

CONTRACT OF SALE

THIS AGREEMENT, Made and entered into this _____ day of _____, 2001, by and between LESLIE LOUCKS and LAVADA CAROL LOUCKS, husband and wife, of Marsing, Owyhee County, Idaho, Parties of the First Part, hereinafter referred to for convenience as Seller, and DALE VAN ES and JACKIE VAN ES, husband and wife, of Route 1, Box 18, Covinston, Texas, Parties of the Second Part, hereinafter referred to for convenience as Buyer; WITNESSETH:

That for and in consideration of the covenants and agreements hereinafter contained to be kept and performed by the parties and the sums of money to be paid, the Seller agrees to sell, and the Buyer agrees to buy, all of the real property, situated in the County of Owyhee, State of Idaho, more particularly described as Parcel I on Exhibit "A", Parcel II on Exhibit "B", and Parcel III on Exhibit "C", attached hereto and incorporated herein by reference.

FIXTURES AND PERSONAL PROPERTY. Also sold hereunder and included within the term premises are all fixtures and articles of personal property attached or appurtenant to or used in the operation of the premises, which Seller represents are free and clear of all encumbrances. The following items of personal property are included in this sale, to-wit:

PARCEL I:

350 h.p. 1770 r.p.m. Westinghouse electric motor, Layne pump and panel
200 h.p. 1770 r.p.m. GE electric motor, turbine pump and panel
250 h.p. 1775 r.p.m. US electric motor, turbine pump and panel

7.5 1725 r.p.m. Baldor electric motor, Berkeley centrifugal pump and panel

Four Zimmatic 1/4 mile pivots with end guns, drop nozzles, computerized advanced panels with telephone access

Approx. 10 1/4 mile handlines

8,600' of 16" buried steel mainline

8,600' of 15" buried PVC mainline

15,540' of buried and portable steel and PVC mainline

PARCEL II:

1 Zimmatic 1/4 pivot

5 1/4 mile handlines

5,340' of buried PVC mainline

PURCHASE PRICE AND TERMS OF PAYMENT. The Buyer agrees to pay as and for the purchase price of the above described real property and personal property the sum of TWO MILLION EIGHT HUNDRED THOUSAND AND NO/100 (\$2,800,000.00) DOLLARS, lawful money of the United States of America, payable in the following manner and amounts, to-wit:

1. The sum of \$300,000.00, the receipt of which is hereby acknowledged. It is agreed that should Buyer default in the payment set forth in paragraph 2 herein that this initial payment is non-refundable to Buyer and is not subject to any other agreements or conditions or contingencies. It is the intent of the parties that should default occur in the payment set forth in paragraph 2 herein that this initial payment be regarded as payment to extend the time period for down payment to the 1st day of June, 2001, and is not a penalty of forfeiture.

2. The sum of \$550,000.00 payable on or before the 1st day of June, 2001, together with all accrued interest thereon at

the rate of seven and one-half (7.5%) per cent from the 1st day of March, 2001.

3. The balance of the purchase price, to-wit, the sum of \$1,950,000.00, together with interest thereon at the rate of seven and one-half percent (7.5%) per annum from the date that the \$550,000.00 payment above is made, will be paid as follows:

a. The sum of \$146,250.00 payable on the first anniversary date in the year 2002.

b. The sum of \$146,250.00 payable on the second anniversary date in the year 2003.

c. The remaining balance shall be paid in monthly installments of \$16,476.98 each, including interest, commencing on the first day of the month after the second anniversary date in 2003, and a like sum on the 1st day of each and every month thereafter for a period of 96 months, at which time, interest will be calculated on the remaining outstanding principal and any accrued interest at the rate of eight and one-half (8.5%) per cent per annum. On the 1st day of the 97th month, Buyer will make a payment in the sum of \$17,210.44 and a like payment on the 1st day of each and every month thereafter until the remaining balance of the purchase price, together with the interest accrued thereon, shall be paid in full. All payments made shall be first applied to interest with the balance upon the principal.

The Seller and Buyer acknowledge that the "lump sum" payments made in the years 2002 and 2003 are interest payments only and will not decrease the principal balance.

PREPAYMENT. It is agreed that the Buyer shall have NO PREPAYMENT privileges until after 120 months from the date of closing; PROVIDED, HOWEVER, that thereafter, the Buyer may prepay at any time any or all of the principal sum. Said payments so made shall be deducted from the final installments due under this contract, and on any payments so made, all interest shall cease.

