

Submitted to the
Idaho Department of Water Resources

By:

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AUG 27 2007

**WATER RESOURCES
WESTERN REGION**

AMENDED

M3 Eagle, LLC

Amended Application for Water Right Permit

August 27, 2007

M3 Eagle, LLC
533 E. Riverside Drive, Suite 110
Eagle, Idaho 83616

Prepared by:

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AMENDED

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES
APPLICATION FOR PERMIT
To appropriate the public waters of the State of Idaho

AMENDED

1. Name of Applicant M3 Eagle, LLC Phone 208-939-6263
533 E. Riverside Drive Suite 110
Eagle, ID 83616

Mailing address _____

2. Source of water supply Ground water which is a tributary of n/a

Locations of points of diversion are in all quarter-quarter sections within the Planned Community service area, provided that there will be a maximum of fifteen new wells, plus the twelve existing points (or as they may be relocated). The property currently includes:

3. Township 5N Range 1W §§ 11-15, 21-24, 26-28, and 33. See Attachment B for quarter-quarter information
and
Township 5N Range 1E Sec. 20 §§ 18, 19 and 20, in the _____ County;
_____ ¼, _____ ¼, Govt. Lot _____, B.M., Ada

Additional points of diversion, all as alternate points of diversion for each other: Up to fifteen new wells (plus 12 ground water existing points of diversion) to be located within the Planned Community described in section 8(c), below.

4. Water will be used for the following purposes:
Amount 27.47 cfs for municipal purposes from 1/1 to 12/31 (both dates inclusive)
(cfs or acre-feet per annum)

5. Total quantity to be appropriated is (a) 27.47 cfs and/or (b) 7,827
cubic feet per second acre feet per annum

6. Proposed diverting works:

a. Describe type and size of devices used to divert water from the source Up to 15 new and 12 existing wells diverting from aquifers beneath the project site.

b. Height of storage dam n/a feet; active storage pond capacity 970 (pond) + 9 (potable) acre-feet; total reservoir capacity 1,970 (pond) + 11 (potable) acre-feet

c. Proposed well diameter is 10-18 inches inches; proposed depth of well is from 200-800 feet

See Attachment A for a description of the proposed wells.

d. Is ground water with a temperature of 85°F being sought? No

e. If well is already drilled, when? Twelve existing wells as described in Attachment C.; Drilling firm _____

Well was drilled for (well owner) _____; Drilling Permit No. _____

7. Time required for completion of works and application of water to proposed beneficial use is 30 years (minimum 1 year)
This application seeks a planning horizon of thirty years pursuant to I.C. §§ 42-202B(7)-(9), 42-202(2), and 42-223(2).

8. Description of proposed uses (if irrigation only, go to item 9):

a. Hydropower; show total feet of head and proposed capacity in kW. n/a

b. Stockwatering; list number and kind of livestock.

Horses will be kept at some locations in the Project, and water will be used for their maintenance under the general municipal use.

c. Municipal; show name of municipality. _____

The place of use is a proposed municipal service area currently consisting of an approximately 6,010-acre Planned Unit Development (the "Property") proposed by Applicant on Applicant's lands north of Eagle, Idaho. At build-out, the project is planned to contain 8,160 dwelling units, plus parks, open space, commercial and government uses, schools, golf courses, playing fields, community gardens and vineyards, and related uses. See Attachment A for more details. The entire Property is proposed as the service area under the municipal right.

d. Domestic; show number of households. _____

e. Other; describe fully. Aesthetic features, water amenities, and storage for these purposes.

9. Description of place of use: See Attachment A.

If water is for irrigation, indicate acreage in each subdivision in the tabulation below. Irrigation is one of the uses within the overall municipal use, and is described in Attachment A.

b. If water is used for other purposes, place a symbol of the use (example: D for Domestic) in the corresponding place of use

Below. See instructions for standard symbols. The water in this municipal application will be used for several purposes other than irrigation, as described in Attachment 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	

See Attachment A

Total number of acres irrigated _____

10. Describe any other water rights used for the same purposes described above. _____

Applicant owns the water rights described in Attachment D.


- 11. a. Who owns the property at the point of diversion? Applicant (and future residents of the planned community)
- b. Who owns the land to be irrigated or place of use? Applicant (and future residents of the planned community)
- c. If the property is owned by a person other than the applicant, please describe the arrangement enabling the applicant to make this filing _____

12. Remarks: Attachment A and its exhibits provide additional detail concerning this application.

13. **MAP OF PROPOSED PROJECT REQUIRED** – Attach an 8½" x 11" map clearly identifying the proposed point of diversion, place of use, section #, township & range. (A photocopy of a USGS 7.5 minute topographic quadrangle map is preferred.)

Maps are included as exhibits to Attachment A.

BE IT KNOWN that the undersigned hereby makes this application for permit to appropriate the public waters of the State of Idaho as herein set forth.



*Signature of Applicant (and title, if applicable)

Received by SR Date 8/27/07 Time 1:00 Preliminary check by _____
 Fee \$ * Received by _____ # _____ Date _____
 Publication prepared by _____ Date _____ Published in _____
 Publication approved _____ Date _____

* See original appl. & fee,
 no additional fee needed
 for amended appl. -SR

A

ATTACHMENT A
to
Amended M3 Water Right Application

Overview

August 27, 2007

By this Amended Application,¹ M3 Eagle LLC (“M3 Eagle” or the “Applicant”) seeks a permit for a municipal water right for an annual total of 7,827 acre-feet of diversions from ground water. The requested water right will serve the year-round needs of an approximately 6,010-acre planned community in the foothills of north Ada County, Idaho (the “Planned Community” or the “Project”). In addition to the proposed ground water supply, and to promote maximum use and conservation of water within the Planned Community, M3 Eagle will recapture and reuse, for irrigation, tertiary-treated sewage effluent (“Reuse Water”) by means of a SBR or membrane bioreactor (or similar) wastewater treatment plant and separate water distribution systems. All Reuse Water generated by the Project will be treated and reused within the Project.

At full Project build-out, yearly consumptive use of the originally diverted ground water is projected to be 4,549 acre-feet which, when coupled with the estimated 1,937 acre-feet of Reuse Water consumptive use, results in overall yearly consumptive use of 6,486 acre-feet. The average daily rate of diversion from ground water is expected to be 13.84 cubic feet per second (“cfs”) during the 244-day irrigation season and 5.03 cfs during the 121-day non-irrigation season. Averaged over a 365-day period, the annual average daily diversion rate is calculated at 10.81 cfs. The maximum daily (i.e., the “peak day”) rate of diversion from ground water is expected to be approximately 27.47 cfs, or about 12,330 gallons per minute (“gpm”). This peak day diversion rate will accommodate variations in culinary and sanitary uses and, during the warmer months, irrigation of lawns, common areas, parks, community gardens and vineyards, and golf courses. At full Project build-out, Reuse Water will be used to the extent it is available to supply irrigation for common areas including community gardens and vineyards, parks, ballfields and playgrounds, and golf courses. Reuse Water also will provide for a portion of aesthetic, wildlife, and recreational use demands. Reuse Water is not projected for use on residential lawns or landscaping.

This ground water right is sought for “municipal” purposes to provide for all water use in the Planned Community including the following major uses:

1. **Housing (i.e., “indoors” domestic/culinary)** water service for approximately 8,160 residential units (a combination of single-family and multi-family units).
2. **Commercial** water service for some 2.1 million square feet of retail, commercial, light industrial, government, and service establishments within approximately 245 acres of commercial development area.

¹ This Amended Application amends the application M3 Eagle filed on November 21, 2006. Most fundamentally, this amendment reduces the proposed size of the M3 Eagle development and, thus, the amount of ground water sought.

3. **Irrigation** for approximately 1,519 acres, including: residential and commercial lawns, xeriscape and landscaping; public areas including common area turf, xeriscape, and other landscaping; open space, common areas, parks, community gardens and vineyards; and recreation fields; and two 18-hole golf courses, each having about 120 acres of irrigated turf (including practice facilities) and landscaping. As Project build-out progresses, the entire volume of Reuse Water available will be used to the greatest extent possible to irrigate public common areas, recreation fields, and golf courses. Reuse Water will be used both directly as it is produced and as diversions from storage. In addition to the 1,519 acres described above, 197 acres will be irrigated under Farmers' Union Ditch Company shares.
4. Water supplies for **aesthetic, wildlife, irrigation peaking storage and recreational** uses in approximately 100 surface acres of ponds, streams, and similar water amenities associated with these features. As Project build-out progresses, Reuse Water will also be used to fulfill these water demands.
5. **Municipal diversions to storage and diversions from storage** for the above uses, including approximately half of the ponds and water features noted above, and three million gallons of enclosed active storage for potable water peak demands and fire protection throughout the Planned Community. All storage involves multiple refills annually to efficiently serve these needs. As Project build-out progresses, Reuse Water will be used to fulfill some of the non-potable storage water demands.

Specifics

Multiple wells as mutual alternate points of diversion. In addition to twelve existing wells on the Property, M3 Eagle proposes to construct up to fifteen additional wells to be operated as alternate points of diversion for the water right in the Planned Community's water supply system. It is expected that fewer wells ultimately will be necessary, but that determination will depend on further hydrogeologic testing as the water supply is developed. Other than the existing twelve Project water wells, the precise locations of the points-of-diversion (i.e., wells) will be identified as the Project develops and as local monitoring and hydraulic testing of each well serves to guide optimum spacing of the well field. The Amended Application form lists all portions of the Property as potential future well locations.

A map of the M3 Eagle Project area with respect to the City of Eagle Area of Impact is attached as Exhibit 1.

A 1:62,500 USGS Topographic Series base map locating the Project with regard to township, range, and section is attached as Exhibit 2.

A map displaying the anticipated Project features is attached as Exhibit 3.

Aquifer characteristics. Under the supervision of hydrogeologist Ed Squires of Hydro Logic, Inc. ("Hydro Logic"), M3 Eagle is evaluating ground water availability and development

potential beneath the Project through a number of regional scale hydrogeologic, geophysical, and geological investigations. M3 Eagle's water resources plan includes: 1) aquifer characterization, 2) hydraulic testing, 3) geochemical modeling, 4) numerical modeling, and 5) ground water monitoring. M3 Eagle has enlisted Boise State University's Geosciences Department and the University of Idaho's Department of Geological Sciences to conduct geophysical investigations and numerical simulations, and to provide peer review of all of Hydro Logic's completed reports. In addition, M3 Eagle has sponsored a Masters of Science thesis through the University of Idaho to construct an independent ground water model as an additional means to evaluate the effects of M3 Eagle's ground water development.

Hydro Logic began the ground water studies in March 2006. Attached to this Amended Application as Exhibit 4 is Hydro Logic's May 4, 2007 *M3 Eagle Regional Hydrogeologic Characterization North Ada, Canyon and Gem Counties, Idaho: Year-One Progress Report* ("Year 1 Progress Report"). M3 Eagle already has made copies of this available to interested parties and to the Idaho Department of Water Resources ("IDWR"). Future M3 Eagle-sponsored research by Hydro Logic, including reports on structural geology, geochemical ground water modeling, water budget, and numerical ground water modeling, will be made available to the IDWR as these studies are completed. It is anticipated that some of these reports will be available in time to support IDWR's processing of this application.

Further studies, including aquifer tests, are planned. As a part of this work, Hydro Logic has evaluated the results of other ground water investigations in the area. Hydro Logic is also developing a prospectus for a proposed long-term multiple-well aquifer test using existing wells on the Project property and adjacent domestic wells as observation wells and a proposed new production/test well as a pumping well. This prospectus will be submitted to IDWR. M3 Eagle anticipates that IDWR and nearby well owners/water users will participate in the testing.

Reuse Water. M3 Eagle is collaborating with licensed professional engineers to develop a system to recapture and reuse wastewater accumulated by the Project. M3 Eagle will construct one or more wastewater treatment plants that will treat sewage effluent to Class A standards (i.e., potable), and lined ponds to hold the treated water until it is reused. All of this Reuse Water will be used within the Project for irrigating common areas, golf courses, parks, community gardens and vineyards and similar areas, aesthetic storage, and/or (subject to future IDWR approval) aquifer recharge or aquifer storage and recovery. As Reuse Water becomes available, it will be provided for these purposes using water lines and facilities that are separate from the Project's potable water supply systems.

M3 Eagle's existing surface and ground water rights. M3 Eagle holds 17.27 shares, and anticipates obtaining 0.66 additional shares, of stock in Farmers' Union Ditch Co., Ltd. (the "Ditch Company"), a mutual irrigation company diverting water from the Boise River. These shares entitle M3 Eagle to delivery, as available, of 3.94 cfs of flows during the irrigation season for irrigation of approximately 197 acres in the southwest corner of the Project lands. These shares also entitle M3 Eagle to receive storage water under the Ditch Company's contracts with the U.S. Bureau of Reclamation. M3 Eagle intends to continue using the irrigation water to which it is entitled under these shares on 197 acres of Project land to which they are appurtenant.

M3 Eagle anticipates that the lands to be served by the Ditch Company water will be primarily equestrian and common areas, as well as parks and ballfields.

M3 Eagle also holds various ground water rights, the most substantial being no. 63-10669, for 2.22 cfs to irrigate 111 acres in the southwest portion of the Project. This water right appears to be supplemental to the Ditch Company water supply described above.

Integrated water supply system. M3 Eagle plans to include all of its wells, water supply infrastructure, and water rights (with the exception of the Ditch Company and Reuse Water) in an integrated water supply system that it will operate (or establish a separate entity to operate) to supply the municipal uses, including residential irrigation. The Project's overall water system will also include a non-potable component for non-residential irrigation and storage uses of Reuse Water, surface water, and ground water. M3 Eagle intends, at some time in the future, to convey its water rights and water system to the City of Eagle if the City annexes the Project. If the City of Eagle does not annex the Project, M3 Eagle will operate the water system itself or will form or contract with another appropriate public water provider, such as a private utility, to operate and/or own it.

Water conservation measures. M3 Eagle will implement water conservation programs and integrate them into the Project's design. These programs may include measures such as mandating xeric landscaping and minimal lawn sizes. Although this Amended Application does not assume that alternate day or similar watering restrictions will be imposed, M3 Eagle believes such techniques should be imposed provided there is community support for them. All water diversions in the Planned Community will be metered. M3 Eagle will encourage or impose water fee structures that increase charges with increasing water use from all water sources.

Elements of M3 Eagle's water conservation programs currently under consideration include the following:

1. Require metering of all water sources and service connections, including all residential use and other irrigation from ground water, and charge users at rates that are comparable to municipal water rates in the Treasure Valley.
2. Provide a separate system of water supply pipes and pumps for Reuse Water and Ditch Company water for irrigation use. To the extent it is available, all Reuse Water generated by the Project will be used to irrigate equestrian and common areas and golf courses; no Reuse Water will leave the Planned Community.
3. Seek to limit turf in residential yards, multi-family projects, commercial projects and common areas to 50% of the landscapable area. The remainder would be non-irrigated or drip-irrigated landscaping.
4. Limit the size of swimming pools.
5. Require mulch in non-turf areas to reduce evaporation.
6. Require drip irrigation for all non-turf areas.
7. Require automatic sprinkler systems and solid state irrigation controllers with multiple start/stop times and zone capabilities for all irrigations systems.
8. Sponsor soil moisture monitoring program to assess irrigation needs.
9. Regulate watering days and times based on time of year.

10. Require “water smart” homes and buildings that use water efficient fixtures and appliances.
11. Implement water budgets for established golf courses.
12. Use native and drought tolerant plant materials that are acclimated to the area.
13. Set water rates that provide incentives to use less.

Availability of surface water supplies. Because only a relatively small amount of M3 Eagle’s property has appurtenant surface water under Ditch Company shares, and because additional surface water supplies may not reasonably be made available to the Project lands, M3 Eagle is not subject, except on these limited acres, to certain ordinances or statutes purporting to require developers to install a separate non-potable water supply system for irrigation of lawns and landscaping. As noted above, however, M3 Eagle intends to give the same attention and controls to surface water use as it does ground water use so as to promote conservation and limit overwatering and waste of surface water supplies. M3 Eagle’s aim is to promote water conservation from all sources, and for all uses.

Municipal purposes, planning horizon, future needs. This Amended Application seeks to use water for municipal purposes as defined by I.C. § 42-202B(6), which includes “water for residential, commercial, industrial, irrigation of parks and open space, and related purposes” The system serving the entire Planned Community will be a “public water supply” as defined in I.C. § 39-103(12). Accordingly, M3 Eagle (or any lessee/assignee) will be a “municipal provider,” which is:

[a] corporation or association which supplies water for municipal purposes through a water system regulated by the state of Idaho as a “public water supply” as described in section 39-103(12), Idaho Code.

I.C. § 42-202B(5)(c).² Because this is a unified Planned Community project, and all proposed uses are within the definition in section 42-202B(6), all proposed uses of ground water, and the Reuse Water, under this Amended Application will occur under the same municipal water right. In the future, M3 Eagle may seek to transfer its existing ground water rights to municipal uses as well.

The M3 Eagle potable water (i.e., ground water) system is planned to be fully integrated, with production from each well available for delivery to any part of the Project. It is anticipated that all ground water deliveries will be minimally treated (i.e., disinfection only). Approved backflow prevention devices will be installed and a cross-connection control program will be implemented in all sprinkler systems using potable water and in portions of the Project where Ditch Company water or Reuse Water will be used for irrigation. To the extent potable water will be needed for public area irrigation, it will be supplied and metered into the irrigation system upstream of the treatment site.

² If M3 Eagle’s water rights and water supply system are ultimately conveyed to the City of Eagle or some other public water provider, the successor would presumably fall within one of I.C. § 42-202B(5)’s other definitions of “municipal provider.”

Generally described place of use and service area. This Amended Application proposes an initial place of use and service area generally described as the approximately 6,010 acre private parcel comprising the Planned Community site. See Exhibits 1 and 2. Such a general description is authorized by Idaho law, which states that a municipal provider's

service area need not be described by legal description nor by description of every intended use in detail, but the area must be described with sufficient information to identify the general location where the water under the water right is to be used and the types and quantities of uses that generally will be made.

I.C. § 42-202(2). In addition, while this application makes every attempt to describe the types and amounts of water uses that will be involved, it does not describe every intended or potential use in detail.

Project planning horizon and reasonably anticipated future needs. The water right sought here is intended to cover the full complement of water that is reasonably anticipated to be needed by the Project at full build-out (in 30 years). The water code provides:

[a] water right held by a municipal provider to meet reasonably anticipated future needs shall be deemed to constitute a beneficial use, and such rights shall not be lost or forfeited for nonuse unless the planning horizon specified in the license has expired and the quantity of water authorized for use under the license is no longer needed to meet reasonably anticipated future needs.

I.C. § 42-223(2). Full build-out of the Project is anticipated to take twenty years from the date the water permit is granted. However, because the exact date of full build-out can depend on a variety of factors, this Amended Application seeks a planning horizon of thirty years, which is well within a reasonable planning horizon for a municipal water right.

Exhibit 5, attached hereto, describes the water supply system and amount of water needed for all anticipated uses. Exhibit 5.1 contains a flow chart depicting the water supply system. Exhibits 5.2 and 5.3 graphically depict estimated water demand and ground water diversions over the five planned phases of development. The charts in Exhibits 5.4 and 5.5 show annual ground water diversion and consumptive use estimates for the various uses within the Project, and Exhibit 5.6 shows the estimated maximum daily ground water diversions during the irrigation season (i.e., the peak day). Finally, Exhibit 5.7 contains a spreadsheet showing the calculations used to supply the estimated water supply and use figures used in this Amended Application, including monthly demand estimates and a reasonable estimation of the Reuse Water the Project will generate.

Specific water use descriptions.

Domestic and commercial use (indoor). In this Amended Application, domestic and commercial use refers to all water uses within or immediately associated with

single-family homes, condominiums, apartments, townhouses, and other multi-family dwellings, schools, hotels and service facilities (such as fire and police), as well as all water uses in all commercial establishments and Planned Community management facilities. All housing is presumed to demand approximately 274 gallons per day per dwelling unit, a standard figure in the industry that is comparable to known water demand in the area. Uses for various commercial purposes are also based on standard figures in the industry. Daily peak hour usage has been calculated as 292% of the daily average rates and maximum daily use is estimated at 150% of the average daily rates, both in accordance with standard reference data. This Amended Application seeks a permit for annual indoor potable water diversions of 3,641 acre-feet with corresponding total annual indoor consumptive use expected to be 1,062 acre-feet. All of this potable water will be diverted from ground water.

Irrigation of residential and commercial lawns and landscaping (exterior use) (through the potable system). Irrigation of residential and commercial lawns and landscaping, including those associated with multi-family dwellings, will involve approximately 565 acres. This irrigation water demand is estimated at 2,250 acre-feet with total annual consumptive use projected to be 1,889 acre-feet. Neither Ditch Company nor Reuse Water is being considered for residential or commercial irrigation.

Irrigation of public areas including common areas, community gardens and vineyards, golf courses and ballfields, and storage for irrigation, aesthetics, wildlife, and recreational uses through non-potable delivery systems. The Project will have approximately 953 acres of irrigated common area, including landscaped areas, community gardens and vineyards, plant nurseries, ballfields, playgrounds, and golf courses. The irrigation water demand for the 953 acres of common area irrigation is approximately 3,779 acre-feet per year, 2,090 acre-feet of which will be supplied from Reuse Water. In addition, the Project will have approximately 100 surface acres of ponds which will store 1,970 acre-feet of water while also providing aesthetic, wildlife, and recreational uses. This storage water demand will be fulfilled using Reuse Water as it becomes available and as ponds are constructed throughout the phasing of the Project, and will include diversions from wells as necessary.

The overall diversion volume for irrigation—whether golf course, residential, common area, or parks—will never exceed and is projected to be substantially less than the annual volume that would be diverted if all uses met the statutory diversion rate of 0.02 cfs/acre. To the extent that existing Ditch Company shares become available for use within the Project, and to the extent that more Reuse Water than estimated becomes available, the corresponding amounts of municipal ground water needed under this application at full build-out will be reduced.

Water storage in ponds, and diversions from storage for irrigation, aesthetics, wildlife, and recreation. Of the approximately 1,970 acre-feet of water to be stored in ponds, about 970 acre-feet are expected to be active storage available for daily release for irrigation and repeated refill. In addition, the ponds will provide for aesthetic, wildlife, fire protection, and recreational uses. The precise pond phasing and locations have not yet been established, but they are expected to be excavated structures entirely within the Planned Community and will comply with IDWR dam safety requirements if applicable.

Storage and diversions from storage for residential and commercial uses and for fire protection. In addition to the open reservoirs described above, the project will incorporate approximately 3.6 million gallons of enclosed, drinking-water-quality storage into its potable domestic and commercial water supply system. Three million gallons is expected to be active storage that will supplement supply from wells for peak hour domestic uses and irrigation and provide the storage necessary for fire protection flows. The locations of the storage tanks for these purposes have yet to be established, but will be within the Project area. It is possible that one or more of these tanks will be owned and operated jointly with the City of Eagle (if the City takes over water supply responsibilities for the Planned Community), in which case the locations could be jointly determined with the City.

Ground water monitoring. M3 Eagle will monitor and report aquifer pressures, ground water levels in wells, production well flow rates, and total volume produced in each well it constructs pursuant to this application. The monitoring program will be described in a report to be prepared and updated by Hydro Logic.

Compliance with Water Appropriation Rule 40.05. The Applicant's responses to the Additional Information Requirements of Rule 40.05 (IDAPA 37.03.08.40.05) are as follows:

Rule 40.05(c)(ii) (plat showing springs and wells within 1/2 mile of proposed wells): The plat, which actually shows many more wells than those within 1/2 mile, is attached as Exhibit 6.1. Exhibit 6.2 illustrates well density in the region. M3 Eagle is aware of no springs within the Project or within one-half mile outside the Project boundary.

Rule 40.05(c)(iii) (design, construction, or operation techniques to eliminate or reduce impacts on other water rights): See comments above concerning conservation and monitoring. As shown in Exhibit 6, the Project generally is remote from most other wells in the area. Each well will be constructed with full-depth casing seals to the top of the aquifer to prevent waste and reduce the chance of interference with other wells. All wells will be constructed to meet or exceed IDWR's and the Idaho Department of Environmental Quality's ("IDEQ's") municipal drinking water well standards. In addition, M3 Eagle's commitment to reuse treated waste water for irrigation and aesthetic purposes is intended to reduce the Project's overall diversion volume from the aquifer, thus further reducing the potential for adverse effects on existing and future water rights.

Rule 40.05(d) (information about sufficiency of water supply): See Exhibit 4 for Hydro Logic's completed hydrogeologic characterization report. Hydro Logic will submit additional information as other in-progress studies are completed.

Rule 40.05(d)(i) (information about water requirements of proposed project): This information is discussed generally in this Attachment A and displayed in full detail in Exhibit 5.

Rule 40.05(d)(ii) (information about aquifer properties): This information is contained in Exhibit 4. Additional information will be provided as part of Hydro Logic's ongoing reports on the hydrogeologic framework beneath the Project and surrounding area.

Rule 40.05(e)(i) (copies of deeds, easements, leases and similar documents): The relevant deeds are attached as Exhibit 7.³

Rule 40.05(e)(ii) (copies of applications for other needed approvals): M3 Eagle will be filing, or is seeking approval of, storm water pollution prevention and wastewater plans by the U.S. Environmental Protection Agency and IDEQ; a Public Drinking Water Supply System Engineering Report approval by IDEQ, together with filings to comply with IDEQ's requirements for Public Drinking Water Systems; a Planned Unit Development ("PUD") approval by Ada County; the U.S. Army Corps of Engineers' recognition of M3 Eagle's entitlement to proceed under a Nationwide Section 404 permit; and applicable permits for wastewater treatment and effluent reuse. M3 Eagle also has pending applications with the City of Eagle for annexation, zoning approvals, and comprehensive plan amendments. M3 Eagle's proposed storm water pollution prevention plan, the PUD application, and other permit materials are available from M3 Eagle's counsel upon request.

Rule 40.05(f)(i) (financial statement or financial commitment letter): M3 Eagle is attaching a financial statement as Exhibit 8.

Rule 40.05(f)(ii) (plans, specifications, and estimated construction costs): Plans and technical specifications for the wells are included in Hydro Logic's report, Exhibit 4. The Planned Community's overall concept design is shown in Exhibit 3. Detailed building and engineering plans and drawings will be made available upon request, but these will not be completed until after necessary approvals are obtained.

Estimated costs of ground water supply wells are as follows:⁴

7 wells averaging 550 feet deep X \$350/ft =	~\$ 1.5M
7 pumping tests X 10K =	~\$ 0.7M
7 pumping plants X \$ 60K =	~\$ 0.42M
7 fully equipped pump houses X \$200K =	~\$1.5M
Geotechnical inspection and services =	~\$ 0.2M
<u>Total estimated costs for wells =</u>	<u>~\$ 4.3M</u>

As detailed in Exhibit 9, estimated costs for the potable water supply system are \$42.9 million, with an additional \$11.9 million for the pressurized irrigation system, and \$46.1 million for the wastewater treatment plant and other sewer infrastructure.

³ As of August 27, 2007, title to one 10 acre parcel of land proposed for inclusion within the Project is in escrow and M3 Eagle therefore does not yet own the parcel. Nevertheless, because this parcel represents less than 0.17% of the Project's land area, and because closing on this parcel is expected to occur prior to approval of the proposed water right permit, IDWR staff has indicated that this Amended Application is considered complete. More information regarding this parcel is available upon request.

⁴ As noted earlier, although M3 Eagle requests 15 new points of diversion (wells) in this Amended Application, given the current level of understanding of the aquifer system beneath the Project, it is hoped that the needed water supply can be provided from a minimum of 7 wells. The 15 points of diversion requested are to provide for the scenario that wells are not as productive as predicted or to remedy cases where wells are needed adjacent to specific uses which cannot now be determined.

Rule 40.05(g) (information relative to the local public interest): This information is being compiled relative to the applications for approvals mentioned above. M3 Eagle will make these comments available when they are received. In the meantime, Exhibit 10 lists the presentations M3 Eagle has made or the entities to whom it has provided information concerning the Project.

Summary

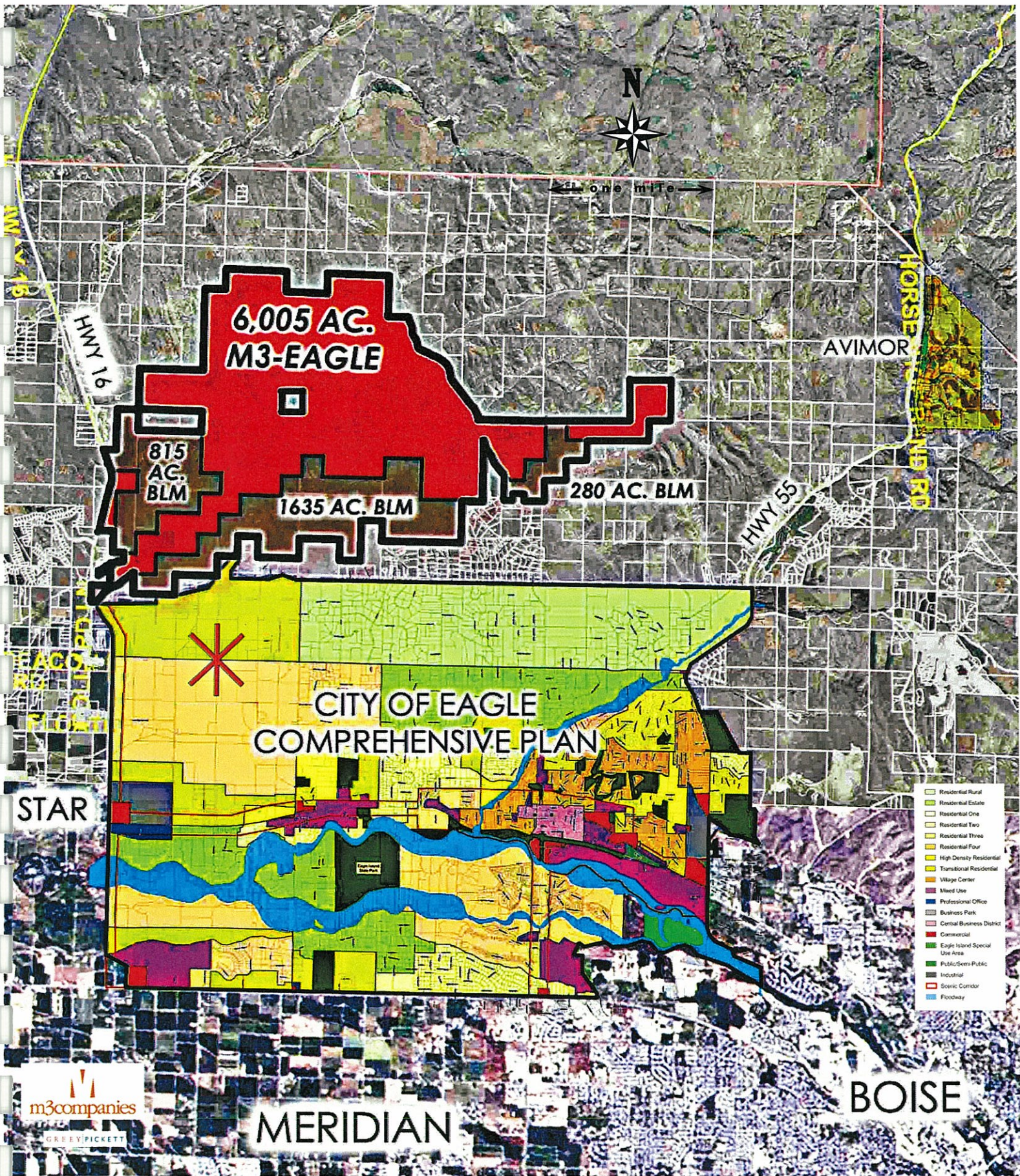
Wells:	Up to 27 wells total: 24 water supply wells and 3 permanent multi-completion monitoring wells.
Irrigation:	1,716 total acres, including irrigated residential and commercial landscaping, common areas, community gardens and vineyards, and golf facilities, with 197 acres irrigated under Ditch Company shares; plus, approximately 100 surface acres of ponds and water amenities associated with these.
Housing and commercial:	8,160 housing unit equivalents including incidental residential irrigation; 2.1 million square feet of commercial space, services, and related commercial uses, schools and hotels.
Peak diversion rate:	27.47 cfs from ground water during the peak day of the irrigation season.
Average diversion rate:	10.81 cfs from ground water (averaged over 365 days)
Storage:	Approximately 100 surface acres (1,970 acre-feet total; 970 acre-feet active storage) of ponds on private land to fill, divert from, and refill for irrigation of common areas and parks (including golf courses), irrigation storage, aesthetics, wildlife, and recreation. Approximately 3.0 million gallons of enclosed active storage for domestic uses and fire protection in housing and commercial areas.
Yearly acre-feet diverted from ground water:	7,827 acre-feet.
Yearly ground water consumptive use:	6,486 acre-feet (4,549 acre-feet of direct ground water diversions; 1,937 acre-feet of Reuse Water)
Yearly Reuse Water supply:	2,247 acre-feet of effluent generation, with 2,090 acre-feet of Reuse Water available for non-potable irrigation after 158 acre-feet of evaporation from storage ponds.

**Estimated well diversion and consumptive use (C.U.) amounts for
M3 Eagle's Planned Community at build-out**

Type of Use	Peak Diversion Rate (cfs)	Average Diversion Rate (cfs)	Annual Diversion Vol. (acre-feet)	Annual C.U. (acre-feet)
Indoor Potable	7.54	5.03	3,641	1,062
Residential and Commercial Potable Irrigation	11.30 (w/ water management measures)	4.65	2,250	1,889
Public Area Non-Potable Irrigation	7.53	3.49	1,689	3,186
Pond Evaporation	1.10	0.68	248	350
Irrigation season total	27.47	13.84	6,620	6,134
Non-irrigation season total	7.54	5.03	1,206	352
TOTAL	27.47 (peak day)	10.81 (365-day average)	7,827	6,486

1. Well diversions include credit for irrigation of 197 acres using Ditch Company shares.
2. Well diversions take into account the planned use of Reuse Water.
3. Totals in this table may not equal sum of components due to round-off. Totals are correct quantities.

1



M3 Eagle - Vicinity Map
EXHIBIT 1

2

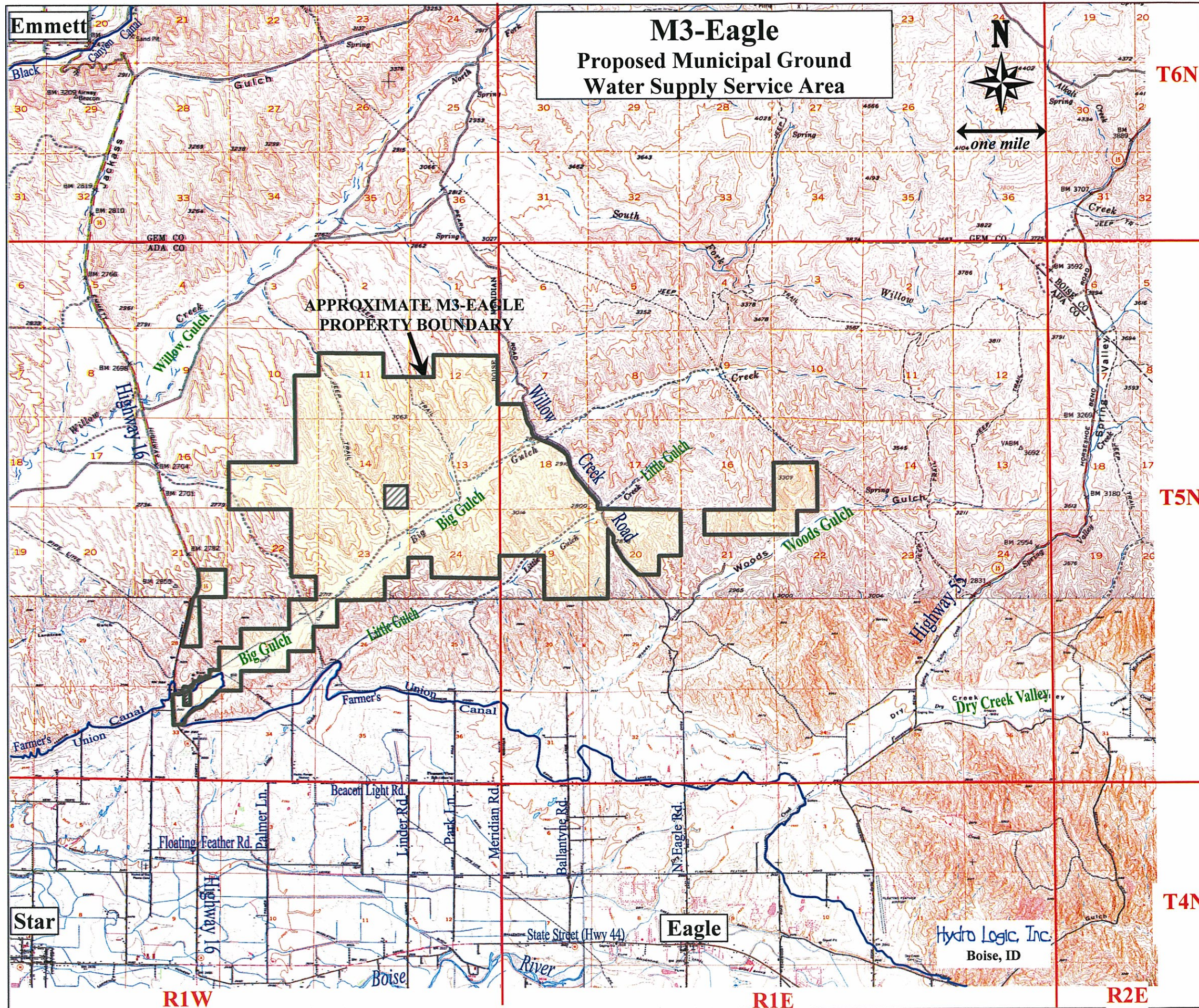


Exhibit 2. Location map showing the approximate boundaries of the proposed M3 Eagle planned community in the north Eagle foothills. The area within the dark grey borders, owned by M3 Companies, Inc., is proposed as the municipal service area for the applied for municipal ground water right under this application. A total of twenty-four (24) Points of Diversion (wells) are proposed to be located within the municipal Place of Use including fifteen (15) new wells and Twelve (12) existing wells. New well locations are proposed to be determined on a case by case basis and upon hydraulic testing of each new well as it is constructed to achieve optimum well field spacing and the minimum number of wells necessary to provide the needed water supply.

