

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

WATER SUPPLY BANK RENTAL AGREEMENT NO. 130

RECEIVED

MAR 20 2017

DEPARTMENT OF
WATER RESOURCES

This is to certify that:

FRANK BACHMAN AND
CINDY L BACHMAN
PO BOX 186 BRUNEAU ID 83604

filed an application to rent water from the Water Supply Bank ("Bank"). The Idaho Water Resource Board ("Board"), being authorized to operate a Bank and to contract by and through the Director of the Idaho Department of Water Resources ("Director, Department") for rental of water from the Bank, agrees to rent water as follows:

Summary of Water Rights or Portions Rented from the Bank

Water Right No.	Priority Date	Source	Diversion Rate (CFS)	Diversion Volume (AF)	Acres (AC)	Rate Per Acre (CFS/AC)	Volume Per Acre (AF/AC)
2-2356	9/3/1964	SNAKE RIVER	0.71	180.0	36.0	0.020	5.00
2-7071	11/7/1970	SNAKE RIVER	0.69	156.2	34.7	0.020	4.50
Rental Totals			1.40	336.2	70.7	0.020	4.76

Term of Rental: This rental shall take effect when all parties have signed it and shall continue in effect until December 31, 2017

Annual Rental Fee:

2017: \$5,715.40

The full fee for the rental of the above-described right(s) is \$5,715.40 for 2017. The rental fee includes an administrative fee of \$571.54 for 2017.

Total Water Use Authorized Under Rental Agreement Click here to enter text.

Beneficial Use	Diversion Rate (CFS)	Diversion Volume (AF)	Acres (AC)	Rate/Acre (CFS/AC)	Volume/Acre (AF/AC)
IRRIGATION	1.40	282.8	70.7	0.02	4.0
Combined Total	1.40	282.8	70.7	0.02	4.0

** The authorized water usage reflects a reduction from the water right elements rented, to account for the rental point of diversion headgate requirement and enlargement concerns*

Detailed water right conditions are attached.

SUPPORT DATA

IN FILE # 2-2356

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES
WATER SUPPLY BANK RENTAL AGREEMENT NO. 130

The undersigned renter agrees to use the water rented under this agreement in accordance with the Water Supply Bank rules and in compliance with the limitations and conditions of use described in this agreement:

Frank L. Bachman March 13, 2017
Signature of Renter Date

Frank L. Bachman Co-owner
Printed Name Title

Cindy L. Bachman March 13, 2017
Signature of Renter Date

Cindy L. Bachman Co-owner
Printed Name Title

*Title required if signing on behalf of a company or organization or with power of attorney

Having determined that this agreement satisfied the provisions of Idaho Code § 42-1763 and IDAPA 37.02.03.030 (Water Supply Bank Rule 30), for the rental and use of water under the terms and condition herein provided, and none other, I hereby execute this Rental Agreement on behalf of the Idaho Water Resource Board.

By Brian Patton Date 3/21/2017
BRIAN PATTON, Acting Administrator
Idaho Water Resource Board

Rental approved by IDWR Cindy Bachman Date 3-21-2017

WATER SUPPLY BANK RENTAL AGREEMENT No. 130**WATER USE DETAILS****LOCATION OF POINT(S) OF DIVERSION**

SNAKE RIVER L1 (NESE) Sec. 33, Twp 05S, Rge 06E, ELMORE County

Beneficial Use
IRRIGATIONDiversion Rate
1.40 CFSVolume
282.8 AF**BENEFICIAL USE & SEASON OF USE**

Water Right No.	From	To	Diversion Rate
2-2356	3/15	11/15	0.71 CFS
2-7071	3/15	11/15	0.69 CFS

RENTERS PLACE OF USE: IRRIGATION

Twp	Rng	Sec	NE				NW				SW				SE				Totals
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
05S	06E	27											14.6	34.0			4.5		53.1
05S	06E	34						7.6											7.6
05S	06E	34													10.0				10.0

Total Acres: 70.7

RENTAL AGREEMENT CONDITIONS OF ACCEPTANCE

1. The use of water under this agreement shall be subject to the provisions of Idaho Code § 42-1766.
2. Rental of the specified right from the bank does not, in itself, confirm the validity of the right or any elements of the water right, or improve the status of the right including the notion of resumption of use. It does not preclude the opportunity for review of the validity of this water right in any other department application process.
3. Use of water under this agreement shall not prejudice any action of the Department in its consideration of an application for transfer or permit filed by the applicant for this same use.
4. Renter agrees to comply with all applicable state and federal laws while using water under this agreement.
5. Renter agrees to hold the Board, the Director and the state of Idaho harmless from all liability on account of negligent acts of the renter while using water.
6. Renter acknowledges and agrees that the Director may terminate authorization for the use of a water right based on a water right's priority date.
7. Failure of the renter to comply with the conditions of this agreement is cause for the Director to rescind approval of the rental agreement.
8. Failure of the right holder to comply with the conditions of this transfer is cause for the Director to rescind approval of the transfer.
9. The use of water for irrigation under right 2-2356 may extended to an end date as late as December 31 provided other elements of the right are not exceeded. The use of water after November 15 under this

agreement is subordinate to all water rights having no subordinated late irrigation use and a priority date earlier than this rental approval.

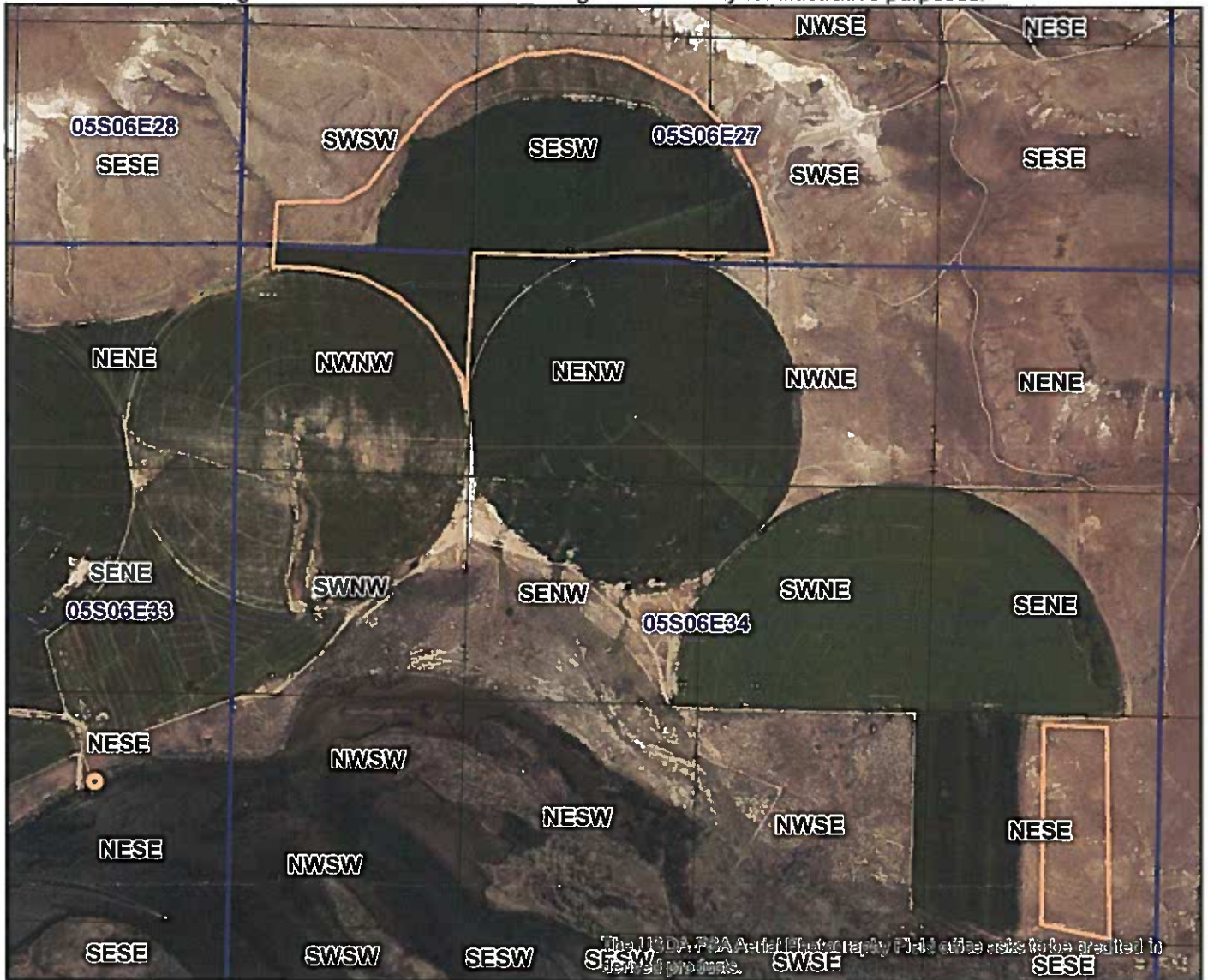
10. The renter shall maintain a measuring device and lockable controlling works of a type approved by the Department in a manner that will provide the watermaster suitable control of the diversion.
11. The following rights are diverted through point of diversion described above: 2-2092B, 2-2124, 2-2277, 2-10497 and 2-10523.
12. This right when combined with all other rights shall provide no more than 0.02 cfs per acre nor more than 4.0 afa per acre at the field headgate for irrigation of the place of use.
13. Use of water under this right will be regulated by a watermaster with responsibility for the distribution of water among appropriators within a water district. At the time of this approval, this water right is within State Water District No. 02, Snake River from Milner Dam to Murphy Gage.



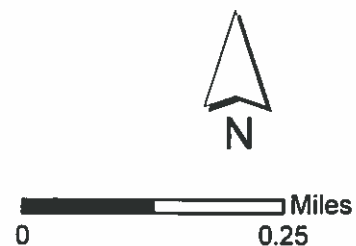
Idaho Water Resource Board
Water Supply Bank Rental Agreement No 130
2-2356 & 2-7071

Effective until December 31, 2017

This map depicts the rental place of use pursuant to the rental agreement and is attached to the agreement solely for illustrative purposes.



-  Authorized Rental Point of Diversion
-  Authorized Rental Place of Use
-  Townships
-  PLS Sections
-  Quarter Quarters



STATE OF IDAHO
WATER RESOURCE BOARD

RECEIVED

FEB 06 2017

DEPARTMENT OF
WATER RESOURCESAPPLICATION TO RENT WATER
FROM THE BOARD'S WATER SUPPLY BANKApplicant Name: Frank & Cindy Bachman

Is this application being submitted with a lease application as a lease/rental package?

Yes ☐ No ☒

If yes, specify companion water rights in Section 4

This application must be completed according to the minimum requirement checklist below. This checklist is part of the rental application and must be included with the rental application. Applications that do not meet the minimum requirements will not be placed in the processing queue and may be returned until all minimum requirements have been met.

Rental applications should be submitted well in advance of the desired start date for the use of rental water. Rental applications may be processed as early as November 1 of the year prior to the intended use of rental water. Any rental application received on or before November 1 for use in the next year will be assigned a received date of November 1. Rental applications submitted more than one year in advance of the proposed start date for the use of rental water will not be accepted and will be returned to applicants. Rental applications may be returned to applicants if the desired start date for the use of rental water cannot be accommodated by the Water Supply Bank. Rental requests will not be accepted once the rental season of use period has concluded.