PERSONAL PROPERTY VALUATION. Included in the purchase price for real property is the value of fixtures and articles of personal property to be apportioned as follows:

PARCEL I:

350 h.p. 1770 r.p.m. Westinghouse electric motor, Layne pump and panel

200 h.p. 1770 r.p.m. GE electric motor, turbine pump and panel

250 h.p. 1775 r.p.m. US electric motor, turbine pump and panel

7.5 1725 r.p.m. Baldor electric motor, Berkeley centrifugal pump and panel
VALUE OF \$50,000.00

Four Zimmatic 1/4 mile pivots with end guns, drop nozzles, computerized advanced panels with telephone access
VALUE OF \$120,000.00

Approx. 10 1/4 mile handlines
VALUE OF \$8,000.00

8,600' of 16" buried steel mainline
8,600' of 15" buried PVC mainline
15,540' of buried and portable steel and PVC mainline
VALUE OF \$105,000.00

PARCEL II:

1 Zimmatic 1/4 pivot
VALUE OF \$30,000.00

5 1/4 mile handlines
VALUE OF \$4,000.00

5,340' of buried PVC mainline
VALUE OF \$45,000.00

To secure payment of the stated amount for fixtures and personal property, at the option and request of Seller, Buyer shall execute and deliver a security agreement, and a financing statement shall be executed and filed.

POSSESSION. The Seller agrees to give the Buyer possession of the above described premises on or before June 1, 2001.

CONDEMNATION. If any portion of the real property described in this contract shall be taken by virtue of any condemnation or eminent domain proceedings, or transferred under threat thereof, following the closing date, the proceeds thereof shall be paid and applied to the balance of the purchase price then remaining herein.

RESERVATION OF TITLE. It is agreed that the title to the above described property is hereby reserved in the Seller until the purchase price thereof shall have been paid in full. PROVIDED, HOWEVER, that upon payment of the amount in paragraph 2 of the section entitled PURCHASE PRICE AND TERMS OF PAYMENT, hereinabove, Seller shall execute and deliver to Buyer a Warranty Deeds for the real property described in Parcel II (Exhibit "B") and in Parcel III (Exhibit "C"). Thereafter, said premises are no longer encumbered by this agreement.

WATER RIGHTS. These premises receive irrigation water from the Snake River via pipeline and pump system installed and constructed by the Seller. Seller will transfer his water rights to river upon final payment of contract and interest. Seller and

Buyer have entered into a separate Water Share Agreement based upon percentage of usage. Any maintenance of the pipeline, pumps and pumping station and electricity expense shall be shared in accordance with the percentage of use of each party. There is also an agricultural well located on the premises and more particularly described in Exhibit "C" attached hereto, which is represented by a claim, permit or license with the State of Idaho. Seller will transfer the ownership of said well to Buyer along with all pumps, electrical service and other accessories used in the exercise of such water right at such time as Buyer fulfills the conditions in paragraph 2 of the section of this contract described as PURCHASE PRICE AND TERMS OF PAYMENT hereinabove.

Buyer understands that he is bound by all statutes, regulations, rules, by-laws, articles of incorporation, contracts, agreements, or any other instruments which affect or control the existence or exercise of said water rights. Buyer further acknowledges that he has received and examined a copy of a well inspection for the aforementioned agricultural well performed by Hiddleston Drilling and Pump Co. on March 1, 2000, and attached hereto as Exhibit "D". Buyer is satisfied with said well inspection and testing and hereby agrees to hold Seller harmless for any errors or omissions regarding said well test.

CROPS. ^{Buyer}~~Seller~~ shall be entitled to all crops and proceeds from such crops grown and harvested on the premises during the crop year 2001 and thereafter; PROVIDED, HOWEVER, it is the intent of the parties to offer to sell power utilized by the Snake River pumping station to Idaho Power Company for the crop year 2001

and the ability to grow crops on the demised premises will be decreased if said offer to sell is accepted by Idaho Power Company. It is further agreed that Buyer shall reimburse the Seller the expense of irrigating or otherwise tending the crops for the crop year 2001, but prior to June 1, 2001.

RISK OF LOSS. Seller shall bear the risk of loss or damage to the premises until possession thereof has been delivered to the Buyer, the Buyer shall bear such risk of loss or damage to the premises thereafter.

WASTE AND REPAIR. The Buyer shall not suffer or permit waste to be committed on the premises and shall keep all improvements and fixtures on said property in a good state of repair. The Buyer agrees not to remove or destroy any of the improvements or fixtures on said property without first obtaining the Seller's written permission to do so.