Township and range boundaries are denoted in red, and the approximate boundary of the development is gray with yellow shading.

Base map is (1:62,500 scale) USGS 15 minute map.

Exhibit 2.

3

-  Residential Rural
-  Residential Estate
-  Residential One
-  Residential Two
-  Residential Three
-  Residential Four
-  High Density Residential
-  Transitional Residential
-  Village Center
-  Mixed Use
-  Professional Office
-  Business Park
-  Central Business District
-  Commercial
-  Eagle Island Special Use Area
-  Public/Semi-Public
-  Industrial
-  Scenic Corridor
-  Floodway

NORTHERN RESIDENTIAL AREA
2,760 AC.

COMMUNITY CORE
636 AC.

SOUTHERN RESIDENTIAL AREA
2,114 AC.

HIGHWAY MIXED USE
BUSINESS PARK
88 AC.

BLM
815 AC.

SOUTHWESTERN
RESIDENTIAL AREA
407 AC.

EAGLE REGIONAL PARK

80 ACRE WILLOW CREEK
ROAD REGIONAL
OPEN SPACE CORRIDOR

M3 EAGLE REGIONAL
OPEN SPACE - BLM EXCHANGE AREA

EAGLE
REGIONAL
PARK

M3 EAGLE SUB-AREA PLAN



4

**M3 EAGLE REGIONAL HYDROGEOLOGIC CHARACTERIZATION
NORTH ADA, CANYON AND GEM COUNTIES, IDAHO
YEAR-ONE PROGRESS REPORT**

May 4, 2007

prepared
for

**m3companies
M3 Eagle**

by

Hydro Logic, Inc.

- ¹ E. Squires
- ² M. Utting
- ³ L. Pearson

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ACKNOWLEDGEMENTS

Financial support and strong encouragement to provide significant and useful hydrogeologic information for the north Ada County area was provided by M3 Eagle, LLC. The M3 Companies understands and appreciates the significance of long term planning for water needs and has encouraged us to continue to expand the hydrological studies and models to provide confirmation of adequate and long term supplies for its project.

The authors would like to recognize the thorough and timely peer reviews of this report by Dr. S.H. Wood of Boise State University, Dr. Jim Osiensky of the University of Idaho, and Jeff Fereday of Givens-Pursley LLP. We appreciate all of their good comments and edits; all of which were taken into consideration and incorporated where applicable.

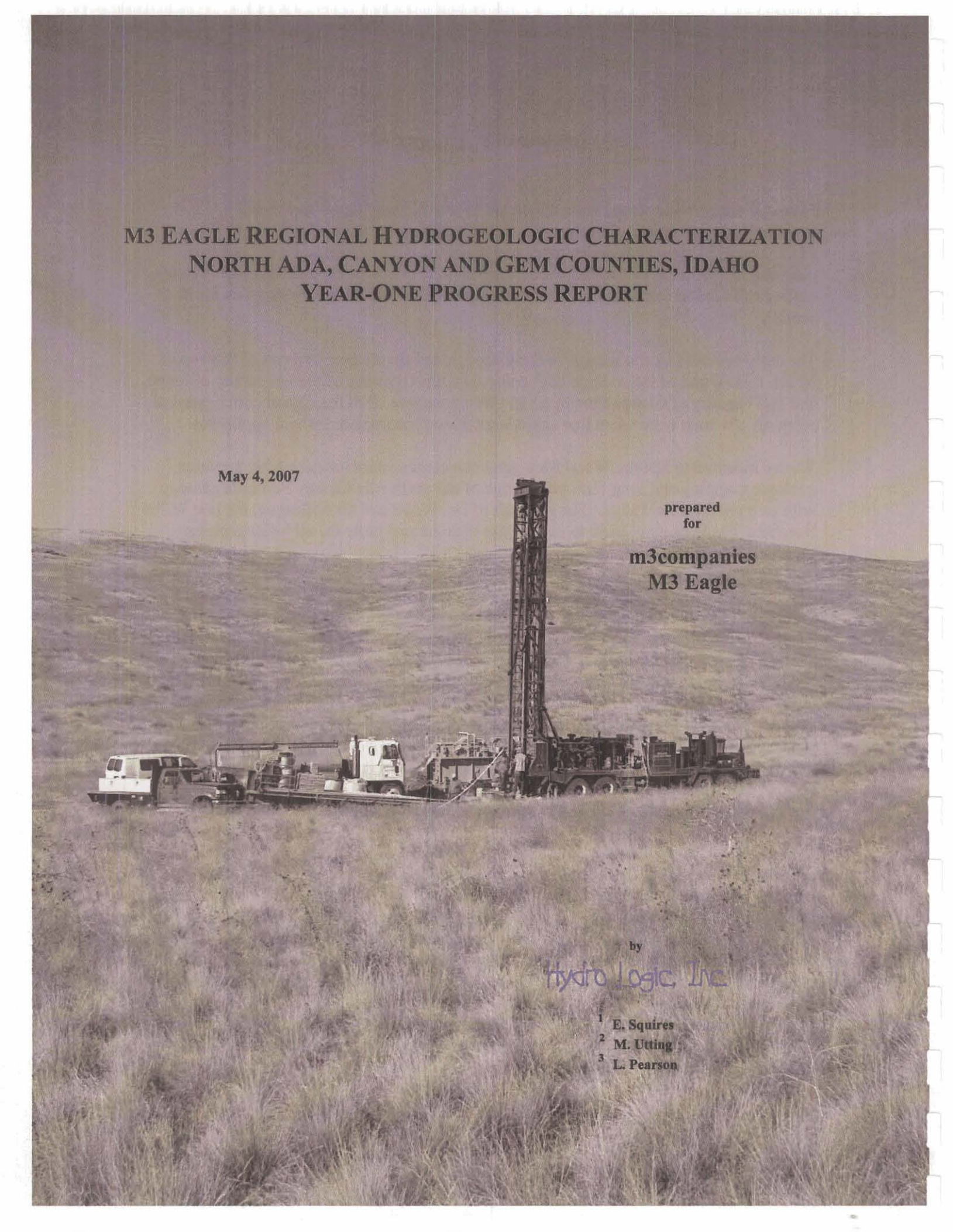
We are indebted to Spence Wood for a generous commitment to sharing his previous geologic mapping and long-term knowledge of the north Ada County Foothills geology with us on several field trips. The research of Dr. Wood and his colleague, the late Willis Burnham, has been invaluable to us and provides the real basis for all hydrogeologic investigations in this area.

For access to wells and sharing of other hydrogeologic and geophysical data, we are indebted to Greg Wyatt and Roger Dittus of United Water Idaho, Robert DeShazo of Eagle Water Company, the City of Star Idaho, Nancy Merrill of the City of Eagle, Brad Watson of the City of Meridian, Chris Duncan of Holladay Engineering, Co., Lynne Sedlacek of Eagle Sewer District, Bob Taunton of SunCor, Mike Moyle, and Brad Little.

A special recognition goes to the citizens of Eagle, Star, and north Ada County for their wholesale willingness to allow us access to measure domestic wells in the area. Of over 200 wells measured, we were refused access to only a single well. Not only are the residents willing to help and contribute to this study but they have indicated a strong desire to better understand the water resource in the area in the face of rapid growth.

George Post, Chance Chandler, and crew, of Treasure Valley Drilling deserve much credit for their excellent work with the exploratory drilling and construction of the difficult and very technical M3 Eagle multi-level tube wells. David and Daniel McLeran of McLeran Well Drilling were likewise instrumental in rehabilitating several of the older wells in the area for testing and in developing the test wells drilled and completed by SunCor / Spring Valley Ranch. Steve Cook and Scott Astle of Layne of Idaho deserve our thanks for facilitating several aquifer tests that will be described in future reports.

Last, but not least, we are thankful for the insights and guidance offered by Sean Vincent of the Idaho Department of Water Resources during our previous meetings and field trip to the north Ada County foothills.

A photograph of a drilling rig in a field. The rig is a tall, dark metal structure on a trailer, with a white van and a white truck parked nearby. The background shows a hilly, grassy landscape under a clear sky.

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NORTH ADA, CANYON AND GEM COUNTIES, IDAHO
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M3 EAGLE REGIONAL HYDROGEOLOGIC CHARACTERIZATION NORTH ADA, CANYON AND GEM COUNTIES, IDAHO YEAR ONE PROGRESS REPORT – MAY 4, 2007

Overview

Hydrogeologic studies commissioned by M3 Eagle in the North Ada County area have delineated a highly productive regional sand aquifer with good water quality that underlies the area near Eagle and Star and the proposed M3 Eagle planned community. This aquifer, herein named the Pierce Gulch Sand Aquifer, underlies the north Ada County Foothills where it extends continuously from the Eagle-Star area to the Payette River Valley. Because the Payette Valley near Letha is almost 300 feet lower than the Boise Valley near Eagle, ground water flows out of the Boise River Basin and into the Payette River Basin through the sands of this aquifer. This conclusion is supported in this report by corresponding water level measurements in wells, by several exploratory test well drilling projects, by borehole geophysical surveys, and by other hydrogeologic analyses. Because the Pierce Gulch Sand Aquifer underlies this area, it appears highly likely that the M3 Eagle planned community will be able to develop its entire water needs from beneath its site without transporting water from the Valley areas of either basin. Extensive water-level monitoring in the area shows water levels in wells to be stable under current levels of use. The ground water proposed to be withdrawn by M3 Eagle for its development will be from subsurface flow that has already departed the Boise Basin, on its way to the Payette Basin, so that impacts to existing area water users in the lowlands near Eagle are predicted to be small. M3 Eagle has already implemented a significant ground water monitoring program to document aquifer conditions prior to development and to be able to assess any future impact to the aquifer from its proposed withdrawals over time. M3 Eagle is committed to continue its monitoring of aquifer pressures throughout the proposed development and beyond build out. Hydro Logic, Inc. has been commissioned by M3 Eagle to provide additional water studies to include future aquifer tests, numerical modeling, and ground water geochemistry modeling.

Introduction

Scope of Work. Hydro Logic, Inc. (HLI) was hired by M3 Eagle in March of 2006 to conduct a regional scale hydrogeologic characterization study to determine the ground water development potential for a proposed 8,160-unit planned community in the foothills area north of Eagle, Idaho. M3 Eagle's regional water study is divided into the following five sections: 1) characterization of the hydrogeologic framework, 2) aquifer testing and characterization, 3) development of a long-term water level monitoring network, 4) geochemical modeling, and 5) numerical modeling. Progress and findings for all five sections of the investigation are discussed below. This interim progress report concludes with a Summary of Preliminary Conclusions developed to date (April 1, 2007).

The ground water study was commenced to evaluate where and how the M3 Eagle project could obtain adequate water supplies for its proposed development. As such, it is a regional scale study intended to provide a broadened understanding of the aquifer system for the entire Eagle community and a larger regional area. All analyses conducted to date by HLI indicate a high likelihood that adequate ground water supplies are present beneath the M3 Eagle site to support the planned community without importing water from outside the area and without causing unreasonable impacts to existing water rights. A final comprehensive report for the study is being developed as supporting documentation for M3 Eagle's municipal water right application to the Idaho Department of Water Resources (IDWR), filed November 21, 2006. The preliminary findings of this study are set forth in this report in keeping with M3 Eagle's intentions to ensure that the public is well informed of its on-going studies and interim conclusions. We particularly want to inform the City of Eagle's Planning and Zoning Commission, the City of Eagle's Mayor and Council, the City of Star, United Water Idaho, Inc., Eagle Water Company, the IDWR, NACFA, and other water users in the Eagle area of Hydro Logic, Inc.'s findings to date. On behalf of M3 Eagle, HLI will be continually updating these findings and providing the results to all interested parties through ongoing presentations and reports such as this one.

Study Goals. An extensive hydrogeologic characterization program has been conducted by a number of entities on behalf of M3 Eagle as part of its plan to develop 6005 acres in the foothills north of Eagle, Idaho (see Figure 1). This program, commenced in March, 2006, has used the services of Hydro Logic, Inc., the University of Idaho, and Boise State University to develop an in-depth understanding of the groundwater flow system over an area extending from south of the Boise River near Eagle to north of the Payette River near Emmett. In addition, HLI has reviewed all available hydrogeologic studies completed to date and all available well information, from the region.

The purposes of M3 Eagle's water studies are to:

- 1) Develop an understanding of the three-dimensional hydrogeologic framework beneath the area
- 2) Assess the groundwater development potential for the planned community
- 3) Describe and quantify the occurrence and flow of groundwater throughout the study area
- 4) Provide data and scientifically-based conclusions to accompany M3 Eagle's water right request to IDWR for a supply that will average about 7.5 million gallons per day (mgd), equivalent to an average annual diversion rate of about 3,600 gallons per minute (gpm), at the end of the planned 20-to-30-year period of development¹.
- 5) Assess the impacts to existing wells from the proposed M3 Eagle water development.
- 6) Assess the total ground water development potential within the study area.

¹ This diversion rate is based on preliminary engineering assessments that are based on preliminary housing densities that are under discussion with the City of Eagle. This rate may be changed for future analyses.

This Report. This first-year Progress Report presents an overview and the major findings to date of the HLI ground water studies. A comprehensive report is anticipated to be completed in time to be presented in support of IDWR's review of M3 Eagle's water right application. HLI's comprehensive report will contain the supporting data files and findings based upon additional well tests, hydrological data collected from additional well studies and completion of a ModFlow numerical model. In the mean time, and as the water study progress, additional reports will be issued to document and present refinements of the findings presented here.

Hydrogeologic Framework

Pierce Gulch Sand Aquifer. This study has determined that a significant regional sand aquifer underlies the M3 Eagle site. All hydrogeologic evidence obtained to date indicate a high likelihood that all of the water needed for the planned development is available from beneath the M3 Eagle properties utilizing 6-to-10 on-site production supply wells. The Pierce Gulch Sand Aquifer consists of a 150-to-275-foot thick sequence of stratified sand layers with inter-bedded thin and locally discontinuous layers of silt and clay. The base of the dipping aquifer is typically 480-to-700 feet deep beneath land surface of the M3 Eagle site. The aquifer sand thickens and descends deeper beneath the land surface to the south and southwest in the Eagle-Star-Meridian area and is believed to do the same to the northwest toward Payette River. The Pierce Gulch Sand Aquifer is a very productive aquifer as evidenced by the many large bore production supply wells which are completed into it including the City of Star's wells, the City of Eagle's wells, and the public water utility wells of United Water Idaho and Eagle Water Company, all located throughout the area (see Figure 5).

Geophysical Log "Signature". Natural gamma-ray, single-point resistance, and electrical resistivity borehole geophysical logs of exploratory test wells and of water wells in the greater Eagle-Star-M3 area show a clear and identifiable "geophysical signature" of the basal sand section of the Pierce Gulch Sand Aquifer and the underlying sediments of the Terteling Springs Formation (Figure 2). This signature is characteristic of the thick sand sequence originally deposited as river and lake sediments in an ancient lake system (referred to as "Lake Idaho," by geologists) that formerly occupied what is now the Boise-Snake-Payette River Basins. This sand sequence is the same 250-ft thick medium-to-coarse grained sand unit that caps the foothills to the east of Eagle, named the Pierce Gulch Sand Member of the Idaho Group of formations (Wood and Clemens, 2002; Wood, 2004). The entire sedimentary sequence has dropped downward several hundred feet by structural faulting and now lies buried beneath the Boise River Valley and much of the western Snake River Plain where it is more difficult to identify and map. The geophysical signature recognized in this study (see Figure 2) provides a new means to map the areal extent of the aquifer over a vast area. We now know that the Pierce Gulch Sand Aquifer is the same aquifer that supplies the Eagle-Star-Meridian area and extends northwest beneath the M3 Eagle site to the Payette River Valley at least as far west as the City of Payette.

Extent of the Aquifer. The Pierce Gulch Sand Aquifer is bounded on its northeast side by the geologic fault system shown in Figure 3, originally named the West Boise-Eagle fault by Wood and Anderson (1981). The base of the aquifer is underlain (and bounded) by the thick clays and

mudstones of the Terteling Springs Formation. The base of the aquifer shown in Figure 3 is inclined about 100 ft per mile downward to the southwest. This structural dip explains why the municipal wells in Star are deeper than they are in Eagle. In the Boise River Valley near Eagle and Star, the Pierce Gulch Sand Aquifer is overlain by clays, some other minor sand aquifers, and a shallow surficial flood-plain-gravel aquifer (the present day floodplain of the Boise River). Beneath most of the M3 Eagle site, the aquifer is overlain by clay layers with no shallow surficial aquifer present. Figure 4 shows a simplified conceptual diagram of the regional aquifer. The figure is a cross-sectional schematic of the aquifer beneath the Boise River Valley extending to the Payette River Basin. The West Boise-Eagle Fault and the projection of the contact between the bottom of the aquifer and the underlying clay are also depicted on this “block” diagram.

Willow Creek Aquifer. A foothills aquifer, informally named the “Willow Creek Aquifer” (SPF, 2004) is a thick sand sequence that overlies granite and volcanic bedrock in the area northeast of the West Boise-Eagle fault system. Hydro Logic, Inc.’s concept of this aquifer is shown in Figure 5. It is an older geologic unit and stratigraphically deeper (older in time) than the Pierce Gulch Sand Aquifer. It is probably correlative to the sand facies of the Terteling Springs Formation described by Wood and Clemens (2002). The Willow Creek Aquifer consists of highly permeable sands and gravels (SPF, 2004) that appear to us to be bounded by (or grade laterally into) the clays underlying the Pierce Gulch Aquifer to the southwest and bedrock lying to the northwest of a major regional fault system, shown in Figure 3. The upper part of the Willow Creek Aquifer is exposed along the upturned section near the West Boise-Eagle fault system and in the foothills northeast of the fault. The approximate areal extent of this aquifer is shown by the shaded-turquoise region of Figure 6.

Hydraulic Interconnection Between Aquifers. In the Big Gulch area, the Willow Creek Aquifer has water levels that are more than 150 feet lower than water levels in nearby wells of the Pierce Gulch Sand Aquifer, as shown by the triangular water level symbols in Figure 5. The measured offset in water levels in the two aquifers is shown to occur over horizontal distances as short as one-quarter mile, suggesting a hydraulic disconnection between the two aquifers. The geochemistry of the ground waters in the two aquifers is also very different (see the section below on Geochemical Modeling). The differences in water levels and water chemistry, in concert with low-permeability clay strata between the two aquifers demonstrate that the Willow Creek Aquifer is distinct and separate from the Pierce Gulch Sand Aquifer. The differences in water chemistry also show that ground water in the Pierce Gulch Sand Aquifer does not flow in significant quantities to the Willow Creek Aquifer. The limited and bounded areal extent of the Willow Creek Aquifer, its high pumping lifts and associated energy costs, and the small amount of available recharge serves to limit its potential as a source for significant groundwater supply. The SPF (2004) report estimated that the total recharge to this aquifer is 3,300 acre feet annually (equivalent to about 3 million gallons per day or 2,000 gallons per minute). SPF estimated that a fourth of this recharge is from direct infiltration of precipitation and the remainder from up-basin runoff or ground water underflow source (a highly speculative conclusion in our opinion). In contrast, the Pierce Gulch Aquifer is areally extensive, benefits from a strong source of recharge from the southeast from surface water irrigation diversions and the upper Boise River and has the additional advantage of reasonably high water levels with relatively low pumping lifts.

Sub-Surface Cross-Section. Figure 5 presents one of thirteen cross-sections of the subsurface geology developed as part of the characterization program using existing well data. (The other cross-sections will be included in a future report). The line of section for this cross-section for this sketch, which shows HLI's interpretation of the regional aquifer beneath the M3 site, is shown on Figure 1. The cross section depicts the Pierce Gulch Sand Aquifer dipping to the southwest and rising to the northeast where it projects to ground surface between Spring Valley Ranch test wells #6 and #7 in Big Gulch. The dashed green line in Figures 3 and 4 represents the approximate position of the base of the Pierce Gulch Sand Aquifer where it crops out at land surface.

Pierce Gulch Sand Aquifer Characterization

Conceptual Model. Using the derived aquifer transmissivity values and the measured water levels in wells to derive a ground water gradient, our analyses indicate that 20 to 30 mgd (million gallons per day (equivalent to approximately 22 thousand to 34 thousand ac ft/yr. (acre feet per year)) of ground water currently flows in a northwesterly direction through the Pierce Gulch Sand Aquifer beneath a five-mile wide strip of the M3 site between State Highway 16 and the inferred edge of the pierce Gulch Sand Aquifer (shown as a dashed green line on Figure 6). This quantity represents three to four times the projected demand at build out. The five mile swath approximates the expected width of the capture zone (cone of depression from pumping) for M3-Eagle's proposed on-site production wells. This ground water flows from south of Eagle and areas south of the Boise River toward the Payette River Valley where it ultimately discharges. Most of this groundwater originates as recharge in the east and south Boise regions augmented by leakage from canals south and east of Meridian and recharge from the Boise River in the Boise area. There is likely some localized shallow aquifer recharge from area canals such as the Farmers Union Ditch and from flood irrigation although these sources are believed to recharge only the uppermost floodplain terrace gravel in the lowland Eagle area and ultimately discharge quickly to the Boise River. This localized recharge is not believed to be significant to ground water flow beneath the M3 Eagle site. Contrary to popular notion, the deeper (Pierce Gulch) aquifer is not recharged by the Boise River in the Eagle-Star area. In fact, the opposite is true. Owing to the upward ground water gradient in the area (increasing potential with depth) the Boise River actually gains water from the aquifers underlying it. It is this upward ground water flow from below that makes the River a "gaining stream" in the Eagle reach and also is the source of Eagle's many flowing artesian wells, as discussed in Petrich and Urban (2004).

Ground Water Flow Direction. Figure 6 indicates the general ground water flow directions and water level contours for the Pierce Gulch Sand Aquifer, the Willow Creek Aquifer and the undifferentiated localized aquifer(s) within granitic and volcanic rocks and local sedimentary aquifers of the foothills to the northeast of the M3 site. These contours were generated from data derived from two sources. The first and primary source is a series of 167 water levels measured by HLI and the University of Idaho in the M3-Eagle-Star vicinity during the summer of 2006. The second source of water level data is from IDWR's on-line data base, for wells located further away from the project area. The IDWR data consists of levels measured by IDWR and levels reported on Well Driller's Reports. Our level of confidence in the interpretation of ground

water flow in the area where HLI collected water level data (the Eagle-Star-M3 area) is much higher than in the regions to the west (the Caldwell-Meridian and northward area). Lower confidence is noted by the dashed contour lines in the regions of less reliable (driller) data.

The combined water level data are contoured to show the potentiometric surface with arrows indicating the inferred ground water directions, based on ground water flow at right angles to the contours (ground water flow from higher pressure levels to lower pressure levels). The water level contour map illustrates that although the Willow Creek Aquifer is adjacent to the Pierce Gulch Aquifer, only small quantities of ground water flow from the Pierce Gulch Sand Aquifer to the Willow Gulch Aquifer. In our conceptual model, low-permeability clay and mudstone strata underlying the Pierce Gulch Sand Aquifer significantly restricts ground water flow to the Willow Creek Aquifer; the steep hydraulic gradient (close to 1.0) between the aquifers in the Big Gulch area notwithstanding. The contours shown for the Willow Creek Aquifer, and the undifferentiated upland zone in the northeast, are only approximate because of the limited number of water level data points available for contouring.

Interbasin Transfer of Ground Water Under Natural Gradients and Recharge. Prior to the HLI study, the prevailing conceptual models indicated that recharge to the ground water system beneath the Eagle area originated primarily in the foothills to the north and east of Eagle (Petrich and Urban, 2004; and SPF, 2004). In HLI's view of ground water flow (conceptualized on Figure 7), the previous conceptual models are incorrect. In other words, regional ground water *does not* flow from the uplands in the northeast to the valley in the southwest. Instead, ground water flows from southeast to northwest beneath the City of Eagle and the M3 Eagle site through the Pierce Gulch Sand Aquifer because the northwest ground water flow gradient is toward the Payette Valley. The gradient is driven by the higher pressures ("head" or water levels in wells) in the aquifer to the south beneath the Boise Valley and the lower aquifer pressures in the aquifer to the northwest beneath the Payette Valley. The water levels in the aquifer beneath the Payette Valley are lower because the land surface of the Payette Valley near Letha is about three hundred feet lower than the Boise Valley near Eagle (see Figures 7). The existence of significant ground water flow from the Boise Basin to the Payette Basin was discounted by Newton (1991) and again by Petrich and Urban (2004) although Urban acknowledges (personal communication, 2007) that he believed such an exchange could happen, "there just was not sufficient data at that time to substantiate it".

Vertical Gradients and Confining Conditions. Although Figure 6 shows the general horizontal components of ground water flow in the region, vertical flow gradients are not yet fully understood and are not illustrated in this report. A significant observation, however, is that there is an upward vertical gradient within all three of the test well piezometer nests drilled beneath the M3 Eagle project site, as part of the HLI characterization study. Even though these vertical gradients are relatively small (typically less than a foot difference over a vertical difference of 100 to 200 feet), the upward gradient indicates that ground water beneath the M3 Eagle site is under similar confining conditions to those in the Eagle-Star Valley areas. These measured vertical gradients that exist in the foothills region also serve to refute the prevailing notion of the foothills as a recharge area for the City of Eagle's water supply. Because the M3 Eagle project site ground surface is at higher elevations than the Valley, water levels in upland wells of the

Pierce Gulch Aquifer do not rise to the surface and flow as they do throughout the lowland areas of the Cities of Eagle, Star and Meridian. Figure 7 shows this relationship with aquifer water levels (“potentiometric surface”) above the Boise and Payette Rivers but below ground surface beneath the M3 Eagle site and adjacent uplands.

Aquifer Transmissivity. HLI analyzed the data from fifteen well pumping tests of other workers in the study area (including three on the M3 Eagle site). The locations for the analyzed wells (including selected observation wells) are shown in Figure 8. These analyses indicate that individual well yields from the Pierce Gulch Sand Aquifer are high – in excess of 1,000 gpm and at some locations as high as 2,000 gpm. The calculated transmissivities (a property that helps to quantify how much water can flow through an aquifer) for the entire aquifer thickness are estimated by us to be on the order of 100,000 gallons per day per foot (gpd/ft) and in some areas values of 200,000 gpd/ft and higher were derived. Figure 8 shows eighteen calculated transmissivity values in map view by location for the various tests. Several of the tests included multiple observation wells which allowed evaluations of transmissivity at more than one location per test. The range of calculated transmissivity values compare reasonably well with those of Baker (1991) for the Eagle area. HLI’s analyses for the fifteen pumping tests will be released by M3 Eagle as a separate, stand-alone report in the near future.

Large values of aquifer transmissivity indicate that the draw down (cone of depression) of a pumping well will translate into relatively smaller water level/pressure declines around and at distance from the pumping well and that the decline will be spread over a larger area. In other words, large transmissivity generally results in smaller impacts (well interference effects) to other wells in the area. Because of the relatively undeveloped foothills area surrounding the proposed M3 Eagle development, and also because a one mile wide strip of BLM desert land separates the M3 Eagle site from the City of Eagle, interference effects to existing domestic wells are lessened simply due to the distances to nearby wells. The largest potential for interference effects to existing wells is on the west side of the M3 Eagle lands near State Highway 16. Although the actual extent of any future impacts cannot be truly known until actual pumping wells are in place, M3 Eagle has constructed a multi-level monitoring well at this location. This piezometer nest and several other local domestic wells are being measured, and will continue to be measured to determine the extent of any well interference impacts that do occur. It is anticipated that M3 Eagle will drill, construct, and test a large bore supply well within the next six month period.

Aquifer Storativity. Figure 8 indicates computed short-term and estimated long-term storativity coefficients calculated for the greater project area. Storativity is an aquifer property that indicates how much water is released from the aquifer to a well when it is pumped. The results of the short-term pumping tests (a few days or less) all indicate storativities on the order of 0.001 or less, demonstrating “confined to semi-confined conditions.” Confined conditions generally cause the effects of pumping to be spread out relatively rapidly from the pumping well and over a large area, as water is drawn toward the pumping well. Confined conditions can also mean that the effects of pumping would be somewhat-to-completely attenuated in overlying aquifers. A confining layer, typically lower-permeability clay and/or mudstone, allows only minor leakage across the stratigraphic layering such that the effects of pumping take longer to reach the

overlying shallow ground water zones. In other words, a clay layer between two aquifers slows down and reduces the draw down effects in one aquifer when the other aquifer is pumped.

Two longer-term aquifer tests have been conducted in the Eagle area (CH2M-Hill, 1991, Holladay Engineering Company, 2006). HLI's re-analysis of these tests, generated aquifer storativity values of 0.01 and higher, indicating "semi-confined" to "unconfined conditions" under longer-term pumping. The larger storativities with longer-term pumping indicate that the confining clay layers are likely discontinuous over a broad region allowing the draw down pressure gradients from the pumping well to propagate upwards into shallow less confined-to-unconfined aquifers and/or surface water sources with the result that the water level in the pumping well ceases to draw down under continued pumping. In other words, the cone of depression ceases to expand so that interference effects to surrounding wells are arrested.

High-quality long-term pump testing has not yet been conducted beneath the M3 Eagle site. However, hydrogeologic data from two of the M3 Eagle exploratory test wells indicate the northeast edge of the aquifer is defined by an unconfined water table or a water level that is only slightly above the overlying (confining) clay. These conditions suggest that long-term pumping could lead to unconfined conditions near some of the proposed M3 Eagle pumping wells in the Pierce Gulch Sand Aquifer. Pumping under unconfined conditions generally results in smaller interference effects to other wells in the area, especially to those at more distal locations (several miles), compared to pumping under confined conditions.

Predicted Impacts of M3 Eagle's Ground Water Development at Full Build-Out. We have used the results of the pumping tests to estimate the effects of yet-to-be-constructed production wells on the M3 Eagle site. The drawdown effects of each pumping well are additive. The impact at any given site or well location will be the sum of the impacts caused by all pumping wells. Figures 9 and 10 show the collective predicted drawdown (cone of depression) that could be caused by six hypothetical production wells completed in the Pierce Gulch Sand Aquifer on the M3 Eagle site. These proposed supply wells are labeled PS1 through PS6 in the figures. Based on the understanding that the Pierce Gulch Sand Aquifer is bounded along its northeast edge (as shown by the green line in Figures 9 and 10), the proposed well locations lie within the southwest portion of the M3 Eagle site, oriented at right angles to ground water flow. These locations and orientations were chosen to allow for an optimal yield while minimizing impacts to off-site wells. The actual well locations, total quantity of water pumped from individual wells, and the actual number of wells constructed will be determined as the water supply for the project is developed and as additional wells are drilled and tested. M3 Eagle's existing monitoring network will also be utilized to understand the impacts of newly completed wells to the aquifer system. The predicted drawdown interferences were generated using an analytical model that calculated drawdowns at one-mile centers within a 42 square mile area surrounding the M3 Eagle project. The predicted drawdowns within each one square mile area were then contoured to show lines of equal predicted drawdown-inference throughout the region shown in Figures 9 and 10. The model used the method of Theis (1935) and image well theory to replicate the effects of the pumping wells and the northeastern edge of the aquifer that acts as a no-flow boundary. A total of 12 wells were used in the simulation (six pumping wells and six "image"

wells). The image wells (not shown in the figures) were used to simulate the effects of the aquifer boundary.

The analysis used a range of transmissivity and storativity coefficients calculated from the fifteen pumping-test results for the Pierce Gulch Sand Aquifer. The best-case analysis was based on an aquifer transmissivity of 200,000 gpd/ft while the worst case used a transmissivity of 100,000 gpd/ft. This worst-case is based on lower values calculated from short-term pumping tests conducted in the regional aquifer while the best case is based on the upper-end values calculated from the long-term tests. The actual results are likely to lie somewhere between the two end-point predictions.

Two values of storativity were used in the analysis. A best-case value of 0.01 was used to represent semi-confined-to-unconfined conditions that have been observed during long-term testing and are likely to occur over a season of pumping. As a worst case, a value of 0.005 was used in the analysis. This value is slightly larger than those calculated from short-term test data but smaller than those calculated from the longer tests that better represent our best understanding of how the aquifer will behave during extended pumping. Since the Pierce Gulch Sand Aquifer is leaky and likely to become locally unconfined over time, we believe that the actual effective storativity will fall within the range of values reflected in the best- and worst-case analyses.

Figure 9 shows the predicted drawdowns at full M3 Eagle build out for the best (least drawdown) case scenario. This analysis indicates collective drawdowns of 6 to 8 feet are likely one mile from the project boundaries. Figure 10 shows the worst-case predictions with interference drawdowns on the order of 10 to 16 feet one mile from the project. Additional aquifer testing planned for summer of 2007 will help to refine these predictions. The actual real-world inference drawdowns will be measured and reported as the project develops. As new wells are put into service and the water demand increases over time, the in-place monitoring program (discussed below) will allow for actual measurement of interference drawdowns. Any potential impacts to the small number of domestic wells adjacent to the M3 Eagle site would be able to be predicted and identified through this monitoring program because M3 Eagle has commenced a monitoring program that includes wells in all areas of potential impact.

It should be noted that the predictions shown in Figures 9 and 10 are for wells completed into the Pierce Gulch Sand Aquifer and do not directly address impacts to shallow wells (most often domestic wells) that may be completed into overlying aquifer zones that are separated from the main body of the Pierce Gulch Sand Aquifer by low-permeability sediments (clay layers). Interference draw downs in wells completed within an overlying aquifer unit would be expected to be reduced in magnitude and delayed from those predicted in Figures 9 and 10. If the overlying aquifer is separated from the regional aquifer by a clay layer that is low in permeability, the interference effects of deeper pumping wells could remain small, or even be immeasurable over time, in wells completed into the shallower aquifer units. Conversely, if the layers separating the regional and shallow aquifer are leaky and permeable, interference in shallow wells could possibly approach the same levels as those predicted for wells completed in the Pierce Gulch Sand Aquifer after an extended period of pumping. With an eye toward

potential impacts to shallow domestic wells, M3 Eagle has constructed monitoring wells that monitor all saturated aquifer units at a given location to be able to assess the effects of deep well pumping to shallower sub-aquifer units. M3 Eagle's monitoring plan utilizes continuous measurements from digital data loggers with periodic calibration checks (hand measurements) rather than relying on a few "spot" measurements of a well through time. Therefore, on-going monitoring is in place to better assess impacts (if any) to shallow wells; even if such effects are delayed.

Domestic Wells. A records survey of over 1,600 domestic (single family household) wells in the greater project area from Eagle to Emmett shows that the preponderance of domestic wells are located up-gradient (toward Eagle and Star) from the M3 site (see Figure 11). That is to say, ground water flow in the aquifer encounters these wells first before flowing to the M3 site. Water levels would likely be lowered to some degree in some of these wells under long-term pumping, as discussed above. Wells close to the M3 site would be expected to be impacted to a larger extent than wells at a distance from the pumping centers. While it is conceivable that a few nearby wells may require mitigation to honor their pre-existing water rights, we believe that the existing water level monitoring network is adequate to predict such interference effects before anyone would experience an actual water shortage and M3 Eagle's proactive pre-development water level monitoring of local area domestic wells will be instrumental in assessing such interference effects. M3 Eagle is absolutely committed to mitigating unreasonable and damaging interference effects that would be a result of its water development whether this would require lowering of a pump in a nearby well and/or even deepening of the well in an extreme case.

