State of Idaho
DEPARTMENT OF WATER RESOURCES
322 East Front Street • P.O. Box 83720 • Boise, Idaho 83720-0098
Phone: (208) 287-4800 • Fax: (208) 287-6700 • Web Site: www.idwr.idaho.gov

C. L. "BUTCH" OTTER
Governor

GARY SPACKMAN
Interim Director

October 1, 2010

BASIN AND RANGE RESOURCE CO LLC
3480 GS RICHARDS BLVD STE 101
CARSON CITY NV 89703

RE: APPLICATIONS TO LEASE WATER RIGHTS 63-3308, 63-7177, 63-7349 AND 63-7903; APPLICATION TO RENT WATER FROM THE WATER SUPPLY BANK (BANK)

Dear Applicant:

On May 5, 2010, the Department received your three applications to lease water rights and your application to rent water from the Bank. Per email correspondence from your representative, Steven Hannula at ERO Resources Corporation, you no longer need to pursue the Bank applications.

Per Steven's request, we are returning these applications. Should you have further need to lease or rent water, please refile applications at a later date.

Please contact me at (208) 287-4907 if you have any questions.

Sincerely,

Monica Van Bussum
Sr. Water Resource Agent

Enclosure(s)

C: Steven Hannula – ERO Resources Corp.

Form 42-1761-1
09/09

RECEIVED
MAY 05 2010
DEPARTMENT OF WATER RESOURCES

Water Supply Bank No. _____
(For Department Use Only)

STATE OF IDAHO
WATER RESOURCE BOARD

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

Name of Seller/Lessor Basin and Range Resource Company LLC Phone (775)885-5000

Mailing address 3480 G.S. Richards Blvd., Ste 101 Carson City, NV 89703 Email _____

A. DESCRIPTION OF WATER RIGHT, OR PORTION THEREOF, OFFERED TO THE BANK

If the entire right is for sale or lease, show "ALL" below and skip the remainder of part A. Attach a copy of the water right report.

1. Water Right Number	Amount (cfs/ac-ft)	Nature of Use	Period of Use
63-3308	0.19/57.15	Irrigation	3/15 to 11/15
			to
			to

Total Amount: 0.19/57.15

2. Source of water Ground Water tributary to _____

3. Point(s) of Diversion:

Twp	Rge	Sec	Lot	¼	¼	¼	County
6N	5W	23			SW	SE	Payette

4. Lands irrigated or place of use:

Twp	Rge	Sec	NE ¼				NW ¼				SW ¼				SE ¼				Totals
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
6N	5W	22													3.3				3.3
		23										9.4							9.4

If the right is for irrigation, show total number of acres offered to the bank. **Total Acres** 12.7

B. OWNERSHIP

1. Are you currently listed in IDWR's records as the owner of the water right being offered to the bank? Yes ☑ No ☐
   If no, provide documentation of your authority to sign on behalf of the right holder OR attach a Notice of Change in Water Right Ownership form along with the required documentation and fee.

2. Is the water right appurtenant to land subject to any liens, deeds of trust, mortgages, or contracts? Yes ☐ No ☑
   If yes, provide a notarized statement from the holder of the lien, deed of trust, mortgage or contract agreeing to the proposed changes and list name of entity: _____

Form 42-1761-1
09/09

C. GENERAL INFORMATION

1. Please provide a description of the current diversion system.
   Well #2, located in SWSE Sec 23, 250 horsepower motor, total depth approximately 500 feet, discharges to regulating pond, water then relifted to the fields.

2. Describe any other water rights used for the same purpose or at the same place of use as described above.
   63-7903, 63-7349

3. Will the present place of use continue to receive water from any source? Yes ☐ No ☑
   If yes, describe. _____

4. Has any portion of this water right undergone a period of five or more consecutive years of non-use? Yes ☐ No ☑
   If yes, describe and attach watermaster records or other evidence to demonstrate that the right has not been lost through abandonment or forfeiture pursuant to Section 42-222(2), Idaho Code. _____

5. Is this water right involved in any other Department process such as an application for transfer or a mitigation plan? Yes ☑ No ☐
   If yes, describe. Transfer 71619 has been approved, but not implemented; extensions have been filed. All water rights on farm are pending in the SRBA.