One rental application per beneficial use of water. For multiple beneficial uses of water, separate rental requests should be submitted for each unique beneficial use of water. One rental application can be submitted if you propose to rent water from multiple sources.

For additional instructions on completing a rental application, visit the Bank's website at http://idwr.idaho.gov/water_supply_bank.

MINIMUM REQUIREMENT CHECKLIST

Check All Items as Either Attached (Yes) or Not Applicable (N/A)

Yes

- ☒ Completed *Application to Rent Water from the Board's Water Supply Bank*
- ☒ Confirmation that this form has been printed single sided, per requirement of the Water Supply Bank

Attachment N/A Yes

- 2 ☒ A map showing the proposed point(s) of diversion, place(s) of use, and water diversion and distribution systems proposed to be used with your rental request
- 3A ☐ ☒ Detailed information on a proposed use of rental water
- 3F ☐ ☒ Authorization from the owner/operator of the rental point(s) of diversion
- 3H ☒ ☐ Water modeling to account for the impacts of the rental request
- 3J ☒ ☐ Documents justifying a rate of flow greater than 0.02 cfs/acre
- 3K ☐ ☒ Authorization from the owner/operator of the property at the proposed rental place(s) of use
- 4B ☐ ☒ Explanation of how the rental water will sufficiently accomplish your rental purposes
- 4C ☒ ☐ Explanation of consumptive use amounts for water rights experiencing a change in nature of use

Department Use Only – Proposed Water Right(s)

2-2356

2-7071

761

STATE OF IDAHO
WATER RESOURCE BOARD

Application to Rent Water (Continued)

1. CONTACT INFORMATION

A. Applicant Frank & Cindy Bachman

Mailing Address <u>PO Box 186</u>	<u>Bruneau</u>	ID	<u>83604</u>
Street	City	State	Zip Code
Email Address <u>febachman@copper.net</u>	Phone Number <u>208-845-2090</u>		

B. Is this application being completed by an authorized representative on behalf of the applicant? Yes ☒ No ☐
If yes, representatives (includes company employees if the applicant is a corporation, as well as legal counsel or consultants) should provide their information below if they desire to be included on correspondence with the rental applicant.

Representative <u>Lori Graves</u>	Professional Title <u>Water Rights Specialist</u>
Organization <u>SPF Water Engineering, LLC</u>	Relationship to Applicant <u>Consultant</u>
Mailing Address <u>300 E. Mallard Dr., Ste 350, Boise, ID 83706</u>	
Email Address <u>lgraves@spfwater.com</u>	Phone Number <u>208-383-4140</u>

2. MAP

Create a map of the proposed point(s) of diversion, place(s) of use and water diversion, delivery and distribution systems. Make sure the rental place of use is outlined and annotated with legal land descriptions (Township, Range, Section and Quarter-Quarters) or with GPS coordinates. For irrigation purposes, mark the number of acres you desire to irrigate. Attach the map to this application and label it Attachment 2.

3. DESCRIPTION OF PROPOSED USE FOR RENTAL WATER

A. Describe why you desire to rent water and provide a detailed description of your proposed use. If the proposed use is not for irrigation, describe in detail how you determined the amount of rental water required. If the space below is insufficient, attach additional sheets as required and label them Attachment 3A:

Irrigation leased ground.

B. Enter the desired and/or minimum rates of flow, volume, or irrigable acres requested for your rental purposes:

Desired Rate (Cubic Feet/Second)	Desired Volume (Acre-Foot)	Minimum Rate* (Cubic Feet/Second)	Minimum Volume* (Acre-Foot)	Desired Acres (if applicable)
1.4 CFS	336.2 AF	n/a CFS	n/a AF	70.7 AC

* Sometimes water rights provide an exceptionally low rate per acre and/or low volume per acre. This section is meant to establish an acceptable range of water sufficient for your proposed water use. Please see question 4B and complete if necessary.

C. This section must be completed in full. Enter the proposed start date and latest possible start date for using rental water as well as the number of years you would like to rent water. The latest possible start is the latest possible date by which you would be willing to pay for a rental and be able to benefit from utilizing rental water.

Desired Start Date (month/day/year)	Latest Possible Start Date (month/day/year)	*Mark Desired Rental Duration (Calendar Years)					**Applicant's preference if rental application cannot be processed prior to the latest possible start?	
		☒	☐	☐	☐	☐	☐ Process application as soon as possible	☐ Return application to applicant
		1	2	3	4	5		

* The number of years permissible for a rental is subject to the lease contract duration for the water right(s) being rented.

** Per Idaho Code 42-201, it is unlawful to divert or use water without a valid water right. Water Supply Bank rental applicants are not authorized to utilize rental water prior to the execution of an approved rental agreement. Rental requests may be returned to applicants if no water is available from the Bank to fulfill a rental request.

STATE OF IDAHO
WATER RESOURCE BOARD

Application to Rent Water (Continued)

- D. Describe your water distribution system and how rental water will be delivered from the point(s) of diversion (POD) to the proposed place of use (POU):

Existing pump station consisting of two 125-hp pumps; pressurized irrigation system.

- E. Describe the physical type (pump, headgate, etc.) and location of the POD from which rental water is proposed to be diverted:

POD Description	Water Source	Other Water Rights Diverted from this POD
T5S R6E S33 NESE	Snake River	2-2124, 2-2092B, 2-10497, 2-10523

If the POD(s) above are located where water is turned into a canal, lateral or ditch, or if they are located on your property but are serviced by water that is delivered via a canal, lateral or ditch, your rental request must include documented authorization from all relevant canal companies, irrigation districts and/or water delivery entities, confirming that they consent to your diversion of water from their system.

- F. Has documented consent from all relevant water delivery entities been obtained? Yes ☒ N/A ☐
If yes, include documented consent as Attachment 3F.

- G. Do any POD(s) identified in Question 3E divert from a water source that may require water modeling? Yes ☐ No ☒
Refer to the Water Modeling Requirements Information Sheet to determine if a rental POD may require water modeling.

- H. Has water modeling been provided with your rental request? Yes ☐ N/A ☒
If yes, label modeling Attachment 3 H.
Rental applications that require modeling will be returned if modeling is not provided.

- I. Specify the desired beneficial use of water and the requested season of use or number of acres required:

- ☒ Irrigation 70.7 (number of acres) Duration: Subject to IDWR standard seasons of use
☐ Commercial from: _____ (mm/dd) to: _____ (mm/dd)
☐ Stockwater from: _____ (mm/dd) to: _____ (mm/dd)
☐ Industrial from: _____ (mm/dd) to: _____ (mm/dd)
☐ Other: _____ from: _____ (mm/dd) to: _____ (mm/dd)

- J. For irrigation uses, do you propose to divert water at a rate greater than 0.02 cfs/acre? N/A ☐ Yes ☐ No ☒
If yes, justify the rate of flow and attach any supporting documents as Attachment 3J. Justification may include information on soil composition, conveyance losses, crop type, irrigation systems, public access areas, etc. A rate of 0.03 cfs/acre is permissible for irrigation of 5 acres or less.

- K. Do you own the land at the proposed rental place of use (POU)? Yes ☐ No ☒
If no, attach documentation from the POU owner/operator confirming your authorization to use the POU and label it Attachment 3K.

- L. List all other water rights and sources of water at the rental place of use for the same purpose, including privately owned water rights and water received from a municipal supplier, an irrigation district, a canal company or any other water delivery entity. Explain why additional water is required:

Lands in S24 are part of a ppu for water rights 2-2277, 2-2092B and 2-2124. See the purchase and sale agreement and maps attached to the application for applicant's recently approved transfer 80123 for an

of why additional water is needed for lands in S24.

**STATE OF IDAHO
WATER RESOURCE BOARD**

Application to Rent Water (Continued)

4. RENTAL REQUESTS FOR SPECIFIC WATER RIGHTS

A. Are you requesting to rent specific water rights?

Yes ☒ No ☐

If yes, specify below the elements of the water rights you are requesting to rent. If no, continue to Question 4B.

Important Information: Diversion rates and volumes sought for rent must be proportionate to the per acre diversion rates and per acre volume limits of the water right under lease contract to the Water Supply Bank. Prior to completing this section, applicants should review all water right lease contracts and any active rental agreements to determine which elements of a water right are available to satisfy a rental request. Lease and rental documents are searchable via [IDWR's website](#).

Water rights identified below must either already be leased to the Bank or a lease proposal should accompany this rental request. Rental requests for water rights not yet leased to the Bank will be returned if companion lease applications are not provided with the rental request. For leased rights featuring combined limits, rentals must be consistent with combined diversion rate, volume or acre limits. Combined limits should be listed on a row below water right numbers.

Water Right Elements Leased to Water Supply Bank					Leased totals, minus water right elements involved in active rental agreements, equals water right elements available for rent	Water Supply Bank Rental Request		
Water Right Number (leave blank if sub-total of combined limits)	Nature of Use	Diversion Rate (CFS)	Volume (AF)	Acres (AC)		Diversion Rate (CFS)	Volume (AF)	Acres (AC)
2-2356	Irrigation	0.92	207	46		0.71	180.0	36
2-7071	Irrigation	0.75	190	34		0.69	156.2	34.7
Applicants must ensure the requested rate per acre and volume per acre do not exceed the rate per acre and volume per acre limits of water rights leased to the Water Supply Bank					TOTAL	1.4	336.2	70.7
						CFS	AF	AC

**Attach multiple copies of this page if space above is insufficient to list all water rights requested to be rented on this application.*

B. If water right conditions, combined limits, or the sum of all water right elements being requested provide an unconventional duty of water (e.g., an unusually low rate per acre or volume per acre for irrigation use), explain how your proposed rental will sufficiently accomplish your intended purposes. Attach a separate page if space is insufficient and label it **Attachment 4B**:

The above amounts listed in the WB request columns reflect applicants' previous rental contract for the 2016 irrigation season as determined by IDWR.

C. Does your rental request propose to change the nature of use for any water right(s) being rented?

Yes ☐ No ☒

If yes, explain how the water right(s) will be converted to new uses. Include the historic, consumptive use amounts for the water right being rented if you have it, as well as the new consumptive use amount for your proposed beneficial use. If space below is insufficient, attach a separate page and label it **Attachment 4C**:

STATE OF IDAHO
WATER RESOURCE BOARD

Application to Rent Water (Continued)

5. ADDITIONAL INFORMATION

- A. Is this the first time that rental water is being requested for this purpose at the rental place of use? Yes ☐ No ☒

If no, list previous rental requests/agreements and explain why you have not secured a permanent water right for your needs:

Rental of the same water for the same lands approved for the 2016 irrigation season. Options for permanent water rights are limited, but will be aggressively pursued if the applicants are given the option to purchase the property.

- B. Have you or do you intend to submit an application for permit or transfer proposing a similar use as this rental?

If yes, describe:

Yes ☐ No ☒

- C. Was this rental application submitted in response to a Notice of Violation (NOV) or a pending NOV?

Yes ☐ No ☒

If yes, describe the date and location of the NOV.