LIENS. The Buyer shall keep the premises and improvements on fixtures, or hereafter placed thereon, free and clear of all liens of every kind and nature, and it is expressly agreed that the Buyer shall have no authority to incur liens of any kind against the premises without the Seller's written consent.

CONDITION OF PREMISES. The Buyer herein has fully examined the nature and extent of the premises and fixtures agreed to be sold and has purchased the same "AS IS" and based upon his own inspection and evaluation of the same. The Seller makes no warranties, express or implied, concerning the premises or the condition or length of service of any items sold except as herein set forth. The Buyer has examined into all restrictions imposed by

covenants, zoning and other regulations affecting the use or development of the premises, and have purchased the premises based upon his own examination and evaluation. The Seller warrants that the property sold herein is subject to a conditional use permit for the purpose of a dairy farming operation and a true and correct copy of said permit along with the conditions attached to said permit is attached hereto as Exhibit "E". The Buyer expressly agrees that he will adhere to the conditions required by the conditional use permit referred to herein and hold Seller harmless from any failure to comply with said conditions.

WASTE MANAGEMENT. Seller recognizes that Buyer intends to utilize the demised premises for a dairy farming operation and specifically agrees that Buyer may treat and dispose of waste on the demised premises so long as said disposal is in compliance with all applicable regulations and permits issued by the State of Idaho.

BOUNDARIES. The Buyer has personally inspected the existing fencelines surrounding the demised premises and it is understood and agreed that said premises has not been formally surveyed pursuant to this sale agreement. Accordingly, the Seller makes no warranties, either express or implied, concerning the accuracy of any existing fencelines in relation to actual boundaries which may be more accurately determined pursuant to a survey.

HAZARDOUS SUBSTANCE. The Buyer shall not cause or permit hazardous substances, as the same may be defined by any law, ordinance or regulation, to be brought upon, applied, stored or

used on the premises, except in accordance with all applicable law, regulations or ordinances and good farming practices.

WAIVER. A waiver by one party of one or several defaults and performance of any provision of this contract to be performed by the other party shall not be construed as a waiver of such provision itself or of any subsequent defaults in the performance thereof. The giving of a Notice of Default shall not be considered as a rescission or an offer of rescission of this agreement.

ADVANCES. The Seller may, without prior notice, but are not obligated to, pay any taxes, water charges, insurance premiums, liens and payments on liens or contracts which the Buyer is herein obligated to, but fail to pay when due. The amounts so paid by the Seller shall be immediately due and shall bear interest at the rate of ten (10%) per cent per annum until paid, and shall be deemed to a part of the remaining principal balance of this contract. By paying such items, the Seller does not waive the Buyer's default for failure to pay the same, and may thereupon cause a Notice of Default to be given to the Buyer as herein provided.

ASSIGNMENT. Buyer shall not assign this contract or any interest hereunder or any interest in the premises herein described prior to full performance of this contract.

NOTICE OF CONTRACT OF SALE. Concurrently with the execution of this agreement, the parties shall execute and acknowledge a "Notice of Contract of Sale" which shall be recorded by the Buyer in the official records maintained in Owyhee County for such recording. The Buyer shall execute a Quitclaim Deed in

favor of Seller which shall be placed in escrow to be delivered in accordance with this agreement.

INSURANCE. The Buyer agrees to keep the personal property subject of this agreement insured to its full insurable value during the life of this contract, said policy of casualty insurance to carry a "Contract of Sale" clause showing the interests of the respective parties, and loss, if any, under said policy shall be payable to the parties hereto as their respective interests appear.

AGREEMENT NOT TO BE RECORDED. Neither party to this agreement shall, without the written consent of the other, record this contract or a copy thereof, it being understood that possession of the Buyer is sufficient notice of Buyer's interest and the placing of record of a copy of this contract shall constitute a breach of the terms hereof.

TAXES. The Seller agrees to pay all taxes and assessments against the premises lawfully assessed and levied for the year 2001, prorated from date of closing, and all prior years; and the Buyer agrees to pay all taxes and assessments against the premises lawfully assessed and levied for the year 2001, prorated from date of closing, and for all subsequent years, when they are due and before they become delinquent.

