

RECEIVED
JUL 01 2010
WATER RESOURCES
WESTERN REGION

Exchange No. 77004

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

APPLICATION FOR EXCHANGE OF WATER

Under the provisions of Section 42-240, *Idaho Code*, any person holding a surface water right may apply to exchange such water for the use of water from the same source or a different surface water source. Surface water right holders may also apply to exchange for the use of water authorized for diversion under one or more other valid water rights from the same source or a different surface water source.

1. INFORMATION ABOUT THE APPLICANT

Co-applicant: Bureau of Reclamation

Telephone No. 208-378-5306

PN-3100, 1150 North Curtis Road, Suite 100, Boise ID 83706,

Email: emcgarry@usbr.gov

Applicant's Water Right(s) to be exchanged:

200 acre-ft of Bureau of Reclamation's Lucky Peak Reservoir Water Right 63-3618.

Attach a photocopy of the License, Permit, Transfer, Decree, or Claim evidencing the right(s) or attach a printout obtained from IDWR.

2. INFORMATION ABOUT THE CO-APPLICANT

Complete this portion if the applicant proposes to exchange for water diverted under a water right held by another party. The co-applicant is the holder of the right to be exchanged for the applicant's right. If more space is needed, please attach another sheet containing information about each co-applicant.

Co-applicant Wilderness Ranch Owners' Association, Inc. (WROA) Telephone No: _____
(Name of Co-applicant)

46 Wilderness Ranch Road, Boise, ID 83716

Email: _____

(Mailing Address)

(Zip Code)

Co-applicant's Water Right(s) to be exchanged 63-10318, 63-31336, 63-04629A

Attach a photocopy of the License, Permit, Transfer, Decree, or Claim evidencing the right(s) or attach a printout obtained from IDWR.

3. EXCHANGE AGREEMENT -- Attach a copy of the written agreement between the applicant and the co-applicant(s).

4. EXCHANGE INFORMATION -- Complete **Part A** or **Part B** to explain how the proposed exchange will operate.

Part A -- Not applicable

Part B.

The applicant proposes to divert _____ cfs and/or up to 200 acre-feet per year of water a SE1/4 of SW1/4, Govt. Lot _____ Sec. 28, Township 4 North, Range 4 East, B.M., Boise County. Additional points of diversion, if any: _____

In exchange for authorization to divert water as described above, _____ cfs and/or up to 200 acre feet per year of water authorized for diversion under Wilderness Ranch's contract with Reclamation will be (complete 1 or 2 below):

I. Not Applicable

OR

2. Released from the Lucky Peak Storage account of Wilderness Ranch to meet the demand of senior water right holders* _____ at NW 1/4 of _____ 1/4,
Govt. Lot _____ Sec 12, Township 2 North, Range 4 East B.M., Ada County.

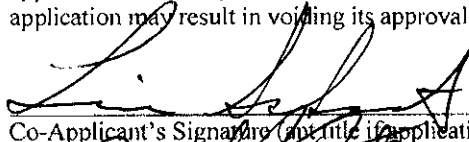
Additional Explanation. WROA holds a contract with BOR for 200 acre-feet of storage water in Lucy Peak. The exchange will be exercised when WROA has water accrued and available in its Lucky Peak storage account and WROA is diverting water out of priority. The storage account will be depleted by the volume WROA is taking out of priority. See attached agreement for additional information.

Is not intended to be a permanent arrangement, please describe the circumstances under which the proposed exchange will terminate. This exchange may be terminated at any time by WROA. See attached agreement for additional information.

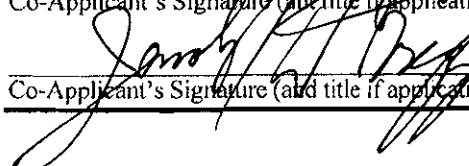
5. MAPS -- Attach two maps, one showing the water right(s) as it is (they are) now used, and another showing how the water right(s) will be used under the proposed exchange. Each map should be on an 8 1/2"x11" sheet and should clearly identify the locations of the point(s) of diversion, injection, and re-diversion of water and the place(s) of use by 40-acre subdivisions, section, township and range of the public land survey. Photocopies of USGS 7 1/2-minute topographic quadrangles are preferred as base maps.

SIGNATURE

Applicant hereby asserts that no one will be injured by such exchange of water and acknowledges that the applicant and/or the co-applicant will be responsible for all actions taken pursuant to this exchange. I understand that any willful misrepresentations made in this application may result in voiding its approval.

 Lin A. President WROA
Co-Applicant's Signature (and title if application is for an organization)

14 June 2010
Date

 Co-Applicant's Signature (and title if application is for an organization)

29 June 2010
Date

FOR DEPARTMENT USE ONLY

This exchange application contains _____ pages, including attachments.

Received by SD Date 7-1-10 Fee \$290
Received by DB Date 7-1-2010 Receipt No. W038518

(for ≤ 200 AF storage)