- D. Additional Information

Water right owner has previously agreed to lease the subject water to applicants during the water rights' lease period.

DECLARATION

I hereby assert that 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. I understand that if this rental application is approved, it will be subject to the provisions of Section 42-1766, Idaho Code and all applicable state and federal laws. I understand that the submission of a rental application provides no guarantee for approval of a rental agreement. I also understand that, per Idaho Code 42-201, it is unlawful to divert or use water without a valid water right and that I am not authorized to utilize water as proposed in this application prior to the execution of an approved rental agreement.

Frank L. Bachman
Signature of Applicant

FRANK L. BACHMAN
Printed Name of Applicant

1-26-17
Date

Cindy L. Bachman
Signature of Representative

Cindy L. Bachman
Printed Name of Representative

1-26-2017
Date

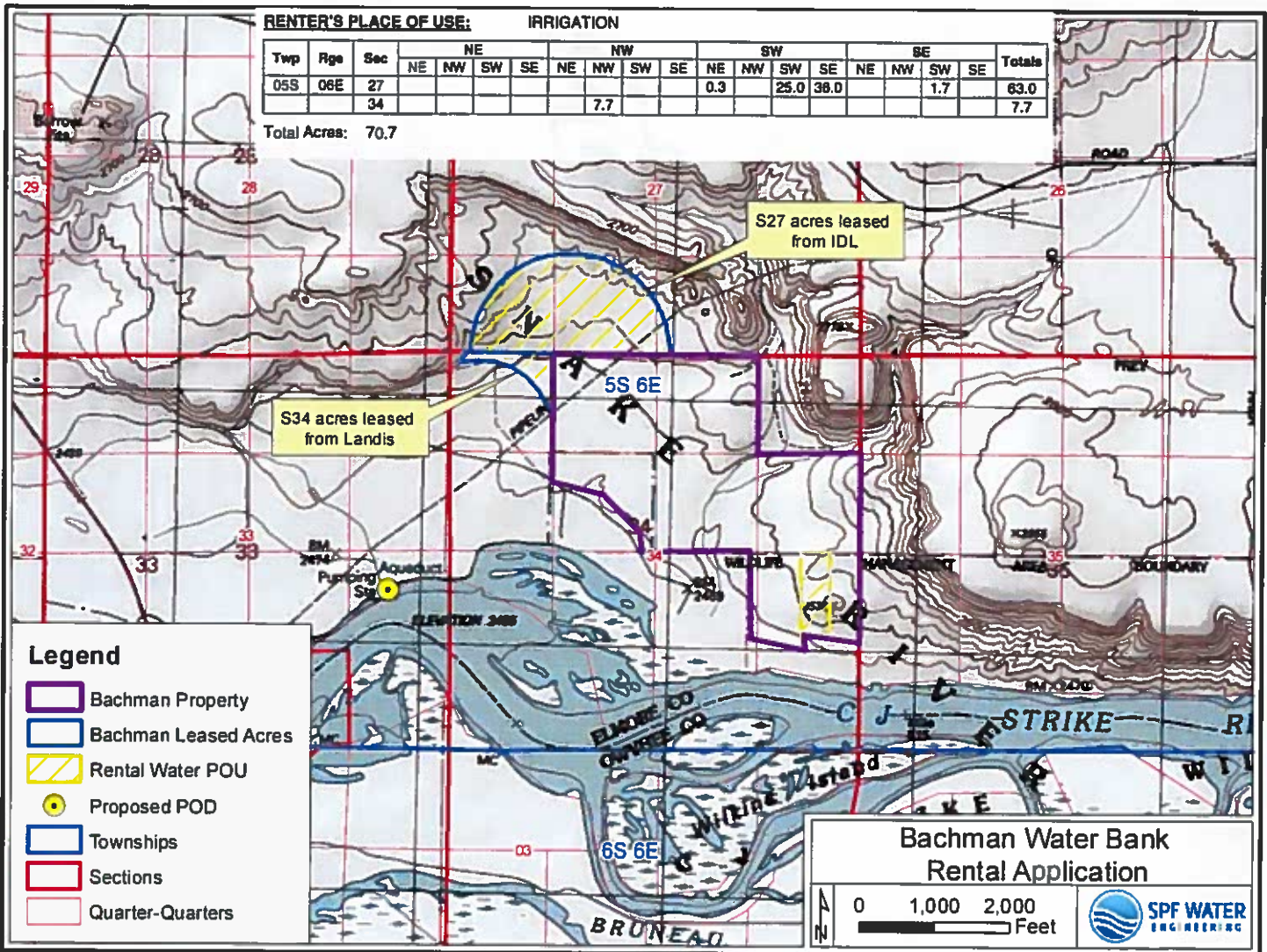
Mail to:

Idaho Department of Water Resources
P.O. Box 83720
Boise, ID 83720-0098

RENTER'S PLACE OF USE: IRRIGATION

Twp	Rge	Sec	NE				NW				SW				SE				Totals
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
05S	06E	27									0.3		25.0	36.0			1.7		63.0
		34						7.7											7.7

Total Acres: 70.7



Frank and Cindy Bachman	)	
P.O. Box 186	)	
Bruneau, Idaho 83604	)	LICENSED PROJECTS
Ph: (208) 845-2090	)	C. J. Strike 2055
	)	
	)	
Issued:	)	SPECIAL USE PERMIT
	)	Irrigation Pump, buried irrigation
By: Carolyn Bock	)	lines, access road use
Director, Corporate Real Estate	)	
	)	
No. 2055-S-2013-01	)	

SPECIAL USE PERMIT – C.J. STRIKE PROJECT LANDS

Permission is hereby granted by Idaho Power Company (IPC) to Frank and Cindy Bachman, hereinafter called Permittee, to use a portion of the area contained within the boundaries of the federally licensed C.J. Strike hydroelectric project (Project). This permission is subject to the conditions set out below and pertains to the following described lands or improvements located in a portion of Sections 33 and 34, Township 5 South, Range 6 East, Elmore County, Idaho.

PERMITTED USE AND FACILITIES

This Special Use Permit (Permit) is issued for the purpose of: (1) buried sprinkler irrigation main lines (2) one irrigation pump (of two) currently located on the Snake River (3) non-exclusive access to the pump location and (4) nonexclusive use of an existing Idaho Power Company roadway, said facilities and access being further described and depicted in Exhibit A, sheets 1 through 4, attached hereto and incorporated herein. (1) The buried sprinkler irrigation main lines shall be limited to piping irrigation water from the irrigation pump located on the Snake River to Permittee's adjoining farmlands for the irrigation of said farmlands. (2) The irrigation pumps were previously permitted to W. LaVern Miller under Permission and Agreement documents dated May 15, 1956, August 29, 1974 and May 19, 1976 (Idaho Power numbers 7, 55 and 56 respectively, Landis being the successor of Miller in said Permission and Agreement documents, and Bachman being the successor of Landis for the permission of one pump). (3) The nonexclusive access to the irrigation pump is a fenced access approximately 50 feet wide, and is also used by Landis to allow cattle from Landis' adjoining land to access the Snake River for watering purposes. (4) The nonexclusive use of existing roadways shall be limited to accessing Permittee's adjoining farmlands for the operation and maintenance of said farmlands.

{00043874.DOCX; 1}

SPECIAL CONDITIONS

1. The term of this Permit, unless otherwise terminated pursuant to the terms and conditions of this Permit, shall be five (5) years commencing on March 15, 2013, and continuing through March 30, 2018, both dates inclusive. Permittee may renew this Permit for additional terms upon providing IPC with written notice of such intent no later than sixty (60) days before the expiration of the then current term. (No notice of approaching expiration will be sent by IPC.) Any right herein granted to IPC shall apply to any extension or renewal of the term herein stated and to any right or option on the part of Permittee.

2. In the event the lands or waters under this Permit are subsequently no longer subject to the regulatory requirements of the Federal Energy Regulatory Commission (FERC), or its successors, then an annual fee based on market value may be charged. All such payments shall be paid without demand to:

Idaho Power Company
Attention: Corporate Cashier
Permit 2055-S-2013-01
P.O. Box 447
Salt Lake City, UT 84110-0447

3. This Permit may be revoked by IPC with or without cause at any time provided that written notice be given Permittee at least thirty (30) days prior to such revocation, in which event a prorated portion of any advance fees paid by Permittee shall be refunded by IPC. Such written notice shall be mailed by registered or certified mail, return receipt requested, to the last known address of Permittee. If such revocation is made to comply with IPC's license issued by FERC for the Project, or made in the interest of public health, public safety, or environmental protection, revocation is effective upon mailing of written notice to Permittee. IPC's right to revoke this Permit extends to any and all extensions, renewals or options to extend or renew this Permit.

Upon revocation or expiration of this Permit, Permittee shall, within 180 days, remove at Permittee's expense all structures and other improvements, except those owned by IPC, unless otherwise agreed upon by Permittee and IPC in writing. Permittee shall leave Project lands and waters in a condition at least as good as its condition prior to the execution of this Permit. If Permittee fails to remove all such structures or improvements within 180 days, they shall become the property of IPC, but that will not relieve Permittee of liability for the cost of their removal and restoration of the site.

4. This Permit may be assigned or transferred only with the express written consent of IPC. Any assignee or transferee shall be subject to and bound by all of the terms, conditions and limitations of this Permit.

5. This Permit, and the uses and occupancies granted herein are subject at all times

to the terms and conditions of IPC's license issued by FERC for the Project.

6. Permittee's use of Project lands and waters shall not endanger health, create a nuisance, or otherwise be incompatible with overall public recreational use of the Project.

7. Permittee shall take all reasonable precautions to ensure that the construction, operation, and maintenance of any structures or facilities on the Project lands and waters will occur in a manner that will protect the scenic, recreational, and environmental values of the Project.

8. Permittee shall not unduly restrict public access to Project waters.

9. This Permit is subject to the right of FERC, IPC, and/or their successors and assigns, to take reasonable remedial action to correct any violation of the terms and conditions of this Permit or of IPC's license issued by FERC for the Project, for the protection and enhancement of the Project's scenic, recreational and other environmental values.

10. Permittee understands that IPC is under no obligation to maintain Project water levels. Permittee shall have no claim against IPC for losses of any nature due to fluctuation in Project water levels, nor will Permittee have any claims whatsoever against IPC for damages or injury to any persons or property resulting from any fluctuation in Project water levels.

11. Permittee shall comply with all federal, state, county and municipal laws, ordinances, and regulations now or as may be in effect from time to time, which are applicable to the area, use or operation covered by this Permit. Permittee shall, at their expense, bring the area, use, and operation covered by this Permit into compliance with any such laws, ordinances or regulations.

Permittee shall obtain at their own expense all permissions, such as building permits, and zoning clearances required by federal, state, county and municipal laws, ordinances, and regulations prior to beginning construction of improvements on the Premises.

