

STATE OF IDAHO
WATER RESOURCE BOARD
WATER SUPPLY BANK
REQUEST TO RELEASE OR LEASE TERM EXTENSION FORM

This form is a statement that the lessor requests a change in the status of a Water Supply Bank ("Bank") lease for the water right identified below. A water right will remain in the Bank for the accepted lease period unless released earlier by the Water Resource Board or until the lessor submits a request in writing to the Department of Water Resources to release the right from the Bank. If a water right is currently rented, the portion of the right being rented must remain in the Bank for the duration of the rental agreement.

Water Right No: 34-7052 Telephone No: (208) 221-3293

Name(s) of Lessor: Mitchell Sorensen

Mailing Address: 3871 W. 2500 N.

City: Moore State: ID Zip: 83213

REQUEST TO RELEASE A WATER RIGHT FROM THE BANK:

Requested Release Date: _____

Release all or part of the leased portion of the water right: All ☐ Part ☐

*If releasing only part of the leased portion, please attach a clear description of the portion to remain in the Bank.

The lessor requests that the above water right be released from the Bank on the date referenced above.

Signature of Lessor _____ Printed Name and Title* _____ Date _____

Signature of Lessor _____ Printed Name and Title* _____ Date _____

*Please provide title of signatory if signing on behalf of a company or organization or with power of attorney

REQUEST TO EXTEND THE TERM OF LEASE:

Current Expiration Date: December 31, 2012

Requested Expiration Date: December 31, 2013

If extending the lease term for only part of the leased portion, attach a clear description of the portion to remain in the Bank.

Extend lease term for all or part of the leased portion of the water right: All ☒ Part ☐

* All lease extension request forms must be signed and submitted with the following REQUIRED items:

1. Plat map, survey map or aerial photograph clearly showing the specific acres proposed to be idled by this lease application.
2. Filing fee of \$250.00. If you are submitting more than one lease application and the rights have a common place of use or common diversion rate or common diversion volume, the combined maximum fee is \$500.00.

For Department use: Receipt No. _____

The lessor requests that the above water right remain in the Bank through the date referenced above.

Luke H. Marchant _____ Luke H. Marchant, Attorney _____ 11/27/2012
Signature of Lessor Printed Name and Title* Date

Signature of Lessor _____ Printed Name and Title* _____ Date _____

*Please provide title of signatory if signing on behalf of a company or organization or with power of attorney

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

SCANNED
MAR 05 2013

ATTACHMENT 1
Potter Lease and 2013 Renewal

FARM LEASE AND OPTION TO PURCHASE WATER RIGHTS AGREEMENT

THIS FARM LEASE AND OPTION TO PURCHASE WATER RIGHTS AGREEMENT (this "Agreement") is made and entered into this 17th day, of June, 2011, by and between POTTER RANCHES, a Utah General Partnership ("Lessor"), and MITCHELL D. SORENSEN and ELAINE R. SORENSEN, husband and wife (collectively, "Lessee").

In consideration of the mutual promises and covenants contained herein, the parties agree to the terms and provisions of this Agreement.

1. PROPERTY. Lessor leases to Lessee and Lessee leases from Lessor for the term of this Agreement the real property located in Butte County, Idaho, more particularly described as:

A.) The S ½, Section 29, W1/2 SW ¼ Section 28, W1/2 NW ¼ Section 32, T4N, 27 E.B.M. consisting of approximately 472 irrigable acres, together with all water rights appurtenant thereto including ground water right 34-7052, diverted from a well located within NWSWSW Section 27, T5N, 26 E.B.M., and surface water right 34-7052 diverted from the Big Lost River, with all attendant irrigation equipment including but not limited to the above described deep well pump, conveyance rights, and pumping facilities located adjacent to the Arco Canal in NW ¼ Section 31, T4N, 27 E.B.M., buried and portable mainline, and wheel lines.

B.) WATER RIGHT 34-7110 8.07 CFS 05/15/1975 SURFACE WATER
WATER RIGHT 34-7052 6.00 CFS 11/13/1973 GROUND WATER

2. TERM. The term of this Lease shall be annual beginning on the date first above written and shall end on December 31, 2011 (the Term.). Lessee may renewed the Term for up to four (4) additional years, the last year to end on December 31, 2015 by providing Lessor written notice prior to January 31 of each subsequent year.

