities, and to enter into general or limited partnerships;
- c. **Guaranties.** To make any guaranty respecting stocks, dividends, securities, indebtedness, interest, contracts, or other obligations created by any domestic or foreign corporations, associations, partnerships, individuals, or other entities;
- d. **Construction of Powers.** Each of the foregoing clauses of this section shall be construed as independent powers, and the matters expressed in each clause shall not, unless otherwise expressly provided, be limited by reference to, or inference from, the terms of any other clause.

The enumeration of specific powers shall not be construed as limiting or restricting in any manner either the meaning of general terms used in any of these clauses, or the scope of the general powers of the corporation created by them; nor shall the expression of one thing in any of these clauses be deemed to exclude another not expressed, although it be of like nature.

Section 3.03. Carrying Out of Purposes and Exercise of Powers in Any Jurisdiction. The corporation may carry out its purposes and exercise its powers in any state, territory, district, or possession of the United States, or in any foreign country, to the extent that these purposes and powers are not forbidden by the law of the state, territory, district, or possession of the United States, or by the foreign country; and it may limit the purpose or purposes that it proposes to carry out or the powers it proposes to exercise in any application to do business in any state, territory, district, or possession of the United States, or foreign country.

Section 3.04. Direction of Purposes and Exercise of Powers by Directors. The Board of Directors, subject to any specific written limitations or restrictions imposed by the Act or by these Articles of Incorporation, shall direct the carrying out of the purposes

and exercise the powers of the corporation without previous authorization or subsequent approval of the shareholders of the corporation.

Article 4 Authorized Shares

Section 4.01. Number. The aggregate number of shares that the corporation shall have authority to issue is 100,000 shares of Capital Stock without par value.

Section 4.02. Dividends.

- a. **Source and Medium.** The holders of the Capital Stock shall be entitled to receive, when and as declared by the Board of Directors, solely out of unreserved and unrestricted earned surplus, dividends payable either in cash, in property, or in shares of the Capital Stock.
- b. **Limitations upon Dividends.** No dividends shall be paid upon the Capital Stock in any medium under any of the following circumstances:
 - i. **Unrealized Appreciation.** If the source out of which it is proposed to pay the dividend is due to or arises from unrealized appreciation in value or from a revaluation of assets; or
 - ii. **Insolvency.** If the corporation is, or is thereby rendered, incapable of paying its debts as they become due in the usual course of its business.

Article 5 Shares Not to be Divided Into Classes

The shares of the corporation are not to be divided into classes.

Article 6 No Shares Issued in Series

The corporation is not authorized to issue shares in series.

Article 7 Receipt of Minimum Capital

The corporation will not commence business until consideration of the value of at least \$100.00 has been received.

Article 8
Provisions for Regulation of the Internal
Affairs of the Corporation

Section 8.01. Bylaws. The initial Bylaws shall be adopted by the Board of Directors. The power to alter, amend, or repeal the Bylaws or to adopt new Bylaws shall be vested in the Board of Directors. The Bylaws may contain any provision for the regulation and management of the affairs of the corporation not inconsistent with the Act or these Articles of Incorporation.

Section 8.02. Transactions in Which Directors Have an Interest. Any contract or other transaction between the corporation and one or more of its directors, or between the corporation and any firm of which one or more of its directors are members or employees, or in which they are interested, or between the corporation and any corporation or association of which one or more of its directors are shareholders, members, directors, officers, or employees, or in which they are interested, shall be valid for all purposes, notwithstanding the presence of the director or directors at the meeting of the Board of Directors of the corporation that acts upon, or in reference to, the contract or transaction, and notwithstanding his or their participation in the action, if the fact of such interest shall be disclosed or known to the Board of Directors and the Board of Directors shall, nevertheless, authorize or ratify the contract or transaction, the interested director or directors to be counted in determining whether a quorum is present and to be entitled to vote on such authorization or ratification. This section shall not be construed to invalidate any contract or other transaction that would otherwise be valid under the common and statutory law applicable to it.

Section 8.03. Indemnification and Related Matters.