12. Permittee shall, at its own expense, procure and maintain, during the entire term of this Permit, the following types of insurance:

a. General Liability Insurance covering the Premises, including (i) bodily injury liability and (ii) property damage liability, with a combined single limit of not less than Two Million Dollars (\$2,000,000) each occurrence and in the aggregate. Such insurance shall provide for occurrence based coverage and shall have such other terms, conditions, and endorsements of coverage as are deemed prudent by IPC from time to time.

b. Automobile Liability Insurance with a combined single limit of at least Two Million Dollars (\$2,000,000).

c. Permittee shall also be responsible for insuring Permittee's Facilities and any Improvements constructed by Permittee and all other personal property located on the

{00043874.DOCX; 1}

Premises against perils covered by a fire and extended coverage property damage policy. IPC shall not be liable to Permittee for any loss or damage to Permittee's property, and there shall be no subrogated claim by Permittee's insurance carrier against IPC. Permittee shall obtain from its insurer a waiver of subrogation in favor of IPC.

d. Workers' Compensation Insurance and Employer's Liability Insurance of not less than One Million Dollars (\$1,000,000). When permitted by law, the insurance policies required under this Section 12 shall contain waivers of the insurer's subrogation rights against IPC. Permittee shall reimburse IPC for any costs (including tax audit assessments) incurred by IPC as a result of Permittee utilizing agents, independent contractors and/or subcontractors who are not recognized as insured by the State in which the Premises are located.

Permittee shall cause each of its agents, independent contractors and subcontractors entering on the Premises to maintain, at all times during the Term of this Lease, at least the following insurance:

a. Commercial General Liability Insurance, including (i) bodily injury, (ii) property damage, (iii) contractual liability coverage covering its obligations of indemnity and defense, and (iv) personal and advertising injury with a combined single limit of not less than Two Million Dollars (\$2,000,000) each occurrence and in the aggregate. Such insurance shall provide for occurrence based coverage and shall have such other terms, conditions, and endorsements of coverage as are deemed prudent by IPC from time to time

b. Workers' Compensation Insurance and Employer's Liability Insurance of not less than One Million Dollars (\$1,000,000). When permitted by law, the insurance policies required under this Section 19 shall contain waivers of the insurer's subrogation rights against IPC. Permittee shall reimburse IPC for any costs (including tax audit assessments) incurred as a result of utilizing Permittee's agents, independent contractors and/or subcontractors who are not recognized as insured by the state of Idaho.

c. Automobile Liability Insurance with a combined single limit of at least Two Million Dollars (\$2,000,000).

Insurance required under this Section 12 shall: (a) be issued on a U.S. policy by one or more carriers acceptable to IPC and licensed to do business in the state where services are rendered; (b) name IPC as an additional insured or loss payee, as its interests may appear; and (c) not be able to be canceled or materially changed unless IPC is given written notice of such cancellation or change at least thirty (30) days in advance; and (d) provide for severability of interests; and (e) provide primary coverage. Prior to Permittee's use or occupation of the Premises, Permittee shall provide IPC with a Certificate of Insurance evidencing the coverage required hereunder, mailed in accordance with Section 22 below.

13. Permittee shall protect, defend, indemnify, and hold harmless IPC, its officers, directors, and employees against and from any and all losses, liability, suits, damages, claims, actions, costs, and expenses of any nature, including court costs and attorney's fees, growing out

of injury to or death of Permittee's employees, agents, or guests, or any other person or persons, including without limitation, foreseeable trespassers, or out of loss, destruction or damage to property, or out of the treatment, storage, release, cleanup, or disposal of hazardous or toxic substances, materials or wastes upon IPC or adjacent property (whether or not permitted by IPC) arising in any way in connection with, or relating to the occupancy or use of Project lands or waters under this Permit by Permittee, its agents, employees, or guests, providing such injury to persons or damage to property is not due to the sole and active negligence of IPC.

14. Permittee shall not treat, store, release or dispose of any hazardous or toxic substances, materials or wastes upon Project lands or waters or adjacent IPC land. As used herein, the terms "hazardous or toxic substances, materials or wastes" shall mean any substance which is toxic, ignitable, explosive, reactive or corrosive or otherwise defined as "hazardous," "toxic" or a similar classification by any local, state or federal law or regulation, including but not limited to, substances regulated by or under the Federal Water Pollution Control Act (33 U.S.C. §1321, et. seq.), the Federal Clean Air Act (42 U.S.C. §7401, et. seq.), the Federal Resource Conservation and Recovery Act (42 U.S.C. §6901, et. seq.), the Idaho Environmental and Health Protection Act (I. C. §39-101, et. seq.), the Oregon Revised Statutes Chapters 465 and 466, the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. §9601, et. seq.), the Toxic Substance Control Act (15 U.S.C. §2601, et. seq.), or under the Solid Waste Disposal Act (42 U.S.C. §6991, et. seq.), petroleum or its derivatives and products, asbestos, or polychlorinated biphenyls (PCBs).

15. Permittee shall do everything reasonably within its power and shall require its employees, contractors, and the employees of its contractors to do everything reasonably within their power, to prevent damage to property and suppress fires on or near the lands to be used or occupied under this Permit.

16. Permittee shall, at all times, be solely responsible for the safety and maintenance of any and all facilities, structures, and other improvements permitted herein and shall maintain such facilities, structures, and other improvements to the highest standards of repair, safety, orderliness, neatness, and sanitation.

17. Development plans; layout plans; construction, reconstruction; or alterations of improvements; or revisions of layout or construction plans for the area covered by this Permit must be approved in advance and in writing by IPC.

All buildings must be painted a natural, earth-tone color that blends with the natural environment.

18. Permittee shall exercise diligence in maintaining in a good and presentable manner and in protecting from damage and waste the lands, waters and other property covered by and used in connection with this Permit, including but not limited to, not allowing an accumulation of unused equipment or materials or growth of noxious weeds on such lands, waters or other property. Permittee shall pay IPC for any damage or costs to IPC resulting from negligence or from the violation of the terms or conditions of this Permit or of any law or

regulation applicable to federally licensed hydroelectric projects by Permittee, or by any agents or employees of Permittee acting within the scope of their agency or employment.

19. Permittee absolves IPC from liability for loss or damage to Permittee by reason of IPC's entry onto the Premises, except for such loss or damage caused by IPC's sole negligence.

20. IPC requires the following stipulations regarding land management activities on the permit area.

a) IPC requires noxious weed control within the area covered by this permit. IPC is willing to incorporate noxious weed control activities within the area covered by this permit as part of annual weed control activities within the C. J. Strike FERC Project Boundary. However, Permittee will be required to reimburse the company for the time and materials used in controlling weeds resulting from Permittee's use of project lands and water.

b) IPC requires revegetation of areas that are disturbed by Permittee for operation and maintenance of roads, irrigation lines, and pumps. IPC will determine that either desirable plant species will become established within the disturbed area without the need for active revegetation or will develop and implement a revegetation plan. To facilitate revegetation, material excavated during maintenance activities shall be stockpiled and used as backfill for the excavated area. Excess material shall be broadcast in the area in a manner that creates minimal disturbance. Permittee will be required to reimburse the company for the time and materials used for revegetation efforts.

c) IPC requires surveys and an impact analysis of sensitive, candidate and threatened and endangered species if the potential exist that these species exist in areas where major maintenance or upgrades are required of roads, irrigation lines, and pumps. No excavation shall take place until IPC has informed the Permittee that proposed activities can proceed. These activities extend to both land based activities and those proposed in the reservoir.

21. The following stipulations for the protection of cultural resources in the immediate area shall apply to this Permit:

a) All activities of the Permittee shall be restricted to the designated permit area.

b) Permittee activities allowed within the permit area are limited to domestic animal passage for the purpose of accessing the river, and vehicular access (excluding heavy or tracked equipment) for the purposes of pump station use and/or above-ground maintenance of the pump station equipment.

c) All other possible Permittee activities within the permit area must be approved according to the project approval process defined in the C.J. Strike Historic Properties Management Plan (HPMP). The HPMP project approval process begins with a Permittee project proposal and is concluded through consultation with the Idaho State Historic Preservation Office (SHPO). From the time of the initial Permittee project proposal, approval would likely take a minimum of 90 days. The scope of the project may require additional cultural resources

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instigations within the permit area which could increase the time necessary for project approval.

d) If in the course of carrying out allowed activities (section b) or approved project activities (section c) authorized by the permit, the Permittee should observe cultural materials (i.e.: stone tools, pottery, human skeletal remains, buried archaeological features of any type [fire pits, hearths, anthropogenic soils, ash or soil stains], or other prehistoric or historic artifacts), all activity must cease immediately in the area of the discovery and the IPC Cultural Resource Manager must be notified. Work cannot resume in the area of the discovery until clearance is received in writing from the IPC Cultural Resource Manager.

22. Any notice, demand, request, consent or approval given under this Permit shall be in writing and shall be deemed given and delivered on the date when personally delivered or, if mailed, four (4) days after deposit in the United States mail, in a sealed envelope, by registered or certified mail, return receipt requested, with postage prepaid, addressed to the appropriate party at the address set forth below:

Idaho Power Company
Corporate Real Estate – Land Acquisition, CHQ-3
Re: C.J. Strike Permit 2055-S-2013-01
P.O. Box 70, Boise, ID 83707

Ph : (208) 388-2200

Permittee:

Frank and Cindy Bachman
P.O. Box 186
Bruncau, Idaho 83604
Ph: (208) 845-2090

This permit acknowledged and agreed to by the parties signing below.

IDAHO POWER COMPANY,
AN IDAHO CORPORATION

By: 
Carolyn Bock,
Director, Corporate Real Estate

Date: 6/21/2013

PERMITTEE:

FRANK AND CINDY BACHMAN

By: 

Print Name: FRANK L. BACHMAN

Date: 6-13-2013

By: 

Print Name: Cindy L. Bachman

Date: 6-13-2013

Exhibit A

Description and Location of Permitted Facilities

[Refer to attached Exhibit A drawings, Sheets 1 – 4.]