3. OPTION TO PURCHASE. Lessor grants and conveys to Lessee the right to purchase the water rights described in provision 1.B. at any time during the Term, or any renewal of the same. The purchase price for the above described water rights shall be [REDACTED] dollars.

4. RENT. Lessee agrees to pay Lessor [REDACTED] dollars annually for each year this agreement is exercised and/or renewed. Such payment shall be due at the commencement of this agreement and on January 31 of any year the Term is renewed.

5. EXPENSES. Lessor and Lessee understand and agree there may be substantial operational, administrative, and legal costs and expenses associated with the water bank lease(s), transfer(s), exercise, and use of these water rights. Lessee agrees to pay all of these incurred expenses, and Lessor agrees all such expenses will be deducted from the purchase price described in provision (3. Option to Purchase) at the time the option is executed.

Lessee also agrees to pay the related water district taxes and irrigation district assessments when the water supplies are actually diverted and applied to the beneficial use on the Lessor's property during the Term.

6. IRRIGATION EQUIPMENT. Lessor grants to Lessee the right to use, alter, modify, and replace all existing irrigation equipment in any manner the Lessee determines is necessary. Lessee agrees to use such equipment in a reasonable manner and is responsible for the costs of repairing, replacing, and operating the same.

Lessee also has the right to install and use any other irrigation equipment Lessee deems necessary for the purposes of irrigating the above described Property (A) and using Water Rights (B). Lessor agrees and consents such equipment may also be used, financed, and subsequently removed from the property at the Lessee's discretion.

Lessor agrees the existing wheel lines may be used by the Lessee or sold and/or consigned to be sold. It is understood Golden West Irrigation has offered \$2000.00 per ¼ mile line with mover and may enter the property for purposes of gathering and removing the same. All proceeds from such sale(s) shall be remitted to Lessor.

7. COOPERATION. Lessor also understands and agrees to consent and cooperate with Lessee in all efforts to comply with State of Idaho laws regarding the anticipated water banking and/or transferring of these water rights as deemed necessary by the Lessee. Lessee shall have the sole discretion to determine when and how these water rights are to be used and exercised so long as such use and exercise is lawful.

8. LIENS. Lessee shall neither place any lien on the Property nor permit any other person or entity to place any lien on the Property prior to the exercise of the purchase option without written Lessor's authorization. Lessor agrees not to withhold such authorization unreasonably.

9. COMPLIANCE WITH LAW. Lessee and Lessor shall comply with all requirements of municipal, state and federal authorities now in force, or which may hereafter be in force, pertaining to the Property.

10. NO PARTNERSHIP. Nothing contained in this Agreement shall be deemed to create a partnership, joint venture, or employment relationship between Lessor and Lessee. Neither Lessor nor Lessee shall be liable, except as otherwise expressly provided in this Agreement, for any obligations or liabilities incurred by the other.

11. WAIVER OF COVENANTS. The waiving of any covenant or provision of this Agreement by either party shall be limited to the particular instance and shall not be deemed to waive any other breach of such covenant or any other provision hereof.

12. NOTICES. For all purposes of this Agreement, notice shall be deemed to have been given to Lessor by Lessee upon deposit of a copy of said notice by Lessee in the United States Mail, postage prepaid, certified with return receipt requested, addressed to Lessor at 80 North 300 East, Malad, Idaho 83252, or to such other address as Lessor shall direct in writing. For all purposes of this Lease, notice shall be deemed to have been given to Lessee by Lessor upon deposit of a copy of said notice by Lessor in the United States Mail, postage prepaid, certified with return receipt requested, addressed to Lessee at 3871 West 2500 North, Moore, Idaho 83255, or to such other address as Lessee shall direct in writing.

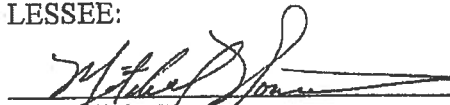
13. GOVERNING LAW. This Agreement shall be governed, construed, interpreted and enforced in accordance with the laws of the State of Idaho.