TITLE AND TITLE EVIDENCE. The Seller agrees to furnish the Buyer good and sufficient Warranty Deeds to the real property previously described herein. The Seller warrants that Seller is vested with a good and merchantable fee simple title to the premises subject only to the following:

1. All patent and state deed reservations;
2. The bonded debt of all taxing units;
3. All repayment contracts between any irrigation district and the United States;
4. All easements and rights of way over the premises regardless of how evidenced or acquired and whether the same appear of record or not.
5. Delinquent general real property taxes for the years 1997 and 1998.
6. Delinquent second half of the general real property taxes for the year 1999.
7. Financing statement wherein Leslie Loucks and Lavada Loucks, are debtor, First National Bank of Omaha is secured party, which said financing statement was recorded on December 29, 1997 as Instrument No. 223620, records of Owyhee County, Idaho, and which said financing statement was assigned by secured party to Zions Bank on January 10, 2000 as Instrument No. 231053, records of Owyhee County, Idaho.
8. Financing statement wherein Leslie Loucks and Loucks Farms, are debtor, and Source Capital Leasing Co. is secured party, which said financing statement was recorded on May 12, 1999 as Instrument No. 228534, records of Owyhee County, Idaho, and which said financing statement was assigned by secured party to Bank of America dba Seafirst on May 12, 1999 as Instrument No. 228534, records of Owyhee County, Idaho.
9. Mortgage, dated December 2, 1999, wherein Leslie Loucks and Lavada Loucks are named as mortgagor, in favor of Zions

First National Bank, as mortgagee, which said mortgage was recorded on December 13, 1999 as Instrument No. 230691, records of Owyhee County, Idaho.

10. With regard to real property contained in Parcel III (Exhibit C), that certain Real Estate Mortgage for Idaho, dated December 29, 1999, wherein Leslie Loucks and Lavada Loucks are named as Borrower, in favor of U.S.A., acting through the Farmers Home Administration, United States Department of Agriculture, named as Government, which said mortgage was recorded January 3, 2000, as Instrument No. 230952, records of Owyhee County, Idaho.

It is understood and agreed that the Seller shall furnish a policy of title insurance showing marketable title to the real property in the Seller subject to the exceptions numbered 1 - 4 above. Said policy of title insurance is to be furnished to the Buyer within twenty (20) days after the payment by the Buyer of the amount due in paragraph 2 of the section described herein as PURCHASE PRICE AND TERMS OF PAYMENT, and the Buyer shall within twenty (20) days of the receipt thereof have said policy of title insurance examined and point out in writing to the said Seller any defects in or objections to said title, and the Seller agrees within a reasonable time to correct any meritorious defects or objections. In the event that the Buyer does not point out in writing any defects in or objections to such title within twenty (20) days of the receipt of said title insurance policy, then any defects in or objections to said title are deemed waived.

COVENANT AGAINST ENCUMBRANCES. The Buyer agrees that during the life of this contract, Buyer will not suffer any liens,

encumbrances or delinquent taxes to place against said property, and in case any such liens, encumbrances or delinquent taxes are placed against said property through the sufferance of the Buyer, it shall be considered a default in the terms and conditions of this contract.

It is agreed that in case any of said liens or encumbrances or delinquent taxes are placed against said property, the Seller may pay said liens, encumbrances or delinquent taxes and shall be entitled to reimbursement from the Buyer with interest.

DEFAULT AND FORFEITURE. Time is of the essence of this contract, and in the event of the failure of the Buyer to comply with the terms hereof, the Seller shall be released from all obligations in law and equity to convey the said premises and the Buyer shall forfeit all rights thereto unless the terms of this agreement are complied with after thirty (30) days' written notice served personally or by registered mail upon the Buyer, and all payments made on said premises and all improvements, fixtures and buildings, whether now thereon or to be placed thereon, shall be retained by the said Seller as liquidated damages to reimburse the Seller for any loss or damage which Seller and not a penalty or forfeiture, may have sustained by reason of the failure of the Buyer to perform this agreement and as compensation for the reasonable use and occupation of the said premises.

It is further understood and agreed that in case the default by the said Buyer is not remedied within the period hereinabove provided for, the Buyer will upon demand deliver up possession of the above described premises, including all improve-

ments, to the Seller peaceably and without resort to court action; provided, however, that nothing herein contained shall be construed to be an election of remedies or as a waiver by the Seller of any rights or remedies otherwise provided by law for breach of this contract, such as declaring the whole amount of the contract price immediately due and payable at the option of the Seller upon default and breach of this contract on the part of the Buyer, including the right at the option of the Seller of foreclosing this contract in the manner provided by law for the foreclosure of mortgages.

It is further understood and agreed that in case of default by the Buyer and the Seller, in order to enforce the terms of the contract, is required to send a notice of default to the Buyer, the Buyer agrees to pay all costs incurred by the Seller in the preparation of the notice of default and the service fee of the escrow holder in the service of said notice of default upon the Buyer.