EXHIBIT A-1

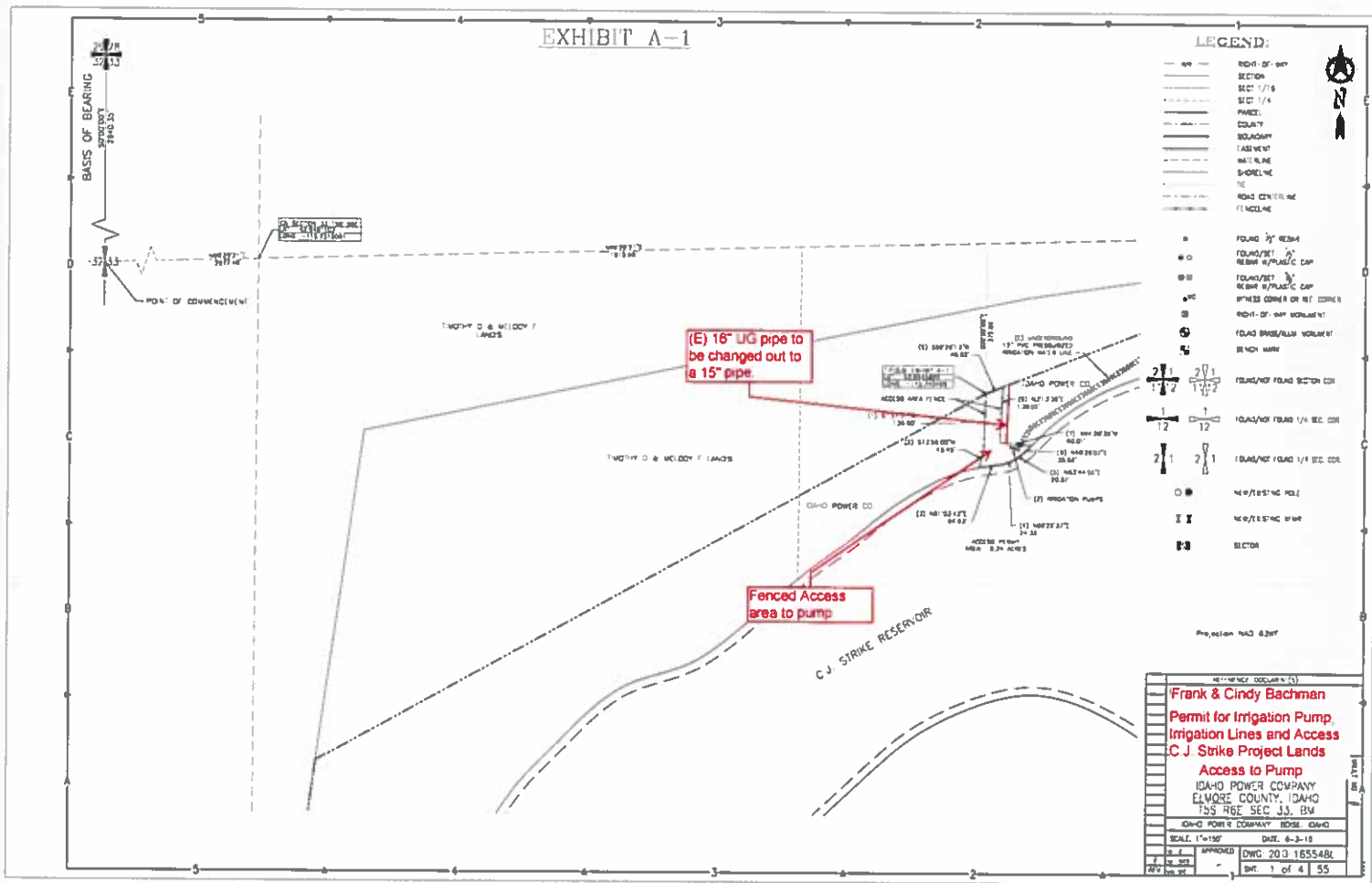


EXHIBIT B-1

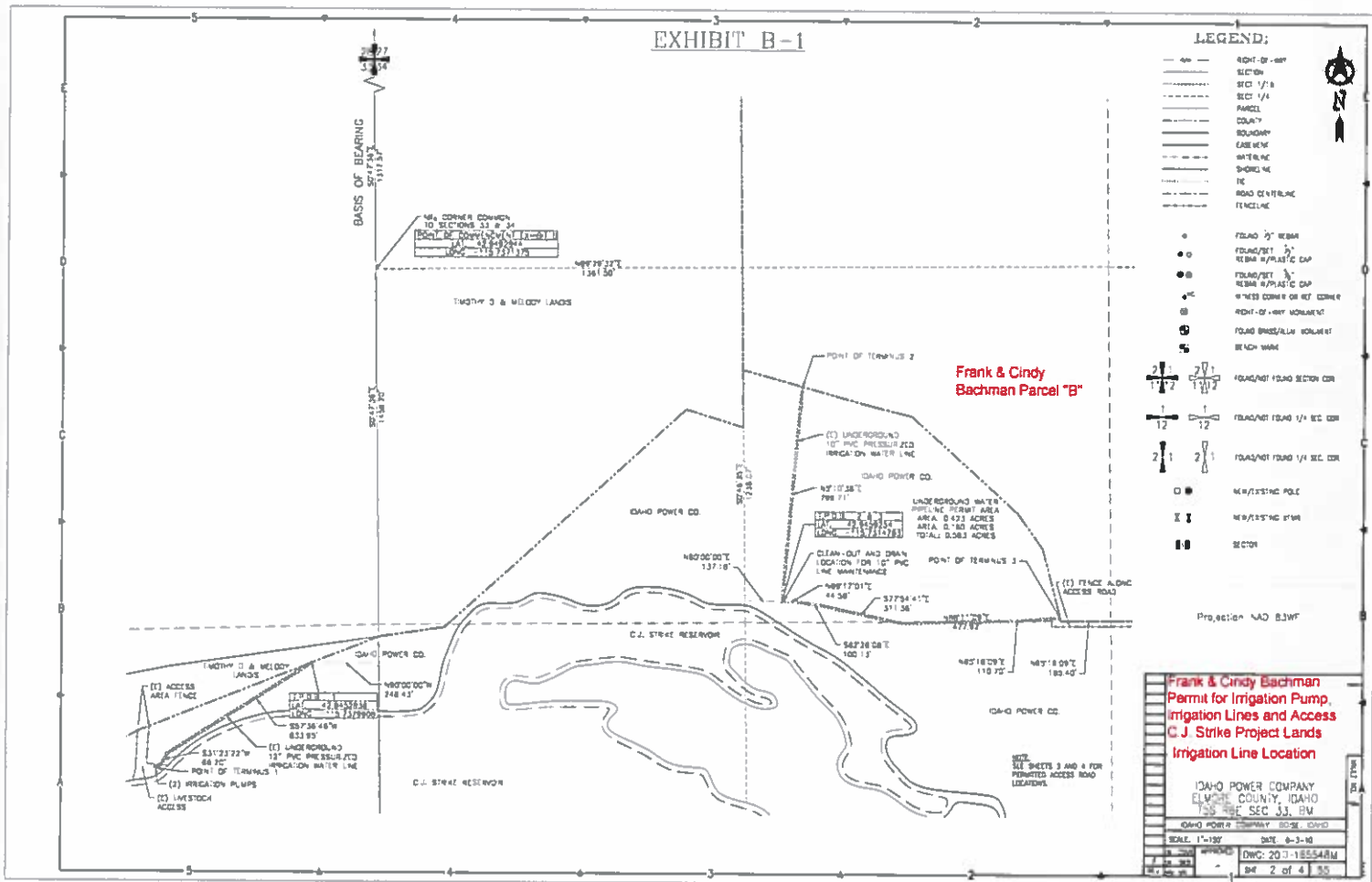


EXHIBIT C-1

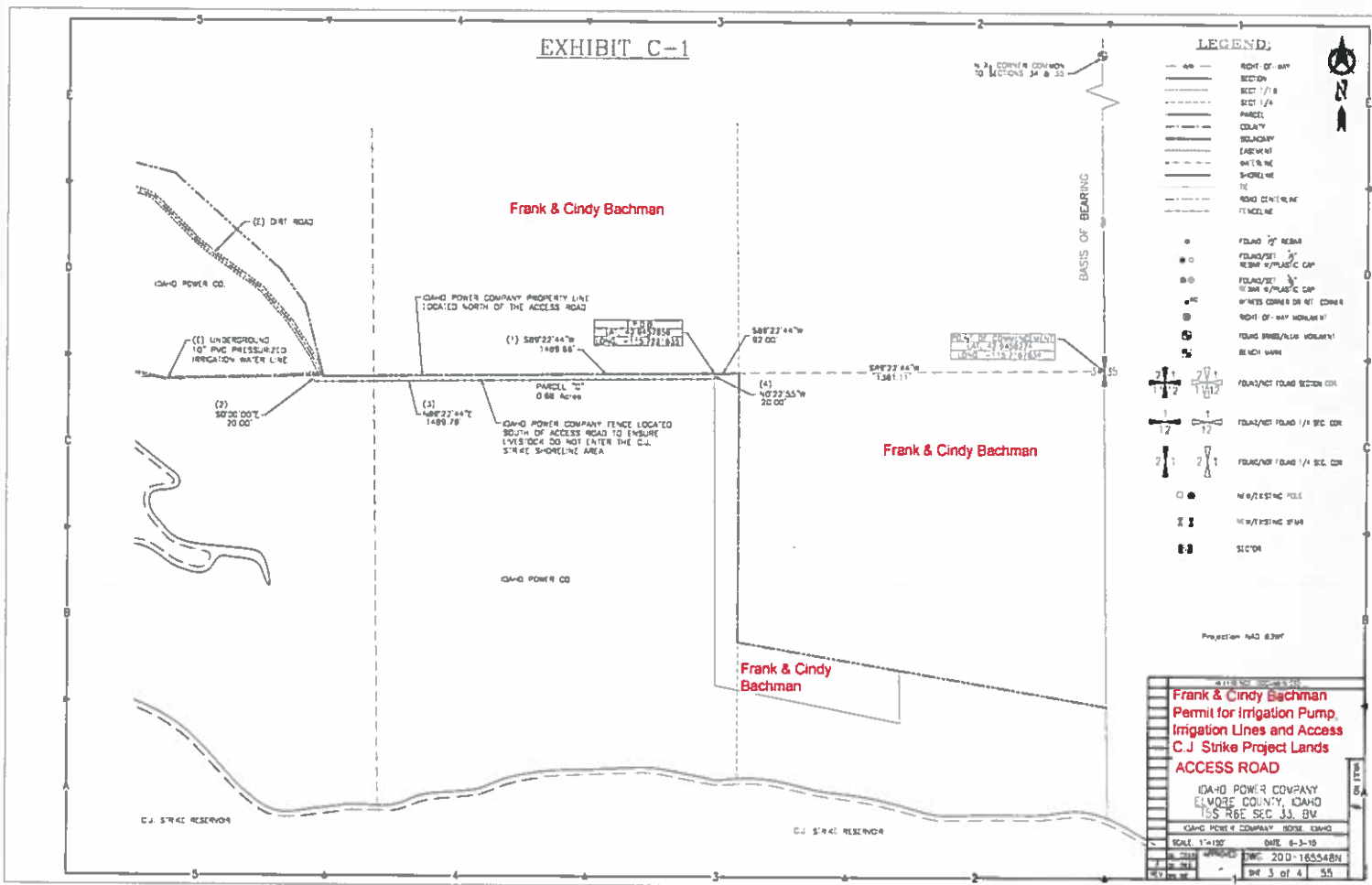
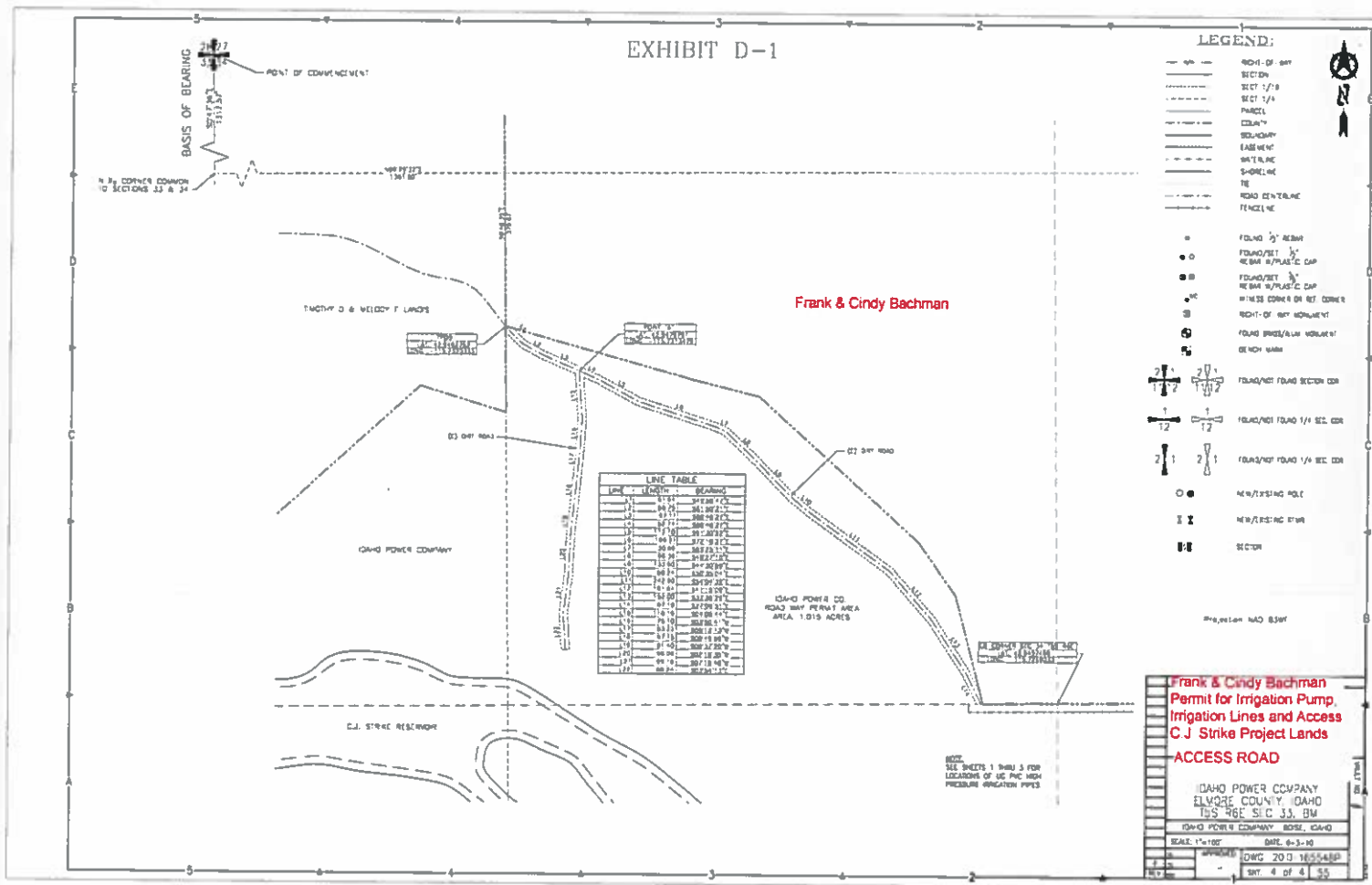