IN WITNESS WHEREOF, the parties hereto have set their hands and seals the day and year first written above.

LESSOR:


Richard Potter, General Partner

LESSEE:


Mitchell D. Sorensen


Elaine R. Sorensen

NOTICE OF FARM LEASE

THIS NOTICE OF LEASE AGREEMENT is being entered into by and between POTTER RANCHES, a Utah General Partnership ("Lessor"), and MITCHELL D. SORENSEN and ELAINE R. SORENSEN, husband and wife (collectively, "Lessee").

Lessor and Lessee hereby give notice that they have entered into that certain Farm Lease, with respect to the real property located in Butte County, Idaho, and legally described herein. The term of the lease shall begin on June 17, 2011, and continue until December 31, 2011, with annual renewable provisions extending until December 31, 2015.

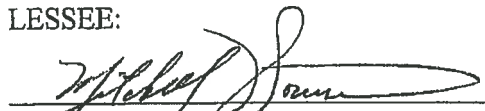
A.) The S $\frac{1}{2}$, Section 29, W1/2 SW $\frac{1}{4}$ Section 28, W1/2 NW $\frac{1}{4}$ Section 32, T4N, 27 E.B.M. consisting of approximately 472 irrigable acres, together with all water rights appurtenant thereto including ground water right 34-7052, diverted from a well located within NWSWSW Section 27, T5N, 26 E.B.M., and surface water right 34-7052 diverted from the Big Lost River, with all attendant irrigation equipment including but not limited to the above described deep well pump, conveyance rights, and pumping facilities located adjacent to the Arco Canal in NW $\frac{1}{4}$ Section 31, T4N, 27 E.B.M., buried and portable mainline, and wheel lines.

IN WITNESS WHEREOF, the parties hereto have set their hands and seals the day and year first written above.

LESSOR:


Richard Potter, General Partner

LESSEE:


Mitchell D. Sorensen


Elaine R. Sorensen



Holden Kidwell
Hahn & Crapo P.L.L.C.
L A W O F F I C E S

1000 Riverwalk Drive, Suite 200
PO Box 50130
Idaho Falls, Idaho 83405

Tel: (208) 523-0620
Fax: (208) 523-9518
www.holdenlegal.com

Email: lmarchant@holdenlegal.com

October 30, 2012

Richard Potter
80 North 300 East
Malad, ID 83252

RE: *Renewal of Farm Lease and Option to Purchase Water Rights Agreement.*

Dear Mr. Potter:

Pursuant to section 2 of the Farm Lease and Option to Purchase Water Rights Agreement entered into by you and Mitchell and Elaine Sorensen on June 17, 2011, Mitchell and Elaine wish to provide written notice of their intent to renew this lease for another year. Enclosed is a check for [REDACTED] for the lease payment for the 2013 year.

If you have any questions, please do not hesitate to contact me.

Best Regards,

Luke H. Marchant
HOLDEN, KIDWELL, HAHN & CRAPO, P.L.L.C.

