

Water Supply Bank No. _____

Water Right No. _____

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES
APPLICATION TO SELL OR LEASE A WATER RIGHT
TO THE WATER SUPPLY BANK

RECEIVED
JUN 03 2008
DEPARTMENT OF
WATER RESOURCES

Name of Seller/Lessor DEER CREEK RANCH, INC Attn: John Flynn Phone (949) 720-3400

Post office address P.O. BOX 3090, Newport Beach, CA 92658

1. DESCRIPTION OF WATER RIGHT:

Right evidenced by:

- a. Decree No. 37-5 Decreed to: HENRY ADAMS
(Name)
 in case of S.C. FROST vs ALTURAS WATER COMPANY
 dated: 10/6/09 in 4TH JUD. DIST. county of LINCOLN
(Name of court)
- b. License No. _____ issued by the Idaho Department of Water Resources.
- c. Permit No. _____ issued by the Idaho Department of Water Resources.

2. DESCRIPTION OF PORTION OF RIGHT FOR SALE OR LEASE: (If the entire right is for sale or lease, show "all" on line a. below and skip the remainder of part 2.)

- a. Amount of water under right: ALL cubic feet per second &/or _____
 acre-feet per annum
- b. Point of diversion:
 Additional points

c. Place of use:

TWP	RGE	SEC	N E				N W				S W				S E				Totals
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	

If the right is for irrigation, show the number of acres for the part of the right to be put into the bank.
 Total number of acres _____

3. ADDITIONAL INFORMATION ABOUT RIGHT, OR PORTION THEREOF, FOR SALE OR LEASE

a. Explain how the seller/lessor acquired the right, or portion thereof, and attach a copy of the deed to the land to which it is appurtenant or other evidence of ownership of the right. If the right is not recorded in the name of the seller/lessor, attach a copy of a change of ownership form as required by Section 42-248 or 42-1409(6), Idaho Code, together with required documentation.

WATER RIGHT WAS PURCHASED FROM MAXINE HAZEN (ATTACHMENT A)

b. Describe the frequency of water use under the right, or portion thereof, during the past five (5) years of use. Attach watermaster records, pumping power bills, or other evidence to demonstrate that the right has not been lost through abandonment or forfeiture. (This information is not required if a partial decree has been issued on the right within the last 5 years).

WATER UNDER THIS RIGHT HAS HISTORICALLY BEEN USED FROM 4/15 THROUGH 10/31 WITH SOME INFREQUENT LATE-SUMMER CURTAILMENT DURING DRY YEARS. (ATTACHMENT B) IN 2006, A SIGNIFICANT AMOUNT OF WATER RAN THROUGH THE RIVER SYSTEM NEAR THE DEER CREEK RANCH. AS A RESULT OF THIS INCREASED WATER, THE RIVER CHANGED ITS CHANNEL AND THE CHANNEL FROM WHICH DEER CREEK RANCH DIVERTED THIS WATER RIGHT WAS NO LONGER RECEIVING ANY WATER. THE CHANNEL HAS BEEN DRY SINCE 2006, WITH WATER PREVIOUSLY DIVERTED NOW FLOWING IN A SEPARATE CHANNEL OF THE RIVER.

I hereby assert that the information contained in this application is true to the best of my knowledge, and that I have the authorities necessary to offer this right for sale or lease to the Idaho Water Resource Board.

The owner/lessor acknowledges the following:

1. Payment to the owner/lessor is contingent upon the sale or rental of the right from the bank.
2. While a right is in the bank, the owner of the right may not use the right even if the right is not rented.
3. A right accepted into the bank stays in the bank until the Board releases it or until the lease term expires.
4. While a water right is in the bank, forfeiture provisions are stayed.
5. Acceptance of a right into the bank does not, in itself, confirm the validity of the right or any elements of the water right.

5/23/2008
Date

John G. Fryman, EVP.
Signature

FOR DEPARTMENT USE ONLY

Received by _____ Date _____ Preliminary check by _____

Watermaster recommendation requested on _____ Received _____

Recommended for _____ approval _____ denial by _____

ATTACHMENT A

RECEIVED

OCT 16 1991

AGREEMENT

THIS AGREEMENT is made this 9th day of October Department of Water Resources
1991, by and between Maxine Hazen, a single person dealing with Southern Region Office
her sole and separate property, and New Deer Creek Ranch, Inc.,
an Idaho Corporation, (hereinafter "NDCR");

W I T N E S S E T H:

WHEREAS, Hazen is the owner and holder of Idaho Department of Water Resources ("IDWR") Water Right No. A37-00005 as decreed in Frost v. Alturas Water Company, dated December 13, 1909 (the "Water Right"), which right entitles Hazen to receive one hundred and fifty (150) miner's inches of water from the Big Wood River via the Kohler 44 ditch with a priority date of March 10, 1883; and

WHEREAS, Hazen desires to sell said Water Right; and

WHEREAS, NDCR desires to purchase the Water Right being sold by Hazen;

NOW, THEREFORE, for and in consideration of the mutual covenants herein contained, the parties hereto agree as follows:

1. Hazen agrees to sell and NDCR agrees to purchase one hundred and fifty (150) inches of IDWR Water Right No. A37-00005, the source of which is the Big Wood River via the Kohler 44 ditch, with a priority date of March 10, 1883.