Preliminary review by _____

Published in _____

Publication dates _____

Protests filed by _____

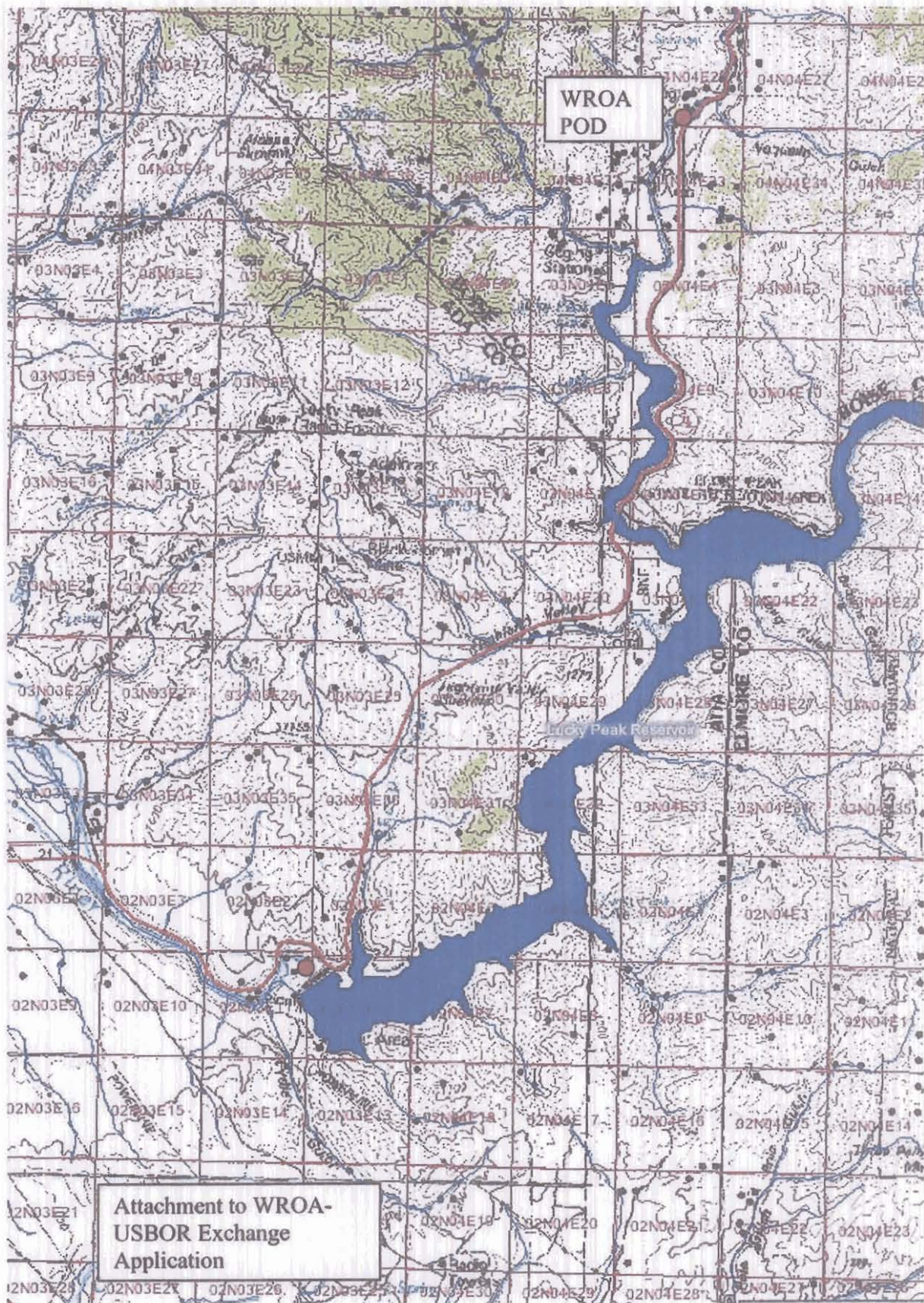
Copies of protests forwarded by _____

Watermaster recommendation requested on _____

Watermaster recommendation received on _____

Hearing held by _____ Date _____

Recommended for Approval _____ Denial _____ By _____



UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION

Boise and Lucky Peak Projects, Idaho

REPAYMENT CONTRACT BETWEEN THE UNITED STATES OF AMERICA
AND WILDERNESS RANCH OWNERS' ASSOCIATION, INC.
PROVIDING FOR LUCKY PEAK RESERVOIR STORAGE

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UNITED STATES
DEPARTMENT OF THE INTERIOR
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Boise and Lucky Peak Projects, Idaho

REPAYMENT CONTRACT BETWEEN THE UNITED STATES OF AMERICA
AND WILDERNESS RANCH OWNERS' ASSOCIATION, INC.
PROVIDING FOR LUCKY PEAK RESERVOIR STORAGE

THIS CONTRACT, made this 12th day of February, 2008, between the UNITED STATES OF AMERICA, hereinafter called the "United States," acting through the Contracting Officer, pursuant generally to the Act of June 17, 1902 (32 Stat. 388), and acts amendatory thereof or supplementary thereto, particularly, but not limited to, Section 9(c)(1) of the Act of August 4, 1939 (53 Stat. 1187), as amended and supplemented, the Act of December 22, 1944 (58 Stat. 887), the Act of July 24, 1946 (60 Stat. 641), and Section 301 of the Act of July 3, 1958 (72 Stat. 320), all collectively known as the Federal Reclamation laws, and WILDERNESS RANCH OWNERS' ASSOCIATION, INC. in Idaho, an Idaho non-profit corporation organized and existing pursuant to the laws of the State of Idaho, with its principal place of business in Boise, Idaho, hereinafter called the "Contractor."

WITNESSETH, THAT:

The following statements are made in explanation:

EXPLANATORY RECITALS

2. WHEREAS, the United States has constructed and operates the Lucky Peak Dam and Reservoir on the Boise River in which there is water stored which can be used for the

irrigation of land and for other beneficial uses, for which the United States holds License No. 63-03618, issued on September 27, 2002, by the State of Idaho to the United States; and

3. WHEREAS, New Union Ditch Company, Limited has entered into a partial assignment to the Contractor of fourteen and twenty-eight thousand five hundred and seventy-one one hundred thousandths of one percent (14.28571%) of New Union Ditch Company, Limited's rights and interest to receive stored water from Lucky Peak Reservoir on the Boise River in Idaho that is reflected in an amendment to Contract No. 059D101482, dated August 16, 2005, between New Union Ditch Company, Limited and the United States, hereinafter called the "New Union contract," which assigned portion is hereinafter called the "Wilderness Ranch assigned portion of the New Union contract;" and

4. WHEREAS, the Contractor desires to enter into a repayment contract for Lucky Peak Reservoir stored water and to make available said stored water in the event senior downstream water right users could limit the Contractor's use of its presently held natural flow water rights from Mores Creek and any water rights the Contractor may hold in the future; and

5. WHEREAS, the United States Army Corps of Engineers has concurred with the United States Bureau of Reclamation entering into contracts for stored water from Lucky Peak Reservoir to be used for miscellaneous irrigation purposes, including the irrigation of lawns, gardens, parks, and landscaping and delivered through a municipal delivery system; and