Long Term Aquifer Monitoring

M3 Eagle Aquifer Monitoring. M3 Eagle commenced long-term monitoring of groundwater pressures (water levels in wells) in the Big Gulch and Little Gulch areas in March 2006. To date, three, multi-level, long-term designated monitoring wells have been installed and instrumented by M3 Eagle at a cost of over \$100,000 per well. Water levels at various depths of the Pierce Gulch Sand Aquifer are currently being monitored in these wells. Figure 12 shows the details of well construction for one of the M3 Eagle monitoring wells. In addition HLI is monitoring levels in five other Pierce Gulch Sand Aquifer wells in the area. As of February 2007, a total of 17 separate wells are being monitored with electronic data loggers by HLI for M3 Eagle. These data loggers have helped in the assessment of seasonal water level trends, changes in water levels caused by pumping and even changes resulting from changes in weather patterns and daily earth tides. These wells will provide good documentation of predevelopment aquifer water levels. They will also be used in longer-term aquifer testing in conjunction with one or more high-capacity test wells that will be installed at some future date. Local residents and well owners, along with IDWR, will be advised of the tests and invited to participate.

Other Monitoring. The United States Geological Survey (USGS), IDWR, United Water of Idaho (UWID), and others also are monitoring ground water levels in wells of the Eagle area. It is estimated that approximately 70 wells are currently being monitored in the uplands and lowlands

in and around the City of Eagle. In general, water levels in wells appear to be stable with no apparent declines over the last ten years. (Bendixsen, 2007).

This ongoing monitoring, along with additional pumping tests associated with new well installations, studies by faculty and students at the Boise State University, and numerical modeling by the University of Idaho, will allow for refinements in the understanding, and better management of the ground water system in the entire Eagle-Star-M3 area. As this understanding is improved, supplemental reports will be released by M3 Eagle to regulatory agencies and the public.

Ground Water Geochemistry Modeling

Drinking Water Quality. All ground water samples collected and analyzed from the Pierce Gulch Sand Aquifer indicate that water quality is excellent and will meet all state and federal drinking water standards. To date, HLI has collected and had analyzed eleven ground water samples from test wells M3-TW#1 and M3-TW#3 and the Kling Irrigation well. The results all indicate that ground water from the Pierce Gulch Aquifer beneath the M3 site meets the drinking water standards of the United States Environmental Protection Agency (USEPA) Safe Drinking Water Act and will require no treatment to meet the administrative rules of the Idaho Department of Environmental Quality (IDEQ) for Public Drinking Water Systems.

Geochemical Flow Paths. Comparison of ground water chemistry analyses for water samples from both the Pierce Gulch Sand Aquifer and the Willow Creek Aquifer, supports the conclusion that the ground water in the Willow Creek Aquifer cannot have evolved from the ground water in the Regional Aquifer. The ground water in the Willow Creek Aquifer has a much lower concentration of dissolved solids than the ground water from the Pierce Gulch Sand Aquifer. The dissolved solids in ground water tend to increase along a flow path, because of “residence time” that a given ground water is in contact with the aquifer host rocks. This is why the concentration of total dissolved solids is greater in the Pierce Gulch Sand Aquifer compared to the Willow Creek Aquifer. Figure 6 demonstrates that the flow path in the Pierce Gulch Sand Aquifer is much longer than the flow path in the Willow Creek Aquifer (longer residence time = ground water in contact with the aquifer rocks longer = more dissolution of minerals into the ground water). The water level contour map shows ground water flows through the Pierce Gulch Sand Aquifer from south of Eagle (and off the map) to the M3 Eagle site where the samples were collected, a distance of many miles. The highly bounded Willow Creek Aquifer has no such long-distance flow path. Instead, its ground water recharge is believed by us to originate mostly from the infiltration of local precipitation and from upland streams infiltrating the top of the unit; a theory shared in part by previous researchers (SPF, 2004). The flow paths, and thus the residence times, are much shorter for the Willow Creek Aquifer. These geochemical observations support our understanding of the ground water flow paths demonstrated by the water level contour map (Figure 6) and discussed throughout this report. Our preliminary geochemical analyses also support our contention that the Boise River near Eagle does not locally recharge the Pierce Gulch Sand Aquifer.

Natural Separation of Aquifer Waters. In addition to the measured total dissolved solids concentration, nitrate concentrations in the samples from the Pierce Gulch Sand Aquifer are elevated compared to those from the Willow Creek Aquifer. Nitrate is a conservative “tracer” in that it does not react or become significantly adsorbed onto the aquifer matrix along a flow path. The lack of nitrate in the Willow Creek Aquifer also appears to support our contention that groundwater does not flow *from* the Pierce Gulch Sand Aquifer *to* the Willow Creek Aquifer in any significant quantity, even through a steep water level gradient (much lower water levels in the wells completed in the Willow Creek Aquifer compared to the Pierce Gulch Aquifer) exists between the two aquifers. These ground water quality parameters support the conclusion that the two aquifer flow systems are, for all practical considerations, separate and that their source waters (recharge) are different. Ground water in the Pierce Gulch Sand Aquifer enters the M3 Eagle area primarily through underflow of ground water from southeast of Eagle while recharge to the Willow Creek Aquifer is primarily through limited infiltration of precipitation and runoff from the uplands to the northeast via intermittent streams and seasonal snowmelt.

Geochemical Modeling. As soon as the final geochemical analyses are available, the ground waters from selected well locations will be modeled using “the Geochemists Work Bench” software to obtain further insights into the regional ground water flow paths. The results and interpretations from this work will be included in HLI’s future comprehensive project report.

Computer Modeling

HLI has been working with the University of Idaho’s Department of Geological Sciences (U of I) to provide data for their use in developing a computerized numerical ground water flow model for the M3 Eagle development and surrounding communities. M3 Eagle commissioned the U of I to develop a detailed numerical model independent of HLI’s ongoing modeling efforts and has additionally funded a Master’s Thesis at U of I’s Department of Geological Sciences in response to a request by local-area residents to have an independent unbiased model constructed. All the data collected to date by the HLI team has been shared with the U of I modelers and regular review meetings are conducted. The U of I modelers have reviewed HLI’s conceptual understanding of ground water flow presented in this Hydrogeologic Characterization Progress Report and are using it in the development of their computer model. They are basing their model on “Modflow 2000,” the current *de facto* standard for regional computer flow models, developed by the United States Geological Survey and used extensively throughout the United States for regional modeling and aquifer management.

It is anticipated that the U of I model will be available for predictive use in 2008, although preliminary testing of hypotheses may be possible sooner. To be able to test our aquifer theories on an ongoing basis, HLI is simultaneously developing simplified models using a variety of software packages that will be able to be compared to the U of I model when it is completed in the future. It is anticipated in the mean time, however, that the HLI model simulations will be adequate and available to support M3 Eagle’s water right application pending before IDWR. The predictions made by the models will include estimates of general water level and flow changes that would be caused by the pumping of new wells drawing from the Pierce Gulch Sand

Aquifer. After the U of I model is completed in 2008, additional time-series data will likely be needed to verify model calibration. This verification would increase the certainty of model predictions, which at this time can only be based on the available data from the site and the greater Eagle-Star area. Additional planned aquifer testing and water level collection, followed by adjustment of the Modflow model to better replicate known hydrologic events, will improve confidence that the model can accurately predict long-term response to pumping. HLI and M3 Eagle intend for the model to be a predictive tool to assist in aquifer characterization. It is our conviction that the actual and real results from the aquifer testing and high quality monitoring of water levels in wells will provide the best information on the sustainability of the aquifer.

Preliminary Conclusions

Based on the work conducted to date, we present the following preliminary conclusions:

- 1) A single, regionally extensive aquifer underlies Eagle, Star and portions of the M3 project site.
 - a. The aquifer, designated the “Pierce Gulch Sand Aquifer” (after a significant geologic unit of the same name) underlies the M3 Eagle site. The aquifer has been delineated by a series of exploration test wells, surface geologic mapping, geophysical surveys, analyses of pumping tests, collection of water level data, ground water geochemical analyses, and computer modeling.
 - b. The aquifer is comprised of granitic sands, with inter-bedded thin and locally discontinuous clay layers, that range from 150 to 275 feet in total thickness in the project area.
 - c. The aquifer dips at low angles to the southwest so that it lies at a deeper level beneath land surface at Star than beneath Eagle.
 - d. The aquifer sands are approximately 275 feet thick under the M3 Eagle site but appear to thicken down dip to the southwest. The aquifer as a whole may be effectively “thicker” in terms of aquifer transmissivity in parts of the Eagle and Star area where overlying saturated zones are hydraulically interconnected.

- 2) Ground water in the Pierce Gulch Sand Aquifer flows beneath the Boise River, beneath the City of Eagle, and beneath the M3 Eagle lands from south of the Boise River, northwestward to the Payette River Basin.
 - a. The major source of ground water in the aquifer in the vicinity of Eagle is ground water underflow from areas south and east of the Boise River at Eagle.
 - b. This ground water originates as direct infiltration from the Boise River in the east-central Boise area and through leakage from irrigation canals south and east of Eagle.

- 3) The Boise River near Eagle and Star does not recharge the Pierce Gulch Sand Aquifer.
 - a. The Boise River receives discharge *from* the Pierce Gulch Sand Aquifer and a shallow surficial aquifer via the upward vertical ground water gradients that prevail within the Eagle area.

- b. The upward ground water gradient (increasing potential with depth) is most easily recognized in the preponderance of flowing artesian wells in the Eagle and Star areas and by the fact that the Boise River is a “gaining stream” in the Eagle reach.
 - c. Recharge that occurs through infiltrated precipitation, applied surface water irrigation, and from canal leakage in the Eagle area mostly enters the shallow surficial aquifer which lies above the Pierce Gulch Aquifer and is believed to drain to the Boise River without significant effect to the underlying deeper aquifers.
- 4) Water levels in wells completed within the Pierce Gulch Sand Aquifer appear stable at the current level of ground water withdrawal in the Eagle area.
- a. The monitoring of 70 wells by state and federal agencies, local water utilities, and others, show generally stable or rising water levels in wells (Bendixsen, 2007).
 - b. Water level monitoring by UWID, of a designated monitoring well completed into the Pierce Gulch Sand Aquifer at the intersection of State and Linder in Eagle, shows water levels to be constant for the last ten year period (Roger Dittus, personal communication, 2007). Perceived and/or alleged declines in above-ground artesian pressures of some local area wells are likely true in some cases but are considered to be most likely the result of poorly constructed (unsealed) air-rotary-drilled wells and corrosion of thin-wall steel casing used for most wells in the area historically. A “water level change map” of measured water levels in comparison to water levels reported on driller’s reports is planned for HLI’s comprehensive report.
 - c. A water level change map developed by HLI supports these conclusions where the only apparent pressure declines are where a well field of unsealed domestic wells allows artesian pressure to escape through unsealed annular spaces of air-rotary and cable-tool drilled wells.
- 5) Ground water in the Pierce Gulch Sand Aquifer under the M3 Eagle site is of excellent quality for all purposes.
- a. Tested waters meet all drinking water standards of the USEPA Safe Drinking Water Act.
 - b. No treatment will be required to use this water in a Public Drinking Water System under current Idaho Department of Environmental Quality’s administrative rules.
- 6) The Pierce Gulch Sand Aquifer is moderately to highly productive.
- a. Yields from properly designed and constructed wells are projected to be on the order of 1,000 gpm to 2,000 gpm (1.5 to 3 mgd) or more.
 - b. Calculated Transmissivity values from 15 pumping tests show a range from 30,000 gpd/ft to over 300,000 gpd/ft.
- 7) Sufficient quantities of ground water appear to be present beneath M3 to supply its development.

- a. At the current level of understanding of the aquifer it appears possible, if not likely, that the full M3Eagle water demand can be obtained from 6-to-10 on-site water supply wells.
 - b. At “full build-out” of the M3 project (20 to 30 years), a total average daily water demand of about 7½ mgd will be needed to supply the project or about 25 % to 30% of the 20 to 30 mgd daily flow underlying the property.
 - c. Based on the work completed to date, it is deemed unlikely that water would have to be transported from wells in the lowlands of the Valley near Eagle and Star to supply the proposed development.
 - d. Calculated northwest groundwater flow beneath a five-mile wide section of the Pierce Gulch Aquifer beneath the M3 area is on the order of 20 to 30 mgd.
- 8) Impacts to existing water users from the M3 Eagle development are expected to be few and small-to-moderate in magnitude.
- a. The majority of ground water proposed to be withdrawn by M3 Eagle, will be water that would have already departed the Boise Basin and become tributary to the Payette River Valley.
 - b. Most existing wells in the area are up-gradient in the flow system from the M3 Eagle site such that ground water flows to the Eagle area wells before it flows to the M3 site. After flowing beneath the M3 site, groundwater continues toward the Payette River Valley.
 - c. A best-case analysis using upper-end aquifer parameter values derived from numerous tests conducted in the Pierce Gulch Sand Aquifer indicate that reductions in water levels in wells one mile from the project boundaries caused by a six hypothetical supply wells, each pumping at 1,000 gpm well for 90 days, could be on the order of 6 to 8 feet.
 - d. A worst-case analysis using lower-end aquifer parameter values indicates these reductions could be on the order of 8 to 10 feet, one mile from the site.
 - e. The actual impacts will likely lie between these two analyses. Additional aquifer testing, scheduled for late summer 2007, and on-going monitoring are planned to refine these estimates of impacts to adjacent wells.
- 9) M3’s monitoring program is adequate to document the impacts of its water withdrawals.
- a. M3 Eagle has commenced long-term monitoring of aquifer water levels with the installation of three monitoring well nests and 17 electronic data loggers.
 - b. These loggers are currently collecting data from a total of eight wells, each monitoring one to five depth zones in the Pierce Gulch Aquifer, to measure and document the changes to the aquifer caused by M3 Eagle’s ground water development.
 - c. As each new supply well is added, additional monitoring and testing will be employed to assess the impacts to other groundwater users in the area as well as the ability of the Pierce Gulch Sand Aquifer to supply the needed water from wells completed on the M3 Eagle property.

- 10) Additional drilling and long-term pumping tests of one or more high-capacity supply wells are planned to better refine the properties of the Pierce Gulch Aquifer beneath the M3 Eagle property.
 - a. These studies will better predict long-term yield and impacts to existing wells.
 - b. Local well owners and IDWR will be advised of, and invited to participate in these tests.

- 11) The on-going monitoring, testing, and numerical ground water modeling and calibration will be used to refine the current understanding of groundwater flow and potential yield of the regional flow system that underlies the M3 site and the greater Eagle-Star areas.

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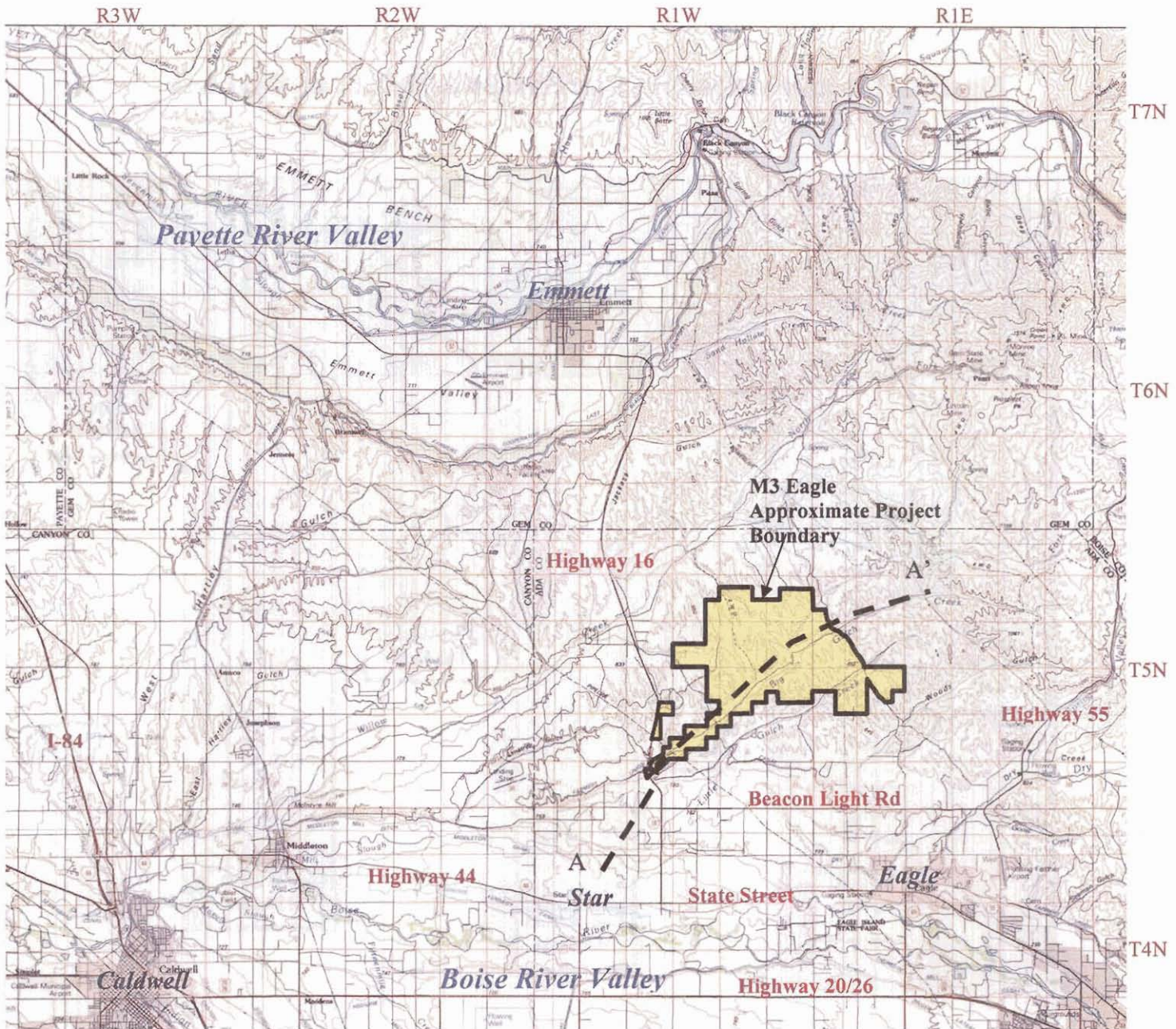
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6/08/07

FIGURES



April 30, 2007

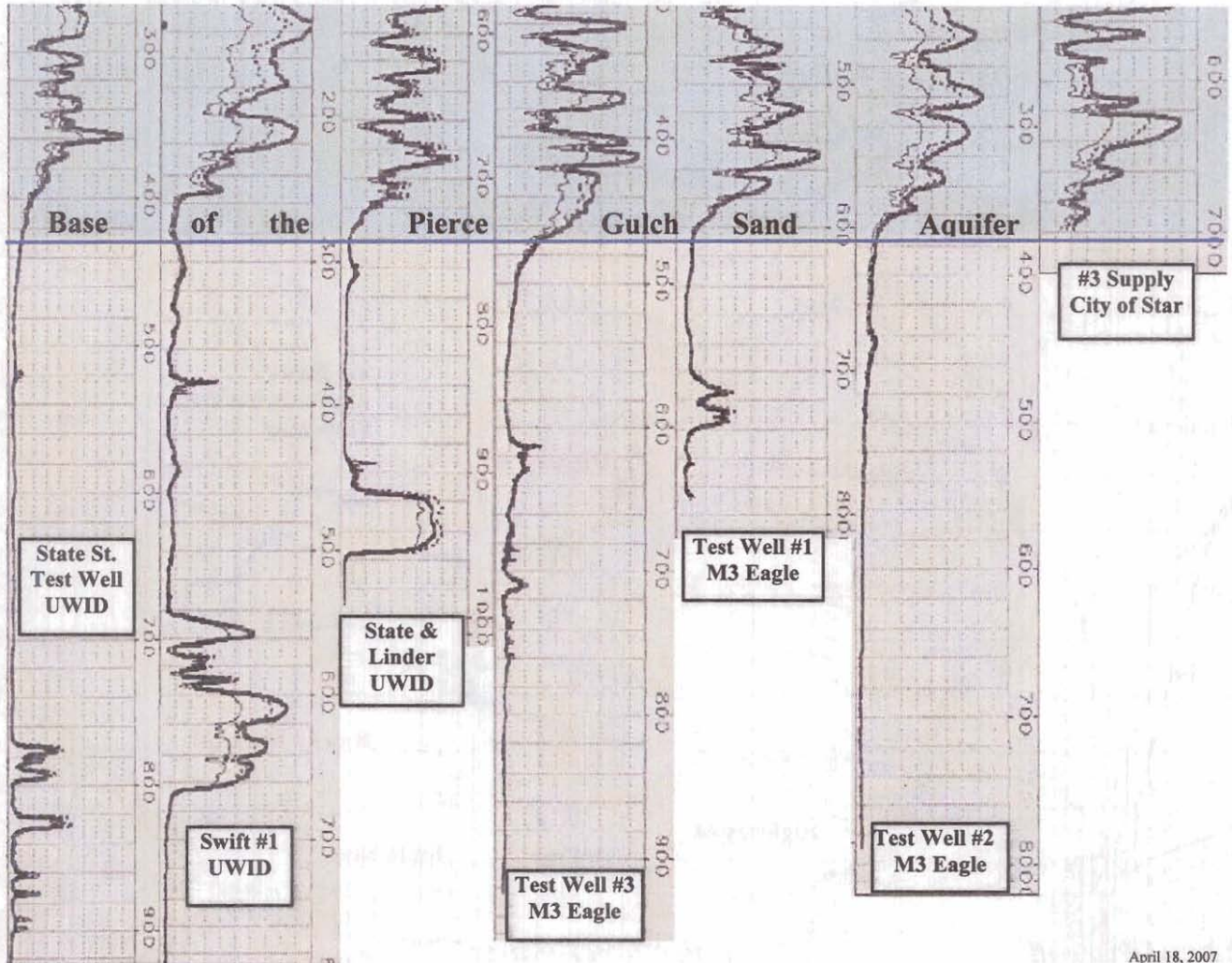
This regional map shows the location of the M3 Project and its relationship to Eagle, Star, the Boise River Valley, Payette River Valley and surrounding area.



Figure 1. M3 Eagle Project-Area Location Map

Figure 1.
 Hydro Logic, Inc
 Boise, Idaho

Figure 2. Geophysical Resistivity Logs From Seven Wells in the Eagle Area



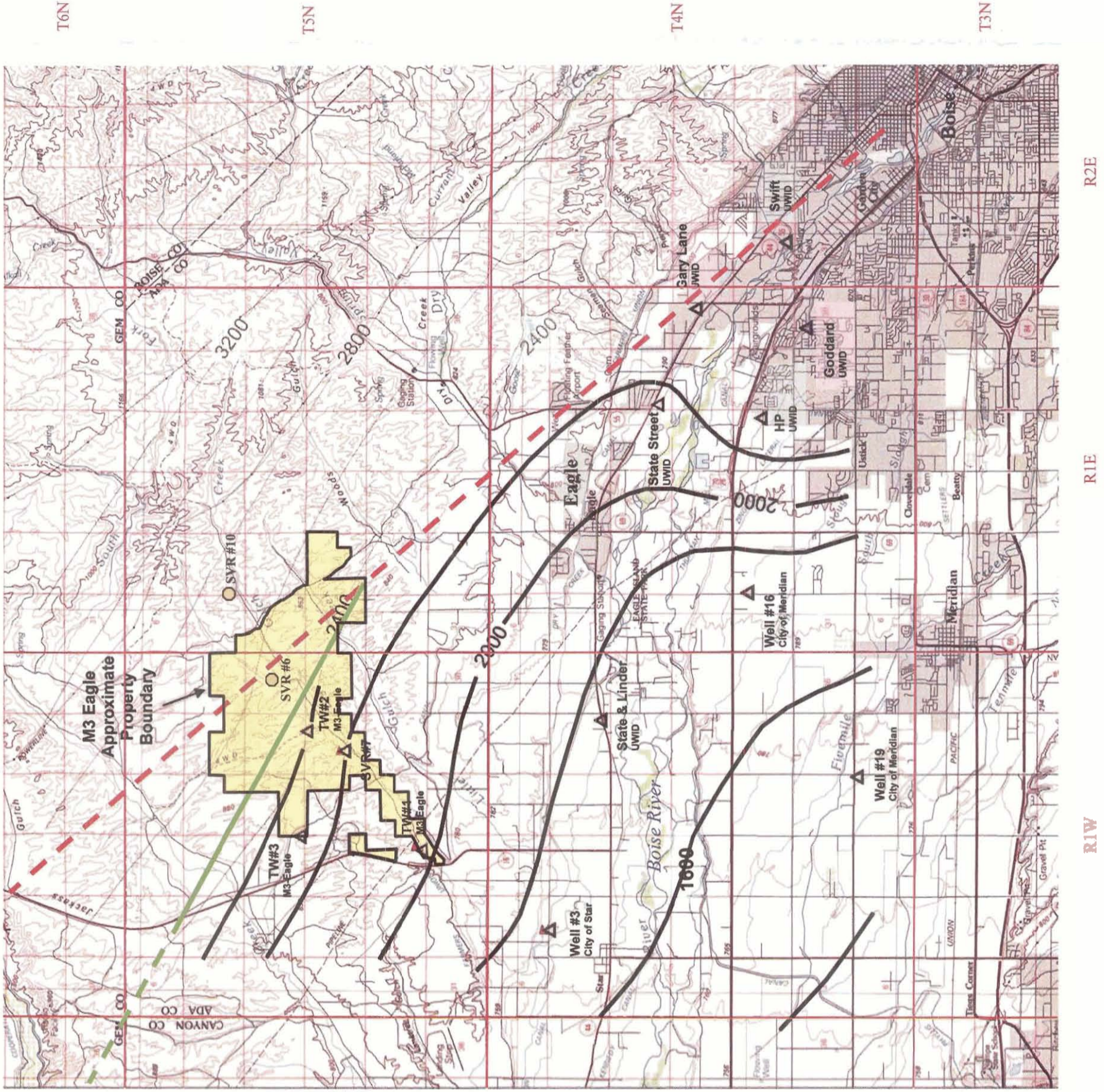
April 18, 2007

Normal resistivity traces at three electrode spacings show a consistent “geophysical signature” at 7 wells completed to different depths over a 50 square miles confirming the presence and base of the Pierce Gulch Sand Aquifer (regional aquifer) over the greater Eagle-Star-Meridian-M3 area. The borehole geophysical logs from these seven wells have been plotted side by side for clarity of correlation. In actual fact, the Pierce Gulch Aquifer is tilted so that it descends deeper below ground to the south and west as shown on Figures 3, 4 and 5. The geophysics also show a less extensive thin sand aquifer at depth beneath the Pierce Gulch Sand Aquifer. Wells completed into the lower sand unit have shown severe hydraulic boundary effects and poor-quality ground water for drinking water purposes.

Figure 2.

Figure 3. Contours on the Bottom of the Pierce Gulch Sand Aquifer In the Greater M3 Eagle Project Area

Structural contours of the base of the Pierce Gulch Sand Aquifer (regional aquifer) beneath the Eagle area north of the Boise River. The contours are based upon the analysis of drill-cuttings and borehole geophysical logs from thirteen test wells (see Figure 2). The contoured surface represents the base of the regional cold water aquifer. In other words, the occurrence of significant quantities of drinking-water-quality ground water is not likely beneath the contoured depths southwest of the red-dashed fault line.



Bottom elevation based on geophysical logging conducted by Hydro Logic, Inc.

GPS locations and ground surface elevations based on TOPO®

Data contoured using Surfer® then hand contoured to remove edge contouring irregularities introduced by gridding algorithms in Surfer®

Contour of Pierce Gulch Aquifer bottom (South of Fault and Geologic Contact) (feet asl)

2000

West Boise-Eagle Fault (inferred location)

Geologic Contact between Pierce Gulch Sand Aquifer and underlying mudstone facies of the Terteling Springs Formation (approximate location)

▲ Pierce Gulch Sand Aquifer Well With Geophysical Log

○ Well in Willow Creek Aquifer

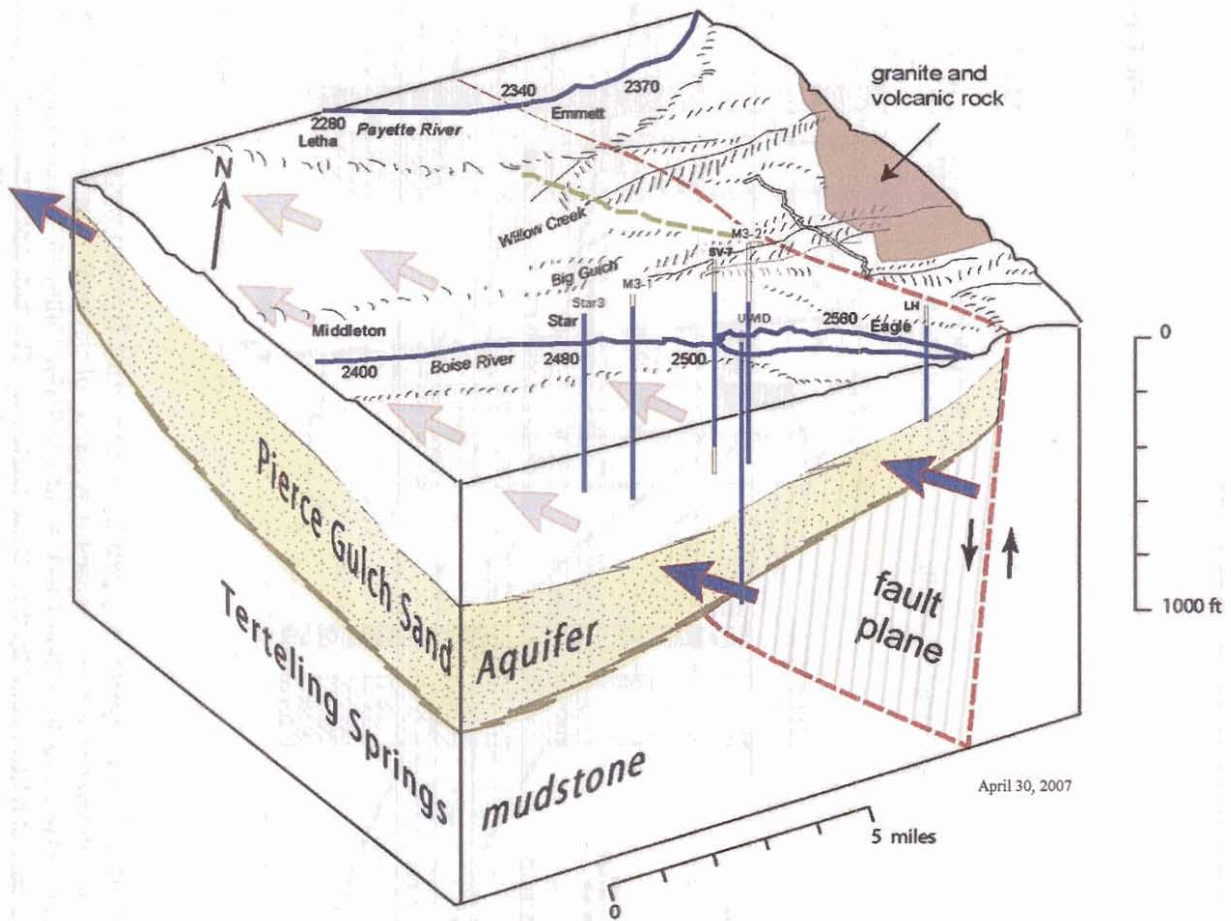
North ↑

Scale: 1 Mile = []

April 30, 2007

Figure 3.
Hydro Logic, Inc
Boise, Idaho

Figure 4. Conceptual Block Diagram of the Pierce Gulch Sand Aquifer.



Three-dimensional “block diagram” showing sub-surface geologic features between the Boise River Basin (near Eagle) and the Payette River Basin. The cross-sectional “cut-away” views depict the regional aquifer (Pierce Gulch Sand Aquifer) dipping away from the mountain front in a continuous layer between the Boise and Payette basins. The blue arrows indicate the NW direction of ground water flow through the aquifer from Eagle to the lower elevation Payette Valley. These arrows show that the Boise River does not recharge the ground water in the Eagle area owing to an upward ground water gradient (flowing artesian wells). The upward gradient results in the river being a “gaining” stream in this reach. The Pierce Gulch regional aquifer is actually recharged by the Boise River miles upstream from the Eagle area. The green dashed line across the land surface denotes the general locations where the dipping sand aquifer crops out at land surface. The red dashed line (plane) shows the West Boise-Eagle fault system that effectively truncates the sand aquifer on the northeast. Vertical blue lines show drilled depth and approximate location of several deep test wells into the aquifer.

Figure 4.

Hydro Logic, Inc.
Boise, Idaho

Figure 6. Preliminary Regional Ground Water Level Contours and Flow Directions

Water Level Data Sources:

M3 Project Area: Measurements Summer of 2006 by HLI and U of I

Other Areas:

Wells from IDWR Data Base. Locations / Elevations From Google Earth®, MapQuest® and TOPO®

Data "smoothed" by averaging of water levels in wells within 2,500-foot distances. Dashed contours where sparse or approximate data appear to yield contours that may or may not be representative.