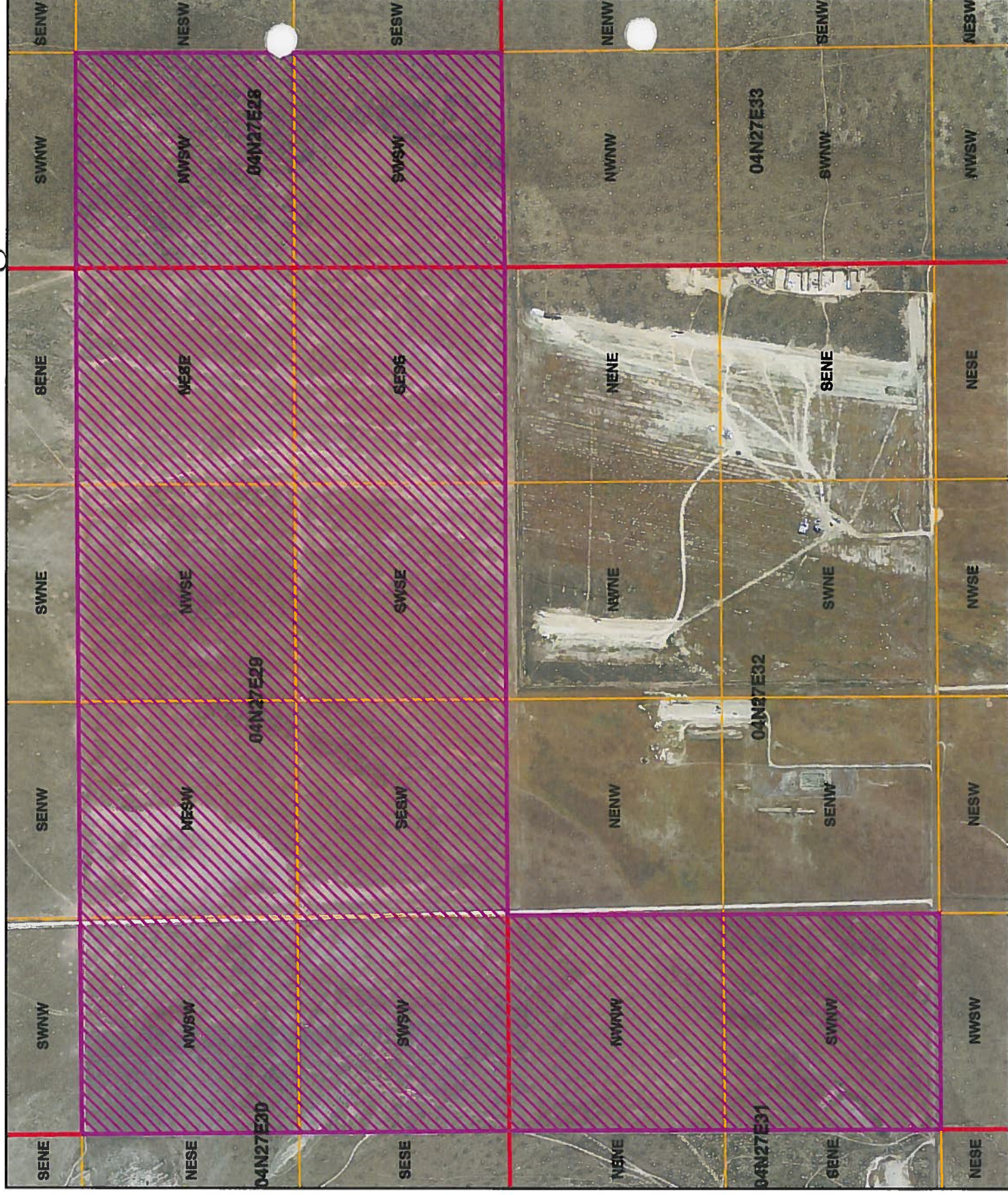
Enclosure

G:\WPDATA\RLHY7151 SORESEN, MITCH\012 Potter Water Rights\richard potter lr 2012.10.30.docx

Established in 1896

ATTACHMENT 2

Retired Acres



Prepared by:
Luke H. Marchant
11/27/2012

AMENDED CASH FARM LEASE AND OPTION TO PURCHASE

This Amended Agreement modifies and supercedes the CASH FARM LEASE AND OPTION TO PURCHASE Agreement entered into on the 2nd day of May, 2011, by and between M. Todd Perkes and Norma Perkes, husband and wife of 2790 North 3325 West, Moore, Idaho 83255, hereinafter referred to as "LESSOR", and Mitchell D. Sorensen and Elaine R. Sorensen, husband and wife of 3871 West 2500 North, Moore, Idaho 83255, hereinafter referred to as "LESSEE".

For good and valuable consideration, LESSOR agrees to lease to LESSEE, and LESSEE agrees to lease from LESSOR the following described real property located in Butte County, Idaho, hereinafter referred to as the "premises":

The NW, NE, and SE quarter sections of Section 11, T. 3 N., 25 E.B.M., comprising of approximately 480 acres together with the stock water rights and pumping facilities, and one hundred (100%) interest in the pond, pumping station, buried mainline and electrical wires located within Section 11, and existing fences and roads including the right of ingress and egress on the roadway located along the east side of the SE1/4 Section 11, T. 3 N., 25 E.B.M. along with all other improvements located on this property.