NOW, THEREFORE, in consideration of the mutual and dependent covenants herein contained, it is hereby mutually agreed as follows:

DEFINITIONS

6. Where used in this Contract, the terms:

- (a) "New Union contract" shall mean the specific contract New Union Ditch Company, Limited and the United States entered into on August 16, 2005, which is numbered Contract No. 059D101482.
- (b) "Wilderness Ranch assigned portion of the New Union contract" shall mean the fourteen and twenty-eight thousand five hundred and seventy-one one hundred thousandths of one percent (14.28571%) portion the Contractor acquired of the New Union contract.
- (c) "Active capacity" shall mean the amount of storage space available for irrigation, flood control, and other authorized purposes between reservoir elevations 2905 Mean Sea Level (MSL) and 3060 MSL, of which the storage space available between reservoir elevations 3055 MSL and 3060 MSL is used for exclusive flood control purposes, as indicated in Water Right License No. 63-03618.
- (d) "Contract" shall mean and include Articles 1 through 26 hereof.
- (e) "Contracting Officer" shall mean the Commissioner of the Bureau of Reclamation or his duly authorized representative.
- (f) "Contractor" shall mean Wilderness Ranch Owners' Association, Inc.
- (g) "Federal Reclamation laws" shall mean the Act of June 17, 1902 (32 Stat. 388) and all acts amendatory thereof and supplementary thereto.
- (h) "Irrigation season" shall mean the period within any year, April 1 through October 31.
- (i) "Project" or "Reservoir" shall mean Lucky Peak Dam and Reservoir.
- (j) "State Engineer" shall mean the Director of the Department of Water Resources as identified in Idaho Code, Title 42, Chapter 18.

(k) "Watermaster" shall mean the person appointed by the official of the Department of Water Resources to administer the delivery of water from the Boise River and its tributaries within Water District 63 in accordance with Idaho Code, Title 42, Chapter 6.

(l) "Year" shall mean the period of January 1 through the following December 31.

**TERM OF CONTRACT AND TERMINATION OF THE WILDERNESS RANCH
ASSIGNED PORTION OF THE NEW UNION CONTRACT**

7. This Contract shall remain in effect as long as the Contractor pays the full annual charges and any and all other amounts owing under this Contract: Provided, That it may be terminated at any time by mutual consent of the parties hereto. The Wilderness Ranch assigned portion of the New Union contract is replaced by this Contract and is no longer of any force and effect.

WATER TO BE AVAILABLE TO THE CONTRACTOR

8. The Contracting Officer will make available to the Contractor stored water accruing to seven thousand one hundred and eighty-nine one hundred thousandths of one percent (0.07189%) of the active capacity of the Reservoir within the limits and upon the terms provided in this Contract. This percent shall, so long as the Reservoir has an active capacity of 278,200 acre-feet, be treated as the equivalent of 200 acre-feet of active capacity. The latter figure of active capacity may be adjusted from time to time by the Contracting Officer whenever there are determinations as a result of standard procedures that the active capacity is other than as stated above.

PLACE OF DELIVERY AND MEASUREMENT AND OF USE OF WATER

9. Up to 200 acre-feet of water from storage space in the Project each year shall be made available for beneficial use by senior downstream water right users in the event action is

taken to limit the Contractor's use of its presently held natural flow water rights from Mores Creek and any water rights the Contractor may hold in the future. Stored water releases for downstream users on the Boise River shall be measured at the outlet works of the Project and shall be available for diversion by such senior water right users through a process agreed upon by the Contractor, and Watermaster, and Reclamation, and as allowed under State and Reclamation laws.

CONSTRUCTION CHARGE OBLIGATION

10. For the right to obtain stored water as herein provided, the Contractor shall pay to the Contracting Officer the proportionate part of the construction cost of the Project properly allocable to such right which is equal to a present value of \$66,602, and this amount is established as the Contractor's construction charge obligation. The Contractor shall pay to the Contracting Officer the remaining construction charge obligation in 40 successive annual installments of \$3,118.79 each, the first of which shall be due December 31, 2008, and each December 31 thereafter, until the remaining construction charge obligation shall have been fully paid; Provided, A lesser payment of the actual amount needed to retire the construction charge obligation will be allowed in the final year; Provided further, That in the event of a reduction to the Contractor's percentage of active capacity set forth in Article 8 of this Contract, the Contracting Officer will adjust the annual installments accordingly; Provided further, That if Reclamation policy changes such that the Contractor's water use is classified as agricultural irrigation under this Contract, then the Contractor's construction charge obligation and annual installments shall be adjusted to an obligation and installments for agricultural irrigation beginning on the first date of the irrigation season next succeeding the policy change; Provided however, That installment monies paid toward the construction charge obligation under this Contract will not be returned to the Contractor in the event of a policy change.

OPERATION AND MAINTENANCE CHARGE

11. (a) In addition to the construction charge established in Article 10, the Contractor shall pay to the Contracting Officer, so long as this Contract remains in effect and in advance on or before April 1 of each year, beginning with April 1, 2008, the Contractor's share, based upon its percentage of active capacity, of the estimated cost of operation and maintenance of the Project as determined by the Contracting Officer for the upcoming year. Written notice of the Contractor's share of the estimated costs of operation and maintenance of the Project shall be delivered by the Contracting Officer to the Contractor no later than February 1 of each year.

(b) Whenever, in the opinion of the Contracting Officer, funds so advanced will be inadequate to operate and maintain the Project, he may give a written supplemental operation and maintenance charge notice stating therein the amount of the Contractor's share, based upon its percentage of active capacity, of additional funds required as determined by the Contracting Officer, and the Contractor shall advance that additional amount on or before the date specified in the supplemental notice. Provided, however, except for an emergency situation as defined in the Standard Operating Procedures for the Project, the payment date specified in the supplemental notice shall be at least 90 days from the date of delivery of the notice to the Contractor. If funds advanced by the Contractor under this article exceed the Contractor's share of the actual cost of the operation and maintenance of the Project for the year for which advanced, the surplus shall be credited on the operation and maintenance charges to become due for succeeding years. Upon written request from the Contractor, the Contracting Officer shall provide a written accounting each year to the Contractor of the costs to be paid by the Contractor pursuant to subarticles (a) and (b) of this article.