Approximate Well Locations Used to Calculate Ground Water Flow Direction

Approximate Ground Water Flow Directions:



Water Level Contour Elevation in Feet MSL



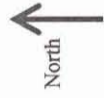
West Boise-Eagle Geologic Fault System



Contact between bottom of Pierce Gulch Aquifer and underlying mudstone facies of the Terteling Springs Formation (inferred location, dashed where speculative)



Scale: 1" = 1 Mile



April 30, 2007

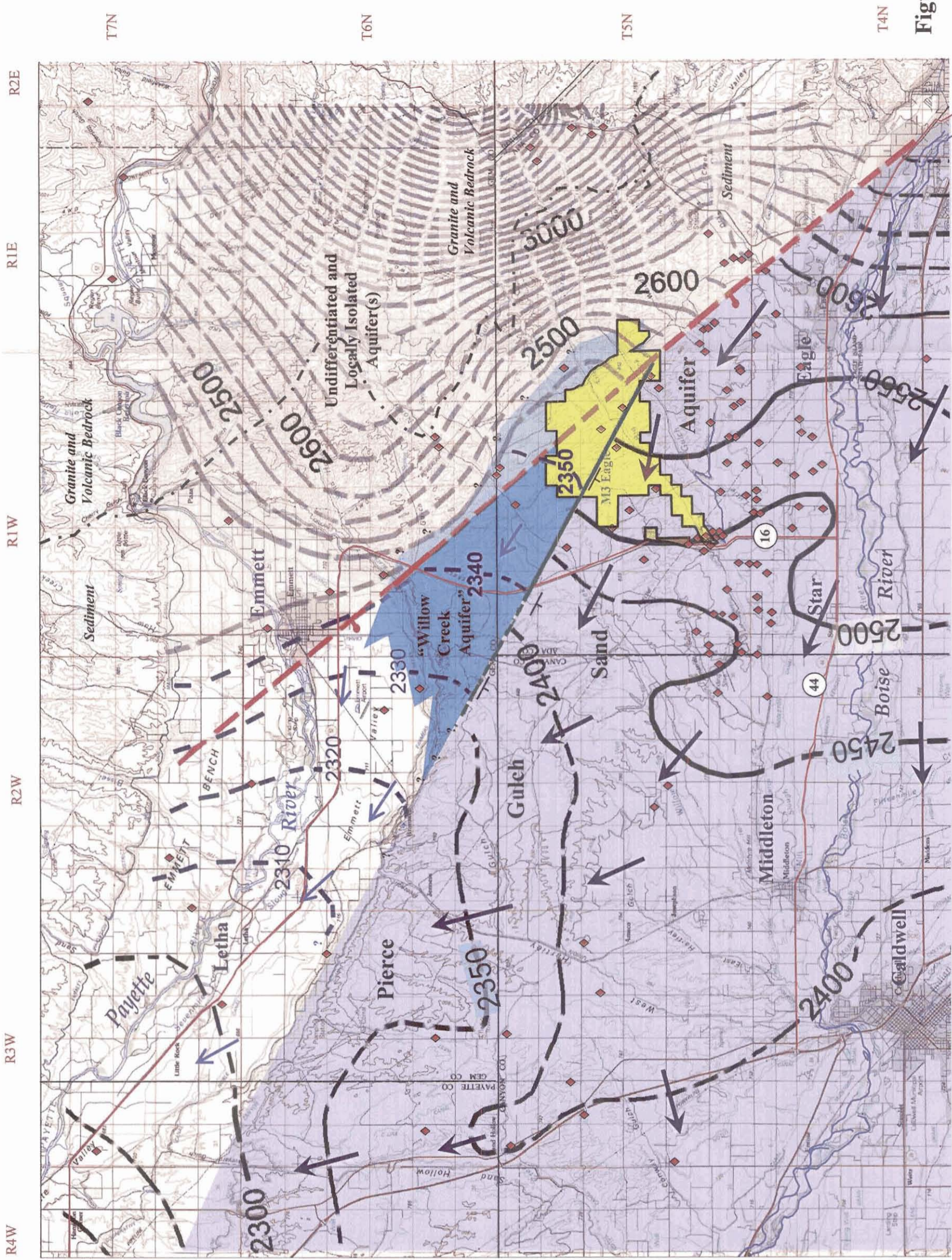
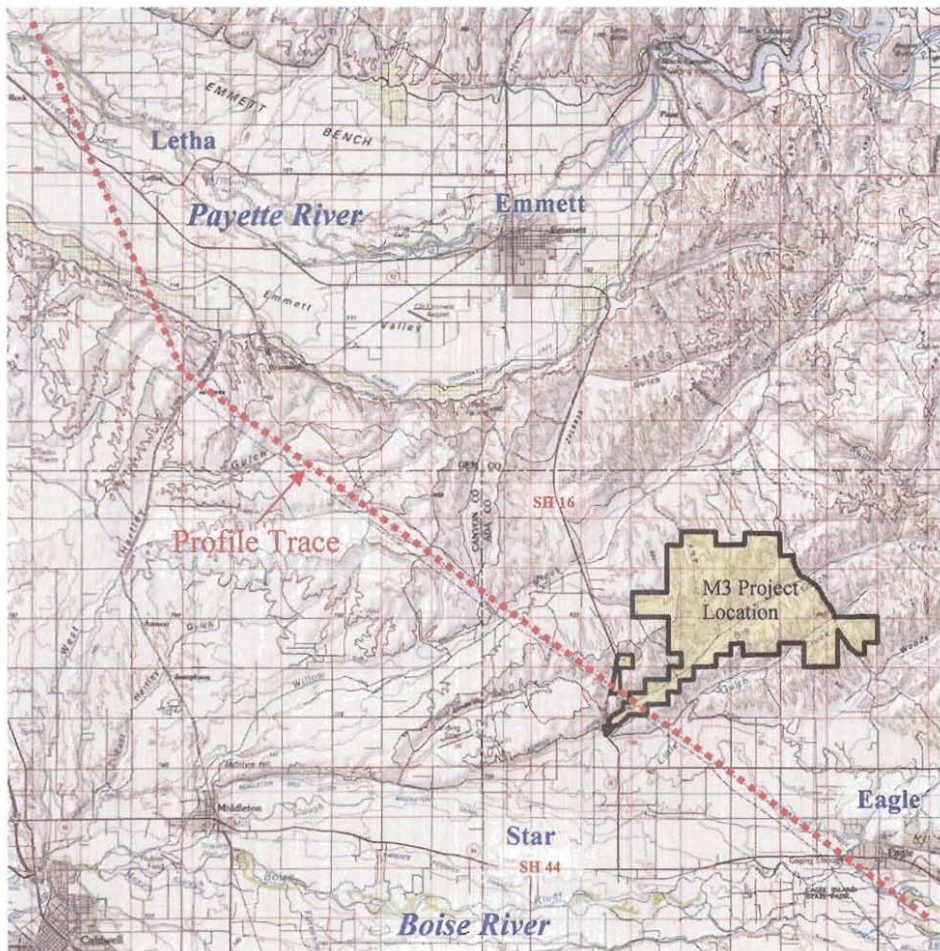
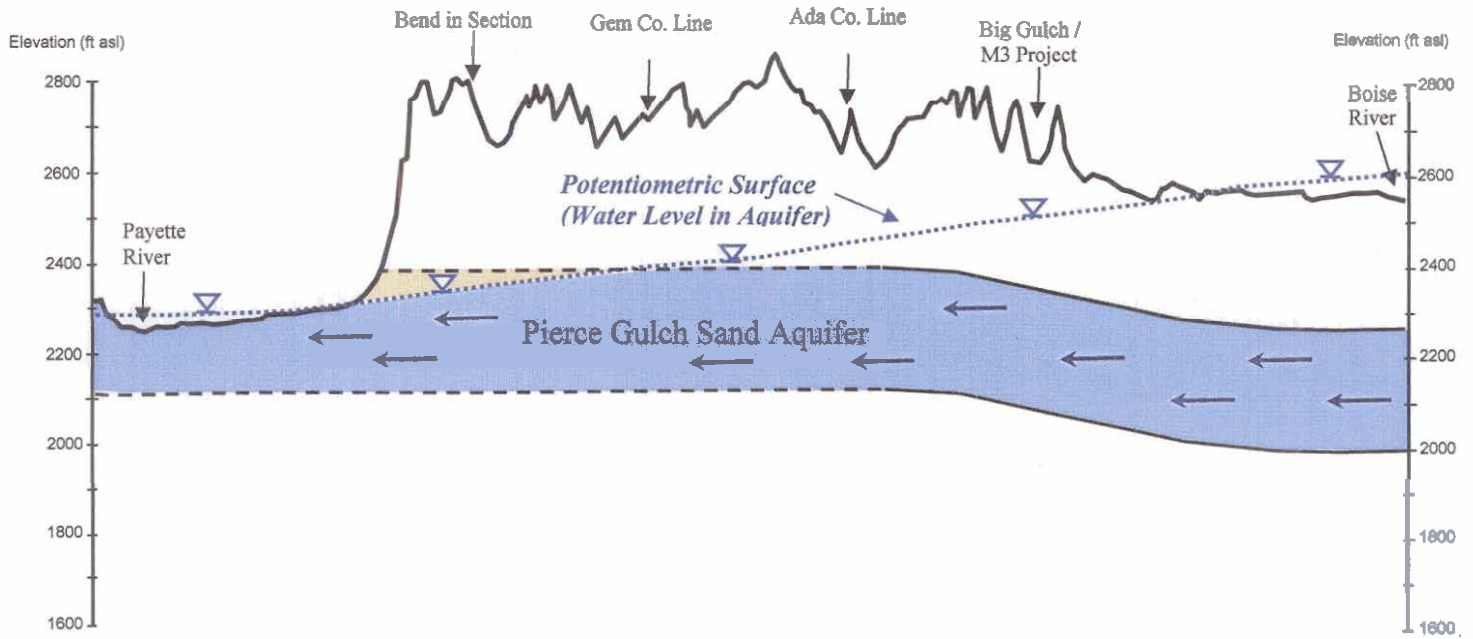


Figure 6.

Dashed grey 50-foot contours to the right side of the map depict the steep gradient and negligible ground water movement through the Terteling Springs Formation mudstone and the volcanic tuffs of the Boise Volcanic Assemblage. The black-colored, 50-foot water level contours inside blue shading indicate the northwesterly movement of ground water from the Boise Basin to the Payette Basin north of the Cities of Star, Eagle, and Middleton through the Pierce Gulch Sand Aquifer. The blue-colored and dashed 10-foot water-level contours inside the turquoise area illustrate the relatively flat ground water gradient within the recharge-limited informally named "Willow Creek Aquifer" isolated between low-permeability sediments of the uplands lying to the east of the M3 site and by stratigraphic layering (a day-lighting clay stratum) on the southwest (green solid and dashed line). The boundaries of this aquifer have not been defined as indicated by the "?" symbol.

Figure 7. Conceptual Profile of Pierce Gulch Sand Aquifer Between Boise and Payette Rivers



Conceptual profile of the Pierce gulch Sand Aquifer through the M3 Eagle project area from Eagle in the Boise River Valley to north of Letha in the Payette River Valley. This profile (generally along strike of the aquifer) demonstrates that ground water flow is elevation driven with water levels in wells (shown as the “potentiometric surface”) near Eagle in the Boise River Valley around 300 feet higher than those in wells completed in the Payette River Valley near Letha. The profile trace bends to better show the current understanding of groundwater flow path as shown in Figure 6.

— = 5 Miles
(Map and Section)
↑ N

April 30, 2007

Figure 7.

Hydro Logic, Inc
Boise, Idaho

Figure 8. Calculated Values of Transmissivity and Storaivity for Selected Wells in the Greater M3 Eagle Project Area

Location map for aquifer transmissivity values calculated from pump tests in the vicinity of the proposed M3 Eagle Development. The tests were conducted by various entities but all tests were reanalyzed by HLI and presented here. Where poor quality tests or poor well construction appeared to give misleading data, "whole-aquifer" values for the entire aquifer thickness were estimated and presented here. These whole aquifer values are presented to support an understanding of total flow of water through the aquifer and would only represent the value that would be indicated by a well that fully screened the entire thickness of the aquifer. See text of report for details.

Wells were surveyed using a GPS system. Base map is (1:62,500 scale) USGS 15 minute map

◆ Wells Analyzed for Aquifer Parameters of Transmissivity and (where possible) Storaivity.

← one mile

↑ N

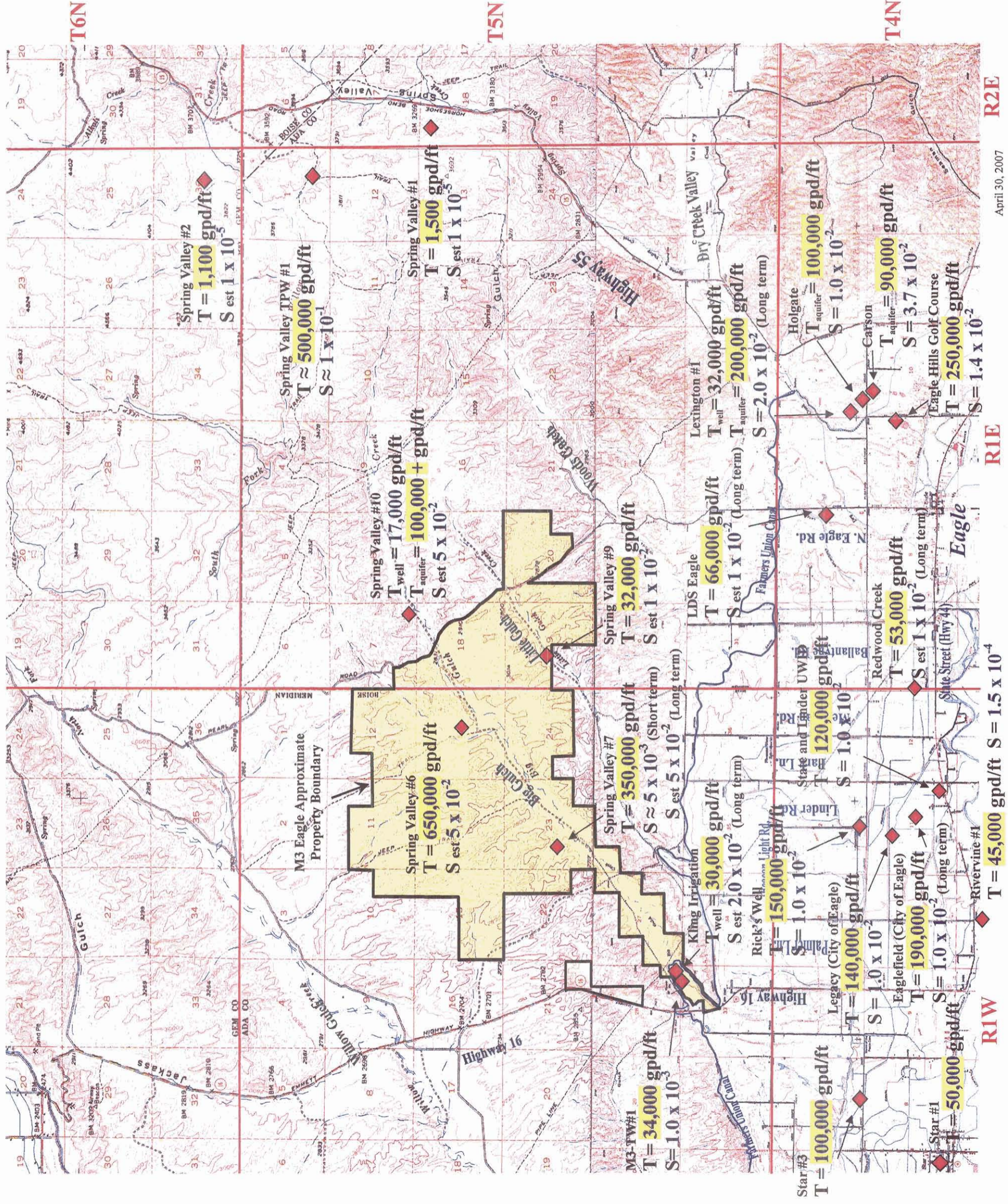
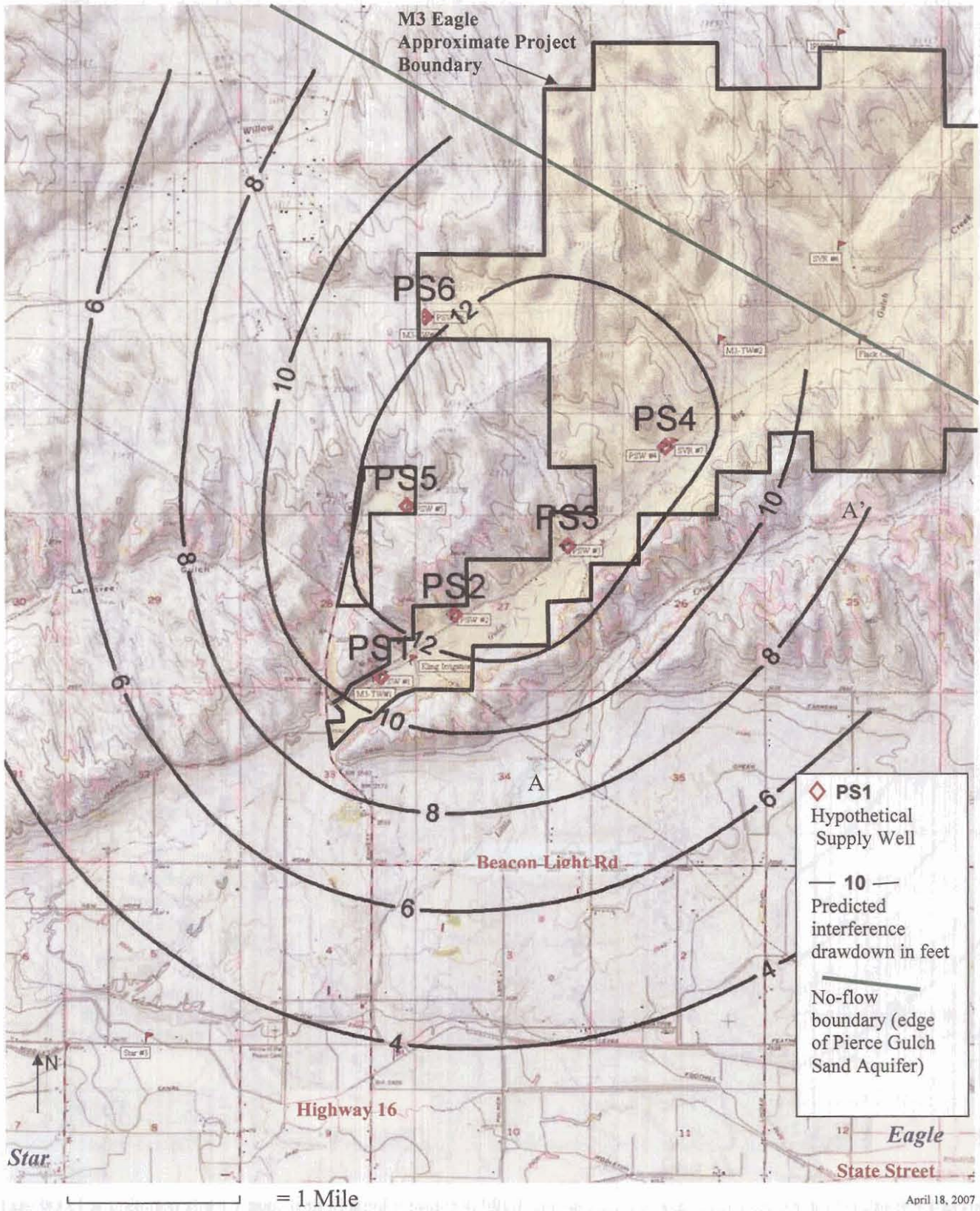


Figure 8.

Hydro Logic, Inc.
Boise, Idaho

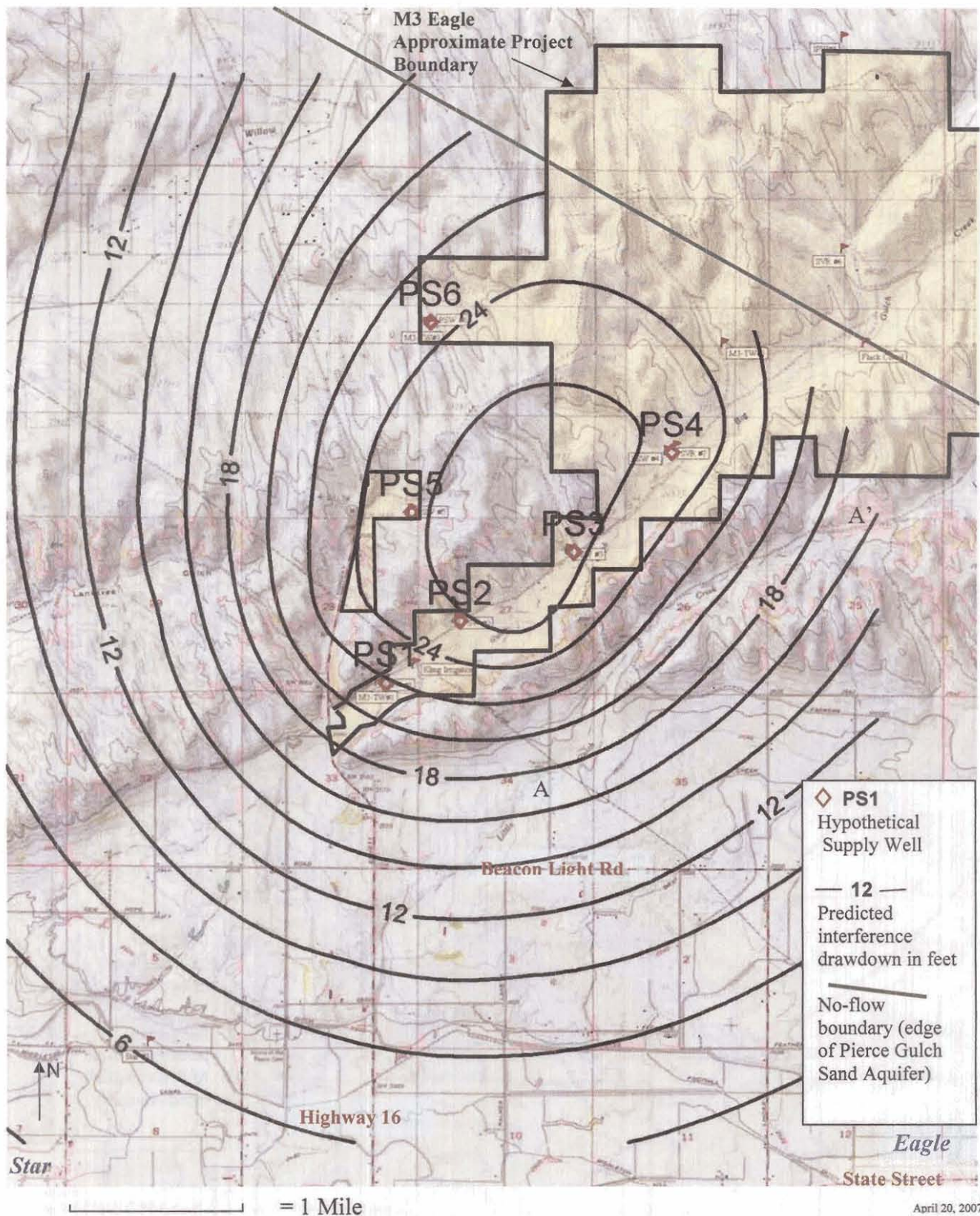
Figure 9. Best-Case Predicted Interference from Six Hypothetical Wells



Map showing predicted interference drawdowns at full project build out from 6 hypothetical supply wells pumping at 1,000 gpm for 90 days within the Pierce Gulch Sand Aquifer with a possible high-end transmissivity of 200,000 gpd/ft, a storativity of 0.01 and a “no-flow” (edge of aquifer) boundary along the northeast. Drawdowns in domestic and other wells in overlying aquifers will likely be less to unmeasurable. See text for details.

Figure 9.

Figure 10. Worst-Case Predicted Interference from Six Hypothetical Wells



Map showing predicted interference drawdowns at full project build out from 6 hypothetical supply wells pumping at 1,000 gpm for 90 days within the Pierce Gulch Sand Aquifer with a possible low-end transmissivity of 100,000 gpd/ft, a storativity of 0.005 and a “no-flow” (edge of aquifer) boundary along the northeast. Drawdowns in domestic and other wells in overlying aquifers will likely be less to unmeasurable. See text for details.

Figure 10.

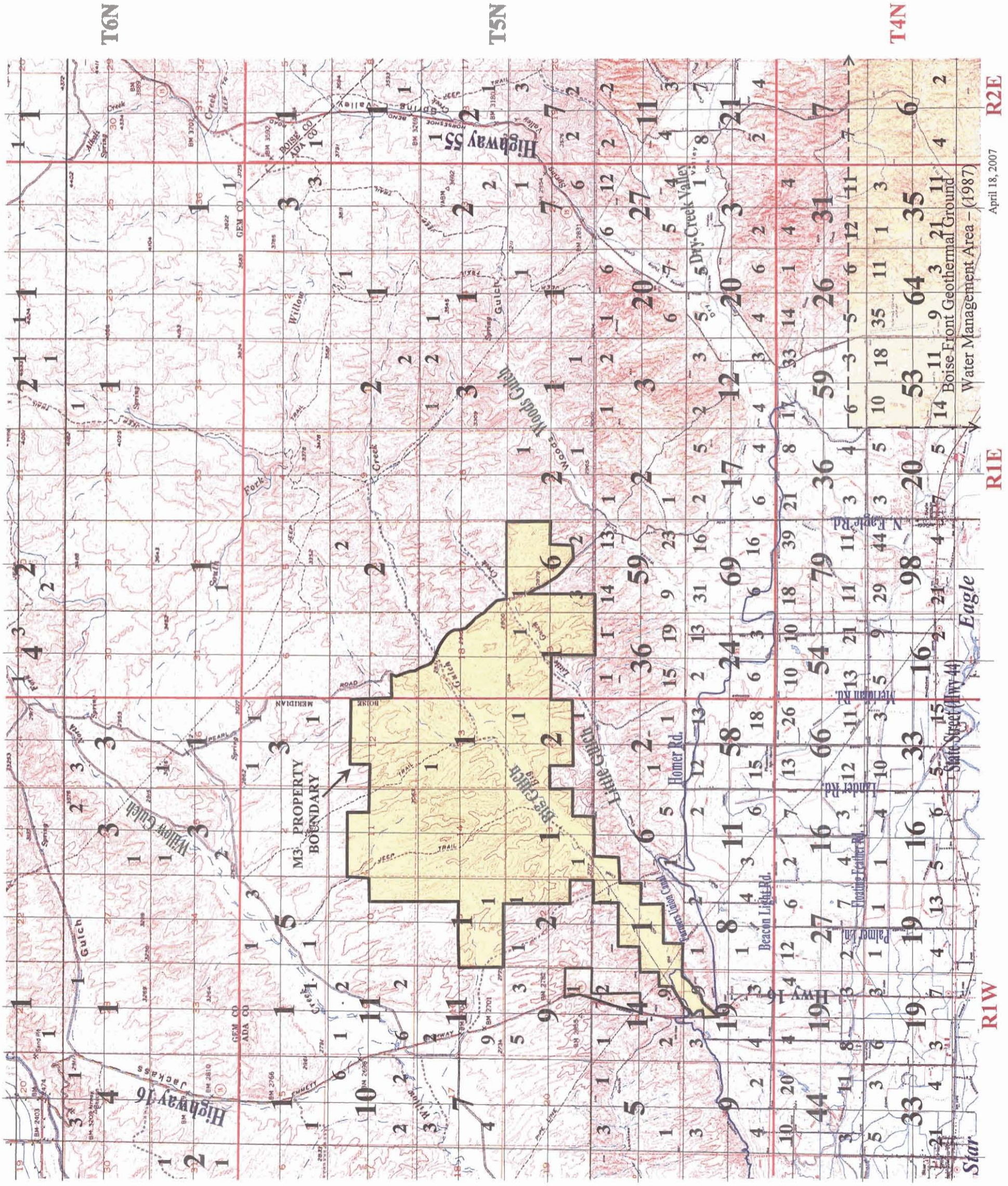
Hydro Logic, Inc.
Boise, Idaho

Figure 11. Number of Wells by Section and Quarter Section in the M3 Project Area

The total number of wells in each Section is shown by the larger numerals at the center of each Section. The number of wells within each Quarter-Section is indicated by the smaller numerals on the grid. Data were derived from the Idaho Department of Water Resources Driller's Report file from the Western Regional Office and IDWR on-line database as of July 2006. Some wells may be missing and others may be mislocated.

Township and range boundaries are denoted in red, and the approximate boundary of the proposed development is gray with yellow shading.

USGS 15 -minute (1:62,500 scale) quadrangle base map.



R2E

R1E

R1W

April 18, 2007

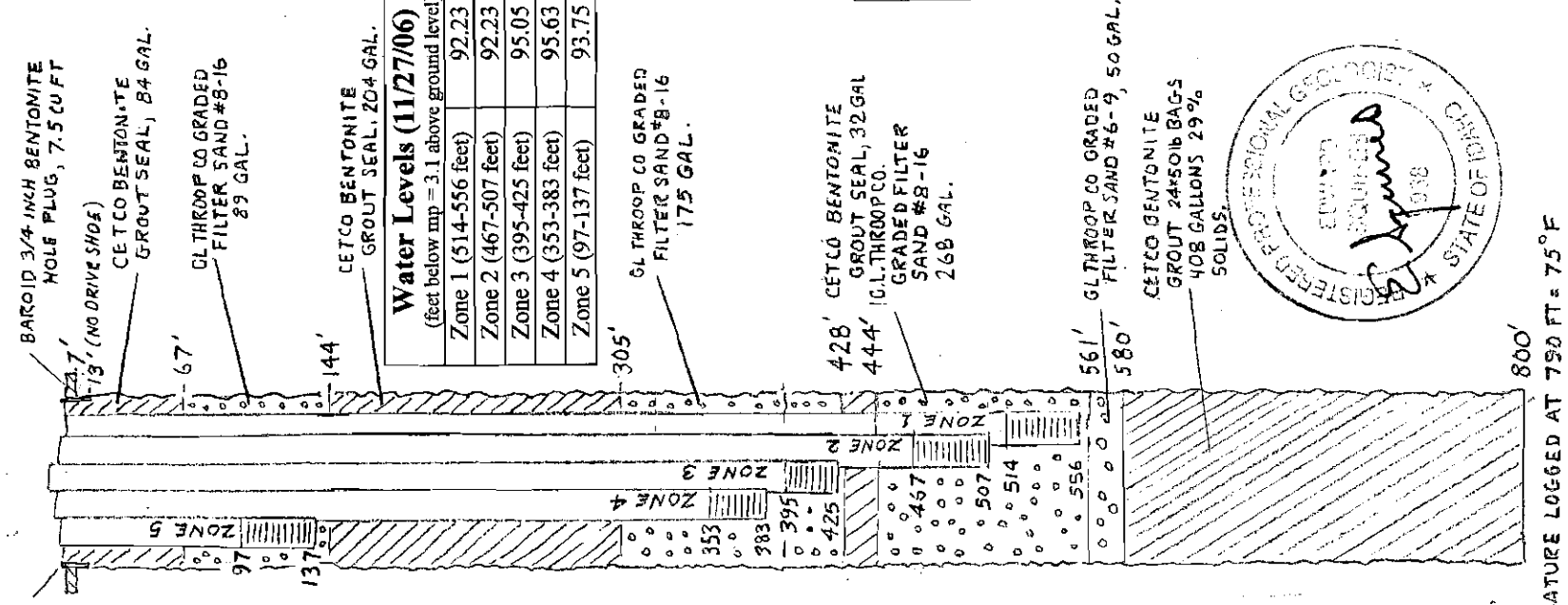
Figure 11.

M3 Eagle - Test Well #1

T. 5 N., R. 1 W., Section 28, SE 1/4, SE 1/4
September, 2006
(N43° 44' 12.2", W116° 27' 26.9")

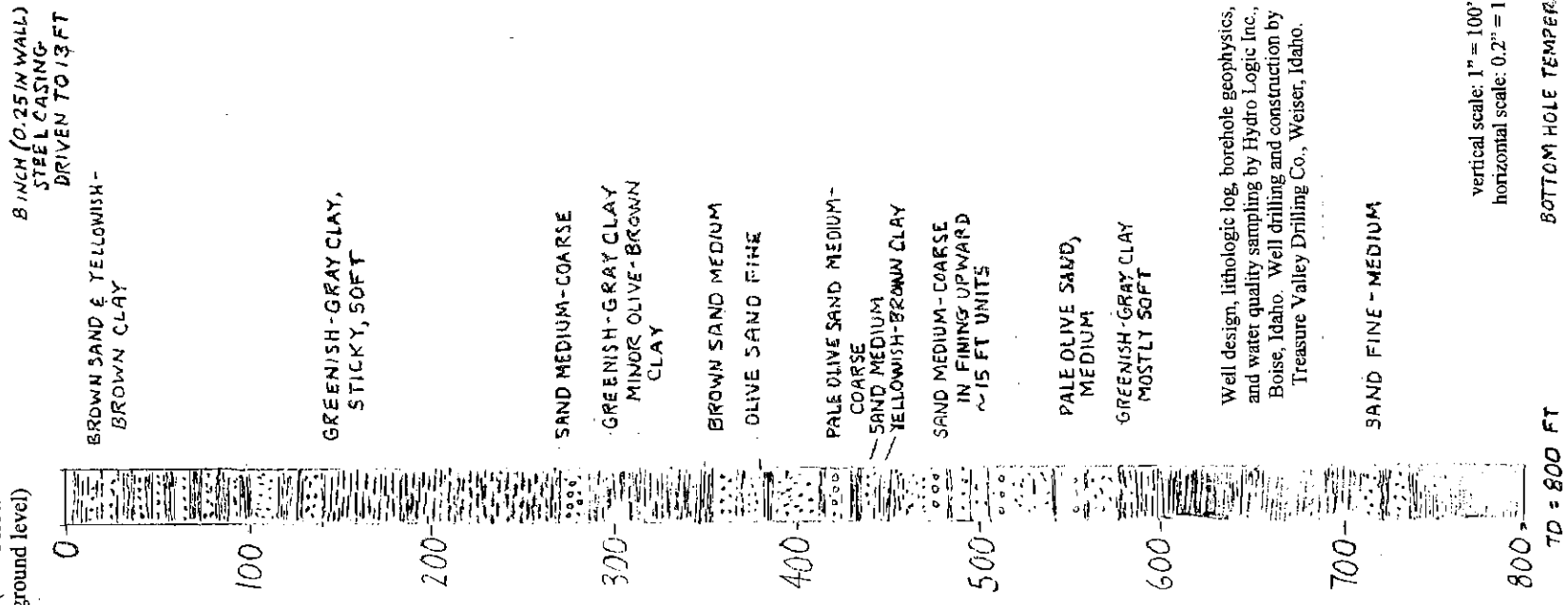
As-Built Well Construction

ALL PIPE AND SCREENS ARE MONOFLEX SCH 80 PVC 2 INCH OD 20 SLOT SCREENS

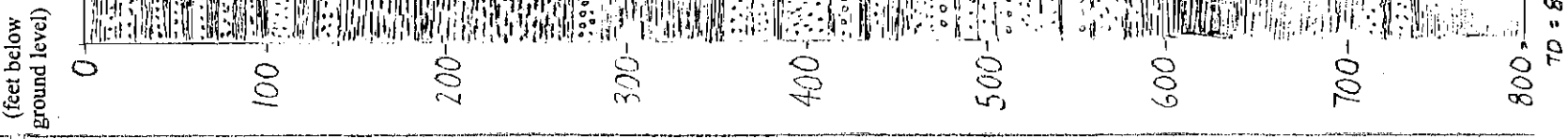


*Lithology

*Lithology reconstructed/interpreted from geophysical logs and drill cuttings analysis by Hydro Logic Inc.