1. Term of Lease and Rental.

The term of this Lease shall be for a period of 5 years, commencing in 2011 and ending on December 31, 2015. The annual rental price shall be [REDACTED] for a total of approximately 480 acres, payable in the amount of [REDACTED] on or before May 1 of each year, and [REDACTED] on or before December 1 of each year.

The rental payment for the 2011 year will be the [REDACTED] which has been remitted and received, [REDACTED] to be paid by a Third Party (PU RANCH) directly to the LESSOR, and the balance of second [REDACTED] first by offset of government payments and/or benefits described below, second the cash value of any custom worked performed by the LESSEE on other property owned by LESSOR, and lastly by cash payment at the time of annual settlement between the parties.

The rental payment for the 2012 through 2015 years will be [REDACTED] payable on or before May 1 of each year, and the second [REDACTED] payable first by offset of government payments and/or benefits described below, second the cash value of any custom worked performed by the LESSEE on other property owned by LESSOR, and lastly by cash payment at the time of annual settlement between the parties.

LESSEE shall be entitled to 100% of all government related payments or benefits including but not limited to the assignment of One hundred twenty (120) acres of wheat base and One hundred twenty (120) acres of barley base Direct-Counter-Cyclical Payments, Loan Deficiency Payments, Emergency or NAP Payments or any other subsidy benefits related to the operation of the premises by the LESSEE during the period of this Lease. Lessor shall continue to accept such payments and benefits in Lessor's name and make all necessary reports relevant to government programs. Such government payments and benefits received by Lessor shall subsequently be offset or deducted from the above described October 1 payment due from Lessee.

2. Option to Purchase.

Within 180 days from the expiration of this Lease, the LESSEE shall have the right to exercise the Option to Purchase this property with all improvements and access easements described above. LESSOR and LESSEE agree the terms of the Buy-Sale Agreement will include the purchase price of [REDACTED] per acre for 480 acres totaling [REDACTED] payable in fifteen (15) equal annual payments with the unpaid balance accrual of nine (9%) annual interest. In the event LESSEE elects to prepay the unpaid balance a thirty (30%) penalty shall be applied to the unpaid principal balance.

3. Assignment or Sublease.

LESSEE shall have the right to sublet this property but shall not have the right to assign or sale the purchase option to any person or party other than a direct family member.

4. Improvements.

LESSOR and LESSEE agree the premise is currently non-irrigated pasture. The parties also agree that LESSEE may explore and acquire water rights, irrigation equipment, financing, and other assets and facilities necessary for the irrigation of the premise at LESSEE expense and risk. LESSOR agrees to cooperate and allow LESSEE to pursue such endeavors including the granting of security agreements that may be necessary to construct and install irrigation equipment on the premise.

In the event LESSEE does not exercise the purchase option referenced in this agreement or if the agreement is terminated, LESSOR may elect to purchase from LESSEE all such improvements at fair market values. If LESSOR elects not to purchase such improvements or if fair market values can not be agreed to LESSEE may remove all improvements previously made by LESSEE.

5. Expenses.

LESSOR agrees to pay all real estate taxes. LESSEE shall pay all costs associated with dry pasture grazing and the eventual irrigation of crops if any are grown. If this Lease terminates or expires without LESSEE exercising the purchase option as provided, LESSEE shall plant and re-establish dry pasture vegetation similar to what currently exists.

6. Relationship of Parties

The relationship of the parties hereto is strictly that of landlord and tenant and this Lease shall not be construed as a joint venture or partnership. LESSEE is not and shall not be deemed to be an agent or representative of LESSOR.

7. Applicable Law.

This Lease shall be construed and enforced in accordance with the laws of the State of Idaho.

This Amended Agreement is hereby agreed to and entered into this 13 day of December, 2011.

LESSOR

M. Todd Perkes
M. Todd Perkes

Norma Perkes
Norma-Perkes

LESSEE

Mitchell D. Sorensen
Mitchell D. Sorensen

Elaine R. Sorensen
Elaine R. Sorensen