(c) Additionally, the Contracting Officer shall inform the Contractor of the estimate of the costs to be paid by the Contractor in accordance with this article as far in advance as practicable for the Contractor's use in its budgeting process.

ELEMENTS OF OPERATION AND MAINTENANCE CHARGE

12. The Contractor shall pay to the Contracting Officer its share of all costs incurred in operating and maintaining the Project for the purpose of storing and releasing water under the terms of this contract including, without limitation by reason of this enumeration, the costs of surveys and investigations, labor, property, material and equipment, engineering, legal work, superintendence, administration, indirect costs, general expenses, inspections, special services. The Contractor shall not be responsible for the costs of operating and maintaining the Project for purposes other than storing and releasing water as provided in the contract.

CHARGES FOR DELINQUENT PAYMENTS

13. (a) The Contractor shall be subject to interest, administrative, and penalty charges on delinquent payments. If a payment is not received by the due date, the Contractor shall pay an interest charge on the delinquent payment for each day the payment is delinquent beyond the due date. If a payment becomes 60-days delinquent, in addition to the interest charge, the Contractor shall pay an administrative charge to cover additional costs of billing and processing the delinquent payment. If a payment is delinquent 90-days or more, in addition to the interest and administrative charges, the Contractor shall pay a penalty charge for each day the payment is delinquent beyond the due date, based on the remaining balance of the payment due at the rate of 6 percent per year. The Contractor shall also pay any fees incurred for debt collection services associated with a delinquent payment.

(b) The interest charge rate shall be the greater of either the rate prescribed quarterly in the Federal Register by the Department of the Treasury for application to overdue payments or the interest rate of 0.5 percent per month. The interest charge rate will be determined as of the due date and remain fixed for the duration of the delinquent period.

(c) When a partial payment on a delinquent account is received, the amount received shall be applied first to the penalty charges, second to the administrative charges, third to the accrued interest, and finally to the overdue payment.

(d) For any outstanding amounts owed, the Contracting Officer will furnish to the Contractor notices of such delinquency at 30-, 60-, and 90-days past the initial due date, with

an official notification letter at 180-days past due indicating the debt will be referred to the Secretary of the Treasury for collection in accordance with the Debt Collection Improvement Act of 1996.

MEDIUM FOR TRANSMITTING PAYMENTS

14. (a) All payments from the Contractor to the Contracting Officer under this Contract shall be by the medium requested by the Contracting Officer on or before the date payment is due. The required method of payment may include checks, wire transfers, or other types of payment specified by the Contracting Officer.

(b) Upon execution of the Contract, the Contractor shall furnish the Contracting Officer with the Contractor's taxpayer's identification number (TIN). The purpose for requiring the Contractor's TIN is for collecting and reporting any delinquent amounts owing under this Contract.

RIGHTS TO BENEFICIAL USE OF WATER

15. The beneficial use of the water under this contract shall be governed by the Federal Reclamation laws and the laws of the State of Idaho, as they may at any time apply to this Contract.

WATER SUPPLY AND OPERATION OF THE RESERVOIR

16. (a) As of the date of this Contract, the United States holds License No. 63-03618, issued on September 27, 2002, by the State of Idaho to the United States for the storage of 307,000 acre-feet per annum of the waters of Boise River in Lucky Peak Reservoir. The primary purpose of the Reservoir is for flood control, for which it will be operated, in accordance with the Memorandum of Agreement between the Department of the Army and the Department of the Interior, dated November 20, 1953, and as it may be amended, the Act of August 24, 1954 (ch. 909, 68 Stat. 794), the 1954 Supplemental Arrowrock and Anderson Ranch Reservoir contracts approving the Boise River operating plan, and the Water Control Manual for

Boise River Reservoirs, dated April 1985, copies of which are available for inspection at the office of the Contracting Officer. Subject to operations for flood control, the United States will operate the Project so as to store under existing storage rights all available water, and during each irrigation season, the Contracting Officer will make available to the Contractor for miscellaneous irrigation purposes the Contractor's proportionate share of the stored water that accrues in each year to the active capacity of the Reservoir, together with any stored water that may have been carried over in the Contractor's share of such active capacity from prior water years.

(b) The Contractor may hold over in Lucky Peak Reservoir water from prior water years, subject to these limitations:

(1) Water may be held only to the extent that the total amount of Lucky Peak stored water held to the credit of the Contractor for any irrigation season shall not exceed the amount which can be stored in the Contractor's proportionate part of the total active capacity of that Reservoir.

(2) Whatever water is held for the credit of the Contractor in Lucky Peak Reservoir as holdover water shall no longer be accounted for as holdover water as of any date of water being released or passed in excess of the volume required to fill the Reservoir.

(3) The United States may discharge such water as required for flood control purposes in accordance with subarticle (a) of this article, or under subarticle (h) of this article, and such discharged water shall be deducted from any holdover water held to the credit of the Contractor.

(c) All space in Lucky Peak Reservoir shall be operated with like priority as to

storage rights and all space will be treated proportionately; and the Contracting Officer reserves the privilege of granting to others holdover rights and of itself exercising such holdover rights as to any unsold space that are not inconsistent with the rights granted to the Contractor under this Contract. While the Contractor's storage water rights are defined in terms of active capacity in Lucky Peak Reservoir, the Contracting Officer shall have the right, without change in the Contractor's obligations with respect to storage rights, to store water accrued to those rights in any storage capacity available to it or to supply a like amount of water from other sources, by exchange or otherwise, so long as delivery for the Contractor of all stored water to which it is entitled under this Contract is not in anywise impaired. In determining the amount of stored water available, losses incidental to storage will be prorated equally over all water in storage in a given reservoir; and, in determining the amount of stored water delivered, the point of measurement shall be the outlet works from which the delivery is made.