EXHIBIT D-1



This is to certify that this is a true and correct copy of this document, the original of which is on file with the Idaho Department of Lands (IDL).

[Signature] 12-13-16
IDL Representative Date



FARMING LEASE
No. C600006
BACHMAN LAND & LIVESTOCK, 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: Bachman Land & Livestock, LLC
30233 Hot Springs Rd
Bruneau ID 83604

Lease Term: Commencement: January 1, 2017
Expiration: December 31, 2026

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

FARMING:

Irrigation 63 acres at \$60.00 per acre

GRAZING:

Number of AUMs by Class for Billing

Cattle	20
Acres	63

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

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.
- B. **Grazing Use.** The Lessee is authorized to use the number of acres identified on this lease for grazing domestic livestock at the identified rate. The location and management of grazing livestock 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 grazing purposes shall occur prior to the final approval of the written Lease by Lessor.

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, 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.

- A. **Water Use on the Leased Premises.** Lessee shall be entitled to use the water on the Leased Premises, if any, during the term of this Lease, but only for the use allowed in this Lease and only in conformance with Idaho water law.
- 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-servicable 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 prorata 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 8th 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 Bachman Land & Livestock, 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 Bachman Land and Livestock LLC (Lessee/Company) x [Signature] (Lessee/Company)

x _____ (Lessee/Company)

x _____ (Lessee/Company)

STATE OF Idaho)
COUNTY OF Oneida) ss

BARBARA FOUST
(SEAL) STATE OF IDAHO
NOTARY PUBLIC

On this 28th day of November, in the year 2016, before me, Barbara Foust, Notary Public, personally appeared Lynn L. Bachman, 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: Barbara Foust
Commission expires: October 3, 2017

MY COMMISSION EXPIRES
October 3, 2017
SIGNED THIRD NOTARY PUBLIC UNDERWRITERS

LESSOR SIGNATURES

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

[Signature]
Secretary of the State of Idaho

[Signature]
President of the State Board of Land Commissioners
and Governor of the State of Idaho

[Signature]
Director Department of Lands

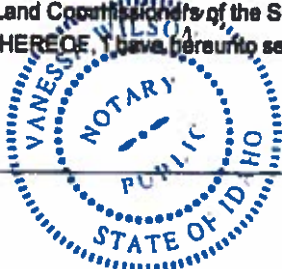
STATE OF IDAHO)
COUNTY OF ADA) ss



On this 12th day of December, in the year 2016, before me, Vanessa Wilson, 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: Vanessa Wilson
Commission expires: 8-11-2020



Attachment A
SPECIAL TERMS AND CONDITIONS

SPECIAL TERMS AND CONDITIONS

Lease Number: C600006
Lease Applicant: Bachman Land & Livestock, LLC
Legal Description: T05S. R06E. Section 27
Acres: 63

The following Management Provision is a summary of the grazing and/or cropland management strategy agreed to by the Lessee and Idaho Department of Lands to address identified resource concerns and management objectives.

Vegetation Area Management:

Prior to end of lease C600006 on December 31, 2026, Lessee will reseed leased parcel with crested wheatgrass (*Agropyron cristatum*) or Siberian wheatgrass (*Agropyron fragile*) at eight (8) pounds per acre of pure live seed and Sandberg bluegrass (*Poa Secunda*) at two (2) pounds per acre of pure live seed.

Noxious Weed Control:

The lessee will work with the IDL and the local Coordinated Weed Management Association to control noxious weeds on state land.

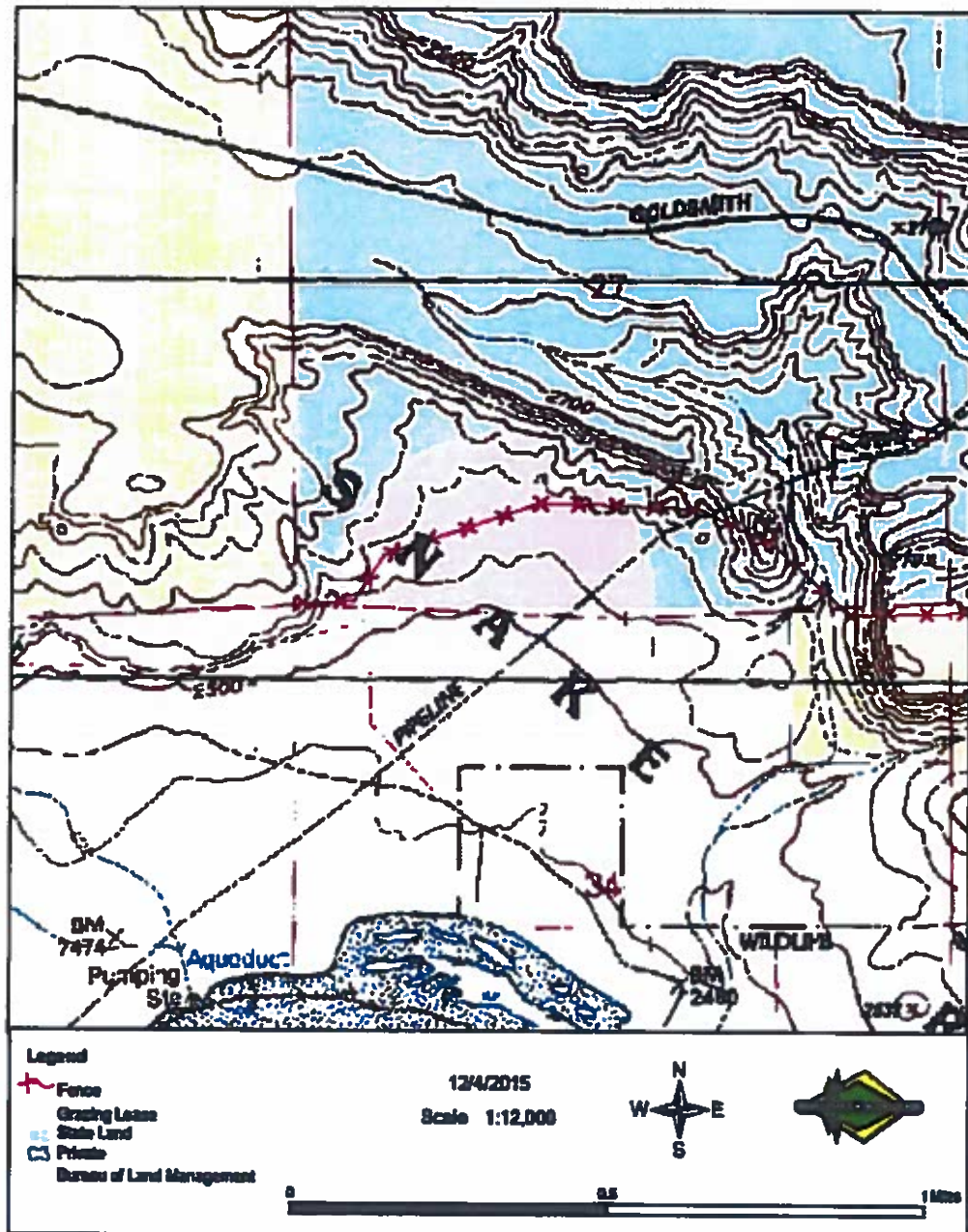
Attachment B
LEASED PREMISES LEGAL DESCRIPTION

TWN	RNG	SEC	Legal Description	County	Endowment	Acres	Irrigated Acres	AUMS
05S	06E	27	PTS S2SW, PTS SWSE	Elmore	NS	63	63	20

Attachment C SITE MAP(S)

MAP #1

C600006
T05S06E Sec 27



**Attachment D
ANNUAL CROP PRODUCTION REPORT**

REPORTING YEAR 20 16

Lease No.: C600006 Lessee Name: Burham Land and Livestock LLC
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: 6.3 Yield: 6.5 Ton

CROP 1 – type: Alfalfa Hay (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: [Signature]
LESSEE

4/28/16 11/28/16
DATE

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

Form Distribution: 1) Bureau Copy
2) Area Copy

(IDL DATE STAMP)

FARM LEASE

LEASE, made this TH 13 day of December, 2012, between TIMOTHY D. LANDIS and MELODY F. LANDIS, husband and wife, whose address is 20028 Highway 51, Mountain Home, Idaho 83647, hereinafter designated in the singular and by masculine gender as the "Owner", and FRANK L. BACHMAN and CINDY L. BACHMAN, husband and wife, whose address is P. O. Box 186, Bruneau, Idaho 83604, hereinafter designated in the singular and by masculine gender as the "Lessee".