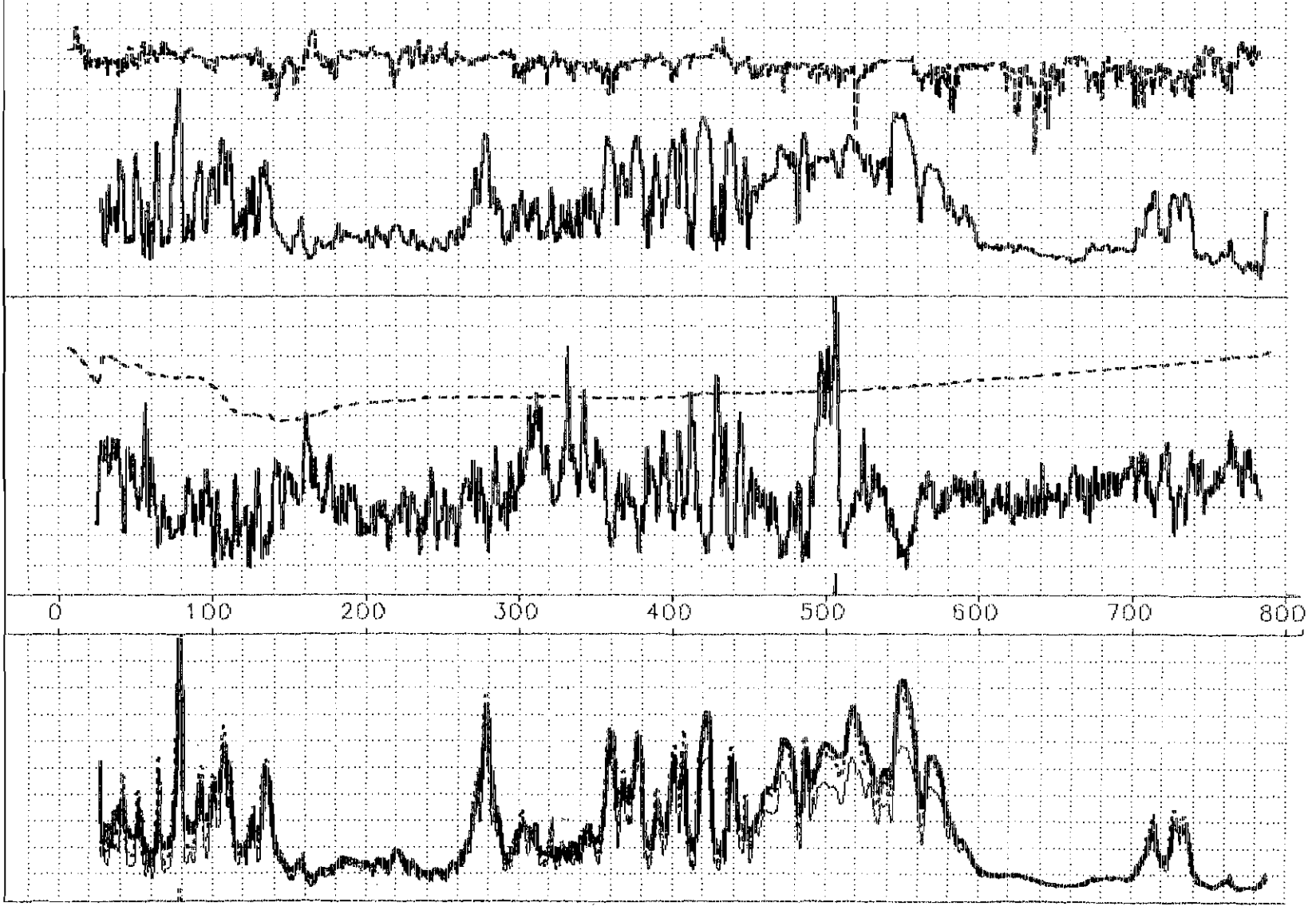
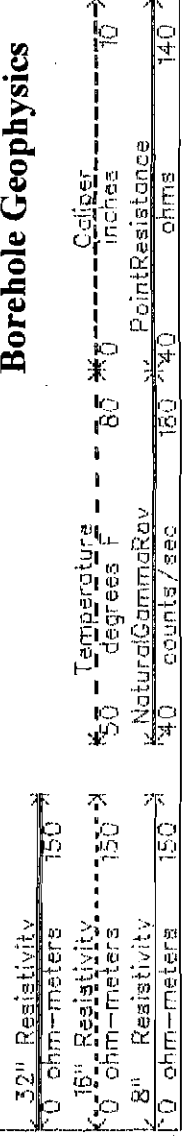


Depth



Borehole Geophysics

M3 Test #1 September 9, 2006



Water Chemistry

Analyte (mg/L unless noted)	Zone 1 516-556 feet	Zone 2 467-507 feet
Alkalinity	133.0	125.0
Ammonia as N	0.37	<0.06
Arsenic	<0.003	<0.003
Calcium as CaCO3	84.4	85.5
Chloride	3.42	3.22
Conductivity (µS/cm)	302	297.0
Corrosivity	-0.40	-0.44
Fluoride	0.69	0.60
Hardness	111.0	109.0
Iron (dissolved/filtered)	0.23	<0.01
Magnesium	6.50	5.73
Manganese (dissolved)	0.10	0.02
Nitrate as N	<0.10	<0.10
Nitrite as N	<0.01	<0.01
pH (SU)	7.47	7.48
Potassium	2.26	2.21
Silica	31.8	30.7
Sodium	22.1	21.7
Sulfate	17.2	20.7
Total Dissolved Solids	<0.05	<0.05
Total Kjeldahl Nitrogen	173.0	188.0
Total Organic Carbon	0.39	0.13
Field Temperature (°F)	<1.0	<1.0
Field Conductivity (µS)	67.1	66.0
Dissolved Oxygen	305	295
Field pH (S.U.)	+1.7	+2.6
	7.19	7.19

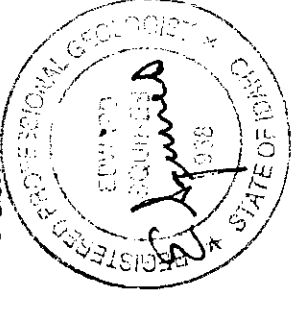
Water Levels (11/27/06)

(feet below mp = 3.1 above ground level)

Zone 1 (514-556 feet)	92.23
Zone 2 (467-507 feet)	92.23
Zone 3 (395-425 feet)	95.05
Zone 4 (353-383 feet)	95.63
Zone 5 (97-137 feet)	93.75

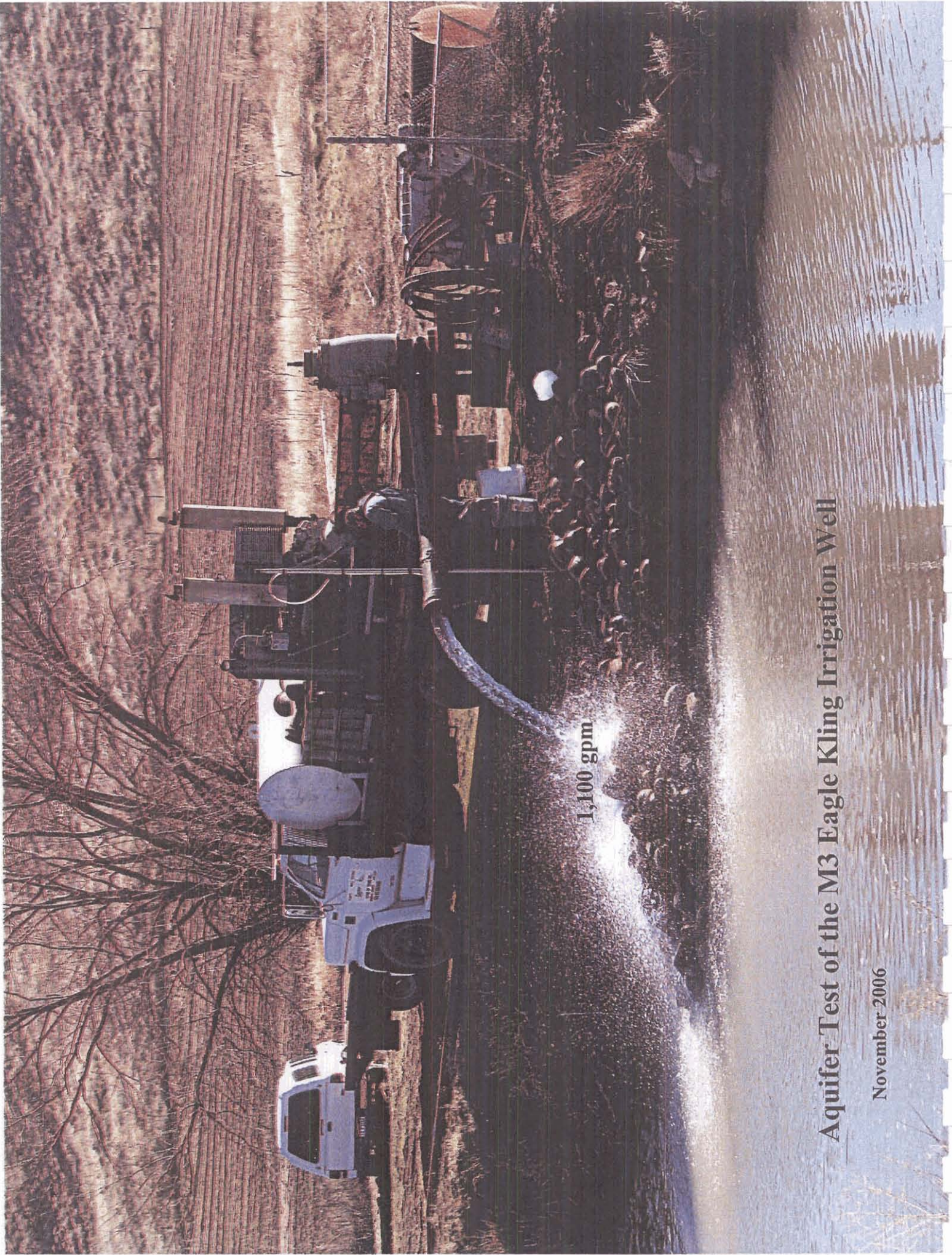
Analyses by Alchem Laboratories, Boise, Idaho. Zones 1 to 3 sampled 10/09/06. Zones 4 & 5 sampled 10/9/06. Field measured parameters by Hydro Logic, Inc.

Analyte (mg/L unless noted)	Zone 3 395-425 feet	Zone 4 352-382 feet	Zone 5 98-138 feet
Alkalinity	119.0	114.0	119.0
Ammonia as N	0.04	<0.01	<0.01
Arsenic	<0.003	0.0049	0.0081
Calcium as CaCO3	77.7	81.3	85.9
Chloride	3.57	3.54	4.36
Conductivity (µS/cm)	282.0	285.0	281.0
Corrosivity	-0.50	-0.61	-1.16
Fluoride	0.60	0.50	0.24
Hardness	102.0	105.0	111.0
Iron (dissolved/filtered)	0.01	<0.01	<0.01
Magnesium	5.83	5.85	6.22
Manganese (dissolved)	<0.01	<0.01	<0.01
Nitrate as N	0.30	0.33	2.30
Nitrite as N	<0.01	<0.01	<0.01
pH (SU)	7.84	7.40	6.91
Potassium	2.07	2.10	2.74
Silica	29.5	28.7	38.0
Sodium	21.1	17.9	13.6
Sulfate	21.4	22.3	12.0
Sulfide	<0.05	<0.05	<0.05
Total Dissolved Solids	185.0	203.0	208.0
Total Kjeldahl N	<0.10	<0.10	<0.10
Total Organic Carbon	<1.0	<1.0	<1.0
Field Temperature (°F)	64.7	63.8	57.4
Field Conductivity (µS)	274	268	265
Dissolved Oxygen	+4.9	+2.63	+9.51
Field pH (S.U.)	7.27	7.07	6.72



vertical scale: 1" = 100'
horizontal scale: 0.2" = 1'

Figure 12. M3 Eagle Test Well #1



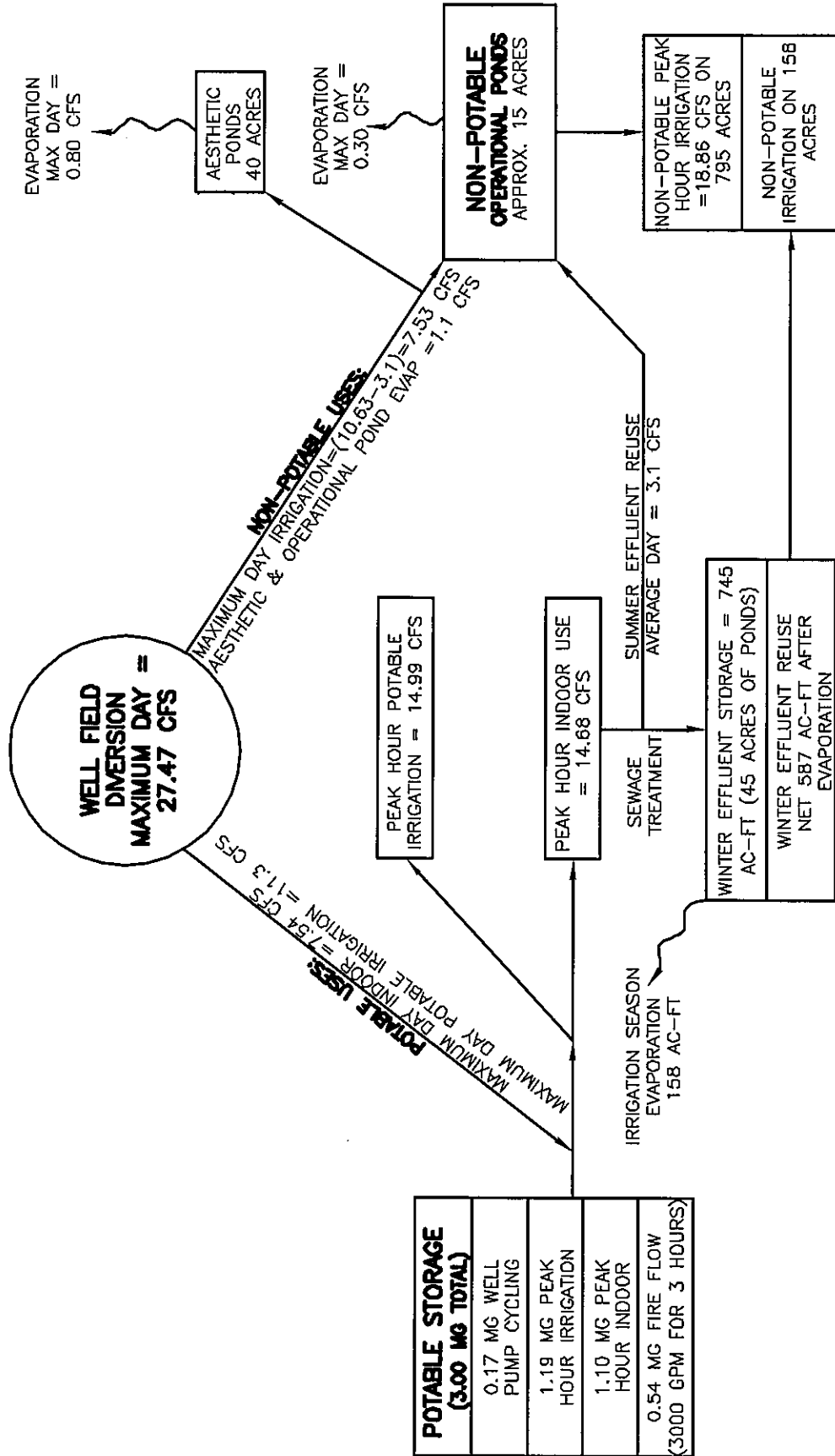
Aquifer Test of the M3 Eagle Kling Irrigation Well

November 2006

5

M3 EAGLE DEVELOPMENT

WELL FIELD DIVERSION COMPONENTS



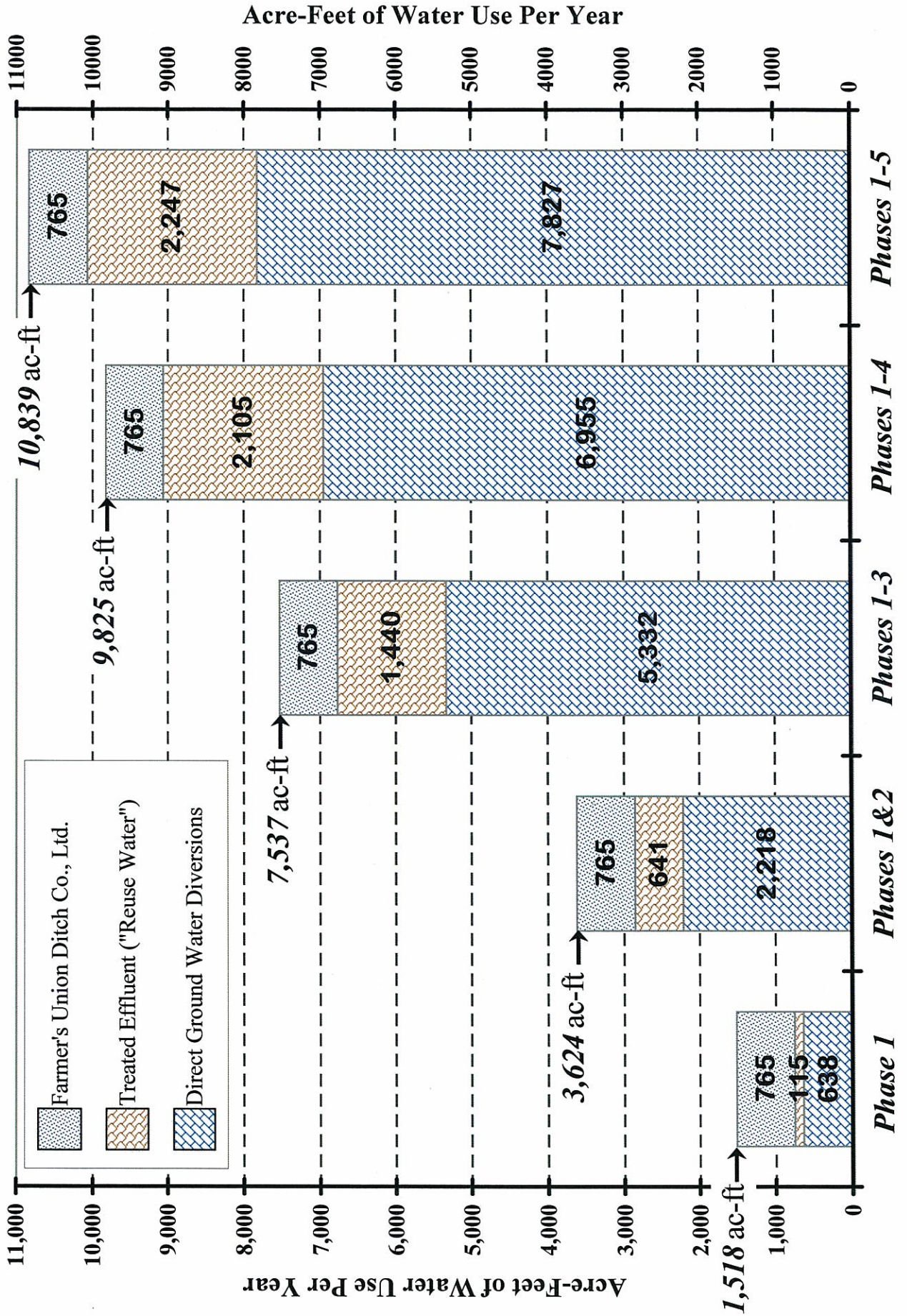
ABBREVIATIONS:
 CFS = CUBIC FEET PER SECOND
 MG = MILLION GALLONS
 AC-FT = ACRE-FOOT

NOTE:
 THE CONNECTIONS BETWEEN COMPONENTS DO NOT REPRESENT A SPECIFIC OR PROPOSED CONFIGURATION OF A DIVERSION AND DELIVERY SYSTEM.

Exhibit 5.2

M3 Eagle

Estimated Cumulative Total Water Demand by Phase and Source



M3 Eagle

Estimated Total Water Demand by Phase and Source

Exhibit 5.3

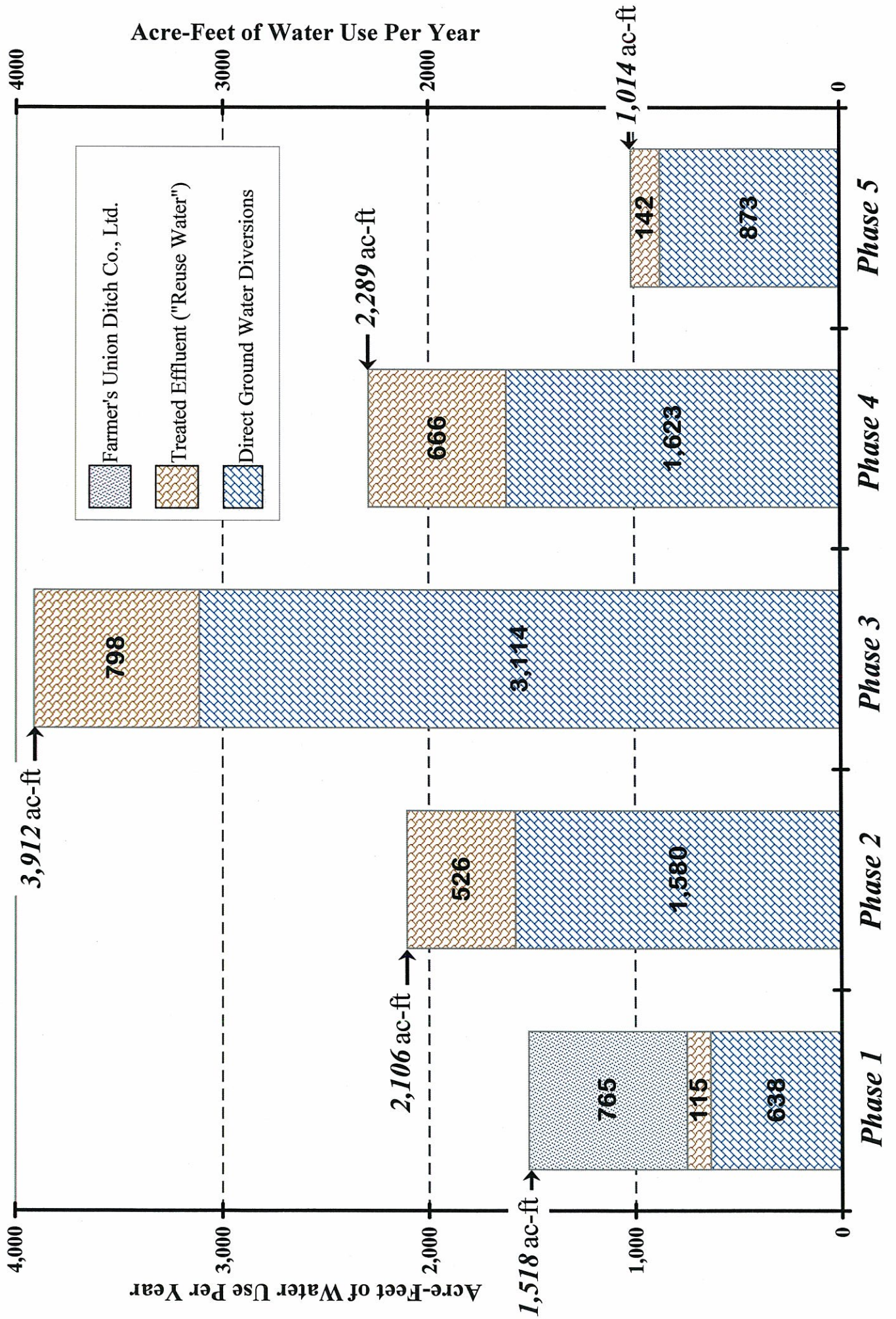
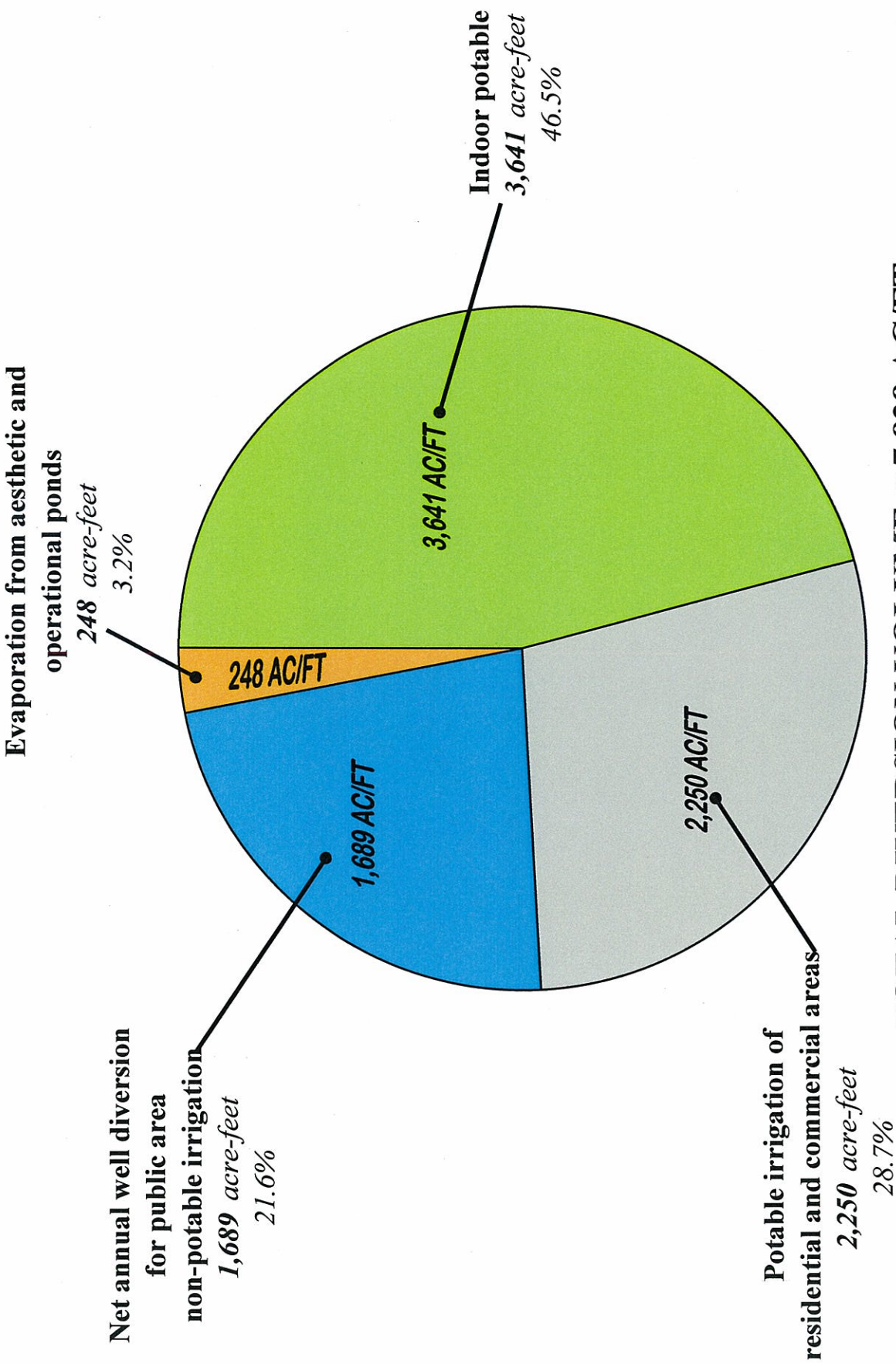


Exhibit 5.4

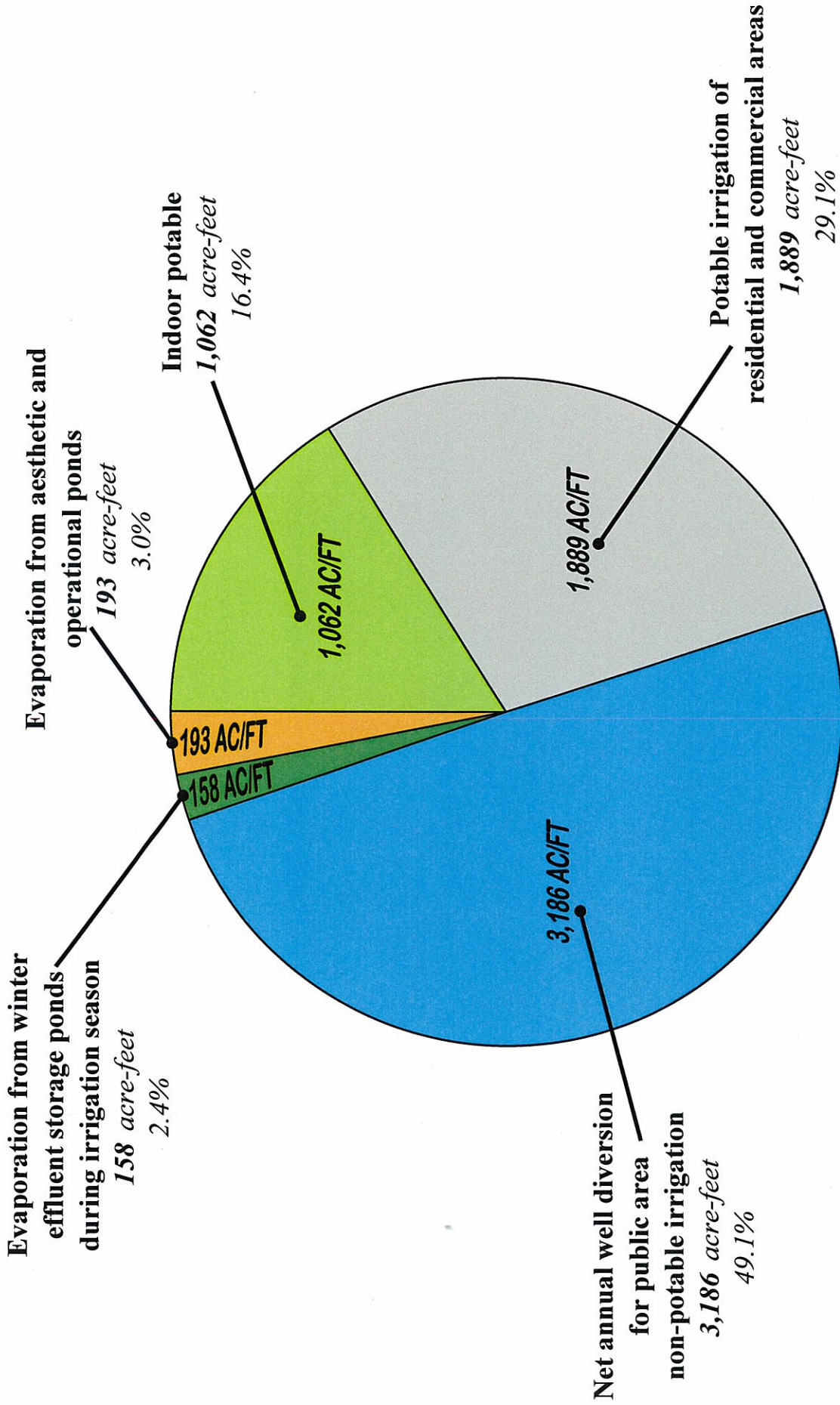
M3 Eagle

Yearly Ground Water Diversion Volume Percentages at Full Build-out (Acre-Feet and Percentage of Total)



Annual Ground Water Consumptive Use Percentages at Full Build-Out

(Acre-Feet and Percentage of Total)



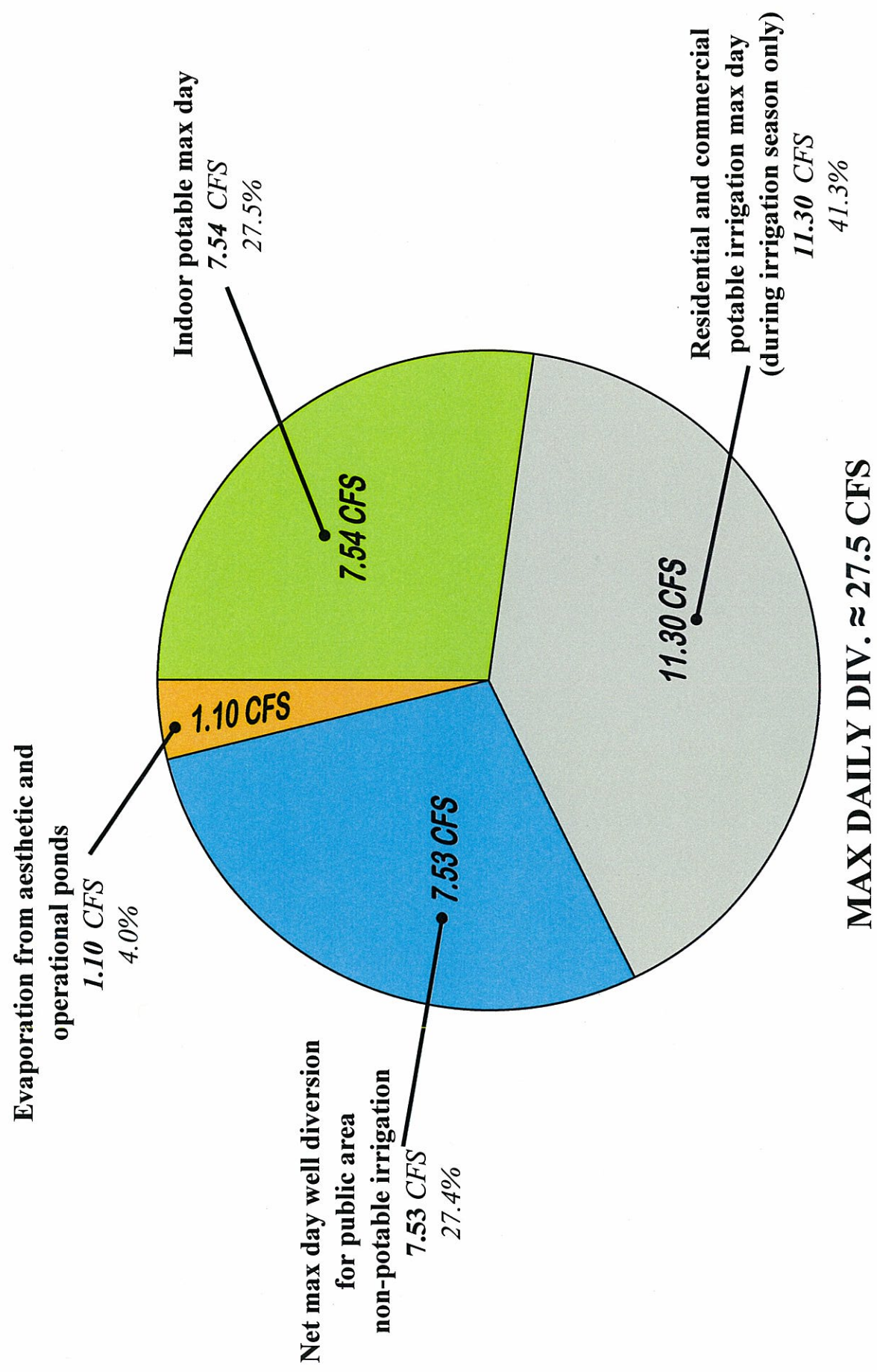
TOTAL C.U. ≈ 6,488 AC/FT

Exhibit 5.6

M3 Eagle

Maximum Daily Well Diversions During Irrigation Season at Full Build-Out

(Cubic Feet per Second (CFS) and Percentage of Total)



M3 Eagle Water Demand at Build-Out, Based on Projected Uses

IRRIGATION

Irrigation Assumptions: Note: Input data cells in this spreadsheet are shaded.

- 1) 17.93 shares of Farmers Union Ditch Co. water, at 11 inches per share, and a total of 197 miner's inches (3.94 cfs), will be used to irrigate 197 acres in the development. The shares provide a total of 765 acre-feet at 3.88 ac-ft per acre.
- 2) Tertiary-treated sewage effluent will be used for non-potable irrigation at sewage production rates during the irrigation season. During non-irrigation season, it will be stored and subsequently used for irrigation.
- 3) Compressed irrigation times: Golf irrigation assumed to occur only during 9 hours at night; ball fields and residences during 12 hours. Common area can be irrigated anytime. Residences are assumed to migrate to 12 hour overnight irrigation.
- 4) Number of irrigation days per year: **244** (March 15th - November 15th) Number of non-irrigation days per year: **121** (November 16th - March 14th)
- 5) It is assumed sufficient standby power is provided to offset the need for standby potable water storage.