(d) While the Lucky Peak Reservoir is being operated and maintained by the United States, it will operate the Reservoir to the end of delivering all the water to which the Contractor is entitled under this Contract within the capacity limits of the Reservoir and having regard for other existing rights which must be supplied therefrom. Deliveries of stored water shall be limited at any time to the amount which can be delivered by means of the Contractor's proportionate share of the outlet capacity, taking into account the requirement of passing through the Reservoir water belonging to prior rights and the physical limitation of the existing outlet works. The Contractor shall conform its diversions to the control of the stream as established by the Watermaster.

(e) The Contractor hereby releases the United States and agrees to hold the United States free and harmless from all damage claims that might result from the diversion into

storage, storage, regulation and release of water by the United States for the account of the Contractor, in accordance with the Contractor's instructions.

(f) The United States shall not be liable or responsible for the carriage, distribution, or diversion of water for irrigation purposes after its release from the delivery point, or for any loss or damage of any type or description arising therefrom.

(g) The United States shall not be liable for any obligation or liability arising out of the operation of the Project for authorized flood control purposes in accordance with subarticle (a) of this article. The United States shall not be responsible for loss of water to which the Contractor, or those claiming by, through, or under the Contractor, is entitled and which has been stored in the Reservoir of the Project and which has been released as a result of the operation of the Project for authorized flood control purposes in accordance with subarticle (a) of this article.

(h) The United States temporarily may reduce water storage, as may be necessary, for the purpose of investigation, inspection, maintenance, repair, or replacement of any of the facilities of the Project. So far as it is feasible, however, the Contracting Officer will give the Contractor reasonable notice in advance of such temporary reduction except in cases of emergency when notice need not be given.

(i) The distribution of the water from the Project is the responsibility of the Watermaster or other designated official of the State. The costs of distribution by the Watermaster shall be the responsibility of the Contractor pursuant to State law.

NO LIABILITY FOR WATER SHORTAGES OR INTERRUPTIONS

17. If there is a shortage in the quantity of water available through the project irrigation works or interruptions in water deliveries available to the Contractor resulting from drought, failure of the power supply, inaccuracy in distribution, hostile diversion, prior or superior claims, accident to or failure of facilities of the project irrigation works, whether or not attributable to

negligence of officers, agents, or employees of the United States, or other causes beyond the control of the Contracting Officer, then, except as provided in Article 23 of this Contract, no liability shall accrue against the United States or any of its officers, agents, or employees for damage, direct or indirect, arising therefrom.

REMEDIES FOR DEFAULTS BY THE CONTRACTOR

18. (a) The Contracting Officer reserves the right to refuse to make available water to the Contractor pursuant to this Contract in the event that the Contractor is in default of any of its obligations under Articles 1 through 17 and 19 through 24 of this Contract and fails, after ninety (90) days written notice from the Contracting Officer, to remedy the said default. In this event, the Contracting Officer may also exercise against the Contractor any and all of his other rights and remedies for breach of contract by the Contractor.

(b) The payment of charges becoming due pursuant to this Contract is a condition precedent to receiving benefits under this Contract. The Contracting Officer shall not make water available to the Contractor through Project facilities during any period in which the Contractor is in arrears in the advance payment of any operation and maintenance charges due the United States or in arrears for more than 12 months in the payment of any construction charges due the United States. The Contractor shall not make available water under the terms and conditions of this contract for lands or parties that are in arrears in the advance payment of operation and maintenance charges or in arrears more than 12 months in the payment of construction charges as levied or established by the Contractor.

WAIVER OF DEFAULT

19. The waiver by either party to this Contract as to any default shall not be construed as a waiver of any other default or as authority of the other party to continue such default or to

make, do, or perform, or not to make, do, or perform, as the case may be, any act or thing which would constitute a default.

TITLE TO PROJECT WORKS

20. Title to all of the Project and associated works shall be and remain in the United States until otherwise provided for by the Congress.

GENERAL OBLIGATION – LEVIES THEREFOR

21. (a) The obligation of the Contractor to pay the Contracting Officer as provided in this Contract is a general obligation of the Contractor notwithstanding the manner in which the obligation may be distributed among the Contractor's water users and notwithstanding the default of individual water users in their obligation to the Contractor.

(b) The Contractor will cause to be levied and collected all necessary assessments, tolls, and other charges and will use all of the authority and resources of the Contractor to meet its obligations hereunder to make in full all payments to be made pursuant to this Contract on or before the date such payments become due and to meet its other obligations under this Contract.

COVENANT AGAINST CONTINGENT FEES

22. The Contractor warrants that no person or selling agency has been employed or retained to solicit or secure this Contract upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by the Contractor for the purpose of securing business. For breach or violation of this warranty the Contracting Officer shall have the right to annul this Contract without liability or in its discretion to require the Contractor to pay to the Contracting Officer the full amount of such commission, percentage, brokerage, or contingent fee.

OPINIONS AND DETERMINATIONS

23. (a) Where the terms of this Contract provide for actions to be based upon the opinion or determination of either party to this Contract, said terms shall not be construed as permitting such action to be predicated upon arbitrary, capricious, or unreasonable opinions or determinations. Both parties, notwithstanding any other provisions of this Contract, expressly reserve the right to seek relief from and appropriate adjustment for any such arbitrary, capricious, or unreasonable opinion or determination. Each opinion or determination by either party shall be provided in a timely manner. Nothing in this subarticle is intended to or shall affect or alter the standard of judicial review applicable under Federal law to any opinion or determination implementing a specific provision of Federal law embodied in statute or regulation.

(b) The Contracting Officer shall have the right to make determinations necessary to administer this Contract that are consistent with the provisions of this Contract, the laws of the United States and of the State of Idaho, and the rules and regulations promulgated by the Secretary of the Interior. Such determinations shall be made in consultation with the Contractor to the extent reasonably practicable.

COMPLIANCE WITH LAWS, RULES AND REGULATIONS

24. (a) The parties agree that water storage, delivery or use pursuant to this Contract is subject to the laws of the State of Idaho, Federal law, and Federal Reclamation law, as amended and supplemented, and the rules and regulations promulgated by the Secretary of the Interior under Federal Reclamation law, subject to any limitations resulting from the nature of the Project as a U.S. Army Corps of Engineers facility.