IN CONSIDERATION OF the covenants and agreements herein mentioned to be kept and performed by the Lessee, the Owner hereby leases, lets and demises unto the said Lessee real property located in the County of Elmore, State of Idaho, that is particularly described in Exhibit A that is attached hereto and by this reference made a part hereof and that is depicted on Exhibit B that is attached hereto and by this reference made a part hereof as Pivots Numbers 1, 2 and 3, and Field Number 1, hereinafter sometimes referred to as the "Leased Premises".

TO HAVE AND TO HOLD the same unto the said Lessee subject to the terms and conditions herein provided.

1. TERM. The term of this lease shall commence on the date hereof and shall end on December 31, 2017, or on the date harvest is completed by Lessee and his crops removed from the premises for the 2017 farming, if Lessee's crops are not removed prior to December 31, 2017.

2. RENT. The Lessee shall pay to the Owner as rent for the Leased Premises the sum of \$ per farmable acre per year for each year of the term of this lease. There is approximately two hundred (200) farmable acres. The Lessee shall pay the sum of \$ to the Owner on or before the 15th day of April of each year of the lease term and the balance of the rent due for

COPY

that year on or before the 15th day of December of that year. The parties shall determine the exact amount of farmable acres prior to the 15th day of December of each year of this lease and the Lessee shall pay to the Owner the balance due for the annual lease payment based on the amount of farmable acres on or before the 15th day of December of each year of this lease.

3. REMOVAL OF SURFACE IRRIGATION SYSTEM, AND REMOVAL AND CONSTRUCTION OF NEW ROADS. It is understood by the parties that the Leased Premises is currently irrigated by a surface irrigation system. As part consideration for this lease the Lessee shall remove and fill in the canals and ditches that make up the surface irrigation system and also remove the adjacent trees. The Lessee shall also remove approximately 5,000 feet of the existing roads depicted on Exhibit C that is attached hereto and construct and establish new roads as depicted on Exhibit D that is attached hereto. The Lessee shall have the work described in this paragraph completed by the spring of 2013 and in sufficient time for the Owner to install the new irrigation pivot and equipment as provided in the next paragraph.

4. IRRIGATION PIVOTS, EQUIPMENT AND PIPE. The Owner shall install a new pivots, pump, motor, and all other irrigation pipe and equipment to adequately irrigate the crops to be grown on the Leased Premises by Lessee as depicted on Exhibit B.

5. MAINTENANCE OF IRRIGATION EQUIPMENT. The Owner shall maintain all irrigation equipment at his own expense, provided however, that Lessee shall repair or replace all irrigation equipment damaged or lost by him, his employees or agents. If any necessary repairs or replacements to any irrigation equipment are not made by the Owner within 24 hours after the need for such repairs or replacements become known to him, then in that event, the Lessee shall have the right to make the necessary repairs or replacements, and the cost and expense thereof shall be borne by the Owner and the Owner shall immediately reimburse the Lessee for any

expenses paid by the Lessee in making any such repairs or replacements. Any repairs or replacements to irrigation equipment necessitated by the negligent acts of the Lessee, his agents, servants or employees shall be made promptly by the Lessee at his own expense. In the event that the Lessee shall make any payments, perform any acts, or cause any acts to be performed for or on behalf of the Owner that the Owner should have performed pursuant to this lease, then the Lessee may deduct the cost thereof or the reasonable value thereof together with interest from the date paid at the rate of seven percent (7%) per annum from rent when next due. Lessee shall notify Owner of this option when taken and shall give a full accounting of all amounts paid or of the reasonable value of the acts so paid or performed. Lessee shall make no repairs or replacements of a non-emergency nature on Owner's behalf without the prior written approval of Owner, which approval shall not be unreasonably withheld.

6. ELECTRICAL POWER COSTS. The Owner shall pay all costs of electrical power for the irrigation pump and system that supplies irrigation water to the Leased Premises and shall hold Lessee harmless therefrom.

7. LABOR AND EQUIPMENT. Lessee shall furnish at his own expense all labor, machinery, equipment and implements necessary to till, farm and cultivate the farming land in a good and farmer-like manner and according to the usual course of husbandry.

8. CROPS AND SEED. All seeds for sowing and planting crops on the Leased Premises shall be furnished at the sole expense of Lessee. Unless specifically stated herein, all costs stemming from the production and harvest of said crops are the responsibility of Lessee.

9. REAL PROPERTY TAXES. The Owner shall pay all ad valorem taxes levied and assessed against the Leased Premises and property during the term of this lease.

10. RETURN OF PROPERTY. At the termination of this Lease as provided above, or earlier

in the event of default, Lessee agrees to peacefully surrender all of the real and personal property subject to this Lease in as good a condition as when accepted by Lessee, normal wear and tear from the ordinary use thereof excepted. Further, Lessee at the termination of the Lease will have all of his property removed from the Leased Premises.

11. INSURANCE. Lessee shall provide liability insurance in the amount of \$ [REDACTED] with Owner as an additional named insured to protect Owner from any claim of liability for injury or loss arising out of Lessee's farming of the property, use of the equipment, or any act related to Lessee's farming operation. Lessee shall be responsible for insuring his own property used on the farm or in his farming operation.

12. PROPER FARMING PRACTICES. Lessee shall apply accepted farming practices and care of the Leased Premises. Lessee shall apply chemicals and fertilizers according to the existing labels, laws and regulations, and in a manner so as not to cause harm to the land, water or adjoining lands. Lessee will not store on the property any hazardous substances as so defined by Federal, State, or local laws and regulations. Lessee shall use all products on the farm in a manner in compliance with all local, State and Federal laws and regulations. Lessee will use the property for farming only and for no other purpose.

13. TITLE TO CROPS. Title to all crops shall be in and remain in the name of the Lessee. So long as the Lessee is not in default in the lease payments provided for in this lease, the Owner shall have no interest in the crops grown on the leased premises and shall place no liens of any kind on said crops.

14. PUMP STATION. It is understood by the parties that there is a pump station located in U.S. Government Lot 1, Section 33, Township 5 South, Range 6 East, Boise Meridian that provides irrigation water from the Snake River to the Leased Premises. The Owner shall pay

██████████ of all electrical power costs to run the pump station and shall pay ██████████
██████████ of the replacement, repair and maintenance costs of the pump station. It is
understood by the parties that the Lessee is purchasing adjacent real property from the Owner
and as a part of the purchase agreement shall pay ██████████ of the electrical
power costs and ██████████ of the replacement, repair and maintenance costs of
the pump station for the property being purchased from the Owner.

15. NO PARTNERSHIP CREATED. This Lease shall not be construed as creating the
relationship of partners, joint venturers, principal and agent, or any other form of joint enterprise
between the Owner and Lessee. Neither party shall be liable for any debts or obligations incurred
by the other, nor shall either party have authority to bind the other in any contract with third
parties.

16. NO ASSIGNMENT OR SUBLEASE WITHOUT PRIOR WRITTEN APPROVAL. The
Lessee shall not assign this lease nor sublease any part of the Leased Premises without first
obtaining the prior written consent of the Owner, which consent shall not be unreasonably
withheld.

17. DEFAULT OR BREACH. Each of the following events shall constitute a default or
breach of the Lease by Lessee:

(a) If Lessee shall file a petition in bankruptcy court for insolvency or for
reorganization under any bankruptcy act, or shall voluntarily take advantage of any such act or
shall make an assignment for the benefit of creditors;

(b) If an involuntary proceeding under any bankruptcy law or insolvency act shall be
instituted against Lessee, if a receiver or trustee shall be appointed for all or part of the property
of Lessee, and such proceeding shall not be dismissed or the receivership or trusteeship shall not

be vacated within ten (10) days after the institution of any such appointment;

- (c) If Lessee fails to pay the lease payments to Owner as provided herein;
- (d) If Lessee shall fail to perform or comply with any of the conditions and terms of this Lease;
- (e) If Lessee shall vacate or abandon the Leased Premises;
- (f) If Lessee fails to take possession of the Leased Premises at the time set forth herein or within ten (10) days after notice the Leased Premises is available for occupancy; and
- (g) If Lessee fails to comply with any law, ordinance, regulation or restrictions applicable to use of the land and farming on the property that is subject to this Lease, after notice as provided below.

18. REMEDIES FOR DEFAULT. If default be made in the performance of any of the terms and conditions hereof to be kept and performed by the Lessee, the Owner or his assigns shall first give the Lessee thirty (30) days' notice in writing specifying wherein the Lessee has failed to comply with the terms hereof and which said notice shall be delivered to the Lessee personally or may be sent to the Lessee by registered or certified mail, addressed to the Lessee at the address provided herein. If sent by mail, said notice shall be deemed served upon the Lessee upon the date it is deposited in the United States mail with postage prepaid, certified or registered and addressed as above mentioned. If Lessee fails to correct such default within said thirty-day period, then the Owner or his assigns may without further notice declare this Lease terminated and re-enter and retake possession of the Leased Premises, with or without process of law, and may remove the Lessee or any other persons occupying said premises, and Lessee agrees that in case of such default he will immediately deliver up peaceable possession of the Leased Premises to the Owner or his assigns upon demand. If the Owner retakes possession of said premises for

default of the Lessee in complying with the terms hereof after notice as mentioned above, then the Owner may do or perform all things agreed to be done by the Lessee, remaining undone, and the Owner may retain or sell sufficient of the crops produced upon said premises that would have otherwise belonged to the Lessee if he had performed the conditions hereof, to pay for all costs and expenses of every kind incurred by the Owner in performing the things left undone by the Lessee, and the residue remaining, if any, of such crops necessary to provide Lessee with his proportionate share of the crops shall belong to the Lessee after all conditions are fulfilled. The remedies herein mentioned shall be construed as cumulative and not as alternative or exclusive.

19. ATTORNEY'S EMPLOYMENT. The parties acknowledge that this agreement was prepared by the attorney for the Lessee. The Owner is advised to seek the advice of independent counsel if he so desires.

20. ATTORNEY'S FEES. In the event it becomes necessary for either of the parties hereto to place this Lease in the hands of an attorney for enforcement of their rights hereunder after default of the other Party, or to institute suit for enforcement of their rights hereunder after such default, then the defaulting Party agrees, in either case, to pay a reasonable attorney's fee, including paralegal fees, incurred by the other party, in addition to other damages allowed by law. The defaulting party further agrees to pay to the non-defaulting party any fees incurred by the non-defaulting party to send notice of default to the defaulting party in the sum of \$ [REDACTED]. The payment of such cost shall be made before the notice of default is cured.

21. GOVERNING LAW. This Lease shall be governed by the laws of the State of Idaho regardless of the forum or venue of any dispute hereunder.

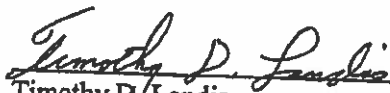
22. PARAGRAPH HEADINGS. Paragraph headings in this Lease are for the convenience of the parties only, and are not to be construed as a part of this Lease or in any way limiting or

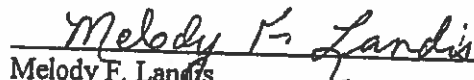
amplifying the provisions thereof.