D. SALE/LEASE AGREEMENT

1. Is the water right, or portion thereof, described above offered to the Idaho Water Resource Board for sale ☐ or lease ☑?
   If Lease, for a period from _____ (Month / Day / Year) to _____ (Month / Day / Year) **OR** Indefinite ☑

2. Show the minimum payment acceptable to the Seller/Lessor. The minimum payment may be shown as the "current rental rate" as established by the Idaho Water Resource Board. Include the method of determining the minimum payment if other than the current rental rate. Current 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 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/lessor of the right may not use the right even if the right is not rented from the bank.
3. A right accepted into the bank stays in the bank until the Board releases it or the lease term expires.
4. While a 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.

Signature of Applicant	Printed Name and Title*	Date
[signature]	President	4-30-10

*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

ERO Resources Corp.
3314 Grace Street
Boise, ID 83703
(208) 373-7983
Fax: 373-7985
www.eroresources.com
eroboise@eroresources.com

RECEIVED
MAY 05 2010
DEPARTMENT OF
WATER RESOURCES

May 4, 2010

Aaron Marshall
Idaho Department of Water Resources
P.O. Box 83720
Boise, ID 83720

RE: Basin and Range Resources Water Supply Bank Applications

Dear Mr. Marshall:

Enclosed, please find four (4) Applications to Sell of Lease a Water Right to the Water Supply Bank in the name of Basin and Range Resource Company LLC. and one (1) Application to Rent Water From the Water Supply Bank in the same name.

The intent of these applications is to identify water rights on the farm that not currently being used, i.e. pivot corners or equipment lay-down areas, and to preserve them from forfeiture issues by leasing them to the water supply bank. The applicant desires to rent the same water to begin irrigation on lands not currently covered by an irrigation water right. This arrangement is temporary while the applicant plans their farm layout and development.

If you have any questions, please call (373-7983).

Regards,

Steven R. Hannula

Figure 1

Scarrow Farm
Irrigated Area 2009
Payette County, Idaho

Date: 4-29-2010
Aerial Photo: 2009

ERO

State of Idaho
DEPARTMENT OF WATER RESOURCES
322 East Front Street • P.O. Box 83720 • Boise, Idaho 83720-0098
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C. L. "BUTCH" OTTER
Governor

GARY SPACKMAN
Interim Director

May 7, 2010

Basin and Range Resource Company LLC
3480 GS Richards Blvd Ste 101
Carson City, NV 89703

RE: APPLICATION(S) TO LEASE WATER RIGHT NO(S). 63-7177, 63-7903, 63-3308 AND 63-7349 TO THE WATER SUPPLY BANK

Dear Applicant:

The Idaho Department of Water Resources (Department) acknowledges receipt of your application(s) to lease the above referenced water right(s) to the Idaho Water Resource Board's Water Supply Bank (Bank). The Department will review your application as resources allow. If the application(s) is not processed prior to the end of the proposed lease period, it will be returned to the applicant. The Department regrets any inconvenience caused by the delay.

Please note that a water right is not protected from forfeiture unless it is accepted into the Bank or unless an exception or defense to forfeiture applies as described under Idaho Code § 42-223. If forfeiture is a concern, you may also consider filing an Application for Extension of Time to Avoid Forfeiture of a Water Right. This and other water right forms are available from the Department's web site at:

http://www.idwr.idaho.gov/

Sincerely,

Christina Fuld for

Aaron Marshall
Sr. Water Resource Agent
(208) 287-4943
aaron.marshall@idwr.idaho.gov

CC: ERO Resources Corp