- 6) Turf irrigation efficiency: **80%**
- 7) Drip irrigation efficiency: **90%**

	Aesthetic ponds	Operational ponds	Ponds w/winter effluent storage	Totals
8) Acres of aesthetic and operational ponds:	40	15	45	100
Average depth:	25	15	17	18.9
Acre feet storage:	1000	225	745	1,970
Primary water source:	well diversions	well / effluent	effluent	

- 8a) Operational and effluent ponds will be lined or sealed and will fluctuate with evaporation and irrigation demand. Aesthetic ponds also will be lined or sealed and will fluctuate mainly due to evaporation.
- 9) Non-potable irrigation storage calculated from maximum day well diversion rate.
- 10) Potable irrigation storage calculated from .02 cfs/acre well diversion rate.
- 11) "Max day" refers to highest 24-hour demand. For irrigation, this occurs during July, as shown by the Allen & Brockway numbers. "Peak" refers to peak demand during compressed irrigation periods or on an instantaneous basis.
- 12) Irrigation diversion rates, as they relate to use of potable water for irrigation, are less than 0.02 cfs/acre except during peak periods, where they may increase to this limit.
- 13) Monthly evapo-transpiration (ET) is based on Allen & Brockway (1983) for alfalfa, for each month in the irrigation season except November (which Allen & Brockway did not evaluate), which was estimated at one third of October. These values are:

	March 15-31	April	May	June	July	August	September	October	Nov 1-15	Total Annual	Avg. Daily	
mm/day	0.760	3.670	5.410	6.610	6.730	5.110	3.680	1.450	0.483	1017.9	4.17	mm/day
inches/day	0.030	0.144	0.213	0.260	0.265	0.201	0.145	0.057	0.019	40.1	0.164	in/day
feet/day	0.002	0.012	0.018	0.022	0.022	0.017	0.012	0.005	0.002	3.34	0.014	ft/day

	square feet	acres	Average day cfs	Max day acre-feet	Max day cfs	Irr'n Hours	Scheduled peak cfs	cfs when div'ns increased to .02 cfs/a	Acre-feet non-potable storage to meet scheduled peak	Million Gallons potable storage to meet scheduled peak
Public area irrigation (using non-potable water)										
Golf Course (turf):	10,454,400	240	2.07	6.62	3.34	9	8.91	4.80	4.14	
Parks and Ballfields (turf): Excluding 98 acres irr'd with ditch shares	8,319,960	191	1.65	5.27	2.66	12	5.32	3.82	2.64	
Common area (turf): Excluding 99 acres irr'd with ditch shares	3,659,040	84	0.72	2.32	1.17	24	1.17	1.68	0.00	
Common area, community garden/vineyard (drip):	12,196,800	280	2.15	6.87	3.46	24	3.46	5.60	0.00	
Common area drip irrig'd solely with stored effluent: After effluent evap. from ponds at 3.5 AFA	6,896,415	158								
Total public area irrigation:	34,630,200	953	6.59	21.08	10.63		18.86	15.90	6.78	
Residential irrigation (using potable water only)										
Single Family (Detached) Units:	5,177									
turf area/unit:	2,000	0.05								
drip area/unit:	1,500	0.03								
Total single family turf:	10,354,000	237.70	2.05	6.56	3.31	12.00	6.62	4.75	0.60	
Total single family drip:	7,765,500	178.27	1.37	4.37	2.21	12.00	4.41	3.57	0.27	
Total single family irrigation (potable):	18,119,500	415.97	3.42	10.93	5.51		11.03	8.32	0.88	
Multi-Family (Attached) units:	2,983									
turf area/unit:	1,250	0.03								
drip area/unit:	750	0.02								
Total multi-family turf:	3,728,750	85.60	0.74	2.36	1.19	12.00	2.38	1.71	0.22	
Total multi-family drip:	2,237,250	51.36	0.39	1.26	0.64	12.00	1.27	1.03	0.08	
Total multi-family irrigation (potable):	5,966,000	136.96	1.13	3.62	1.83		3.65	2.74	0.30	
Commercial irrigation (using potable water)										
Acres of Commercial:	245									
% of Acres Irrigated:	5.0%									
Total commercial turf (25%):	133,403	3.06	0.03	0.08	0.04	12.00	0.09	0.06	0.01	
Total commercial drip (75%):	400,208	9.19	0.07	0.23	0.11	12.00	0.23	0.18	0.01	
Total commercial irrigation (potable):	533,610	12.25	0.10	0.31	0.16		0.31	0.25	0.02	
Commercial turf: 25%										
Commercial drip: 75%										
Total irr'n with potable water:	24,619,110	565.18	4.65	14.87	7.50		14.99	11.30	1.19	
Total irrigation with both potable and non-potable water:	59,249,310	1518.50	11.24	35.95	18.13		33.85	27.20		

INDOOR WATER DEMANDS												
Indoor water demand assumptions:												
Commercial water use is based on data published by Larry W. Mays in "Water Distribution Systems Handbook" © 2000, which demonstrates a per commercial acre use of:							2,040	gallons per day per acre of commercial development.				
** Note: 2,040 gallons / 43,560 sq ft per acre = 0.047 gallons / sq foot of total developed area, not finished floor space												
800	gpd/unit is estimated peak hour demand											
2.92	Indoor potable water peaking factor (a calculated ratio of peak hour to average day potable water demand)											
1.5	Indoor potable water peaking factor (applied to average day to predict maximum day).											
10.0%	Distribution system leakage allowance factor											
		avg gpd/unit	max day gpm	max day cfs	peak hr gpm	peak hr cfs	DEQ est'd gallons of potable storage for peak hr demand*	avg. day cfs	avg. day gpm	Non-Irrigation Season Diversions acre feet	Irrigation Season Diversions acre feet	Total Diversions acre feet
Total Residential Units	8,160	274	2,561.90	5.71	4,987	11.11	830,056	3.81	1,707.82	913.1	1841.2	2754.3
Schools (Number of Students)	6,250	19	136.07	0.30	265	0.59	44,086	0.20	90.71	48.5	97.8	146.3
Commercial (hotel rooms)	500	200	114.58	0.26	223	0.50	37,125	0.17	76.38	40.8	82.3	123.2
Commercial (general office, etc.)	245	0.047	572.69	1.28	1,115	2.48	185,551	0.85	381.77	204.1	411.6	615.7
Totals			3,385.24	7.54	6,589	14.68	1,096,817	5.03	2,256.67	1,206.5	2,432.9	3,639.4
Estimated Potable Water Storage												
mg	*5.4 x max day gals/24											
1.19	Irrigation peaking											
1.10	Indoor potable, max day to peak hour storage											
0.54	Fire flow estimated (3,000 gpm for 3 hours)											
0.17	Estimated potable well pump cycling											
3.00	Million gallons of potable water storage required											
WASTEWATER GENERATION AND REUSE												
Indoor wastewater production assumptions:												
1) Residential wastewater production is assumed to be the following percentage of potable indoor water demand:			69%	This percentage excludes leakage allowance in potable water distribution system.								
2) School and hotel wastewater production is assumed to be the following percentage of potable indoor water demand:			75%	"								
3) Commercial unit wastewater production assumed at the percentage of potable indoor water demand:			60%	"								
1.0	Indoor wastewater peaking factor average day to max day											
67%	Percent of treated effluent produced (and used) during irrigation season (number of irrigation days/365)											
33%	Percent of treated effluent stored during (and used) later during the next irrigation season (number of non-irrigation days/365)											
Treated Effluent Generation												
	# of units	gpd/unit (gpd/student for schools or gpd/sq ft for comm'l)	gpm	cfs	effluent acre-feet/yr	effluent af/ir'n season	effluent af/non-ir'n season	Indoor CU acre-feet/yr	Indoor CU af/ir'n season	Indoor CU af/non-ir'n season		
Residences	8,160	189.06	1,071.34	2.39	1,727.67	1,154.94	572.73	776.4	519.0	257.4		
Schools (number of students)	6,250	14.25	61.85	0.14	99.74	66.68	33.06	33.3	22.2	11.0		
Commercial (hotel rooms)	500	150.00	52.08	0.12	83.99	56.15	27.84	28.0	18.7	9.3		
Commercial (unit area in acres)	245	0.03	208.25	0.46	335.83	224.50	111.33	224.0	149.7	74.2		
Total Effluent and Indoor Consumptive Use			1,393.52	3.10	2,247.23	1,502.26	744.97	1061.7	709.7	351.9		
Effluent Storage and Reuse												
Stored winter effluent		Acre-feet/year										
Stored winter effluent		745										
Evaporation from winter effluent storage ponds		158										
		Evaporation at 3.5 AFA, not 4.5 AFA, as evaporation water originally diverted for indoor use										
Net winter effluent for non-potable irrigation		587										
Effluent produced and used during irrigation season		1502										
Total annual effluent reused for non-potable irrigation		2090										

SUMMARY					
Average daily well diversions					
		cfs	gpm	af/day	mgd
	Indoor potable average day (constant annual rate)	5.03	2,257	10.0	3.2
	Residential and commercial potable irrigation average day (during irrigation season only)	4.65	2,086	9.2	3.0
	Public area non-potable irrigation average day demand (during irrigation season only)	6.59	2,958	13.1	4.3
	Less water reuse / treated effluent produced (during irrigation season)	-3.10	-1,393	-6.2	-2.0
	Net average day well diversion for public area non-potable irrigation	3.49	1,564	6.9	2.3
	Evaporation from aesthetic & operational ponds	0.68	306	1.4	0.4
	Average daily diversion from wells during irrigation season:	13.84	6,213	27.5	8.9
	Average daily diversion from wells during non-irrigation season:	5.03	2,257	10.0	3.2
Maximum daily well diversions					
		cfs	gpm	af/day	mgd
	Indoor potable max day	7.54	3,385	15.0	4.9
	Residential and commercial potable irrigation max day (during irrigation season only)	11.30	5,073	22.4	7.3
	Public area non-potable irrigation max day demand during irrigation season	10.63	4,772	21.1	6.9
	Less: water reuse / treated effluent produced during irrigation season	-3.10	-1,393	-6.2	-2.0
	Net max day well diversion for public area non-potable irrigation	7.53	3,378	14.9	4.9
	Evaporation from aesthetic & operational ponds	1.10	494	2.2	0.7
	Maximum daily diversion from wells during irrigation season:	27.47	12,330	54.5	17.8
	Maximum daily diversion from wells during non-irrigation season:	7.54	3,385	15.0	4.9
Annual ground water diversion volume					
		acre feet	million gallons		
	Indoor potable	3,641	1186	(Annual ground water diversions for potable indoor uses based on average annual demand, including leakage allowance.)	
	Potable irrigation of residential and commercial areas	2,250	733	(Annual potable irrigation diversions from ground water based on total annual Allen Brockway ET, and factoring in irrigation efficiency.)	
	Public area non-potable irrigation demand	3,779	1231		
	Less: water reuse / treated effluent originally diverted from well for indoor demand	-2,090	-681	(Reuse water is the total annual effluent production including stored winter effluent less evaporation from effluent ponds.)	
	Net annual well diversion for public area non-potable irrigation	1,689	550	(Annual non-potable irrigation diversions from ground water based on total annual Allen Brockway ET, and factoring in irrigation efficiency.)	
	Evaporation from aesthetic & operational ponds	248	81	(Annual well diversions at 4.5 AFA to overcome evaporation. The non-potable peaking storage is considered part of operational storage for this calculation.)	
	Irrigation season evaporation from winter effluent storage ponds	158	51		
	Less: water reuse / treated effluent originally diverted from well for indoor demand	-158	-51		
	Net annual well diversion for pond evaporation	248	81		
	Well Diversion Volume During Non-Irrigation Season	1,206	393		
	Well Diversion Volume During Irrigation Season	6,620	2,157		
	Total annual well diversion volume:	7,827	2,551		
Annual consumptive use of ground water					
		acre feet	million gallons		
	Indoor potable	1,062	346	(Indoor consumptive use is the difference between average annual water demand and sewage production rate and excludes distribution system leakage allowance that returns to groundwater.)	
	Potable irrigation of residential and commercial areas	1,889	615	(Potable and non-potable irrigation CU is the total annual Allen Brockway ET.)	
	Public area non-potable irrigation	3,186	1,038		
	Evaporation from winter effluent storage ponds during irrigation season	158	51	(Annual pond consumptive use—i.e., evaporation—is based on an estimated 3.5 acre feet per acre.)	
	Evaporation from aesthetic & operational ponds	193	63	(Annual pond consumptive use—i.e., evaporation—is based on an estimated 3.5 acre feet per acre. The non-potable peaking storage is considered part of operational storage for this calculation.)	
	Subtotal pond evaporation	350	114		
	Consumptive Use During Non-Irrigation Season	352	115		
	Consumptive Use During Irrigation Season	6,134	1,999		
	Annual consumptive use of ground water:	6,486	2,114		
	Annual CU as % of diversions:	83%		(Overall efficiency of use of well diversions)	

Source numbers for Attachment A, Page 11 of Water Rights Application Narrative				
Type of Use	Peak Diversion Rate (cfs)	Average Diversion Rate (cfs)	Annual Diversion Volume (acre feet)	Annual C.U. Volume (acre feet)
Indoor Potable	7.54	5.03	3,641	1,062
Residential and Commercial Potable Irrigation	11.30	4.65	2,250	1,889
Public Area Non-Potable Irrigation	7.53	3.49	1,689	3,186
Pond Evaporation	1.10	0.68	248	350
Irrigation Season Total	27.47	13.84	6,620	6,134
Non-Irrigation Season Total	7.54	5.03	1,206	352
Total Annual	27.47 (peak day)	10.81 (annual average)	7,827	6,486

Irrigation Demands by Month (Note: Maximum Monthly Demand and Maximum Daily Demand Occurs in July)

Non-Potable Irrigation Demand (excluding 197 acres irrigated by Farmer's Union ditch shares):

	January	Feb	March 15-31			April			May			June			July			August			September			October			November 1-15			December	Totals
			avg af/day	af/mo	avg cfs	avg af/day	af/mo	avg cfs	avg af/day	af/mo	avg cfs	avg af/day	af/mo	avg cfs	avg af/day	af/mo	avg cfs	avg af/day	af/mo	avg cfs	avg af/day	af/mo	avg cfs	avg af/day	af/mo	avg cfs	avg af/day	af/mo	avg cfs		
Golf	0.00	0.00	0.75	12.72	0.38	3.61	108.37	1.82	5.32	165.07	2.69	6.51	195.18	3.29	6.62	205.34	3.35	5.03	155.92	2.54	3.62	108.66	1.83	1.43	44.24	0.72	0.48	7.14	0.24	0	1,003
Ballfields	0.00	0.00	0.60	10.12	0.30	2.87	86.24	1.45	4.24	131.37	2.14	5.18	155.33	2.61	5.27	163.42	2.66	4.00	124.08	2.02	2.88	86.48	1.46	1.14	35.21	0.57	0.38	5.68	0.19	0	798
Common turf	0.00	0.00	0.26	4.45	0.13	1.26	37.93	0.64	1.86	57.77	0.94	2.28	68.31	1.15	2.32	71.87	1.17	1.76	54.57	0.89	1.27	38.03	0.64	0.50	15.48	0.25	0.17	2.50	0.08	0	351
Common drip	0.00	0.00	0.78	13.19	0.39	3.75	112.38	1.89	5.52	171.18	2.79	6.75	202.41	3.41	6.87	212.95	3.47	5.22	161.69	2.63	3.76	112.69	1.90	1.48	45.88	0.75	0.49	7.40	0.25	0	1,040
Common drip with stored effluent:	0.00	0.00	0.44	7.46	0.22	2.12	63.54	1.07	3.12	96.79	1.58	3.81	114.45	1.93	3.88	120.41	1.96	2.95	91.42	1.49	2.12	63.72	1.07	0.84	25.94	0.42	0.28	4.18	0.14	0	588
Totals:	0.00	0.00	2.82	47.93	1.42	13.62	408.46	6.88	20.07	622.18	10.14	24.52	735.67	12.39	24.97	773.99	12.61	18.96	587.68	9.57	13.65	409.57	6.90	5.38	166.76	2.72	1.79	26.90	0.91	0.00	3,779

Non-potable irrigation demand by application type:

	Non-potable Irr'n demand (acre feet)	Non-potable CU (acre feet)
Turf	2,151	1,721
Drip	1,040	936
Drip irr'd w/winter stored effluent (after evap. from effluent ponds)	587	529
Totals:	3,779	3,186

Potable Irrigation Demand

	January	Feb	March 15-31			April			May			June			July			August			September			October			November 1-15			December	Totals
			avg af/day	af/mo	avg cfs	avg af/day	af/mo	avg cfs	avg af/day	af/mo	avg cfs	avg af/day	af/mo	avg cfs	avg af/day	af/mo	avg cfs	avg af/day	af/mo	avg cfs	avg af/day	af/mo	avg cfs	avg af/day	af/mo	avg cfs	avg af/day	af/mo	avg cfs		
Detached, Turf	0	0	0.74	12.59	0.37	3.58	107.33	1.81	5.27	163.48	2.66	6.44	193.30	3.25	6.56	203.37	3.31	4.98	154.42	2.52	3.59	107.62	1.81	1.41	43.82	0.71	0.47	7.07	0.24	0	993
Detached, Drip	0	0	0.49	8.40	0.25	2.39	71.55	1.20	3.52	108.99	1.78	4.30	128.87	2.17	4.37	135.58	2.21	3.32	102.95	1.68	2.39	71.75	1.21	0.94	29.21	0.48	0.31	4.71	0.16	0	662
Attached, Turf	0	0	0.27	4.54	0.13	1.29	38.65	0.65	1.90	58.87	0.96	2.32	69.61	1.17	2.36	73.24	1.19	1.79	55.61	0.91	1.29	38.76	0.65	0.51	15.78	0.26	0.17	2.55	0.09	0	358
Attached, Drip	0	0	0.14	2.42	0.07	0.69	20.61	0.35	1.01	31.40	0.51	1.24	37.13	0.63	1.26	39.06	0.64	0.96	29.66	0.48	0.69	20.67	0.35	0.27	8.42	0.14	0.09	1.36	0.05	0	191
Commercial, Turf	0	0	0.01	0.16	0.00	0.05	1.38	0.02	0.07	2.11	0.03	0.08	2.49	0.04	0.08	2.62	0.04	0.06	1.99	0.03	0.05	1.39	0.02	0.02	0.56	0.01	0.01	0.09	0.00	0	13
Commercial, Drip	0	0	0.03	0.43	0.01	0.12	3.69	0.06	0.18	5.62	0.09	0.22	6.64	0.11	0.23	6.99	0.11	0.17	5.31	0.09	0.12	3.70	0.06	0.05	1.51	0.02	0.02	0.24	0.01	0	34
Total			1.68	28.54	0.85	8.11	243.21	4.09	11.95	370.47	6.04	14.60	438.04	7.37	14.87	460.86	7.51	11.29	349.93	5.70	8.13	243.87	4.11	3.20	99.29	1.62	1.07	16.02	0.54	0	2,250

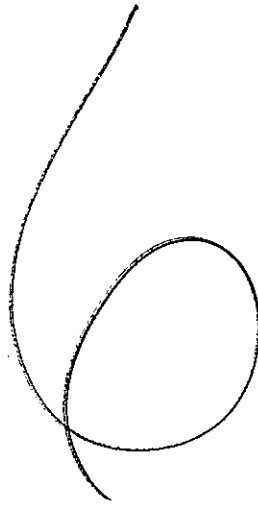
Potable irrigation demand by application type:

	Acre-feet Potable Demand	Acre-feet Potable CU
Turf	1,363	1,091
Drip	887	798
Annual Potable Irrigation Water demand (acre feet)	2,250	1,889

Summary of Irrigation Demands:

Total Irrigated Acreage 1,518 acres
 Total CU 5,075 ac-ft/yr
 Total Demand 6,029 ac-ft/yr
 Total CU / Total Irrigated Acres 3.34 ac-ft/ac
 Total Demand / Total Irrigated Acres 3.97 ac-ft/ac

Note: This summary is for acres irrigated by well diversions or reuse water and excludes the 197 acres irrigated with Farmer's Union ditch shares.



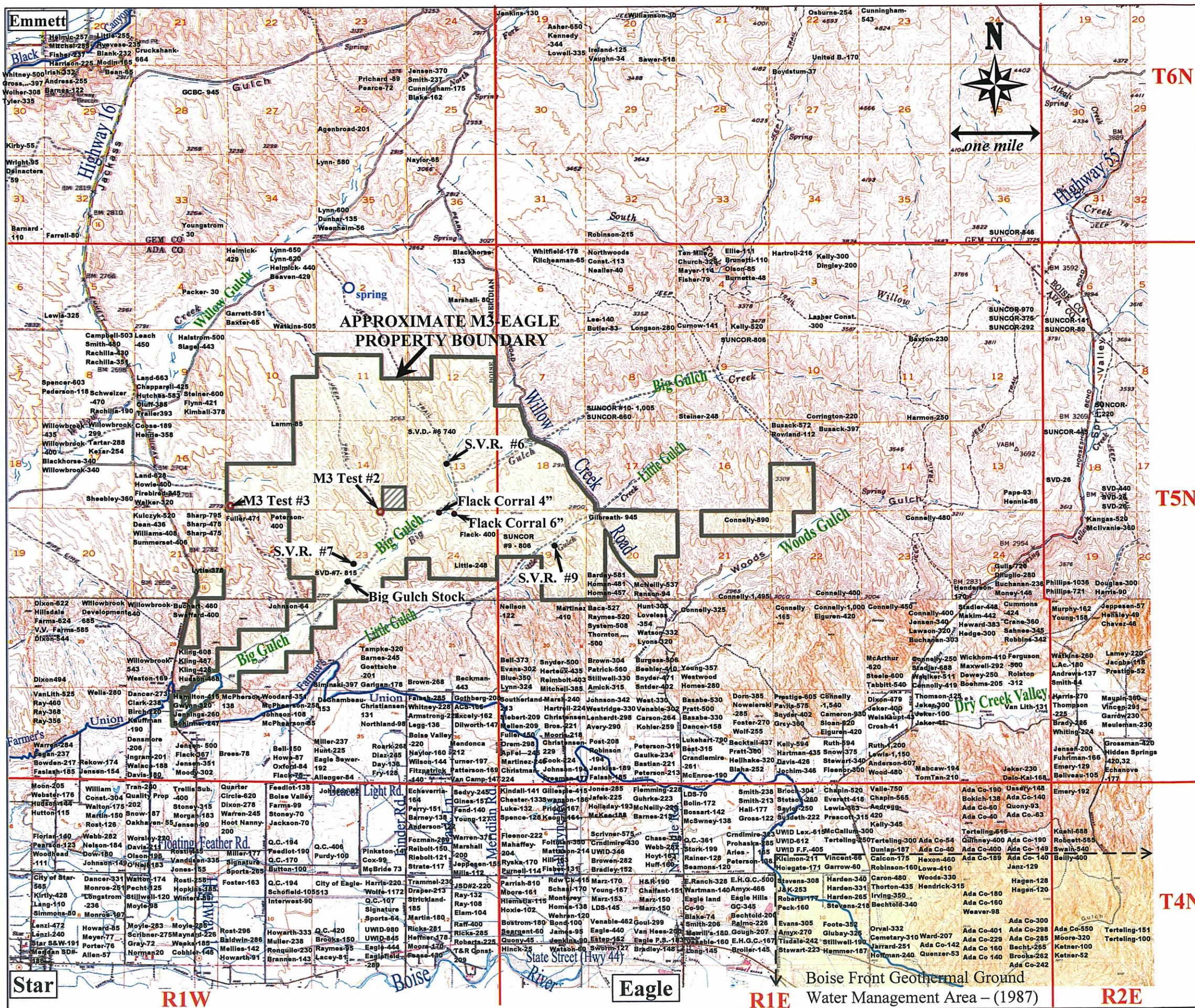


Exhibit 6.1 Regional Well Location and Depth Map showing recorded wells in proximity to the proposed M3-Eagle planned community development boundary. The area within the dark grey borders, owned by M3 Companies, Inc., is proposed as the current extent of the municipal service area for the applied for municipal ground water right under this application.

Owing to space consideration, no more than five wells are shown for any given 1/4 1/4 section. If five wells are shown, these are the five deepest wells located within that 1/4 1/4. If less than five wells are shown, all wells within the 1/4 1/4 are listed. For a listing of the total numbers of recorded wells in the area, refer to Exhibit 6.2.

Although natural springs are indicated on the base map, only one known spring exists within 1 mile of the proposed development boundary. That spring is 3/4 mile north of the property in Section 2 of Township 5 North, Range 1 West (indicated by blue-colored open circle).

Water well locations were plotted from available driller's logs within the IDWR's electronic web-site data-base, hard copy and microfiche files of the Western Regional Office, and the files of Hydro Logic, Inc. The total number of wells within the study area of this map is 2,386.

Township and range boundaries are denoted in red and the approximate boundary of the development in gray with yellow shading.

Hydro Logic, Inc.
Boise, ID

Exhibit 6.1

Boise Front Geothermal Ground Water Management Area – (1987)

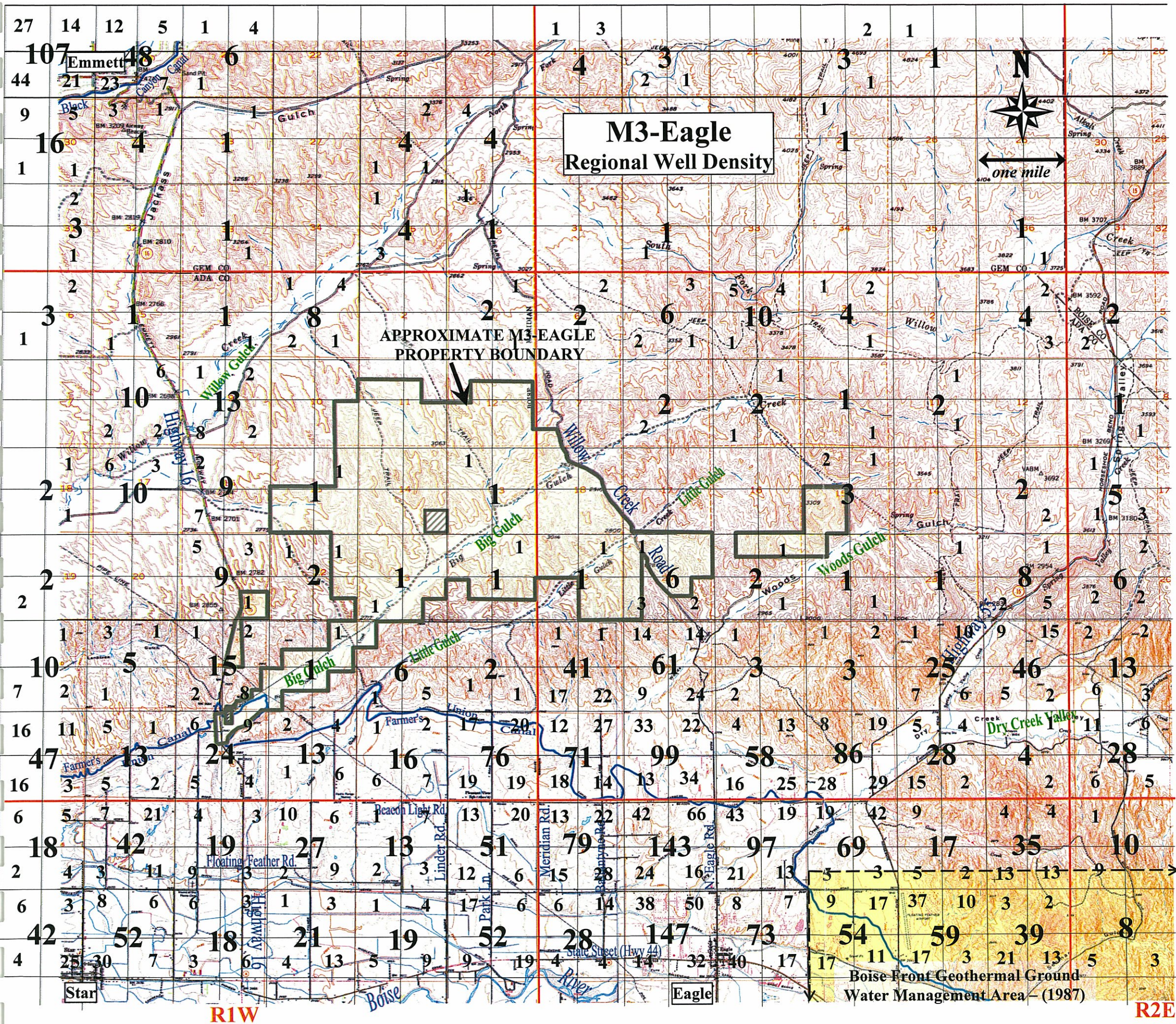


Exhibit 6.2 Density of domestic, irrigation, stock, and monitoring wells in the vicinity of the proposed M3-Eagle Development, Ada and Gem Counties, Idaho. The area within the dark grey borders, owned by M3 Companies, Inc., is proposed as the municipal service area for the applied for municipal ground water right under this Amended Application For Permit. The number of wells within each 1/4-1/4 Section is indicated by the smaller numerals on the grid. The total number of wells in each Section is shown by the larger numerals at the center of each Section. Database is the Idaho Department of Water Resources Driller's Report files (hard copy and microfiche) from the Western Regional Office and IDWR's on-line database as of August 17th, 2007. Some wells may be missing and others may be mis-located. Overall, 2,386 wells are located within the area shown on the map.

Township and range boundaries are denoted in red, and the approximate boundary of the proposed development is gray with yellow shading.

USGS 15 -minute (1:62,500 scale) quadrangle base map.

one mile

Hydro Logic Inc
Boise, Idaho

one mile

N

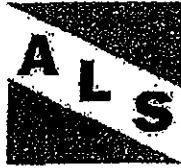
T6N

T5N

T4N

Exhibit 6.2

7



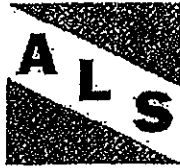
Unlimited Boundaries, Inc. dba ALS
Land Surveying & Civil Engineering
 1103 W. Main St.
 Middleton, Idaho 83644
 208-585-5858 • 208-585-9001 Fax

REVISED APRIL 20, 2006

M3Companies 5139-03

ADA COUNTY ASSESSORS PARCEL NUMBERS, RECORDED DEED INSTRUMENT NUMBERS AND GRANTOR LISTINGS

	Assessor Parcel Number	Instrument Number	Grantor
SECTION 33, T.5N., R.1E	S0333120700	106038607	Jay Richard & Kimberly Ann Green
	S0333110061	106038607	Jay Richard & Kimberly Ann Green
SECTION 19, T.5N., R.1E	S0219110000	106036548	Colin McLeod III
	S0219220000	106036548	Colin McLeod III
	S0219400000	106036548	Colin McLeod III
	S0219140000	106036548	Colin McLeod III
SECTION 20, T.5N., R.1E	S0220230000	106036548	Colin McLeod III
SECTION 7, T.5N., R.1E SW 1/4 SW 1/4	S0207330000	106036548	Colin McLeod III
SECTION 17, T.5N., R.1E SW 1/4 SW 1/4	S0217330000	106036548	Colin McLeod III
SECTION 18, T.5N., R.1E	S0218120000	106036548	Colin McLeod III
GOVERNMENT LOT 1	S0218221000	106036548	Colin McLeod III
GOVERNMENT LOT 2	S0218230000	106036548	Colin McLeod III
	S0218131000	106036548	Colin McLeod III
	S0218341000	106036548	Colin McLeod III
	S0218140000	106036548	Colin McLeod III
SECTION 10, T.5N., R.1W E1/2 SE1/4	S0310410000	106036548	Colin McLeod III
SECTION 11, T.5N., R.1W	S0311130000	106036548	Colin McLeod III
SECTION 12, T.5N., R.1W	S0322110000	106036548	Colin McLeod III
SECTION 13, T.5N., R.1W	S0313120000	106036548	Colin McLeod III
	S0313110000	106036548	Colin McLeod III
SECTION 14, T.5N., R.1W	S0314110000	106036548	Colin McLeod III
	S0314130000	106036548	Colin McLeod III
SECTION 15, T.5N., R.1W	S0315110000	106036548	Colin McLeod III
SECTION 22, T.5N., R.1W	S0322141800	106036548	Colin McLeod III



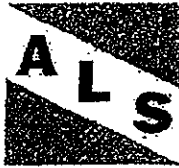
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ADA COUNTY ASSESSORS PARCEL NUMBERS, RECORDED DEED INSTRUMENT NUMBERS AND GRANTOR LISTINGS

	Assessor Parcel Number	Instrument Number	Grantor
SECTION 23, T.5N., R.1W	S0323110015	106036548	Colin McLeod III
	S0323336000	106036548	Colin McLeod III
	S0323120600	106036548	Colin McLeod III
SECTION 24, T.5N., R.1W	S0324130000	106036548	Colin McLeod III
SECTION 26, T.5N., R.1W NW 1/4 NW 1/4	S0326220000	106036548	Colin McLeod III
SECTION 27, T.5N., R.1W NE 1/4 NE 1/4	S0327110000	106036548	Colin McLeod III
SECTION 8, T.5N., R.1E PARCEL 1	S0208340000	105166717	Highland Livestock & Land Company Limited
SECTION 17, T.5N., R.1E	S0217330000	105166717	Highland Livestock & Land Company Limited
SECTION 20, T.5N., R.1E PARCEL 5	S0220110500 S0220212400 S0217330000	105166717	Highland Livestock & Land Company Limited
SECTION 8, T.5N., R.1W W1/2 SW1/4 PARCEL 8	S0314325400 S0315330000	106008264	Little Enterprises Limited Partnership
SECTION 15, T.5N., R.1W PARCEL 9	S0315330000	106008264	Little Enterprises Limited Partnership
SECTIONS 21 & 28 T.5N., R.1W PARCEL 10	S0321430000 S0328120000	106008264	Little Enterprises Limited Partnership
SECTION 22, NE1/4 NE1/4 T.5N., R.1W PARCEL 11	S0322110000	106008264	Little Enterprises Limited Partnership
SECTION 23, N 1/2 NW1/4 T.5N., R.1W	S0327130000	106008264	Little Enterprises Limited Partnership



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ADA COUNTY ASSESSORS PARCEL NUMBERS, RECORDED DEED INSTRUMENT NUMBERS AND GRANTOR LISTINGS

	Assessor Parcel Number	Instrument Number	Grantor
PARCEL 12			
SECTION 27, T.5N., R.1W., PARCEL 13	S032713000	106008264	Little Enterprises Limited Partnership
SECTION 21, T.5N., R.1W., PARCEL 1, CELL TOWER SITE	S0333120710	106008264	Little Enterprises Limited Partnership
SECTION 21, T.5N., R.1E., NORTH 1/2 PARCEL 6	S0221110000	105108186	Highland Livestock & Land Company Limited
SECTION 22, T.5N., R.1E., NW 1/4 NW 1/4 PARCEL 7	S022222000	105108186	Highland Livestock & Land Company Limited
SECTIONS 28 & 33 T.5N., R.1W., LOT 3, BLOCK 1 GULCH RANCH ESTATES	R3314130300	105106118	Randy L. & Cindy L. Gwynn
SECTIONS 28 & 33 T.5N., R.1W., LOT 4, BLOCK 1 GULCH RANCH ESTATES	R3314130400	105106115	John W. & Betty L. Moody
SECTION 15, T.5N., R.1W., SW 1/4 PARCEL 3	S0215300000	105108185	Little Enterprises Limited Partnership
SECTION 12, T.5N., R.1W., SW 1/4 SW 1/4	S0312330000	105106197 105132319	Keith J. Larson, Sterling Larson, John Rosemurgy, & David E. Hollingsworth
SECTION 13, T.5N., R.1W.,	S0313210000	105106197 105132319	Keith J. Larson, Sterling Larson, John Rosemurgy, & David E. Hollingsworth
SECTION 24, T.5N., R.1W.,	S03124110000	105106197	Keith J. Larson, Sterling Larson, John Rosemurgy,



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REVISED APRIL 20, 2006

M3Companies 5139-03

ADA COUNTY ASSESSORS PARCEL NUMBERS, RECORDED DEED INSTRUMENT NUMBERS AND GRANTOR LISTINGS

	Assessor Parcel Number	Instrument Number	Grantor
NORTH 1/2		105132319	& David E. Hollingsworth
SECTION 18, T.5N., R.1W., GOVERNMENT LOTS 3 & 4	S0218320000	105106197	Keith J. Larson, Sterling Larson, John Rosemurgy, & David E. Hollingsworth
SECTION 28, T.5N., R.1W., PARCEL II	S0328449200	105114739	M & H Development LLC.,
SECTIONS 28 & 33 T.5N., R.1W., PARCEL III	R4985520028	106006302	M & H Development LLC.,

ADA COUNTY RECORDER J. DAVID NAVARRO
BOISE IDAHO 83713/06 02:44 PM
DEPUTY Gail Garrett
RECORDED - REQUEST OF
Pioneer

AMOUNT 12.00 4



A Pioneer Company
PIONEER TITLE COMPANY
OF ADA COUNTY
8151 W. Riffeman Ave. / Boise, Idaho 83704
(208) 377-2700

26/675
sum/HH

WARRANTY DEED

For Value Received Jay Richard Green and Kimberly Ann Green, husband and wife

hereinafter referred to as Grantor, does hereby grant, bargain, sell, warrant and convey unto

AR Boise, LLC, a Texas limited liability company

hereinafter referred to as Grantee, whose current address is 110 East Gurley #200, Prescott, AZ 86301
the following described premises, to-wit:

SEE EXHIBIT A ATTACHED HERETO AND MADE A PART HEREOF.

together with (i) all improvements owned by Grantor and located thereon, (ii) all rights, privileges, easements and appurtenances owned by Grantor appertaining to the premises, (iii) all water rights appurtenant to said premises, including without limitation all rights in and to their 1.33 shares in the Farmers Union Ditch Company and Water Right 63-20181, and (iv) all right, title and interest of Grantor (if any) in, to and under adjoining streets, rights of way and easements.

To HAVE AND TO HOLD the said premises, with their appurtenances unto the said Grantee, his heirs and assigns forever. And the said Grantor does hereby covenant to and with the said Grantee, that Grantor is the owner in fee simple of said premises; that said premises are free from all encumbrances except current years taxes, levies, and assessments, and except U.S. Patent reservations, restrictions, easements of record, and easements visible upon the premises, and that Grantor will warrant and defend the same from all claims whatsoever.

Dated: Mar 10, 2006

Jay Richard Green

Kimberly Ann Green

STATE OF Idaho)
) SS.
County of Ada)

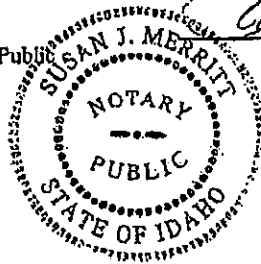
The foregoing instrument was acknowledged before me this 10th day of April, 2006 by Jay Richard Green and Kimberly Ann Green personally known to me or proven to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument, and acknowledged that he executed it.

Witness my hand and official seal.

My Commission Expires: _____

RESIDING AT: CALDWELL, ID
MY COMMISSION EXPIRES 05-05-2011

Notary Public



Susan J. Merritt

Schedule A
COMMITMENT



Order No. 261675

EXHIBIT A

This parcel lies in the NE ¼ of Section 33, Township 5 North, Range 1 West, Boise Meridian, Ada County, Idaho, and is more particularly described as follows:

COMMENCING at the Northwest corner of said NE ¼;
Thence South 00°28'17" East (formerly South 00°09'45" East) along the Westerly boundary of said NE ¼, 901.53 feet;
Thence South 89°01'44" East (formerly South 89°39'47" East), 51.06 feet to a point on the Easterly right-of-way boundary for Idaho State Highway 16 and to the TRUE POINT OF BEGINNING;
Thence continuing South 89°01'44" East, 1441.80 feet (formerly South 89°39'47" East, 1441.98 feet) to a point on the boundary of Equest Subdivision (vacated) as shown on the plat thereof (Book 53, Page 4606, Office of the Recorder for Ada County, Idaho);
Thence traversing said boundary as follows:

South 67°11'38" West (formerly South 66°33'35" West), 254.57 feet;
South 52°16'06" West (formerly South 51°38'03" West), 535.08 feet;
South 38°40'25" West (formerly South 38°02'22" West), 715.30 feet;
South 21°05'40" West (formerly South 20°27'37" West), 84.42 feet;
Thence North 88°57'16" West, 182.70 feet (formerly North 89°35'19" West, 181.78 feet) to a point on the Easterly right-of-way boundary for Idaho State Highway 16;
Thence along said right-of-way, 283.91 feet along the arc of a non-tangent curve to the right, having a radius of 1859.86 feet, a central angle of 08°44'47", and being subtended by a chord, which bears North 13°10'12" West, 283.63 feet;
Thence 355.29 feet along the arc of a spiral to the right, having a radius of 1897.44 feet, a central angle of 05°21'51", and being subtended by a chord, which bears North 05°11'06" West, 355.15 feet;
Thence North 03°23'50" West, 455.37 feet to the TRUE POINT OF BEGINNING.