23. COVENANT. The Owner hereby covenants that the Lessee performing the terms and conditions hereof shall peacefully and quietly have, hold and enjoy the said Leased Premises and property during the term hereof.

24. HEIRS, SUCCESSORS AND ASSIGNS. The terms and conditions of the Lease shall extend to and be binding upon the heirs, administrators, successors, executors and assigns of the respective parties hereto.

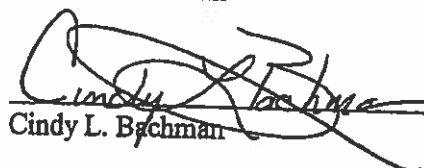
IN WITNESS WHEREOF, said parties have hereunto set their hands the day and year in this agreement first above written.


Timothy D. Landis


Melody F. Landis

OWNER,


Frank L. Bachman

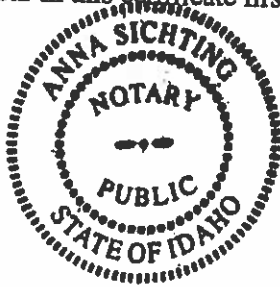

Cindy L. Bachman

LESSEE.

STATE OF IDAHO,)
COUNTY OF Elmore) ss.

On this 13th day of December, 2012, before me, the undersigned, a Notary Public in and for said state, personally appeared TIMOTHY D. LANDIS and MELODY F. LANDIS, husband and wife, known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they executed the same.

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

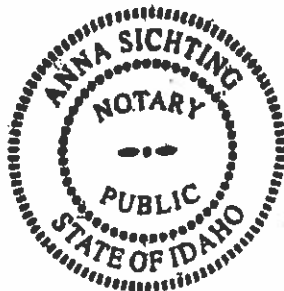


Anna Sighting
Notary Public for Idaho
Residing at: Mtn. Home, Idaho.
My commission expires: 1/19/2017

STATE OF IDAHO,)
COUNTY OF Elmore) ss.

On this 13th day of December, 2012, before me, the undersigned, a Notary Public in and for said state, personally appeared FRANK L. BACHMAN and CINDY L. BACHMAN, husband and wife, known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they executed the same.

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



Anna Sighting
Notary Public for Idaho
Residing at: Mtn. Home, Idaho.
My commission expires: 1/19/2017

EXHIBIT A

The North One-Half of Section 33, Township 5 South, Range 6 East, Boise Meridian, Elmore County, Idaho, SAVING, EXCEPTION AND EXCLUDING therefrom the following described property:

Commencing at a point upon the West boundary line of Section 33, Township 5 South, Range 6 East, Boise Meridian, which point is located 1898.4 ft. South of the North corner of said Section 33, and which said point is located 583.8 ft. South from the point where said West Section line is intersected by the Southwesterly boundary line of the right of way for State Highway #51;

Thence South from the point of beginning along the Section line 734 Ft. M/L, to the Southwest corner of the Northwest Quarter of said Section 33;

Thence East along the quarter section line 923 ft., more or less, to the point of intersection with the Westerly boundary line of the right of way for State Highway #51;

Thence northwesterly along the westerly boundary line of the right of way for said State Highway 1055 Ft. M/L, to a point 558.3 ft. Southeasterly from the point of intersection of the Westerly boundary line of said highway with the West section line of said Section 33;

Thence South 68°07' West 352.7 Ft. more or less, to the point of beginning.

Said parcel lies within the NW¼ of Section 33, Township 5 South, Range 6 East, Boise Meridian, South of the right of way for State Highway #51, in Elmore County, Idaho, and contain 11.6 acres more or less.

U. S. Government Lots 1 and 2, Section 33, Township 5 South, Range 6 East, SAVING, EXCEPTION AND EXCLUDING therefrom the following described property:

A parcel of land lying in the S½ of Section 33, Township 5 South, Range 6 East; better described as follows:

Beginning at the section corner common to sections 28, 29, 32 & 33, Township 5 South, Range 6 East; Thence South 3217.8 feet to a point on the west line of the NW¼SW¼, Township 5 South, Range 6 East, this point being the Real Point of Beginning;

Thence S 79°21' E. 844.4 feet;

Thence S 66°06' E. 1982.0 feet;

Thence N 60°44' E 200.6 feet;

Thence N 8°52' E 1065.1 feet;

Thence N 79°04' E 1688.7 feet;

Thence N 82°17' E. 795.4 feet to a point on the east line of Lot 1, Section 33, Township 5 South, Range 6 East;

Thence South to a point on the North bank of the Snake River;

Thence westerly along the meander line of the North Bank of the Snake River to a point where said line intersects the North-South section line between Sections 32 & 33, Township 5 South, Range 6 East;
Thence North to the REAL POINT OF BEGINNING.
Containing 123.5 acres more or less.

The Northwest Quarter of the Northwest Quarter and the Southwest Quarter of the Northwest Quarter, Section 34, Township 5 South, Range 6 East, Boise Meridian.

A parcel of land lying in a portion of Gov't Lot 1 and also in a portion of Gov't Lot 2 of Section 33, Township 5 South, Range 6 East, Boise Meridian, Elmore County, Idaho, said parcel being more particularly described as follows:

Commencing at a 5/8 inch rebar marking the corner common to Sections 28, 29, 32 and 33; thence S 0°00'00" E 2640.35 feet along the west line of said Section 33 to an Idaho Power Company monument marking the W1/4 Corner of said Section 33; thence continuing S 0°00'00" E 577.45 feet along said west line to an Idaho Power Company monument; thence S 79°58'48" E 844.02 feet (formerly S 79°21' E 844.40 feet) to a 1.5 inch pipe; thence S 66°44'51" E 1981.73 feet (formerly S 66°06' E 1982.00 feet) to an Idaho Power Company monument; thence N 60°05'07" E 200.15 feet (formerly N 60°44' E 200.60 feet) to an Idaho Power Company monument; thence N 8°09'11" E (formerly N 8°52' E) 236.30 feet to a 5/8 inch rebar, said rebar being the POINT OF BEGINNING;

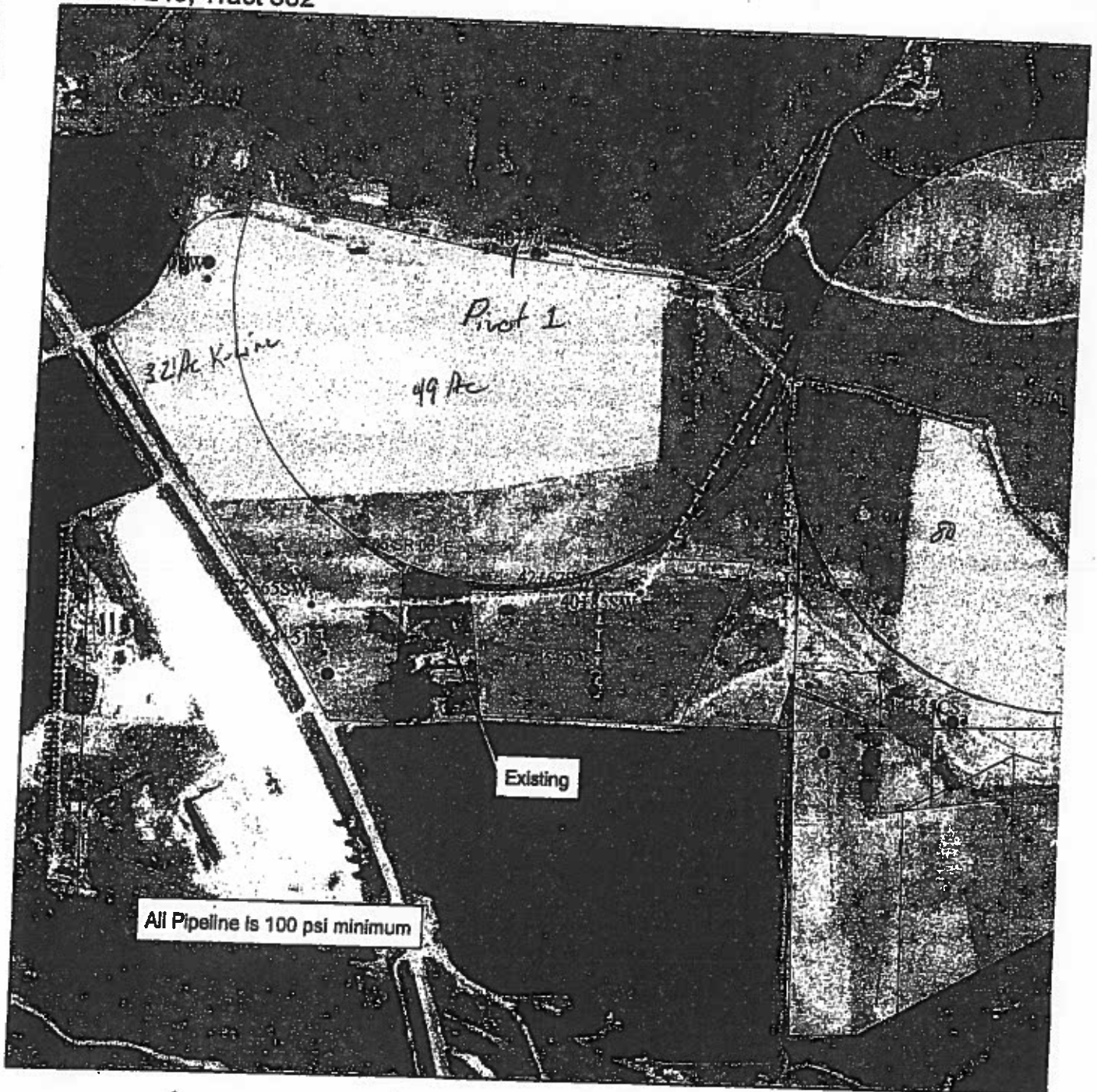
Thence continuing N 8°09'11" E (formerly N 8°52' E) 828.80 feet to a point;
Thence N 78°29'29" E (formerly N 79°04' E) 1688.70 feet to a point;
Thence N 81°39'17" E (formerly N 82°17' E) 795.40 feet to an Idaho Power Company monument;
Thence S 68°26'13" W 961.65 feet to a 5/8 inch rebar;
Thence S 61°05'34" W 1901.88 feet to the POINT OF BEGINNING.

Said parcel contains 20.55 acres, more or less, and is subject to all existing easements and right-of-ways of record or implied.

EXHIBIT B

Sprinkler System Design

Customer(s): TIMOTHY D LANDIS
District: ELMORE SOIL & WATER CONSERVATION DISTRICT
Legal Description: T5S, R6E, Sec 34
Farm 243, Tract 332



gn

Date: 9/7/2012

Field Office: MOUNTAIN HOME

25 Ac Up to Agency: NRCS

Assisted By: MARIKA KEARSLEY

25 Ac Above

8A

Filed 1

Legend

 Sprinkler

• Thrust Blocks

PRV size

• 2"

• 3"

• 4"

Pipe Size

--- 1.5"

--- 4"

--- 6"

--- 8"

--- 10"

--- 12"

--- 15"

Existing

1,200 1,600
Feet

N



ROAD TO BE
REMOVED

Let A

(21Rv77) Gdl'110L7RV00000AR624W331;comman0111"qPa~