(b) By entering into this Contract, the Contractor does not waive its rights to contest the validity or application of any Federal law or regulation in connection with the performance of the terms and conditions of this Contract; Provided, That the Contractor agrees to

comply with the terms and conditions of this Contract unless and until relief from application of such Federal law or regulation to the implementing provision of the Contract is granted by a court of competent jurisdiction.

NOTICES

25. Any notice, demand, or request required or authorized by this Contract shall be deemed properly given, except where otherwise herein specifically provided, if mailed, postage prepaid, to the Regional Director, PN Region, Bureau of Reclamation, 1150 N. Curtis Road, Suite 100, Boise, Idaho 83706-1234, on behalf of the United States, and to Wilderness Ranch Owners' Association, Inc., 46 Wilderness Ranch Road, Boise, Idaho 83716, on behalf of the Contractor. The designation of the person to be notified or the address of such person may be changed at any time by similar notice.

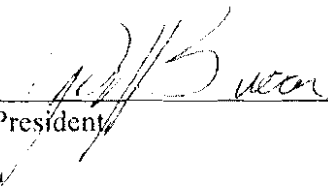
GENERAL PROVISIONS

26. The General Provisions applicable to this Contract are listed below. The full text of these articles is attached as Exhibit A and is hereby made a part of this Contract.

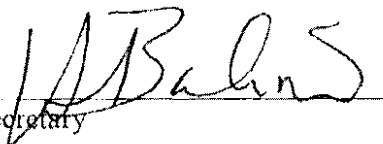
- a. CONTINGENT UPON APPROPRIATION OR ALLOTMENT OF FUNDS
- b. OFFICIALS NOT TO BENEFIT
- c. ASSIGNMENT LIMITED – SUCCESSORS AND ASSIGNS OBLIGATED
- d. BOOKS, RECORDS, AND REPORTS
- e. PROTECTION OF WATER AND AIR QUALITY
- f. EQUAL EMPLOYMENT OPPORTUNITY
- g. COMPLIANCE WITH CIVIL RIGHTS LAWS AND REGULATIONS
- h. CONFIRMATION OF CONTRACT
- i. CHANGES IN CONTRACTOR'S ORGANIZATION
- j. CONTRACT DRAFTING CONSIDERATIONS

IN WITNESS WHEREOF, the parties hereto have signed their names the day and year first above written.

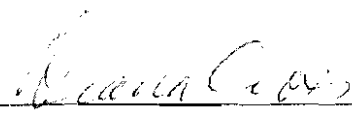
**WILDERNESS RANCH OWNERS'
ASSOCIATION, INC.:**

By 
President

ATTEST:

By 
Secretary

THE UNITED STATES OF AMERICA:

By 
Regional Director
PN Region
Bureau of Reclamation
1150 N. Curtis Road, Suite 100
Boise, ID 83706-1234

Acting For

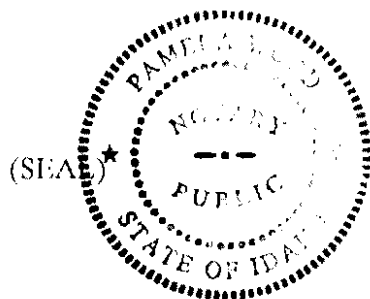
STATE OF IDAHO)

: ss

County of Ada)

On this 23rd day of February, 2007, personally appeared before me
Leslie Bahner and Paul Bucca,
known to me to be, respectively, the President and Secretary of the WILDERNESS RANCH
OWNERS' ASSOCIATION, INC. and the persons who executed the within instrument and
acknowledged to me that the WILDERNESS RANCH OWNERS' ASSOCIATION, INC.
executed the same.

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



Pamela Wood

Notary Public in and for the
State of Idaho

Residing at: Boise

My commission expires: 3/2/09

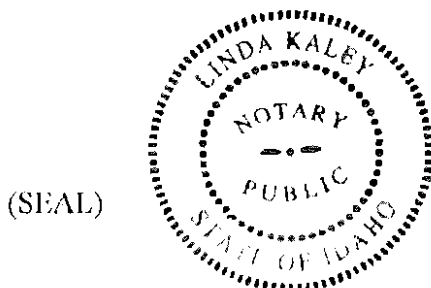
STATE OF IDAHO)

: ss

County of Ada)

On this 12 day of February, 2007, personally appeared before me
Diana Cross, to me known to be the official of the United States of
America that executed the within and foregoing instrument and acknowledged said instrument to
be the free and voluntary act and deed of said United States, for the uses and purposes therein
mentioned, and on oath stated that he was authorized to execute said instrument.

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



Linda Kaley

Notary Public in and for the
State of Idaho

Residing at: Meridian ID

My commission expires: 6/2/2012

EXHIBIT A

GENERAL PROVISIONS - BOISE AND LUCKY PEAK PROJECTS

The Contractor, as referred to in the following Standard Contract Articles, shall be the Wilderness Ranch Owners' Association, Inc.

CONTINGENT UPON APPROPRIATION OR ALLOTMENT OF FUNDS

(a) The expenditure or advance of any money or the performance of any obligation of the United States under this contract shall be contingent upon appropriation or allotment of funds. Absence of appropriation or allotment of funds shall not relieve the Contractor from any obligations under this contract. No liability shall accrue to the United States in case funds are not appropriated or allotted.

OFFICIALS NOT TO BENEFIT

(b) No Member of or Delegate to the Congress, Resident Commissioner, or Official of the Contractor shall benefit from this contract other than as a water user or landowner in the same manner as other water users or landowners.

ASSIGNMENT LIMITED -- SUCCESSORS AND ASSIGNS OBLIGATED

(c) The provisions of this contract shall apply to and bind the successors and assigns of the parties hereto, but no assignment or transfer of this contract or any right or interest therein by either party shall be valid until approved in writing by the other party.