TOGETHER WITH:

COMMENCING at the Northwest corner of said NE ¼;
Thence South 00°28'17" East (formerly South 00°09'45" East) along the Westerly boundary of said NE ¼, 901.53 feet;
Thence, continuing South 00°28'17" East (formerly South 00°09'45" East) along the Westerly boundary of said NE ¼, 685.21 feet to a point on the Westerly right-of-way boundary for Idaho State Highway 16 and to the TRUE POINT OF BEGINNING;
Thence along said right-of-way, 140.48 feet along the arc of a spiral to the left, having a radius of 1922.44 feet, a theta angle of 00°35'55", and being subtended by a chord, which bears South 07°00'48" East, 140.46 feet;
Thence 49.72 feet along the arc of a curve to the left, having a radius of 1959.86 feet, a central angle of 01°27'13", and being subtended by a chord, which bears South 09°31'34" East, 49.72 feet;

Schedule A
COMMITMENT



Order No. 261675

Thence 212.24 feet along the arc of a curve to the left, having a radius of 1178.92 feet, a central angle of $10^{\circ}18'58''$, and being subtended by a chord, which bears South $08^{\circ}49'15''$ East, 211.95 feet;

Thence leaving said right-of-way, North $88^{\circ}57'16''$ West 61.16 feet to the Westerly boundary of said NE $\frac{1}{4}$;

Thence along the Westerly boundary of said NE $\frac{1}{4}$, North $00^{\circ}28'17''$ East, 396.79 feet to the TRUE POINT OF BEGINNING.

DEED IS BEING RE-RECORDED FOR
CORRECTION OF GRANTEE'S MAILING ADDRESS
AND AMENDMENT TO LEGAL DESCRIPTION.

ADA COUNTY RECORDER J. DAVID NAVARRO
BOISE IDAHO 03/09/06 11:41 AM
DEPUTY Vicki Allen
RECORDED-REQUEST OF
Pioneer

AMOUNT 15.00
106036548



Re-record

WHEN RECORDED RETURN TO:

William I. Brownlee
c/o The M3 Companies, L.L.C.
110 East Gurley Street
Suite 200
Prescott, AZ 86301

ADA COUNTY RECORDER J. DAVID NAVARRO
BOISE IDAHO 01/24/06 04:47 PM
DEPUTY Neava Haney
RECORDED-REQUEST OF
Pioneer

AMOUNT 15.00 5
106012220



255123A

SPECIAL WARRANTY DEED

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, COLIN MCLEOD, III, as to his vested portion as described on Exhibit "A" attached hereto and incorporated herein by this reference, and FIRST AMERICAN TITLE INSURANCE COMPANY, a California corporation, as Trustee of the Dual Beneficiary Trust created pursuant to the Subdivision Trust Agreement dated October 8, 2003, as amended, as to its vested portion as described on Exhibit "A", (collectively "Grantors"), hereby grant, sell and convey to PIONEER TITLE COMPANY OF ADA COUNTY, an Idaho corporation, as Trustee under Trust No. 255123 ("Grantee"), the real property located in Ada County, Idaho and described on Exhibit "A" (the "Land"), together with (i) all buildings, structures and improvements located on the Land, including, without limitation, all irrigation ditches, gates, valves, pumps, tanks, and wells not previously reserved by or conveyed to others; (ii) all appurtenances, hereditaments, interests, privileges, easements, rights-of-way, reversions, remainders, development rights, well rights, water rights, and air rights (including any grandfathered groundwater or other groundwater or surface water rights) appurtenant to the Land not previously reserved by or conveyed to others, including, without limitation, all irrigation ditches, gates, valves, pumps, tanks, and wells, if any; (iii) all oil, gas, and mineral rights relating to the Land not previously reserved; (iv) any rights of Grantors to any adjoining strips or gores of property and any land lying within the bed of any adjoining street, highway, or waterway; and (v) any other rights or privileges appurtenant to the Land or used in connection therewith together with all improvements, structures and fixtures located on the Land.

Subject to current taxes and other assessments not yet delinquent; reservations in patents and all easements, rights-of-way, encumbrances, liens, covenants, conditions, restrictions, reservations, declarations, obligations, liabilities and other matters as may appear of record, each Grantor warrants title to its respective vested portion of the Land as against the acts of such Grantor and none other, subject to the matters described above.

GRANTORS:

DATED as of the *23rd* day of *January*, 200*6*.

COLIN MCLEOD, III

Grantee's Mailing Address: Pioneer Title Company of Ada County as Trustee, Trust No. 255123
c/o William I. Brownlee
c.o The M3 Companies, L.L.C.
110 East Gourley Street, Suite 200
Prescott, AZ 86301

Original Option Property

The Northeast quarter;
The East half of the Northwest quarter;
Government Lots 1 and 2;
The Southeast quarter;
All in Section 19, Township 5 North, Range 1 East of Boise Meridian, in Ada County, Idaho.

The Southwest quarter of the Northwest quarter;
The West half of the Southwest quarter;
All in Section 20, Township 5 North, Range 1 East of Boise Meridian, in Ada County, Idaho.

Government Lot 4;

That portion of the Southeast quarter of the Southwest quarter (SE $\frac{1}{4}$ SW $\frac{1}{4}$) of Section 7, lying Southwesterly of the centerline of Willow Creek Road, more particularly described as follows:

COMMENCING at the Southwest corner of said Section 7; thence N89°26'13"E, 976.19 feet to the Southwest corner of said SE $\frac{1}{4}$ SW $\frac{1}{4}$ and the POINT OF BEGINNING;

Thence, along the West line of said SE $\frac{1}{4}$ SW $\frac{1}{4}$, N01°37'53"E, 1315.55 feet to the Northwest corner of said SE $\frac{1}{4}$ SW $\frac{1}{4}$;

Thence, along the North line of said SE $\frac{1}{4}$ SW $\frac{1}{4}$, N89°27'42"E, 322.23 feet to point on said centerline;

Thence, along said centerline, S17°08'49"E, 211.69 feet;

Thence, S21°38'20"E, 468.10 feet to a curve;

Thence, along the arc of said curve to the right, having a radius of 365.00 feet, a central angle of 26°42'14", and being subtended by a chord, which bears S08°17'13"E, 168.58 feet;

Thence, S05°03'53"W, 109.20 feet to a curve;

Thence, along the arc of said curve to the left, having a radius of 310.00 feet, a central angle of 35°10'52", and being subtended by a chord, which bears S12°31'32"E, 187.37 feet;

Thence, S30°06'58"E, 168.08 feet;

Thence, S34°03'01"E, 83.37 feet to the South line of said SE $\frac{1}{4}$ SW $\frac{1}{4}$;

Thence, S89°26'13"W, 781.04 feet to the POINT OF BEGINNING;

All in Section 7, Township 5 North, Range 1 East of Boise Meridian, in Ada County, Idaho.

That portion of the Northwest quarter of the Southwest quarter (NW $\frac{1}{4}$ SW $\frac{1}{4}$) of Section 17 lying Southwesterly of the centerline of Willow Creek Road, more particularly described as follows:

COMMENCING at the Southwest corner of said Section 17; thence, along the West line of said Section 17, N00°16'27"E, 1314.67 feet to the POINT OF BEGINNING;

Thence, along the South line of said (NW $\frac{1}{4}$ SW $\frac{1}{4}$), N89°57'12"E, 204.11 feet to a point on said centerline;

Thence, along said centerline, N37°36'51"W, 332.36 feet to the said West line;

Thence, S00°16'27"W, 263.44 feet to the POINT OF BEGINNING;

All in Section 17, Township 5 North, Range 1 East of Boise Meridian, in Ada County, Idaho.

Government Lots 1 and 2;
The East half of the Southwest quarter;
The Southeast quarter of the Northwest quarter;
The West half of the Southeast quarter;
The Southeast quarter of the Southeast quarter;
That portion of the Northwest quarter of the Northeast quarter (NW $\frac{1}{4}$ NE $\frac{1}{4}$) and that portion of the South half of the Northeast quarter (S $\frac{1}{2}$ NE $\frac{1}{4}$) and that portion of the Northeast quarter of the Northwest quarter (NE $\frac{1}{4}$ NW $\frac{1}{4}$) and that portion of the Northeast quarter of the Southeast quarter (NE $\frac{1}{4}$ SE $\frac{1}{4}$), all lying Southwesterly of the centerline of Willow Creek Road, more particularly described as follows:
COMMENCING at the Northwest corner of said Section 18; thence, along the North line of said Section 18, N89°26'13"E, 976.19 feet to the Northwest corner of said (NE $\frac{1}{4}$ NW $\frac{1}{4}$) and the POINT OF BEGINNING;
Thence, continuing along said North line, N89°26'13"E, 781.04 feet to said centerline of Willow Creek Road;
Thence, along said centerline S34°03'01"E, 215.25 feet;
Thence, S10°42'30"E, 414.87 feet to a curve;
Thence, along the arc of said curve to the left, having a radius of 225.00 feet, a central angle of 56°12'00", and being subtended by a chord, which bears S38°48'30"E, 211.96 feet;
Thence, S66°54'30"E, 1186.00 feet to a curve;
Thence, along the arc of said curve to the right, having a radius of 1000.00 feet, a central angle of 13°57'43", and being subtended by a chord, which bears S59°55'39"E, 243.08 feet;
Thence, S52°56'47"E, 351.88 feet to a curve;
Thence, along the arc of said curve to the right, having a radius of 635.00 feet, a central angle of 19°19'45", and being subtended by a chord, which bears S44°01'28"E, 213.21 feet;
Thence, S34°21'35"E, 166.76 feet to a curve;
Thence, along the arc of said curve to the right, having a radius of 480.00 feet, a central angle of 24°30'13", and being subtended by a chord, which bears S24°11'03"E, 203.72 feet;
Thence, S11°55'56"E, 513.68 feet to a curve;
Thence, along the arc of said curve to the left, having a radius of 395.00 feet, a central angle of 25°40'56", and being subtended by a chord, which bears S24°46'24"E, 175.58 feet;
Thence, S37°36'51"E, 1212.36 feet to the East line of said Section 18;
Thence, along said East line, S00°16'27"W, 263.44 feet to the Southeast corner of said (NE $\frac{1}{4}$ SE $\frac{1}{4}$);
Thence, along South line of said (NE $\frac{1}{4}$ SE $\frac{1}{4}$), S89°31'40"W, 1320.20 feet to the Southwest corner of said (NE $\frac{1}{4}$ SE $\frac{1}{4}$);
Thence, along the West line of said (NE $\frac{1}{4}$ SE $\frac{1}{4}$), N00°17'28"E, 1313.97 feet to the Northwest corner of said (NE $\frac{1}{4}$ SE $\frac{1}{4}$);
Thence, along the South line of said (S $\frac{1}{2}$ NE $\frac{1}{4}$), S89°29'51"W, 1319.82 feet to the Southwest corner of said (S $\frac{1}{2}$ NE $\frac{1}{4}$);
Thence, along the West line of said (S $\frac{1}{2}$ NE $\frac{1}{4}$), N00°18'28"E, 1313.28 feet to the Northwest corner of said (S $\frac{1}{2}$ NE $\frac{1}{4}$);
Thence, along the South line of said (NE $\frac{1}{4}$ NW $\frac{1}{4}$), S89°28'02"W, 1319.20 feet to the Southwest corner of said (NE $\frac{1}{4}$ NW $\frac{1}{4}$);
Thence, along the West line of said (NE $\frac{1}{4}$ NW $\frac{1}{4}$), N00°19'41"E, 1312.59 feet to the POINT OF BEGINNING;
All in Section 18, Township 5 North, Range 1 East of Boise Meridian, in Ada County,

That portion of said Original Option Property lying within Sections 7, 17 and 18 being previously described as:

- Government Lot 4;
That portion of the Southeast quarter of the Southwest quarter lying Southwesterly of the centerline of Willow Creek Road;
All in Section 7, Township 5 North, Range 1 East of Boise Meridian, in Ada County, Idaho.
- That portion of the NW $\frac{1}{4}$ of the SW $\frac{1}{4}$ lying Southwesterly of the centerline of Willow Creek Road;
All in Section 17, Township 5 North, Range 1 East of Boise Meridian, in Ada County, Idaho.
- That portion of the Northwest quarter of the Northeast quarter lying Southwesterly of the centerline of Willow Creek Road;
That portion of the South half of the Northeast quarter lying Southwesterly of the centerline of Willow Creek Road;
That portion of the East half of the Northwest quarter lying Southwesterly of the centerline of Willow Creek Road;
- Government Lots 1 and 2;
The East half of the Southwest quarter;
That portion of the Southeast quarter lying Southwesterly of the centerline of Willow Creek Road;
All in Section 18, Township 5 North, Range 1 East of Boise Meridian, in Ada County, Idaho.

The East half of the Southeast quarter of Section 10, Township 5 North, Range 1 West of Boise Meridian, in Ada County, Idaho.

The Southwest quarter of the Northeast quarter;
The South half of the Northwest quarter;
The South half;
All in Section 11, Township 5 North, Range 1 West of Boise Meridian, in Ada County, Idaho.

The South half of the Northeast quarter;
The Southeast quarter of the Northwest quarter;
The North half of the Southwest quarter;
The Southeast quarter;
All in Section 12, Township 5 North, Range 1 West of the Boise Meridian, in Ada County, Idaho.

The Northeast quarter;
The Southeast quarter of the Northwest quarter;
The South half of the Southwest quarter;
All in Section 13, Township 5 North, Range 1 West of Boise Meridian, in Ada County, Idaho.

The North one half;
The East one half of the Southwest quarter;
The North one half of the Southeast quarter;
The Southwest quarter of the Southeast quarter;
All in Section 14, Township 5 North, Range 1 West of Boise Meridian, in Ada County, Idaho.

The Northeast quarter of the Northeast quarter of Section 15, Township 5 North, Range 1 West of Boise Meridian, in Ada County, Idaho.

The Southeast quarter of the Northeast quarter;
The Northeast quarter of the Southeast quarter;
All in Section 22, Township 5 North, Range 1 West of Boise Meridian, in Ada County, Idaho.

The Northeast quarter;
The South half of the Northwest quarter;
The Southwest quarter;
The North half of the Southeast quarter;
The Southwest quarter of the Southeast quarter;
All in Section 23, Township 5 North, Range 1 West of Boise Meridian, in Ada County, Idaho.

The South half of the Northeast quarter;
The West half of the Northwest quarter;
The Southeast quarter of the Northwest quarter;
The Northeast quarter of the Southwest quarter;
The North half of the Southeast quarter;
All in Section 24, Township 5 North, Range 1 West of Boise Meridian, in Ada County, Idaho.

The Northwest quarter of the Northwest quarter of Section 26, Township 5 North, Range 1 West of Boise Meridian, in Ada County, Idaho.

The Northeast quarter of the Northeast quarter of Section 27, Township 5 North, Range 1 West of Boise Meridian, in Ada County, Idaho.

After recording, please return to:

The M3 Companies
Attn: William I. Brownlee
110 E. Gurley Street, Suite 200
Prescott, AZ 86301

ADA COUNTY RECORDER J. DAVID NAVARRO
BOISE IDAHO 11/03/05 03:46 PM
DEPUTY Borale Oberbillig
RECORDED - REQUEST OF
Alliance Title

AMOUNT 30.00 10



105166717

AT-5000527119

SPECIAL WARRANTY DEED

FOR VALUE RECEIVED

HIGHLAND LIVESTOCK AND LAND COMPANY, LIMITED, an Idaho corporation, whose address is 210 West Main, Emmett, Idaho 83617, ("Grantor"), who took title as "Highland Livestock and Land Company", does hereby bargain, sell, and convey, unto AR Boise L.L.C., a Texas limited liability company, whose address is 110 East Gurley Street, Suite 200, Prescott, Arizona 86301 ("Grantee") all that parcel of land located in Ada County, Idaho ("Premises") more particularly described in Exhibit A to this Special Warranty Deed.

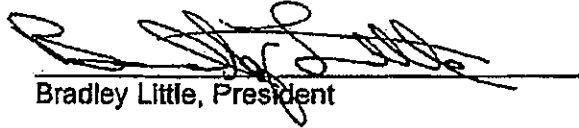
TO HAVE AND TO HOLD the Premises, with its appurtenances unto Grantee, and Grantee's successors and assigns forever.

Grantor does hereby covenant to and with Grantee, that the Grantor is the owner in fee simple of the Premises; that the Premises are free from all encumbrances created or suffered by Grantor, except those made, suffered or done by Grantee, and except the matters set forth on Exhibit B to this Special Warranty Deed and except general taxes and assessments, including utility assessments for the current year, which are not yet due and payable, and that Grantor will warrant and defend the same forever from all other lawful claims. By accepting this Special Warranty Deed and subject to the covenants and warranties in this Special Warranty Deed, Grantee acknowledges and understands that Grantee is accepting the Premises from Grantor in an "As-Is" condition with all faults, including both latent and patent defects.

IN WITNESS WHEREOF, Grantor has caused its corporate name to be hereunto subscribed this 3rd day of NOVEMBER, 2005.

GRANTOR:

HIGHLAND LIVESTOCK AND LAND
COMPANY, LIMITED, an Idaho corporation


Bradley Little, President

GRANTEE:

AR Boise, L.L.C., a Texas limited liability
company

By: M3 Builders, L.L.C., an Arizona
limited liability company, Manager

By: The M3 Companies, L.L.C., an Arizona
limited liability company, sole Member of
M3 Builders, L.L.C.

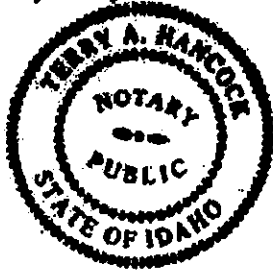
By: 
William I. Brownlee, Member

By: 
Jeffrey A. Davis, Member

STATE OF IDAHO)
) ss.
County of Ada)

On this 3rd day of November, 2005, before me, a Notary Public in and for said State, personally appeared BRADLEY LITTLE, known or identified to me to be the president of HIGHLAND LIVESTOCK AND LAND COMPANY, LIMITED, an Idaho corporation, the corporation who executed the foregoing instrument or the person who executed the instrument on behalf of said corporation, and acknowledged to me that such corporation executed the same.

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



Terry A. Hancock
Notary Public for Idaho
Residing at: Boise, Idaho
My commission expires: 3-23-2010

STATE OF ARIZONA)
) ss.
County of YAVAPAI)

On this 27 day of OCTOBER, 2005, before me, a Notary Public in and for the State of Arizona, personally appeared William I. Brownlee and Jeffrey A. Davis, known or identified to me to be the members of The M3 Companies, L.L.C., an Arizona limited liability company, which is the sole member of M3 Builders, L.L.C., an Arizona limited liability company acting as Manager of AR BOISE L.L.C., a Texas limited liability company, who executed the foregoing instrument on behalf of said company, and acknowledged to me that such company executed the same.

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

Judith E. Brummett-Bowie
Notary Public for Arizona
My commission expires: 2/22/07

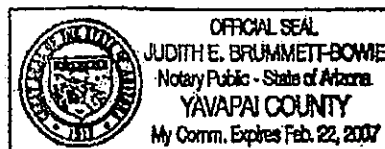


EXHIBIT A

Special Warranty Deed Legal Description

[to be attached]



EXHIBIT A

Parcel 1:

The Southeast Quarter of the Southwest Quarter, the West half of the Southeast Quarter, and the Northeast Quarter of the Southeast Quarter of Section 8, Township 5 North, Range 1 East, Boise Meridian, in Ada County, Idaho.

Parcel 4:

The Northeast Quarter, the Southeast Quarter, and the South half of the Southwest Quarter of Section 17, Township 5 North, Range 1 East, Boise Meridian, in Ada County, Idaho.

Parcel 5:

The Northeast Quarter, the North half of the Northwest Quarter, the Southeast Quarter of the Northwest Quarter, the Northeast Quarter of the Southwest Quarter, and the Northwest Quarter of the Southeast Quarter of Section 20, Township 5 North, Range 1 East, Boise Meridian, in Ada County, Idaho;

EXCEPT that portion thereof lying within that tract of land, more particularly described as follows, conveyed to Michael S. Homan by deed recorded under Instrument No. 103034609:

A parcel of land lying in Section 20, Township 5 North, Range 1 East, Boise Meridian, Ada County, Idaho, said parcel being more particularly described as follows:

Commencing at the Brass Cap marking the corner common to Sections 20, 21, 28, and 29, Township 5 North, Range 1 East, Boise Meridian, Ada County, Idaho; thence South 89°49'55" West 1321.27 feet to an iron pin marking the East 1/16 corner common to said Sections 20 and 29; thence South 89°49'50" West 1321.43 feet to the Brass Cap marking the ¼ corner common to said Sections 20 and 29, said point being the POINT OF BEGINNING; thence South 89°50'08" West 1321.62 feet to the West 1/16 corner common to said Sections 20 and 29; thence North 00°50'26" West 3941.79 feet along the West 1/16 line to the Northwest 1/16 corner; thence North 89°42'56" East 9.92 feet along the North line of the Southeast Quarter Northwest Quarter to the West right of way line of Willow Creek Road; thence along said right of way line of Willow Creek Road the following courses and distances; South 27°38'22" East 62.21 feet to a point of curve; thence along a curve to the right 113.94 feet, said curve having a delta of 16°18'14", a radius of 400.40 feet, tangents of 57.36 feet and a long chord of 113.55 feet which bears South 19°29'15" East to a point of tangent; thence South 11°20'08" East 144.76 feet to a point of curve; thence along a curve to the left 476.94 feet, said curve having a delta of 28°09'20", a radius of 970.55 feet, tangents of 243.39 feet and a long chord of 472.15 feet which bears South 25°24'48" East to a point of tangent; thence South 39°29'28" East 233.00 feet to a point of curve; thence along a curve to the right 200.60 feet, said curve having a delta of 20°02'27", a radius of 573.50 feet, tangents of 101.33 feet and a long chord of 199.58 feet which bears South 29°28'14" East to a point of reverse curve; thence along a curve to the left 234.81 feet, said curve having a delta of 12°55'34", a radius of 1040.80 feet, tangents of 117.90 feet and a long chord of 234.31 feet which bears South 25°54'48" East to a point of tangent; thence

South 32°22'35" East 223.05 feet to a point of curve; thence along a curve to the left 331.68 feet, said curve having a delta of 10°00'18", a radius of 1899.41 feet, tangents of 166.26 feet and a long chord of 331.25 feet which bears

South 37°22'44" East to a point of tangent; thence

South 42°22'53" East 231.38 feet; thence

South 45°03'57" East 411.88 feet to a point of curve; thence along a curve to the left 204.80 feet, said curve having a delta of 09°02'30", a radius of 1297.79 feet, tangents of 102.61 feet and a long chord of 204.59 feet which bears

South 49°35'12" East to a point of reverse curve; thence along a curve to the right 208.60 feet, said curve having a delta of 12°35'19", a radius of 949.44 feet, tangents of 104.72 feet and a long chord of 208.18 feet which bears

South 47°48'47" East to a point of tangent; thence

South 41°31'08" East 186.78 feet to the South 1/16 line; thence

South 89°44'35" West 495.92 feet to the South 1/16 corner; thence

South 00°44'17" East 1314.92 feet to the POINT OF BEGINNING.

EXHIBIT B

SPECIAL WARRANTY DEED PERMITTED EXCEPTIONS

This conveyance is made subject to all liens, claims, easements, restrictions, reservations, irregularities, encroachments, rights of way, clouds on title, encumbrances and other exceptions to title of record or otherwise existing upon or against the Property including, but not limited to, those visible upon a physical inspection of the Property and any liens for taxes and assessments. This conveyance is also made subject to those exceptions to title disclosed by the title commitment, which are attached to and made a part of this Exhibit B.

COMMITMENT FOR TITLE INSURANCE

Order No.: 5000527119AK

SCHEDULE B - SECTION 2

Schedule B of the policy or policies to be issued will contain exceptions to the following matters unless the same are disposed of to the satisfaction of the Company:

- A. Defects, liens, encumbrances, adverse claims or other matters, if any, created first appearing in the public records or attaching subsequent to the effective date hereof but prior to the date the proposed insured acquires of record for value the estate or interest or mortgage thereon covered by this commitment.
- B. General Exceptions:
1. Rights or claims of parties in possession not shown by the public records.
 2. Encroachments, overlaps, boundary line disputes, and any other matters which would be disclosed by an accurate survey or inspection of the premises including, but not limited to, insufficient or impaired access or matters contradictory to any survey plat shown by the public records.
 3. Easements, or claims of easements, not shown by the public records.
 4. Any lien, or right to a lien, for services, labor, or material heretofore or hereafter furnished, imposed by law and not shown by the public records.
 5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the public records.
 6. Taxes or special assessments which are not shown as existing liens by the public records of any taxing authority that levies taxes or assessments on real property or by the public records. Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
- C. Special Exceptions:
1. General Taxes for the year 2005, a Lien, but not yet due and payable.
 2. Liens, levies and assessments of the Ada County.
 3. Levies and assessments of the Farmers Union Ditch Irrigation District, and the rights, powers and easements of said district as by law provided.
 4. Ditch, road and public utility easements as the same may exist over said premises.
 5. Right of the public in and to that portion of the premises lying within the right-of-way of N. Willow Creek Rd.
Affects: Parcels 4 and 5.

6. "All Gas, Oil and mineral rights and the rights of ingress and egress to the herein described real property for the purpose of Gas, Oil or mineral exploration" as reserved in deed:
Recorded: February 19, 1945.
In Book: 283 of Deeds.
Page: 120, of Official Records.
Affects: Parcel 4.
7. An easement for the purpose shown below and rights incidental thereto as set forth in a document:
Granted to: Robert E. Harmon and Sheila N. Harmon, husband and wife.
Purpose: Road Access.
Recorded: April 13, 1993.
Instrument No.: 9326686, of Official Records.
Affects: Parcel 1 and other property.
8. An easement for the purpose shown below and rights incidental thereto as set forth in a document:
Granted to: Jon J. Busack and Barbara A. Busack, husband and wife.
Purpose: Road Access.
Recorded: November 16, 1998.
Instrument No.: 98110048, of Official Records.
Affects: Parcel 1 and other property.
9. An easement for the purpose shown below and rights incidental thereto as set forth in a document:
Granted to: Boise City, a municipal corporation.
Purpose: Grant of Avigation Easements.
Recorded: August 23, 2000.
Instrument No.: 100067293, of Official Records.
Affects: Parcel 1 and other property.
10. Terms, provisions, covenants, conditions, definitions, options, obligations and restrictions contained in a Special Warranty Deed:
Recorded: March 3, 2003.
Instrument No.: 103034609, of Official Records.
Affects: Parcels 1, 4, 5 and other property.
11. Unrecorded leaseholds, if any, and the rights of vendors and holders of security interests in personal property of tenants to remove said personal property at the expiration of the term.
12. Our inspection of the subject premises on 7/26/2005 disclosed the following:
 - a) The property is unimproved range land.

13. Matters disclosed by ALTA/ACSM Survey dated 10/27/2005 by Associated Land Surveyors under Project Number 5139-01, as follows:
- a) The subject premises are criss-crossed by numerous dirt roads.
 - b) A fence is within the Westerly-most property lines of Parcels 4 and 5 by approximately 80 to 120 feet.
 - c) Unrecorded easement for a pipe of indeterminate purpose under Willow Creek Road in Parcel-5.

END OF SCHEDULE B.

Countersigned at: Boise, ID.
Alliance Title & Escrow Corp.

Authorized Officer of Agent

13

ADA COUNTY RECORDER J. DAVID NAVARRO
BOISE IDAHO 01/18/06 10:56 AM
DEPUTY Neava Haney
RECORDED - REQUEST OF
Alliance Title

AMOUNT 39.00 13



Little Ent Closing

After recording, please return to:

The M3 Companies
Attn: William I. Brownlee
110 E. Gurley Street, Suite 200
Prescott, AZ 86301

AT-5000526568

SPECIAL WARRANTY DEED

FOR VALUE RECEIVED

LITTLE ENTERPRISES LIMITED PARTNERSHIP, an Idaho limited partnership, whose address is 210 West Main, Emmett, Idaho 83617, who took title as "Little Enterprises Limited Partnership", Grantor as to only the Northwest Quarter of the Southwest Quarter of Section 14 of Parcel 8, and HIGHLAND LIVESTOCK AND LAND COMPANY, LIMITED, an Idaho corporation, whose address is 210 West Main, Emmett, Idaho 83617, who took title as "Highland Livestock and Land Company", Grantor as to the remainder of Parcel 8, Parcels 9 through 13 inclusive, and Parcel I, Parcel II, and Parcel III, (referred to individually or collectively as "Grantor" or "Grantors"), do hereby bargain, sell, and convey, unto AR Boise L.L.C., a Texas limited liability company, whose address is 110 East Gurley Street, Suite 200, Prescott, Arizona 86301 ("Grantee") all of that land located in Ada County, Idaho ("Premises") more particularly described in Exhibit "A" to this Special Warranty Deed.

TO HAVE AND TO HOLD the Premises, with its appurtenances unto Grantee, and Grantee's successors and assigns forever.

Grantor does hereby covenant to and with Grantee, that as to the portion of the Premises owned by such Grantor, the Grantor is the owner in fee simple of the Premises; the Premises are free from all encumbrances created or suffered by Grantor, except those made, suffered or done by Grantee, and except the matters set forth on Exhibit "B" and except general taxes and assessments, including utility assessments for the current year, which are not yet due and payable, and that Grantor will warrant and defend the same forever from all other lawful claims. By accepting this Special Warranty Deed, and subject to the covenants and warranties in this Special Warranty Deed, Grantee acknowledges and understands that Grantee is accepting the Premises from Grantor in an "As-Is" condition with all faults, including both latent and patent defects.

IN WITNESS WHEREOF, Grantors have caused its partnership name and corporate name to be hereunto subscribed this 17th day of January, 2016.

GRANTORS:

LITTLE ENTERPRISES LIMITED
PARTNERSHIP, an Idaho limited partnership



Bradley Little, General Partner

HIGHLAND LIVESTOCK AND LAND
COMPANY, LIMITED, an Idaho corporation



Bradley Little, President

GRANTEE:

AR Boise, L.L.C., a Texas limited liability
company

By: M3 Builders, L.L.C., an Arizona
limited liability company, Manager

By: The M3 Companies, L.L.C., an Arizona
limited liability company, sole Member of
M3 Builders, L.L.C.

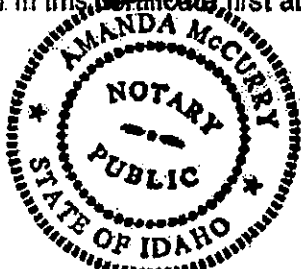
By: 

Jeffrey A. Davis, Member

State of Idaho)
County of Ada)

On this 17th day of January, 2006, before me, a Notary Public in and for said County and State, personally appeared **BRADLEY J. LITTLE**, known or identified to me to be general partner in the partnership of **LITTLE ENTERPRISES LIMITED PARTNERSHIP**, a limited partnership, one of the general partners who subscribed said limited partnership name to the foregoing instrument, and acknowledged to me that he executed the same in said limited partnership name.

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



Amanda McCurry
Notary Public for Idaho
Residing at Star, Idaho
My Commission expires 4/15/11

STATE OF IDAHO)
County of Ada) ss.

On this 17th day of January, 2006, before me, a Notary Public in and for said State, personally appeared **BRADLEY LITTLE**, known or identified to me to be the president of **HIGHLAND LIVESTOCK AND LAND COMPANY, LIMITED**, an Idaho corporation, the corporation who executed the foregoing instrument or the person who executed the instrument on behalf of said corporation, and acknowledged to me that such corporation executed the same.

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

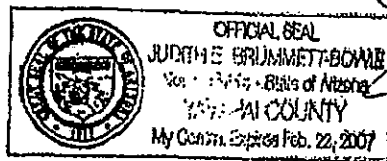


Amanda McCurry
Notary Public for Idaho
Residing at: Star, Idaho
My commission expires: 4/15/11

STATE OF ARIZONA)
) ss.
County of YAVAPAI)

On this 13 day of January, 2006, before me, a Notary Public in and for the State of Arizona, personally appeared **Jeffrey A. Davis**, known or identified to me to be a member of The M3 Companies, L.L.C., an Arizona limited liability company, which is the sole member of M3 Builders, L.L.C., an Arizona limited liability company acting as Manager of **AR BOISE L.L.C.**, a Texas limited liability company, who executed the foregoing instrument on behalf of said company, and acknowledged to me that such company executed the same.

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



Judith Brunmet-Bowar
Notary Public for Arizona
My commission expires: 2/22/07

EXHIBIT A

Legal Description

EXHIBIT A

Parcel 8:

The West half of the Southwest Quarter of Section 14, Township 5 North, Range 1 West, Boise Meridian, in Ada County, Idaho.

Parcel 9:

The Southeast Quarter of the Northeast Quarter and the South half of Section 15, Township 5 North, Range 1 West, Boise Meridian, in Ada County, Idaho.

Parcel 10:

The following describes a parcel of real property lying in a portion of the South Half of Southeast Quarter of Section 21 and in a portion of the West Half of the Northeast Quarter of Section 28, all lying easterly of Highway 16, Township 5 North, Range 1 West, Boise Meridian, Ada County, Idaho, being more particularly described as follows:

BEGINNING at the Quarter Corner common to Section 21, 22, 27 and 28; thence, North 88°39'16" West, 1325.31 feet; thence, South 00°26'35" West, 2632.13 feet; thence, North 88°41'42" West, 933.28 feet; thence, North 12°48'04" East, 1004.84 feet; thence, North 13°45'48" West, 22.36 feet; thence, North 12°48'04" East, 1748.40 feet to a spiral to the left; thence, along said spiral a distance of 208.46 feet, having a radius of 3342.70, a theta of 1°47'12", which bears North 12°12'20" East, 208.45 feet; thence, North 37°30'45" East, 103.57 feet to a curve to the left; thence, along said curve a distance of 946.18 feet, having a radius of 2401.85, a central angle of 22°34'16", having a tangent of 479.31, which bears North 02°14'04" West, 940.08 feet; thence, South 88°48'04" East, 1619.66 feet; thence, South 00°49'56" West, 1322.34 feet to the **POINT OF BEGINNING**;

EXCEPT that portion thereof described as follows:

A 100.00 x 100.00 foot square parcel of land located in the Southeast Quarter of the Southeast Quarter of said Section 21, described as follows:

Commencing at the Southeast corner of Section 21; thence, North 89°17'40" West, 1325.30 feet to the Southwest corner of said Southeast Quarter of the Southeast Quarter; thence North 00°18'58" East, 738.92 feet along the West line of said Southeast Quarter of the Southeast Quarter; thence, North 89°41'02" East, 5.39 feet to the **POINT OF BEGINNING**; thence, North 27°13'45" East, 100.00 feet; thence, South 62°45'15" East, 100.00 feet; thence, South 27°13'45" West, 100.00 feet; thence North 62°45'15" West, 100.00 feet to the **POINT OF BEGINNING**.

Parcel 11:

The Northeast Quarter of the Northeast Quarter of Section 22, Township 5 North, Range 1 West, Boise Meridian, in Ada County, Idaho.

Parcel 12:

The North half of the Northwest Quarter of Section 23, Township 5 North, Range 1 West, Boise Meridian, in Ada County, Idaho.

Parcel 13:

The South half of the Northeast Quarter, the Southeast Quarter of the Northwest Quarter and the Northwest Quarter of the Southeast Quarter of Section 27, Township 5 North, Range 1 West, Boise Meridian, in Ada County, Idaho.

Parcel I

A 100.00 x 100.00 foot square parcel of land located in the Southeast Quarter of the Southeast Quarter of Section 21, Township 5 North, Range 1 West, Boise Meridian, Ada County, Idaho, described as follows:

Commencing at the Southeast corner of Section 21; thence,
North 89°17'40" West, 1325.30 feet to the Southwest corner of said Southeast Quarter of the Southeast Quarter; thence,
North 00°18'58" East, 738.92 feet along the West line of said Southeast Quarter of the Southeast Quarter; thence,
North 89°41'02" East, 5.39 feet to the POINT OF BEGINNING; thence,
North 27°13'45" East, 100.00 feet; thence,
South 62°46'15" East, 100.00; thence,
South 27°13'45" West, 100.00 feet; thence,
North 62°46'15" West, 100.00 feet to the POINT OF BEGINNING.

Parcel II

An easement for power and telephone as established in that certain Memorandum of Lease recorded under Instrument No. 100089710, of Official Records and more particularly described as follows:

A 10.00 foot wide strip of land located in the Northwest Quarter of the Northeast Quarter of Section 28 and the South half of the Southeast Quarter of Section 21, Township 5 North, Range 1 West, Boise Meridian, Ada County, Idaho, said strip lying between parallel lines located 5.00 feet on each side of the following described centerline:

Commencing at the South Quarter corner of said Section 21; thence,
North 89°17'40" West, 1325.30 feet along the South line of said section, to the Southeast corner of the Southwest Quarter of the Southeast Quarter of said section; thence,
North 89°17'40" West, 368.58 feet along said South section line to a point in the Southeasterly right of way line of State Highway No. 16; thence,
South 12°31'27" West, 44.19 feet along said right of way line to a point; thence,
South 77°28'33" East, 5.00 feet to the POINT OF BEGINNING; thence, along a line parallel with and 5.00 feet Southeasterly of said highway right of way line,
North 12°31'27" East, 304.12 feet; thence,
North 36°45'53" East, 581.27 feet to the POINT OF ENDING in the Southerly line of an antenna lease site, from which POINT OF ENDING the Southeast corner of said Southwest Quarter of the Southeast Quarter bears North 62°46'15" West, 35.00 feet, South 89°41'02" West, 5.39 feet, and South 00°18'58" West, 738.92 feet.

