

CONSERVATION EASEMENT

THIS INDENTURE, made this 20th day of Nov, 2008, by and between Raymond and Margaret Cheney (Grantor), and STATE OF IDAHO, IDAHO WATER RESOURCE BOARD, 322 East Front Street, PO Box 83720, Boise, Idaho 83720-0098 and its successors and assigns, (Grantee);

WITNESSETH: That for and in consideration of the sum of ten dollars and no/100 (\$10.00), lawful money of the United States of America, receipt whereof is hereby acknowledged, the Grantor does hereby grant to the Grantee, its successors, and assigns, forever an easement for conservation purposes to limit the Grantor's withdrawal of water from the Lemhi River to facilitate the migration and habitat for salmon and steelhead. The water right subject to this easement authorizing the diversion of water for irrigation from the Lemhi River is identified as follows: 74-15723 and any subsequent splits. The conservation easement is appurtenant to the following described lands situated in LEMHI COUNTY, State of Idaho, to wit:

Township 21N, Range 22E, Section 9 B.M.:

11.8 acres in the NE1/4SE1/4

Township 21N, Range 22E, Section 10 B.M.:

7.8 acres in the NW1/4SW1/4

31.1 acres in the SW1/4SW1/4

35 acres in the SE1/4SW1/4

Subject to the following terms:

1. This easement shall be administered pursuant to an agreement ("Agreement") between the Grantor and Grantee dated 12/15/08. The Agreement shall be subject to amendment or revision by mutual agreement of the parties according to its terms.
2. This easement shall burden and run with the property in perpetuity.
3. This easement shall be recorded in the real property records of Lemhi County and designated appropriately in the official files of the Idaho Department of Water Resources to ensure that the water is regulated accordingly in future years. Water authorized for diversion under water right no. 74-15723 and any subsequent splits shall remain appurtenant to the legal place of use described herein and shall not be subject to administrative actions to transfer or otherwise alienate the water from the land.
4. The diversion of water from the Lemhi River under water right no. 74-15723 and any subsequent splits is permanently restricted under the conservation easement as follows:
 - a) Water shall be regulated by the State of Idaho to provide that 35 cfs of water remain in the Lemhi River below the L-6 diversion 80 percent of the time, and 25 cfs 100 percent of the time between March 15 and June 30, and 25 cfs

between July 1 and November 15 each year in perpetuity as measured at USGS gage 13305310, independent of permanent flows secured beyond 25 cfs.

- b) The water right(s) under this easement are subject to non-diversion as directed by Grantee up to 100 days per irrigation season in order to achieve the target flows in the Lemhi River.

5. In the event that operations pursuant to this Conservation Easement or the Agreement shall be declared illegal or otherwise unenforceable for any reason and the Grantee is prevented from achieving the target flows by a court of competent jurisdiction, the parties shall either amend the Agreement or execute such other instruments and make such other consideration, including but not limited to the purchase of the remainder of water right from the Grantor at fair market value so as to achieve the target flows in the Lemhi River as provided herein.

IN WITNESS WHEREOF the Grantor identified herein executed this Conservation Easement on the date following their signatures.

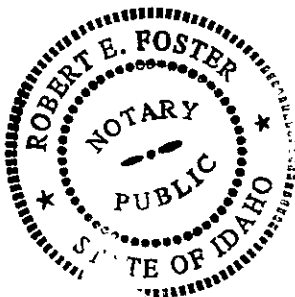
Raymond J. and Margaret Cheney
(Grantor)

11-20-2008
DATE

ACKNOWLEDGMENT

STATE OF ID)
COUNTY OF Lemhi) ss.

The foregoing instrument was acknowledged before me this 20th day of Nov, 2008, by



Robert E Foster
Notary Public
Address: Salmu Id
My commission expires: 3-6-2013

State of Idaho) SS No. 279251
County of Lemhi)
This instrument was filed for record at the request
of State of Idaho Water Resource
at 01 o'clock p.m. 3:31 2009
and duly filmed and indexed in the records of Lemhi
County
Terri J. Morton
Ex-Officio Recorder
By Lynne Gordon Deputy
Fee 1000
Return to State of Idaho