BOOKS, RECORDS, AND REPORTS

(d) The Contractor shall establish and maintain accounts and other books and records pertaining to the administration of the terms and conditions of this contract, including the Contractor's financial transactions; water supply data; the water users' land-use (e.g. crop census), and water-use data; and other matters that the Contracting Officer may require. Reports shall be furnished to the Contracting Officer in such form and on such date or dates as the Contracting Officer may require. Subject to applicable Federal laws and regulations, each party to this contract shall have the right during office hours to examine and make copies of the other party's books and records relating to matters covered by this contract.

PROTECTION OF WATER AND AIR QUALITY

(e) (1) Project facilities used to make available and deliver water for the Contractor shall be operated and maintained in the most practical manner to maintain the quality of the water at the highest level possible as determined by the Contracting Officer: *Provided, That* the United States does not warrant the quality of the water delivered for the Contractor and is under no obligation to furnish or construct water treatment facilities to maintain or improve the quality of water delivered for the Contractor.

(2) The Contractor shall comply with all applicable water and air pollution laws and regulations of the United States and the State of Idaho; and shall obtain all required permits or licenses from the appropriate Federal, State, or local authorities necessary for the delivery of water by the Contractor; and shall be responsible for compliance with all Federal, State, and local water quality standards applicable to surface and subsurface drainage and/or discharges generated through the use of Federal or Contractor facilities or project water provided by the Contractor within the Contractor's Project Water Service Area.

(3) This article shall not affect or alter any legal obligations of the Secretary to provide drainage or other discharge services.

EQUAL EMPLOYMENT OPPORTUNITY

(f) During the performance of this contract, the Contractor agrees as follows:

(1) The Contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, disability, or national origin. The Contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, disability, or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Contracting Officer setting forth the provisions of this nondiscrimination clause.

(2) The Contractor will, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, disability, or national origin.

(3) The Contractor will send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the Contracting Officer, advising the labor union or workers' representative of the Contractor's commitments under Section 202 of Executive Order 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(4) The Contractor will comply with all provisions of Executive Order No. 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.

(5) The Contractor will furnish all information and reports required by Executive Order 11246 of September 24, 1965, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the Contracting Agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

(6) In the event of the Contractor's noncompliance with the nondiscrimination clauses of this contract or with any of such rules, regulations, or orders, this contract may be canceled, terminated or suspended in whole or in part and the Contractor may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order 11246 of September 24, 1965 or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

(7) The Contractor will include the provisions of paragraphs (1) through (7) in every subcontract or purchase order unless exempted by the rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The Contractor will take such action with respect to any subcontract or purchase order as may be directed by the Secretary of Labor as a means of enforcing such provisions, including sanctions for noncompliance: *Provided, however,* that in the event the Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction, the Contractor may request the United States to enter into such litigation to protect the interests of the United States.

COMPLIANCE WITH CIVIL RIGHTS LAWS AND REGULATIONS

(g) (1) The Contractor shall comply with Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d), Section 504 of the Rehabilitation Act of 1973 (P.L. 93-112, as amended), the Age Discrimination Act of 1975 (42 U.S.C. 6101, *et seq.*), Title II of the Americans with Disabilities Act of 1990 if the entity is a State or local government entity [Title III if the entity is a non-government entity], and any other applicable civil rights laws, as well as with their respective implementing regulations and guidelines imposed by the U.S. Department of the Interior and/or Bureau of Reclamation.

(2) These statutes require that no person in the United States shall be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity receiving financial assistance from the Bureau of Reclamation on the grounds of race, color, national origin, disability, or age. By executing this contract, the Contractor agrees to immediately take any measures necessary to implement this obligation, including permitting officials of the United States to inspect premises, programs, and documents.

(3) The Contractor makes this agreement in consideration of and for the purpose of obtaining any and all Federal grants, loans, contracts, property discounts, or other Federal financial assistance extended after the date hereof to the Contractor by the Bureau of Reclamation, including installment payments after such date on account of

arrangements for Federal financial assistance which were approved before such date. The Contractor recognizes and agrees that such Federal assistance will be extended in reliance on the representations and agreements made in this article and that the United States reserves the right to seek judicial enforcement thereof.

(4) Complaints of discrimination against the Contractor shall be investigated by the Contracting Officer's Office of Civil Rights.

CONFIRMATION OF CONTRACT

(h) The Contractor shall furnish to the Contracting Officer evidence that pursuant to the laws of the State of Idaho, the Contractor is a legally constituted entity and the contract is lawful, valid, and binding on the Contractor. This contract shall not be binding on the United States until such evidence has been provided to the Contracting Officer's satisfaction. The Contracting Officer shall provide the Contractor written notice of the Contracting Officer's acceptance of such evidence. The Contracting Officer represents that he is authorized to execute this contract and perform all obligations of the Contracting Officer hereunder.

CHANGES IN CONTRACTOR'S ORGANIZATION

(i) While this contract is in effect, no change may be made in the Contractor's organization, by inclusion or exclusion of lands or by any other changes which may affect the respective rights, obligations, privileges, and duties of either the United States or the Contractor under this contract including, but not limited to, dissolution, consolidation, or merger, except upon the Contracting Officer's written consent.

CONTRACT DRAFTING CONSIDERATIONS

(j) Articles 1 through 26 of this Contract have been drafted, negotiated, and reviewed by the parties hereto, each of whom is sophisticated in the matters to which this Contract pertains, and no one party shall be considered to have drafted the stated articles.

Agreement Regarding the Implementation of a Water Exchange in Connection with the Wilderness Ranch Owners Association, Inc.'s Lucky Peak Contract Storage

This Memorandum of Agreement ("Agreement") is entered into between the UNITED STATES OF AMERICA, acting through the Snake River Area Office, Pacific Northwest Region, Bureau of Reclamation, Department of Interior, hereinafter referred to as "Reclamation" and the Wilderness Ranch Owners' Association Inc., hereinafter referred to as "WROA." This Agreement defines the terms and responsibilities associated with a Water Exchange Agreement between Reclamation and WROA with the purpose of effectuating the use of storage water held by WROA in Lucky Peak reservoir pursuant to WROA's storage contract with Reclamation.