In the event the Seller shall show leniency to the Buyer at any time on account of any matter or thing relating thereto, said leniency shall not be considered or construed to be a violation of the conditions and terms hereof and shall not prevent the Seller from thereafter declaring a forfeiture if the terms and conditions of this contract are not complied with as herein contained.

ESCROW HOLDER. It is agreed that the parties hereto will upon execution of this agreement deposit in escrow at PIONEER TITLE

COMPANY, Nampa, Idaho, this Contract, Warranty Deeds and Policy of Title Insurance, and the escrow holder is instructed as follows:

1. To hold the Contract, Warranty Deeds and Policy of Title Insurance, and to deliver the same to the Buyer upon the full payment of the monies due under this contract.

2. In case there is any breach of the terms of this contract and forfeiture thereto, to redeliver the said documents to the Seller.

3. To receive the monies paid by the Buyer and to deliver the same to the Seller.

ESCROW AND ATTORNEY'S FEES. This agreement and other documents referred to herein have been prepared by the attorneys representing the interests of the Seller and the Buyer is hereby notified to seek and consult with his own legal counsel on every aspect of this transaction. The Buyer has agreed with the Seller that he will reimburse Seller for one-half of the costs charged by the preparing attorney in preparing this agreement.

INTERPRETATION. The paragraph headings used herein are for convenience only, are not a part of this agreement, and are not to be used in construing it. Singular terms used herein shall be read in the plural when the context so requires or permits.

SURVIVAL OF COVENANTS. All covenants and conditions in this contract are intended to survive the delivery by Seller and acceptance by Buyer of the Deed.

INTEGRATION OF AGREEMENT. Seller and Buyer acknowledges that the terms of this contract may vary from the terms contained in an earnest money agreement or receipt and agreement to purchase

or any other preliminary agreements made prior to the execution of this contract and may vary from any negotiations between the parties prior to the execution of this contract. Seller and Buyer agree that the terms, covenants and conditions of this contract shall supersede all such prior negotiations and agreements, and that there are no other agreements not contained in this contract, and that this contract shall be and is the final expression of the agreement of the parties and shall control. No modification of this contract shall be valid unless in writing and executed by the parties to this contract.

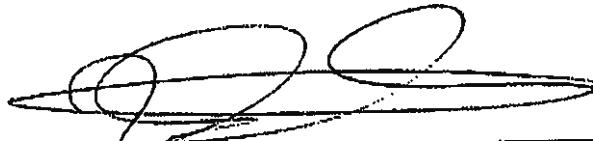
ATTORNEY'S FEES. It is further understood and agreed that in the event it is necessary for legal action to be brought by the Seller or the Buyer to enforce the provisions of this agreement, the losing party in any court action will pay to the prevailing party therein a reasonable attorney's fee, and in addition shall pay the costs allowed by law.

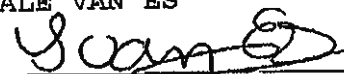
BINDING UPON REPRESENTATIVES. This agreement is binding on the heirs, administrators, executors, successors and assigns of all the parties hereto.

IN WITNESS WHEREOF, The parties hereto have hereunto set their hands and subscribed their names, the day and year in this agreement first above written.

LESLIE LOUCKS

LAVADA CAROL LOUCKS
Seller



DALE VAN ES


JACKIE VAN ES
Buyer

STATE OF IDAHO)
) ss.
County of Canyon)

On this _____ day of _____, 2001, before me,
the undersigned, a Notary Public in and for said State, personally
appeared LESLIE LOUCKS AND LAVADA CAROL LOUCKS, husband and wife,
known or identified to me to be the persons whose names are
subscribed to the within instrument, and acknowledged to me that
they executed the same.

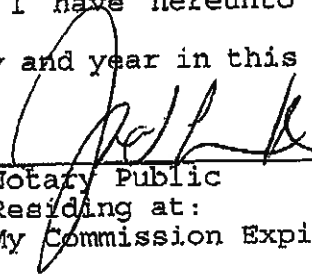
IN WITNESS WHEREOF, I have hereunto set my hand and
affixed my official seal the day and year in this certificate first
above written.

Notary Public for Idaho
Residing at:
My Commission Expires:

STATE OF TX)
County of Johnson) ss.

On this 7 day of March, 2001, before me, the undersigned, a Notary Public in and for said State, personally appeared DALE VAN ES and JACKIE VAN ES, husband and wife, known or identified to me to be the persons whose names are subscribed to the within instrument, and acknowledged to me that they 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.



Notary Public
Residing at:
My Commission Expires:

