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DEPARTMENT OF
WATER RESOURCES

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

Water Supply Bank No. _____

Water Right No. _____

APPLICATION TO SELL OR LEASE A WATER RIGHT
TO THE WATER SUPPLY BANK

Name of Seller/Lessor Lambert Produce Co, Inc. / Double C Farms Phone 208-678-2668

Post office address 203 E 1100 S, Burley, ID 83318

With copy to: John M. Marshall, Givens Pursley LLP, 601 W Bannock, Boise, Idaho 83702

1. DESCRIPTION OF WATER RIGHT:

Right evidenced by:

- a. Decree No. 45-2254A Decreed to Lambert Produce Co., Inc.
(Name)
in case of In Re SRBA, Case No. 39576 vs _____
dated 5/6/2005 in 5th District county of Twin Falls
(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: 1.02 cubic feet per second &/or
340 acre-feet per annum
- b. Point of diversion: _____ $\frac{1}{4}$ of _____ $\frac{1}{4}$ of Section _____ Township _____ Range
_____, B.M. in _____ County.
Additional points _____

c. Place of use: See Attached Exhibit A.

TWP	RGE	SEC	NE				NW				SW				SE				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 85

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.

Lambert Produce Co, Inc. owns water right 45-2254A as per the SRBA decree for the right.

Double C Farms owns the land at issue in this application.

- b. Describe the frequency of water user 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 right was decreed by the SRBA in May 2005. Use of the right is confirmed by the decree.

- c. If the right is from a surface water source, describe the period of the year that water is typically available to satisfy the right.

- d. Describe any other water rights with the same purpose and place of use as the right, or portion thereof, offered for lease. Will the present place of use continue to receive water from any source? If so, describe

See attached list of the 11 ground water rights appurtenant to the place of use. Right 45-2254A, along with all of the rights in the list, authorize irrigation of 4,983 acres within a 4,983-acre permissible place of use. In 2006 Double C is irrigating a total of 4,394 acres within the ppu, leaving a total of 589 acres available from the combined rights for the bank. Exhibit A identifies these acres by legal description. Exhibit B is a map depicting the location of these acres.

- e. If the water right is a permit, describe the work accomplished toward developing the right.

- f. If the right to the use of the water or the use of the diversion works or irrigation system is represented by shares of stock in a company or corporation, or if such works or system is owned or managed by an irrigation district, a written consent of the sale or lease must be attached.

4. REMARKS:

See attached

5. SALE/LEASE AGREEMENT

1. The water right, or portion thereof, described above is offered to the Idaho Water Resource Board:

_____ For sale;

X _____ For lease for a period from 01/01/2006 to 12/31/2006
(Day, month, year) (Day, month, year)

(The lease period may be shown as "indefinite," if the total duration of lease is unknown); or

_____ As a gift to the state of Idaho.

2. Show the minimum payment acceptable to the Seller/Lessor. Include the method of determining the minimum payment. The minimum payment may be shown as the "current rental rate."

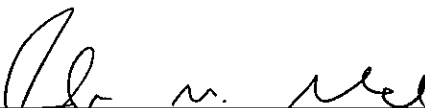
Standard rental rate _____

I hereby assert that the information contained in this application is true to the best of my knowledge, and that I have the authorities to off 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.

7/3/06
Date


Signature

FOR DEPARTMENT USE ONLY

Received by _____ Date _____ Preliminary check by _____

Watermaster recommendation requested on _____ Received _____

Recommended for _____ approval _____ denial _____ by _____

**EXHIBIT A - APPLICATION TO SELL OR LEASE A WATER RIGHT TO THE
WATER SUPPLY BANK**

List of other ground water rights appurtenant to the 4,983-acre permissible place of use:

45-2254A	45-2520	45-2526	45-2579	45-2630	45-2657
45-4009A	45-4011A	45-4013A	45-4048F	45-13777	

Non –irrigated acres within the 4,983-acre permissible place of use available for bank.
See attached page. See Exhibit B for depiction of acres. The area in green corresponds to the 4,983-acre permissible place of use.

Remarks:

This Application to Sell or Lease Water is filed in conjunction with an Application to Rent Water filed by Lambert Produce Co., Inc. and Double C Farms that seeks to rent water right 45-2520 and a portion of water rights 45-2382 and 45-2254A from the Water Supply Bank. The intent of this Application to Lease is to provide coverage for 687 acres irrigated by the Applicant that are not currently included under the place of use of any water right.

TOWNSHIP	RANGE	SEC	QQ	ACRES
12S	22E	24	NESE	8.2
12S	22E	24	SESE	8.9
12S	22E	24	SWSE	6.9
12S	22E	25	NENE	7.0
12S	22E	25	NWNE	6.3
12S	22E	25	SWNE	4.8
12S	23E	15	NWSW	1.8
12S	23E	15	SWNE	3.4
12S	23E	15	SWNW	1.4
12S	23E	15	SWSW	0.9
12S	23E	16	NENW	3.7
12S	23E	16	NESE	0.3
12S	23E	16	NESW	0.4
12S	23E	16	NWNW	3.3
12S	23E	16	NWSE	2.5
12S	23E	16	NWSW	2.9
12S	23E	16	SENE	1.5
12S	23E	16	SESW	4.9
12S	23E	16	SWNW	1.1
12S	23E	16	SWSE	0.6
12S	23E	16	SWSW	1.8
12S	23E	17	NENE	4.4
12S	23E	17	NENW	2.9
12S	23E	17	NESE	2.6
12S	23E	17	NESW	3.8
12S	23E	17	NWNE	4.0
12S	23E	17	NWNW	11.3
12S	23E	17	NWSE	3.1
12S	23E	17	NWSW	10.0
12S	23E	17	SENE	1.5
12S	23E	17	SENW	1.5
12S	23E	17	SESE	2.0
12S	23E	17	SESW	2.4
12S	23E	17	SWNE	1.2
12S	23E	17	SWNW	6.4
12S	23E	17	SWSE	1.0
12S	23E	17	SWSW	0.3
12S	23E	19	NENE	7.0
12S	23E	19	NESE	8.5
12S	23E	19	NWNE	8.6
12S	23E	19	NWSE	9.0
12S	23E	19	SENE	9.6
12S	23E	19	SESE	8.5
12S	23E	19	SWNE	5.9
12S	23E	19	SWSE	5.2
12S	23E	20	NENE	2.4
12S	23E	20	NENW	2.5
12S	23E	20	NESE	8.7
12S	23E	20	NESW	8.9
12S	23E	20	NWNE	2.6
12S	23E	20	NWNW	10.4
12S	23E	20	NWSE	7.6
12S	23E	20	NWSW	8.6
12S	23E	20	SENE	7.3
12S	23E	20	SENW	2.5
12S	23E	20	SESE	7.9
12S	23E	20	SESW	8.3
12S	23E	20	SWNE	6.2
12S	23E	20	SWNW	9.8
12S	23E	20	SWSE	6.5
12S	23E	20	SWSW	7.5
12S	23E	21	NENE	12.5
12S	23E	21	NENW	11.3

TOWNSHIP	RANGE	SEC	QQ	ACRES
12S	23E	21	NESE	2.1
12S	23E	21	NESW	1.9
12S	23E	21	NWNE	8.8
12S	23E	21	NWNW	2.1
12S	23E	21	NWSE	2.8
12S	23E	21	NWSW	10.0
12S	23E	21	SENE	2.9
12S	23E	21	SENW	1.9
12S	23E	21	SESE	6.6
12S	23E	21	SESW	5.7
12S	23E	21	SWNE	0.6
12S	23E	21	SWNW	4.6
12S	23E	21	SWSE	6.5
12S	23E	21	SWSW	6.5
12S	23E	22	NENW	0.8
12S	23E	22	NESW	2.6
12S	23E	22	NWNE	2.5
12S	23E	22	NWNW	7.5
12S	23E	22	NWSW	3.0
12S	23E	22	SENW	6.7
12S	23E	22	SWSW	4.9
12S	23E	28	NENE	8.0
12S	23E	28	NENW	8.5
12S	23E	28	NWNE	8.8
12S	23E	28	NWNW	10.1
12S	23E	28	SENE	5.4
12S	23E	28	SENW	5.1
12S	23E	28	SWNE	5.7
12S	23E	28	SWNW	6.0
12S	23E	29	NENE	9.3
12S	23E	29	NENW	8.7
12S	23E	29	NESE	8.5
12S	23E	29	NESW	0.9
12S	23E	29	NWNE	8.2
12S	23E	29	NWNW	7.8
12S	23E	29	NWSE	2.3
12S	23E	29	NWSW	7.1
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12S	23E	29	SENW	3.5
12S	23E	29	SESE	6.8
12S	23E	29	SESW	6.0
12S	23E	29	SWNE	1.2
12S	23E	29	SWNW	8.5
12S	23E	29	SWSE	6.2
12S	23E	29	SWSW	5.5
12S	23E	30	NENE	8.7
12S	23E	30	NWNE	9.1