2. The purchase price for the Water Right is Six Hundred Dollars (\$600.00) per miner's inch, or Ninety Thousand Dollars (\$90,000.00), if all one hundred and fifty (150) inches shall be approved for transfer, which amount shall be paid in the following manner:

(a) On an even date herewith, NDCR shall pay to Hazen a cash down payment of One Thousand Dollars (\$1,000.00), receipt of which is hereby acknowledged by the Hazen.

(b) The remaining balance of Eighty-Nine Thousand Dollars (\$89,000.00), without interest, shall be paid to Hazen within ten (10) days of the receipt of notification by IDWR of approval of the requested transfer in point of diversion and place of use of the Water Right herein conveyed.

3. Hazen warrants that the portion of the Water Right herein conveyed has been applied to beneficial use during previous years, and that the same is not subject to a claim of

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abandonment or forfeiture for failure to apply such water to beneficial use.

4. NDCR agrees to diligently undertake an application for change in point of diversion and place of use of the Water Right herein conveyed. All costs associated therewith shall be borne by NDCR. In the event the IDWR fails to approve the application for transfer of all of the Water Right, NDCR shall pay to Hazen the sum of Six Hundred Dollars (\$600.00) multiplied by the number of miner's inches approved for transfer by the IDWR. In the event the IDWR fails to, or will not, approve the request for transfer in point of diversion or place of use of the Water Right herein conveyed, then Hazen agrees to refund the down payment of One Thousand Dollars (\$1,000.00), and the parties agree that this contract shall be terminated.

5. Hazen is not retaining any of the Water Right to be used on land currently owned by Hazen.

6. In the event this Agreement should become the subject matter of litigation, the prevailing party shall be entitled to recover all of its costs and attorney's fees from the non-prevailing party.

7. Hazen, or her personal representatives, successors, or assigns, agree to cooperate to accomplish the transfer herein contemplated, and further agree to execute such documents as are necessary to effectuate the final transfer herein contemplated.

8. This Agreement constitutes the full and entire agreement of the parties hereto. Any conditions or amendments to this Agreement must be in writing, and subscribed by the parties hereto.

9. This Agreement is binding upon the heirs, successors, assigns and personal representatives of the parties hereto.

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

MAXINE HAZEN

Maxine Hazen

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OCT 26 1992

NEW DEER CREEK RANCH, INC.

By Jay Sevy
Jay Sevy, President

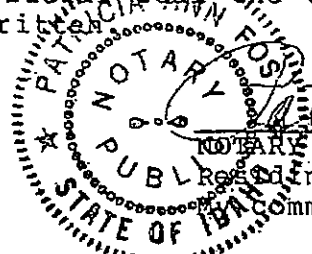
ATTEST:

Secretary

STATE OF IDAHO)
) ss.
County of Blaine)

On this 9th day of October, 1991, before me, a Notary Public, in and for said County and State, personally appeared Maxine Hazen, known or identified to me to be the individual whose name is subscribed to the within instrument, and acknowledged to me that she 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.



Patricia Ann Fosh
NOTARY PUBLIC FOR IDAHO
Residing at: Sun Valley, Blaine County, Idaho
Commission expires: 9-30-93

STATE OF IDAHO)
) ss.
County of Twin Falls)
~~Blaine~~

On this 3rd day of October, 1991, before me, a Notary Public, in and for said County and State, personally appeared Jay Sevy and _____, known or identified to me to be the President and Secretary, respectively, of New Deer Creek Ranch, Inc., the corporation that executed the foregoing instrument, and acknowledged to me that such corporation 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.

Marilyn Ann Gregg
NOTARY PUBLIC FOR IDAHO
Residing at: Jerome
My commission expires: 10-20-93

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OCT 26 1992

ATTACHMENT B

WATER DISTRICT 37 & 37M

CANAL NAME	DEER	CANAL NO.	22-P2	2004
OWNER	NEW DEER CREEK RANCH		GW	
YEARLY C F S			2	
YEARLY ACRE FEET			4	

WATER DISTRICT 37 & 37M

CANAL NAME	DEER	CANAL NO. 22-P2	2003
OWNER	NEW DEER CREEK RANCH	GW	
YEARLY C F S		153	
YEARLY ACRE FEET		303	

WATER DISTRICT 37 & 37M

CANAL NAME	DEER	CANAL NO.	22-P2	2002
OWNER	NEW DEER CREEK RANCH	GW		
YEARLY C F S		31		
YEARLY ACRE FEET		61		

WATER DISTRICT 37 & 37M		2001
CANAL NAME	DEER	CANAL NO. 22-P2
OWNER	NEW DEER CREEK RANCH	GW
YEARLY C F S	26	
YEARLY ACRE FEET	51	