- a. **Power to Indemnify--Third Party Actions.** The corporation shall have power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, or employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, against expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit, or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit, or Proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent shall not of itself create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests

of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

- b. **Power to Indemnify--Actions Brought in the Right of the Corporation.** The corporation shall have power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee, or agent of the corporation, or is or was servicing at the request of the corporation as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation and except that no indemnification shall be made in respect to any claim, issue, or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnify for such expenses which such court shall deem proper.
- c. **Right to Indemnification.** To the extent that a director, officers, employee, or agent of the corporation has been successful on the merits or otherwise in defense of any action, suit, or Proceeding referred to in clauses (a) and (b), or in defense of any claim, issue, or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.
- d. **Determination of Entitlement to Indemnification.** Any indemnification under clauses (a) and (b) (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of the director, officer, employee, or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in clauses (a) and (b). Such determination shall be made: 1) by the Board of Directors by a majority vote of a quorum consisting of directors who were not Parties to such action, suit, or proceeding; or 2) if such a quorum is not obtainable or, even if obtainable, a quorum of disinterested directors so directs, by independent legal counsel in a written opinion; or 3) by the shareholders.
- e. **Advancement of Expenses.** Expenses incurred in defending a civil or criminal action, suit, or Proceeding may be paid by the corporation in advance of the final disposition of such action, suit, or proceeding as authorized in the manner provided in clause (d) upon receipt of an

undertaking by or on behalf of the director, officer, employee, or agent to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the corporation as authorized in this section.

- f. **Saving Clause.** The indemnification provided by this section shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any bylaw, agreement, vote of shareholders, or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to be a person who has ceased to be a director, officer, employee, or agent and shall inure to the benefit of the heirs, executors, and administrators of such a person.
- g. **Insurance.** The corporation shall have power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee, or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise against any liability asserted against him and incurred by him in any such capacity or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this section.

Section 8.04. Removal of Directors. At a special meeting of the shareholders called expressly for that purpose, directors may be removed in the manner provided in this section. The entire Board of Directors may be removed, with or without cause, by a vote of the holders of a majority of shares then entitled to vote at an election of directors. No one of the directors may be removed if the votes cast against his removal would be sufficient to elect him if then cumulatively voted at an election of the entire Board of Directors. No director shall be entitled to receive notice of or a hearing with respect to his removal.

Section 8.05. Amendment of Articles of Incorporation. The corporation reserves the right to amend the Articles of Incorporation in any manner now or hereafter permitted by the Idaho Business Corporation Act.

Article 9

Address of Initial Registered Office and Name of Initial Registered Agent

Section 9.01. Registered Office. The address of the initial registered office of the corporation is 8758 Melmont Road, Melba, Idaho 83641.

Section 9.02. Registered Agent. The name of the initial registered agent of the corporation, an individual resident in Idaho whose business office is at such address is Clint M. Neider.

Article 10
Data Respecting Directors

Section 10.01. Initial Board of Directors. The initial Board of Directors shall consist of two members, who need not be residents of the State of Idaho, or shareholders of the corporation. HERB MONTIERTH & RAY MONTIERTH

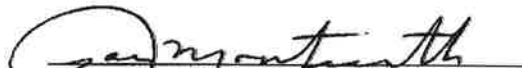
8758 MELMONT RD MELBA ID 83641

Section 10.02. Increase or Decrease of Directors. The number of directors may be increased or decreased from time to time by amendment of the Code of Bylaws; but no decrease shall have the effect of reducing such number below two or of shortening the term of incumbent director. In the absence of a provision in the bylaws fixing the number of directors, the number shall be two.

Article 11
Data Respecting Incorporator

The name and address of the incorporator of the corporation, a natural person is Ray Montierth 1601 Poen Road, Kuna, ID 83634

Dated this 2 day of April, 1997.


Ray Montierth

VERIFICATION

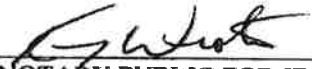
STATE OF IDAHO

:SS

County of Canyon

The undersigned, a Notary Public duly commissioned to take acknowledgements and administer oaths in the State of Idaho, does hereby certify that on this day, personally appeared before me Ray Montierth, who, being by me first duly sworn, declared that he is the only incorporator referred to in Article 11 of the foregoing Articles of Incorporation, and that he signed these Articles as such and that statements contained therein are true.

IN WITNESS WHEREOF, I have hereunto set my hand official seal on this 2 day of April, 1997.


NOTARY PUBLIC FOR IDAHO
Residence: *Anna, Id*
Commission expires: *10/20/99*

Commission expires:

ARTICLES OF INCORPORATION - 10