RECITALS

A. WHEREAS, WROA holds decreed water right nos. 63-4629A and 63-31336 and licensed right no. 63-10318 (the "Water Rights") that authorize diversions directly from Mores Creek, or from galleries ("Galleries") that collect groundwater hydraulically connected to Mores Creek. Mores Creek is a tributary of the Boise River and flows into Lucky Peak Reservoir. The diversion points for the Water Rights are upstream of Lucky Peak Reservoir, and WROA cannot physically divert water directly from Lucky Peak Reservoir; and

B. WHEREAS, WROA holds a Repayment Contract with the Bureau of Reclamation (BOR Contract No. 08XX101627) ("Repayment Contract") for 200 acre-feet of storage space in Lucky Peak Reservoir ("Lucky Peak Storage"), the intent of which is to allow WROA to continue to divert water at its Point of Diversion when WROA's Water Rights otherwise would be out of priority, through an exchange of WROA's Lucky Peak storage water; and

C. WHEREAS, Article 9 of the Repayment Contract provides,

"Up to 200 acre-feet of water from storage space in the Project each year shall be made available for beneficial use by senior downstream water right users in the event action is taken to limit the Contractor's use of its presently held natural flow water rights from Mores Creek and any water rights the Contractor may hold in the future. Stored water releases for downstream users on the Boise River shall be measured at the outlet works of the Project and shall be available for diversion by such senior water right users through a process agreed upon by the Contractor, and Watermaster, and Reclamation, and as allowed under State and Reclamation laws."; and

D. WHEREAS, the Watermaster of Basin 63 ("Watermaster") administers decreed water rights in the Boise River and its tributaries; and

E. WHEREAS, Anderson Ranch, Arrowrock and Lucky Peak dams and reservoirs ("Boise River Reservoirs") are operated in a coordinated method for irrigation, recreation, flood control and other authorized purposes.

AGREEMENT

1. Exchange of WROA's water rights for Lucky Peak Storage Rights.

The parties will submit to the Idaho Department of Water Resources ("IDWR") the attached application for exchange of WROA's Water Rights for its Lucky Peak Storage pursuant to section 42-221, Idaho Code, which exchange is intended to be operative under the conditions set forth below.

a. Criteria for the exchange to be operative

The exchange is intended to be operative under the following conditions and to the extent that:

- 1) WROA is diverting under its Water Right(s);
- 2) One or more of the Water Rights is not in priority as determined by the Boise River Water Rights Accounting Program operated by IDWR; and
- 3) WROA has storage water available in its Lucky Peak storage account; provided
- 4) This exchange does not apply to situations where WROA may be diverting water under one of its Water Rights that is junior to a senior water right on Mores Creek with a point of diversion downstream of WROA's point of diversion, but upstream of Lucky Peak Reservoir.

b. Amounts to be exchange

- 1) Determining the volume of water that WROA is using.

WROA will measure daily its diversions from Mores Creek and/or the Galleries. For purposes of this Agreement, a diversion from the Galleries will be considered one-for-one as a diversion from Mores Creek. Measurement will be reported to the Watermaster weekly, until such time as the Watermaster and Reclamation determine it is practical and reasonable to report on a different basis. For purposes of administering and accounting WROA's storage in Lucky Peak Reservoir, return flows from WROA's existing Water Rights will not be counted or credited.

- 2) Determining the volume of water that is to be exchanged.

The volume of water that WROA is deemed to have diverted out-of-priority as determined by paragraph (a)(2) will be exchanged for WROA's storage in Lucky Peak Reservoir. The quantity of water attributable to WROA's storage account will be reduced by the exchanged volume.

2. WROA Storage Accounting and Use of Water

For accounting purposes the use of storage water under the Exchange will be treated in the same method as diversions of other contract holders in Lucky Peak. The accounting for

WROA for water storage accrual will also be treated the same as storage accounts of the other Lucky Peak irrigation contract spaceholders. WROA may lease its Lucky Peak storage water to the Basin 63 Rental Pool pursuant to the Rental Pool Procedures.

3. Costs

Any segregated administrative costs incurred by the Watermaster for implementing the Exchange will be paid by WROA. Reclamation will not be responsible for paying any assessed costs associated with implementing the Exchange. Costs of the Exchange application will be paid by WROA.

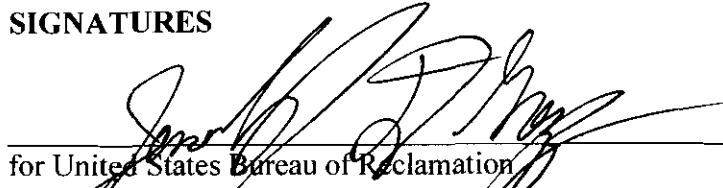
4. Modification and Rescission

WROA may terminate this Agreement by notifying Reclamation in writing, with the termination taking effect at the start of the next water year. Reclamation and WROA will notify the Director of IDWR and the Watermaster of the discontinuance of the Exchange as required by section 42-241, Idaho Code. Other modifications of this Agreement shall be made by mutual written consent, signed and dated by both Parties prior to any changes being implemented. To the extent such modifications affect the Exchange, WROA will be responsible for notifying IDWR.

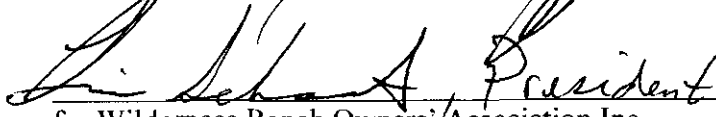
5. Repayment Contract Controls

This Agreement is intended to, and is to be construed so as to, implement the agreement of the parties contained in the Repayment Contract, including but not limited to Article 9 thereof. To the extent any term in this Agreement is deemed inconsistent with the Repayment Contract, the Repayment Contract shall control.

SIGNATURES


for United States Bureau of Reclamation

29 June 2010
Date


for Wilderness Ranch Owners' Association Inc.

14 June 2010
Date