589.7

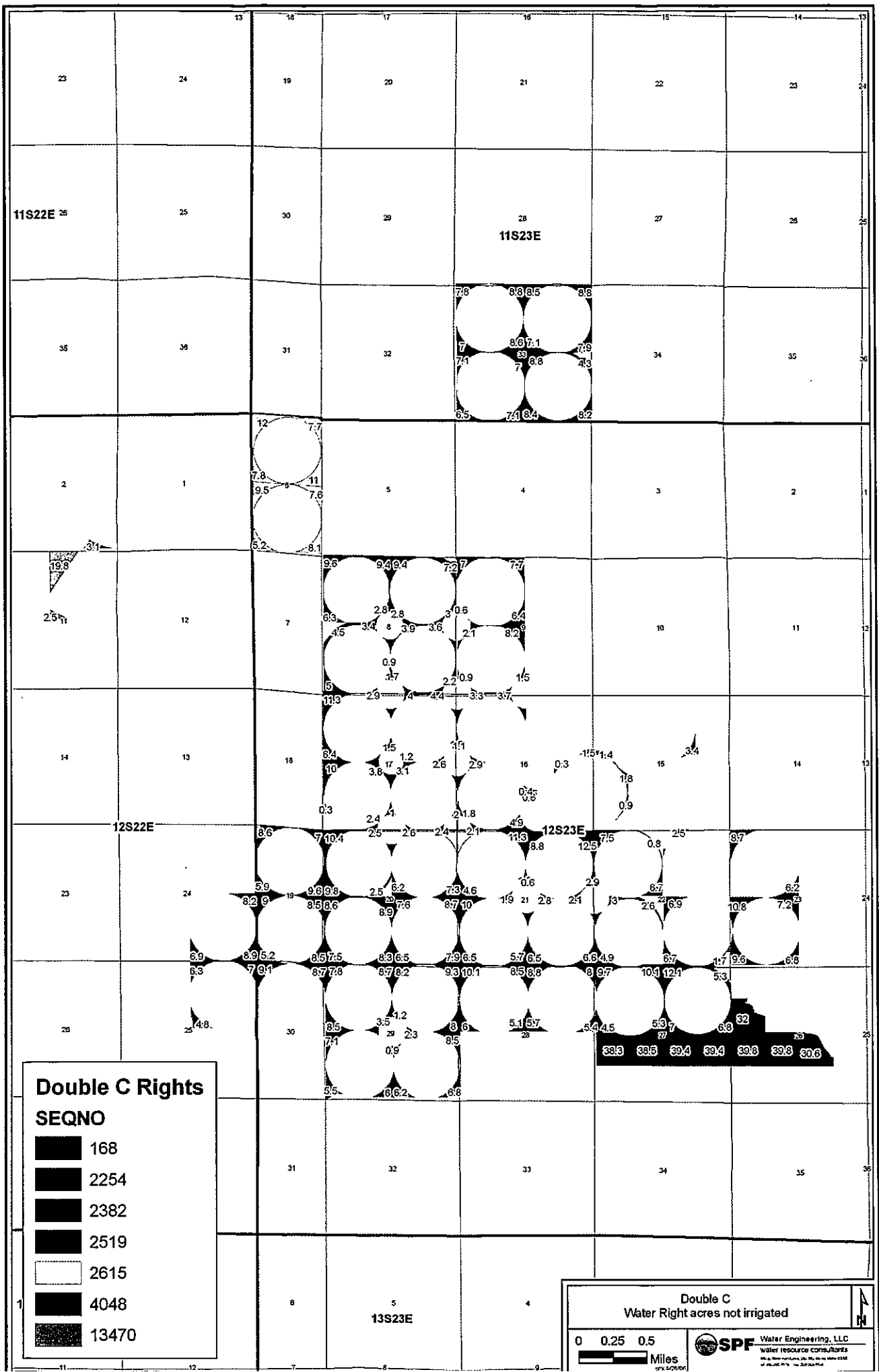


Exhibit B