Parcel III

An access road easement as established in that certain Memorandum of Lease recorded under Instrument No. 100089710, of Official Records and more particularly described as follows:

A 20.00 foot wide strip of land located in the South half of the Southeast Quarter of Section 21, Township 5 North, Range 1 West, Boise Meridian, Ada County, Idaho, said strip lying between parallel lines located 10.00 feet on each side of the following described centerline:

**Commencing at the South Quarter corner of said Section 21; thence,
North 89°17'40" West, 1325.30 feet along the South line of said section, to the Southeast corner of the Southwest Quarter of the Southeast Quarter of said section; thence,
North 89°17'40" West, 368.58 feet along said South section line to a point in the Southeasterly right of way line of State Highway No. 16; thence,
North 12°31'27" East, 43.66 feet along said right of way line to the POINT OF BEGINNING;
thence,
South 77°28'33" East, 43.47 feet; thence,
North 07°15'53" East, 65.46 feet; thence,
North 06°40'14" East, 182.17 feet; thence,
North 36°12'15" East, 111.52 feet, along a line parallel with and 20.00 feet Southeast of said Southeasterly right of way line; thence,
North 08°13'12" East, 56.64 feet, continuing parallel with and 20.00 feet Southeast of said right of way line; thence,
North 56°59'34" East, 94.76 feet; thence,
North 34°39'13" East, 128.81 feet; thence,
North 62°40'21" East, 75.00 feet; thence,
North 27°13'45" East, 104.12 feet to the POINT OF ENDING in the Southerly line of an antenna lease site, from which POINT OF ENDING the Southeast corner of said Southwest Quarter of the Southeast Quarter bears North 62°46'15" West, 50.00 feet, South 89°41'02" West, 5.39 feet, and South 00°18'58" West, 738.92 feet.**

EXHIBIT B

Permitted Exceptions

Conveyance of the real property described on Exhibit "A" is made subject to all liens, claims, easements, restrictions, reservations, irregularities, encroachments, rights of way, clouds on title, encumbrances and other exceptions to title of record or otherwise existing upon or against the Property including, but not limited to, those visible upon a physical inspection of the Property and any liens for taxes and assessments. This conveyance is also made subject to those exceptions to title disclosed by the title commitment, which are attached to and made a part of this Exhibit "B".

COMMITMENT FOR TITLE INSURANCE

Order No.: 5000526568AK

SCHEDULE B - SECTION 2

Schedule B of the policy or policies to be issued will contain exceptions to the following matters unless the same are disposed of to the satisfaction of the Company:

A. Defects, liens, encumbrances, adverse claims or other matters, if any, created first appearing in the public records or attaching subsequent to the effective date hereof but prior to the date the proposed Insured acquires of record for value the estate or interest or mortgage thereon covered by this commitment.

B. General Exceptions:

1. Rights or claims of parties in possession not shown by the public records.
2. Encroachments, overlaps, boundary line disputes, and any other matters which would be disclosed by an accurate survey or inspection of the premises including, but not limited to, insufficient or impaired access or matters contradictory to any survey plat shown by the public records.
3. Easements, or claims of easements, not shown by the public records.
4. Any lien, or right to a lien, for services, labor, or material heretofore or hereafter furnished, imposed by law and not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the public records.
6. Taxes or special assessments which are not shown as existing liens by the public records of any taxing authority that levies taxes or assessments on real property or by the public records. Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.

C. Special Exceptions:

1. General Taxes for the year 2006, a Lien, but not yet due and payable.
2. Liens, levies and assessments of the Ada County.
3. Levies and assessments of the Farmers Union Ditch Irrigation District, and the rights, powers and easements of said district as by law provided.
4. Ditch, road and public utility easements as the same may exist over said premises.
5. Rights of the State of Idaho in and to that portion of said premises, if any, lying in the bed or former bed of the Big Gulch Creek, if it is navigable.
Affects: Parcel 13.
6. Any prohibition or limitation on the use, occupancy, or improvements of the land resulting from the rights of the public, appropriators, or riparian owners to use any waters, which may now cover the land or to use any portion of the land which is now or may formerly have been covered by water.
Affects: Parcel 13.

7. "A one-half interest in any or all mineral or oil deposits" as reserved in deed:
Recorded: April 7, 1937.
In Book: 222 of Deeds.
Page: 274, of Official Records.
Affects: Parcels 9, 11 and 12, and the Southwest Quarter of the Southwest Quarter of Section 14 of Parcel 8.
8. An easement for the purpose shown below and rights incidental thereto as set forth in document:
Granted to: American Telephone and Telegraph Company of Wyoming.
Purpose: Public Utilities.
Recorded: December 26, 1941.
Book: 17.
Page: 625, of Official Records.
Affects: Portion of Parcel 9.
9. An easement for the purpose shown below and rights incidental thereto as set forth in a document:
Granted to: Salt Lake Pipe Line Company, a Nevada corporation.
Purpose: Pipeline.
Recorded: October 17, 1949.
Instrument No.: 292527, of Official Records.
Affects: Southerly portion of Parcel 10.
10. Negative easements, conditions, restrictions, and access rights contained in the deed to the State of Idaho.
Recorded: May 9, 1956.
Instrument No.: 394249, of Official Records.
Affects: Parcel 10.
11. An easement for the purpose shown below and rights incidental thereto as set forth in a document:
Granted to: Douglas A. Fuller and Nancy D. Fuller, husband and wife.
Purpose: Access easement and utility easement.
Recorded: November 1, 1999.
Instrument No.: 99106563, of Official Records.
Affects: Portions of Parcel 9.
12. An easement for the purpose shown below and rights incidental thereto as set forth in a document:
Granted to: Boise City, a municipal corporation.
Purpose: Grant of Avigation Easements.
Recorded: August 23, 2000.
Instrument No.: 100067293, of Official Records.
Affects: Parcels 8, 9, 10, 11, 12 and other property.
13. An easement for the purpose shown below and rights incidental thereto as set forth in a document:
Granted to: SBA Towers, Inc.
Purpose: Power and Telephone easement and access easement.
Recorded: November 7, 2000.
Instrument No.: 100089710, of Official Records.
Affects: Parcel 10.

14. An easement for the purpose shown below and rights incidental thereto as set forth in document:
Granted to: Idaho Power Company.
Purpose: Public Utilities.
Recorded: January 3, 2001.
Instrument No.: 101000444, of Official Records.
Affects: Parcel 9.

15. A Memorandum of Land Lease with certain terms, covenants, conditions and provisions set forth therein.
Lessor: Highland Livestock and Land Company, an Idaho corporation.
Lessee: SBA Towers, Inc., a Florida corporation.
Recorded: November 7, 2000.
Instrument No.: 100089710, of Official Records.
Affects: Parcels I, II and III.

Lessee's Interest in said lease is now held of record by:
Assignee: AAT Communications Corp.
Assignments Recorded: December 1, 2000 and August 7, 2003.
Instrument Nos.: 100097180 and 103132005, of Official Records.

Amendment and Restatement of Memorandum of Land Lease.
Lessor: Highland Livestock and Land Company, a corporation.
Lessee: AAT Communications Corp., a New York corporation.
Recorded: December 2, 2005.
Instrument No.: 105183335, of Official Records.

16. Leasehold Deed of Trust, Assignment or Rents and Leases, Security Agreement, Financing Statement and Fixture Filing to secure an indebtedness in the amount shown below and any other obligations secured thereby:
Amount: \$175,000,000.00.
Dated: October 3, 2003.
Trustor/Grantor: AAT Communications Corp. (also known as AAT Communications Corporation), a New York corporation.
Trustee: First American Title Insurance Company, a California corporation.
Beneficiary: Toronto Dominion (Texas), Inc., a Delaware corporation.
Recorded: October 16, 2003.
Instrument No.: 103175929, of Official Records.
Affects: Leasehold interest in Parcels I, II and III.

An agreement to modify the terms and provisions of said Deed of Trust as therein provided.
Recorded: September 9, 2005.
Instrument No.: 105130989, of Official Records.

17. Unrecorded leaseholds, if any, and the rights of vendors and holders of security interests in personal property of tenants to remove said personal property at the expiration of the term.

18. Notwithstanding Paragraph 4 of the insuring clauses of the policy or policies to be issued, the policy or policies when issued will not insure against loss arising by reason of any lack of a right of access to and from the land.
Affects: Parcels 8, 9, 11, 12, 13 and other property.

19. Matters disclosed by ALTA Survey by Associated Land Surveyors under File No. 5139-01, dated December 2005 and last revised December 12, 2005, as follows:

- a) Existing dirt road (Old Stage/Immigrant Road), 8 feet wide, over Westerly portion of Parcel 9.
- b) Existing dirt road over the Easterly portion of Parcel 9.
- c) An existing fence off-line on the Northerly and Westerly portions of that portion of Parcel 9 in the Southeast Quarter of the Northeast Quarter.
- d) An existing fence off-line through Parcel 11.
- e) An existing dirt road, 9 feet wide, across Parcel 8.
- f) Existing dirt road(s), 9 feet wide, across the Northerly portion of Parcel 13.
- g) Existing fences lie North of the South property line in that portion of Parcel 13 lying in the Southeast Quarter of the Northwest Quarter and the Southeast Quarter of the Northeast Quarter.
- h) Existing fence lines lie West of the East line, North of the South line and West of the West line of that portion of Parcel 13 lying in the Northwest Quarter of the Southeast Quarter.
- i) Existing dirt roads, of indeterminate width, over Parcel 10.
- j) An electrical junction box on the Westerly line of the Southerly portion of Parcel 10.
- k) Telephone risers on or inside the Westerly line of the Southerly portion of Parcel 10.

END OF SCHEDULE B

Countersigned at: Boise, ID
Alliance Title & Escrow Corp.


Authorized Officer of Agent

After recording, please return to:

The M3 Companies
Attn: William I. Brownlee
110 E. Gurley Street, Suite 200t
Prescott, AZ 86301

ADA COUNTY RECORDER J. DAVID NAVARRO
BOISE IDAHO 08/04/05 11:39 AM
DEPUTY Bonnie Oberbillig
RECORDED - REQUEST OF
Alliance Title

AMOUNT 21.00 7



AT-5000527120

SPECIAL WARRANTY DEED

FOR VALUE RECEIVED

HIGHLAND LIVESTOCK AND LAND COMPANY, LIMITED, an Idaho corporation, whose address is 210 West Main, Emmett, Idaho 83617, ("Grantor"), who took title as "Highland Livestock and Land Company", does hereby bargain, sell, and convey, unto AR Boise L.L.C., a Texas limited liability company, whose address is 110 East Gurley Street, Suite 200, Prescott, Arizona 86301 ("Grantee") all that parcel of land located in Ada County, Idaho ("Premises") more particularly described in Exhibit A to this Special Warranty Deed.

TO HAVE AND TO HOLD the Premises, with its appurtenances unto Grantee, and Grantee's successors and assigns forever.

Grantor does hereby covenant to and with Grantee, that the Grantor is the owner in fee simple of the Premises; that the Premises are free from all encumbrances created or suffered by Grantor, except those made, suffered or done by Grantee, and except the matters set forth on Exhibit B to this Special Warranty Deed and except general taxes and assessments, including utility assessments for the current year, which are not yet due and payable, and that Grantor will warrant and defend the same forever from all other lawful claims. By accepting this Special Warranty Deed and subject to the covenants and warranties in this Special Warranty Deed, Grantee acknowledges and understands that Grantee is accepting the Premises from Grantor In an "As-Is" condition with all faults, including both latent and patent defects.

IN WITNESS WHEREOF, Grantor has caused its corporate name to be hereunto subscribed this 19th day of August, 2005.

GRANTOR:

HIGHLAND LIVESTOCK AND LAND
COMPANY, LIMITED, an Idaho corporation


Bradley Little, President

GRANTEE:

AR Boise, L.L.C., a Texas limited liability
company

By: M3 Builders, L.L.C., an Arizona
limited liability company, Manager

By: The M3 Companies, L.L.C., an Arizona
limited liability company, sole Member of
M3 Builders, L.L.C.

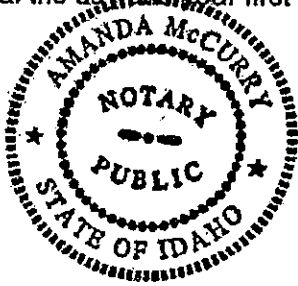
By: 
William I. Brownlee, Member

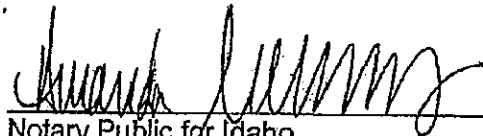
By: 
Jeffrey A. Davis, Member

STATE OF IDAHO)
) ss.
County of Ada)

On this 1st day of August, 2005, before me, a Notary Public in and for said State, personally appeared BRADLEY LITTLE, known or identified to me to be the president of HIGHLAND LIVESTOCK AND LAND COMPANY, LIMITED, an Idaho corporation, the corporation who executed the foregoing instrument or the person who executed the instrument on behalf of said corporation, and acknowledged to me that such corporation executed the same.

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

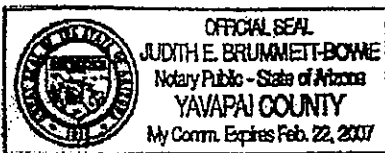



Notary Public for Idaho
Residing at: Star, Idaho
My commission expires: 4/15/11

STATE OF ARIZONA)
) ss.
County of YAVAPAI)

On this 26th day of July, 2005, before me, a Notary Public in and for the State of Arizona, personally appeared William I. Brownlee and Jeffrey A. Davis, known or identified to me to be the members of The M3 Companies, L.L.C., an Arizona limited liability company, which is the sole member of M3-Builders, L.L.C., an Arizona limited liability company acting as Manager of AR BOISE L.L.C., a Texas limited liability company, who executed the foregoing instrument on behalf of said company, and acknowledged to me that such company executed the same.

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



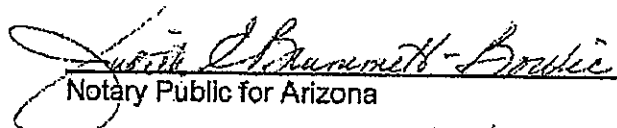

Notary Public for Arizona
My commission expires: 2/22/07

EXHIBIT "A"
LEGAL DESCRIPTION

Parcel 2:

The Southeast Quarter of the Northeast Quarter of Section 9, Township 5 North, Range 1 East, Boise Meridian, in Ada County, Idaho.

Parcel 6:

The North half of the Northeast Quarter and the Northeast Quarter of the Northwest Quarter of Section 21, Township 5 North, Range 1 East, Boise Meridian, in Ada County, Idaho.

Parcel 7:

The Northwest Quarter of the Northwest Quarter of Section 22, Township 5 North, Range 1 East, Boise Meridian, in Ada County, Idaho.

EXHIBIT B

SPECIAL WARRANTY DEED PERMITTED EXCEPTIONS

This conveyance is made subject to all liens, claims, easements, restrictions, reservations, irregularities, encroachments, rights of way, clouds on title, encumbrances and other exceptions to title of record or otherwise existing upon or against the Property including, but not limited to, those visible upon a physical inspection of the Property and any liens for taxes and assessments. This conveyance is also made subject to those exceptions to title disclosed by the title commitment, which are attached to and made a part of this Exhibit B.

B. General Exceptions:

1. Encroachments, overlaps, boundary line disputes, and any other matters which would be disclosed by an accurate survey or inspection of the premises including, but not limited to, insufficient or impaired access or matters contradictory to any survey plat shown by the public records.
2. Water rights, claims or title to water, whether or not the matters are shown by the public records.

C. Special Exceptions:

1. General Taxes for the year 2005, a Lien, but not yet due and payable.
2. Liens, levies and assessments of the Ada County.
3. Levies and assessments of the Farmers Union Ditch Irrigation District, and the rights, powers and easements of said district as by law provided.
4. Ditch, road and public utility easements as the same may exist over said premises.
5. Agreement, and the terms and conditions contained therein:
Between: Farmers Union Ditch Company, Limited, a corporation.
And: Edward D. Parkinson and Beth A. Parkinson, husband and wife.
Purpose: Irrigation water and payment for same
Recorded: May 28, 1951.
Instrument No.: 318236, of Official Records.
Affects: Parcel 6
6. An easement for the purpose shown below and rights incidental thereto as set forth in a document:
Granted to: Robert E. Harmon and Sheila N. Harmon, husband and wife.
Purpose: Road Access.
Recorded: April 13, 1993.
Instrument No.: 9326686, of Official Records.
Affects: Parcel 2 and other property.
7. An easement for the purpose shown below and rights incidental thereto as set forth in a document:
Granted to: Jon J. Busack and Barbara A. Busack, husband and wife.
Purpose: Road Access.
Recorded: November 16, 1998.
Instrument No.: 98110048, of Official Records.
Affects: Parcel 2 and other property.
8. An easement for the purpose shown below and rights incidental thereto as set forth in a document:
Granted to: Boise City, a municipal corporation.
Purpose: Grant of Avigation Easements.
Recorded: August 23, 2000.
Instrument No.: 100067293, of Official Records.
Affects: Parcels 2, 6, 7, and other property.

9. Terms, provisions, covenants, conditions, definitions, options, obligations and restrictions contained in a Special Warranty Deed:
Recorded: March 3, 2003.
Instrument No.: 103034609, of Official Records.
Affects: Parcels 2, 6, 7 and other property.
10. Notwithstanding Paragraph 4 of the insuring clauses of the policy or policies to be issued, the policy or policies when issued will not insure against loss arising by reason of any lack of a right of access to and from the land.
Affects: Parcels 2, 3, 6, 7 and other property.
11. Our inspection of the subject premises on 7/26/2005 disclosed the following:
 - a) The property is unimproved range land.
 - b) Access to Parcel 2 herein is via a gated, private road known as Aerie Lane, for which we find no recorded easement benefiting the subject premises.
 - c) Access to Parcels 3, 6 and 7 herein is via a gated, private road known as Woods Gulch Road, for which we find no recorded easement benefiting the subject premises.
 - d) We were unable to make any other determinations regarding Parcels 3, 6 and 7 as the previously mentioned gate was locked.

251858
sem/HH



A Pioneer Company
PIONEER TITLE COMPANY
OF ADA COUNTY
8151 W. Rifleman Ave. / Boise, Idaho 83704
(208) 377-2700

ADA COUNTY RECORDER J. DAVID NAVARRO
BOISE IDAHO 08/01/05 02:37 PM
DEPUTY Vicki Allen
RECORDED - REQUEST OF
Pioneer

AMOUNT 9.00

3 3



Gwynn

WARRANTY DEED

For Value Received

Randy L. Gwynn, and unmarried man and Cindy L. Gwynn, an

unmarried woman

hereinafter referred to as Grantor, does hereby grant, bargain, sell, warrant and convey unto

AR Boise, LLC, a Texas limited liability company

hereinafter referred to as Grantee, whose current address is 110 East Gurley #200, Prescott, AZ 86301
the following described premises, to-wit:

SEE EXHIBIT A ATTACHED HERETO AND MADE A PART HEREOF.

together with (i) all improvements owned by Grantor and located thereon, (ii) all rights, privileges, easements and appurtenances owned by Grantor appertaining to the premises, (iii) all water rights appurtenant to said premises, including without limitation Grantor's entire 0.67 share in the Farmers Union Ditch Company and all rights under water right number 63-22899 as registered with the Idaho Department of Water Resources, and (iii) all right, title and interest of Grantor (if any) in, to and under adjoining streets, rights of way and easements.

To HAVE AND TO HOLD the said premises, with their appurtenances unto the said Grantee, his heirs and assigns forever. And the said Grantor does hereby covenant to and with the said Grantee, that Grantor is the owner in fee simple of said premises; that said premises are free from all encumbrances except current years taxes, levies, and assessments, and except U.S. Patent reservations, restrictions, easements of record, and easements visible upon the premises, and that Grantor will warrant and defend the same from all claims whatsoever.

Dated: July 26, 2005

Randy L. Gwynn

Cindy L. Gwynn

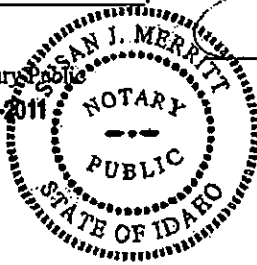
STATE OF Idaho)
) SS.
County of Ada)

The foregoing instrument was acknowledged before me this 29 day of July, 2005 by Randy L. Gwynn and Cindy L. Gwynn personally known to me or proven to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument, and acknowledged that he executed it.

Witness my hand and official seal.

My Commission Expires: _____

RESIDING AT: CALDWELL, ID Notary Public
MY COMMISSION EXPIRES 05-05-2011



Susan J. Merritt

EXHIBIT "A"

LEGAL DESCRIPTION

Lot 3 in Block 1 of Gulch Ranch Estates according to the plat thereof filed in Book 61 of Plats at pages 6097 and 6098, records of Ada County, Idaho.

252593
8/26/05

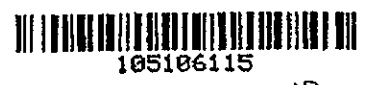


A Pioneer Company
PIONEER TITLE COMPANY
OF ADA COUNTY
8151 W. Rifleman Ave. / Boise, Idaho 83704
(208) 377-2700

ADA COUNTY RECORDER J. DAVID NAVARRO
BOISE IDAHO 08/01/05 02:37 PM
DEPUTY Vicki Allen
RECORDED - REQUEST OF
Pioneer

AMOUNT 9.00

33



Moody

NO
Notes

WARRANTY DEED

For Value Received John W. Moody and Betty L. Moody, husband and wife

hereinafter referred to as Grantor, does hereby grant, bargain, sell, warrant and convey unto

AR Boise, LLC, a Texas limited liability company

hereinafter referred to as Grantee, whose current address is 110 East Gurley #200, Prescott, AZ 86301

the following described premises, to-wit:

SEE EXHIBIT A ATTACHED HERETO AND MADE A PART HEREOF.

together with (i) all improvements owned by Grantor and located thereon, (ii) all rights, privileges, easements and appurtenances owned by Grantor appertaining to the premises, (iii) all water rights appurtenant to said premises, including without limitation all rights in and to their 0.67 share in the Farmers Union Ditch Company, and (iv) all right, title and interest of Grantor (if any) in, to and under adjoining streets, rights of way and easements.

To HAVE AND TO HOLD the said premises, with their appurtenances unto the said Grantee, his heirs and assigns forever. And the said Grantor does hereby covenant to and with the said Grantee, that Grantor is the owner in fee simple of said premises; that said premises are free from all encumbrances except current years taxes, levies, and assessments, and except U.S. Patent reservations, restrictions, easements of record, and easements visible upon the premises, and that Grantor will warrant and defend the same from all claims whatsoever.

Dated: July 26, 2005

John W. Moody

Betty L. Moody

STATE OF Idaho)
) SS.
County of Ada)

The foregoing instrument was acknowledged before me this 29 day of July, 2005 by John W. Moody and Betty L. Moody personally known to me or proven to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument, and acknowledged that he executed it.

Witness my hand and official seal.

My Commission Expires: _____

RESIDING AT: CALDWELL, ID
MY COMMISSION EXPIRES 05-05-2011

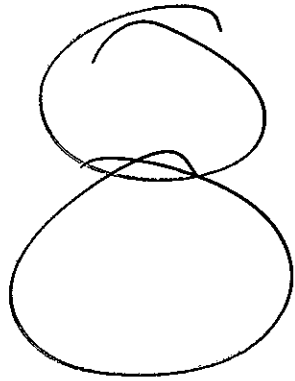


Susan J. Merritt

EXHIBIT "A"

LEGAL DESCRIPTION

Lot 4 in Block 1 of Gulch Ranch Estates according to the plat thereof filed in Book 61 of Plats at pages 6097 and 6098, records of Ada County, Idaho.





November 20, 2006

Idaho Department of Water Resources
322 E. Front Street
Boise, Idaho 83720

Dear Sir or Madam:

Pursuant to your request enclosed are the following:

M3 Eagle, L.L.C. comparative income tax basis financial statements for the ten months ended October 31, 2006 and the period inception (July 21, 2005) through October 31, 2005.

The accompanying statement of assets, liabilities and equity – income tax basis of M3 Eagle, L.L.C. as of October 31, 2006 and 2005 have been prepared by Thomas D. Cervino, CPA. I have prepared such financial statements in my capacity as an employee of M3 Companies, L.L.C., the parent company of M3 Builders, L.L.C. (the manager of M3 Eagle, L.L.C.).

Sincerely,

THE M3 COMPANIES, L.L.C.

A handwritten signature in cursive script that reads 'Thomas D. Cervino'.

Thomas D. Cervino, CPA

Enclosure

M3 Eagle, L.L.C.
Statement of Assets, Liabilities and Equity - Income Tax Basis
As of October 31, 2006 and 2005

	<u>October 31,</u> <u>2006</u>	<u>October 31,</u> <u>2005</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 940,334	\$ 1,173,778
Escrow deposits	<u>-</u>	<u>810,000</u>
Total Current Assets	940,334	1,983,778
Land and capitalized entitlement and carrying costs	61,632,334	19,089,209
Organization costs, net of accumulated amortization	<u>47,555</u>	<u>51,023</u>
Total Assets	<u>\$ 62,620,223</u>	<u>\$ 21,124,010</u>
LIABILITIES AND MEMBERS' EQUITY		
Current Liabilities		
Accounts payable and accrued expenses	\$ 187,525	\$ 11,865
Accrued Interest	339,708	45,975
Notes payable - land acquisition financing	<u>8,500,000</u>	<u>2,570,000</u>
Total Current Liabilities	9,027,233	2,627,840
Total Liabilities	<u>9,027,233</u>	<u>2,627,840</u>
Equity:		
Members' Capital	53,500,100	18,500,100
Retained Earnings (Loss)	<u>92,890</u>	<u>(3,930)</u>
Total Equity	<u>53,592,990</u>	<u>18,496,170</u>
Total Liabilities & Equity	<u>\$ 62,620,223</u>	<u>\$ 21,124,010</u>

See Accompanying Selected Information

M3 Eagle, L.L.C.
Selected Information – Substantially All Disclosures Required by
Generally Accepted Accounting Principles are Not Included
For the Ten Month Period Ending October 31, 2006 and
the period inception (July 21, 2005) through October 31, 2005

Note 1: Summary of Significant Accounting Policies

Nature of Operations: M3 Eagle, L.L.C. (the "Company") owns approximately 17,000 acres of undeveloped land north of Eagle, Idaho. The Company is in the process of entitling 6,005 acres as a master planned community. The remaining 11,000 acres is being held for investment and potential exchange with the Bureau of Land Management.

The financial statements are presented on an income tax basis, the basis of accounting used by the Company for federal income tax reporting. Income tax basis financials differ from generally accepted accounting principles in that certain carrying costs related to the land may be capitalized at the election of the taxpayer (the Company) in accordance with §266 of the Internal Revenue Code.

Use of Estimates: The preparation of financial statements in conformity with the income tax basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Land Entitlement and Carrying Costs: Costs incurred with regard to the entitlement and carrying costs of the land are being capitalized to the land by the Company.

Income Taxes: The Company is a Limited Liability Company taxed as a partnership for income tax purposes. For federal income tax purposes, the income earned by a partnership is flowed through to the partners. Income tax is assessed on the income that flows to the individual partners. Accordingly no provision for income taxes has been included in the financial statements for the Company.

Advertising: The Company expenses advertising costs when incurred.

Note 2: Cash and Cash Equivalents - The Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Balances of cash and cash equivalents at a financial banking institution exceeded the federally insured limit of \$100,000 by \$853,538 as of October 31, 2006 and by \$1,108,749 as of October 31, 2005. These balances fluctuate greatly during the year and can exceed this \$100,000 limit.

M3 Eagle, L.L.C.
Selected Information – Substantially All Disclosures Required by
Generally Accepted Accounting Principles are Not Included
For the Ten Month Period Ending October 31, 2006 and
the period inception (July 21, 2005) through October 31, 2005

Note 3: Intangible Assets – Organization costs in the amount of \$52,035 have been capitalized and are being amortized over fifteen years. These costs include legal and other costs related to the formation of the Company.

Note 4: Notes Payable – Land Acquisition Financing

Notes payable at October 31, 2006 and 2005 consists of the following:

	<u>10/31/06</u>	<u>10/31/05</u>
Note Payable – Carry-back land acquisition financing, secured via a deed of trust with simple interest at a rate of 7%, maturing on 1/31/06	\$ 0	\$ 2,170,000
Note Payable – Carry-back land acquisition financing, secured via a deed of trust with simple interest at a rate of 8%, maturing on 8/1/06	0	400,000
Note Payable – Carry-back land acquisition financing, secured via a deed of trust with simple interest at a rate of 8%, maturing on 9/13/07	1,000,000	0
Note Payable – Carry-back land acquisition financing, secured via a deed of trust with simple interest at a rate of 7%, maturing on 3/15/07	<u>7,500,000</u>	<u>0</u>
Total	<u>\$ 8,500,000</u>	<u>\$ 2,570,000</u>

Interest accrued on the outstanding notes has been capitalized as a cost of land in the amount of \$452,364 for the ten months ended October 31, 2006 and \$44,845 for the period inception (July 21, 2005) through October 31, 2005. Total capitalized interest from inception through October 31, 2006 equals \$528,989.

Note 6: Capitalization from Members: The approved budget includes additional capitalization from the members on or before February 27, 2007 in the amount of \$10,500,000. This capitalization is available for the pay off of land acquisition financing maturing in 2007.

M3 Eagle, L.L.C.
Selected Information – Substantially All Disclosures Required by
Generally Accepted Accounting Principles are Not Included
For the Ten Month Period Ending October 31, 2006 and
the period inception (July 21, 2005) through October 31, 2005

Note 7: Related Party Transactions: The following transactions occurred between the Company and other affiliated companies:

Certain management services of the Company are performed by a company which has common partners. During the ten months ended October 31, 2006 and the period from inception (July 21, 2005) through October 31, 2005, the company was billed \$800,000 and \$780,000 for these services respectively.

Note 8: Concentrations: The Company owned real estate is located north of Eagle, Idaho. The Company is subject to the real estate market and economic conditions related to this specific geographic area.

The Company has one major equity contributor for the funding of land purchases and operations.

9

Engineer's Opinion of Probable Cost for M3-Water/Sewer/Pressure Irr.

Located in
EAGLE, ID
Prepared On:
24-Aug-2007

By:



Stanley Consultants INC.

1940 S. Bonito Way, #140
Meridian, Idaho 83642
208-288-0573

Disclaimer:

All cost estimates presented in this report are Stanley Consultants' opinions of probable project, construction, and / or operation and maintenance costs. Cost estimates are made on the basis of our experience and represent our best judgment. We have no control over cost of labor, materials, equipment, contractor's methods, or over competitive bidding or market conditions. Therefore, we do not guarantee that proposals, bids, or actual construction costs will not vary from estimates of project costs, construction, and / or operation and maintenance costs presented. The estimates do not include inflation.

All values shown on the following pages are based upon land use and phasing exhibits in which preliminary layouts, utility and earthwork design have not been completed and are therefore subject to revision upon more complete site design. All quantities have been calculated on a percentage basis as a reflection of previous projects completed by Stanley Consultants. Actual item quantities may vary based on site layout and land use allocation.

Any offsite utility installation includes the cost of the structures and piping only and excludes, but is not limited to, costs such as land acquisition, easements, pavement removal and/or replacement, utility conflicts, etc.

Stanley Consultants provides this information to assist our clients with the figures for the basic costs of development and assumes no responsibility for differences between the numbers provided and those established at the time of bidding. If a more accurate estimate is required, at the clients request, we can provide a revised estimate site layouts and design progress for this purpose.

M3 EAGLE - SUMMARY OF UTILITY COSTS						
ITEM or DESCRIPTION	Phase 1	Phase 2	Phase 3	Phase 4	Phase 5	GRAND TOTAL
	AMOUNT	AMOUNT	AMOUNT	AMOUNT	AMOUNT	
Developable Acres	1694	947	1288	1086	1001	6005
Total # Sites	545	2256	2926	2152	281	8160
HARD COSTS						
SEWER						
Primary Infrastructure	\$7,492,464	\$1,325,180	\$6,622,141	\$6,012,313	\$245,320	\$21,697,000
Bulk Lots	\$2,266,167	\$6,273,866	\$8,185,646	\$5,566,541	\$2,132,505	\$24,425,000
Section Total	\$9,758,631	\$7,599,045	\$14,807,787	\$11,578,854	\$2,377,824	\$46,122,000
WATER						
Primary Infrastructure	\$5,626,186	\$3,620,903	\$4,378,785	\$3,835,416	\$1,993,227	\$19,455,000
Bulk Lots	\$2,385,995	\$5,527,452	\$7,476,867	\$5,505,595	\$2,516,576	\$23,412,000
Section Total	\$8,012,181	\$9,148,365	\$11,855,652	\$9,341,011	\$4,509,803	\$42,867,000
PRESSURE IRRIGATION						
Primary Infrastructure	\$ 3,261,306	\$ 1,167,988	\$ 1,504,333	\$ 2,047,805	\$ 437,825	\$8,419,000
Bulk Lots	\$ 555,973	\$ 783,975	\$ 920,727	\$ 701,034	\$ 548,414	\$3,510,000
Section Total	\$3,817,279	\$1,951,962	\$2,425,060	\$2,748,839	\$986,239	\$11,929,000
Sub-Total:	\$21,588,091	\$18,699,373	\$29,088,499	\$23,668,705	\$7,873,866	\$100,918,000
Contingency:	\$2,679,596	\$3,128,407	\$4,567,126	\$3,544,153	\$1,307,037	\$15,226,000
TOTAL HARD COSTS:	\$24,267,686	\$21,827,780	\$33,655,625	\$27,212,858	\$9,180,903	\$116,144,000

M3 EAGLE - UTILITY COSTS FOR INFRASTRUCTURE IN COLLECTOR AND ARTERIAL ROADWAYS

ITEM or DESCRIPTION	UNITS	UNIT COST	Phase 1		Phase 2		Phase 3		Phase 4		Phase 5		GRAND TOTAL
			QTY	AMOUNT	QTY	AMOUNT	QTY	AMOUNT	QTY	AMOUNT	QTY	AMOUNT	
Developable Acres	acre		1694		547		1268		1036		1001		6005
Developable SF	sf		73783883		41234198		55243825		47724235		43594441		
Average Lot Size/Building Size	acre		3.11		0.42		0.43		0.51		3.56		
Total # Sites			545		2256		2926		2152		261		8160
HARD COSTS													
SEWER													
30" Mainline Sewer	lf	\$88.15	7711	\$679,725	0	\$0	0	\$0	0	\$0	0	\$0	\$680,000
27" Mainline Sewer	lf	\$76.83	3113	\$239,172	0	\$0	0	\$0	0	\$0	0	\$0	\$239,000
24" Mainline Sewer	lf	\$62.10	0	\$0	3464	\$215,114	0	\$0	0	\$0	0	\$0	\$215,000
21" Mainline Sewer	lf	\$45.10	0	\$0	0	\$0	1667	\$75,182	0	\$0	0	\$0	\$150,000
18" Mainline Sewer	lf	\$51.05	2139	\$109,195	9325	\$476,041	3868	\$197,461	5652	\$288,535	0	\$0	\$1,071,000
15" Mainline Sewer	lf	\$41.95	4362	\$182,986	8033	\$336,984	0	\$0	0	\$0	0	\$0	\$520,000
12" Mainline Sewer	lf	\$29.84	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	\$130,000
10" Mainline Sewer	lf	\$26.82	3767	\$101,031	2585	\$69,823	4950	\$133,020	5691	\$152,250	5677	\$152,250	\$608,000
8" Mainline Sewer	lf	\$20.69	829	\$17,152	0	\$0	5392	\$111,560	9758	\$201,893	1228	\$25,407	\$356,000
Standard Manhole	ea	\$1,800	88	\$158,400	94	\$169,200	64	\$115,200	109	\$196,200	28	\$50,400	\$688,000
CCTV and Compection Treatment Facility	lf	\$2.50	21921	\$54,803	23407	\$58,517	15887	\$39,717	27129	\$67,822	6905	\$17,262	\$238,000
	1000gpd	\$7,000	850	\$5,950,000	0	\$0	850	\$5,950,000	700	\$4,900,000	0	\$0	\$16,800,000
Section Total				\$7,492,464		\$1,325,180		\$6,622,141		\$6,012,313		\$245,320	\$21,697,000
WATER													
12" Mainline Water	lf	\$41.00	25048	\$1,026,968	20241	\$829,901	20272	\$831,154	17485	\$716,884	6612	\$279,290	\$3,684,000
10" Mainline Water	lf	\$35.70	0	\$0	10824	\$386,409	2981	\$106,429	17152	\$612,335	5606	\$200,145	\$1,305,000
Fire Hydrants	ea	\$3,500	63	\$220,500	78	\$273,000	58	\$203,000	87	\$304,500	31	\$108,500	\$1,110,000
Blow off Valves	ea	\$1,650	23	\$37,950	27	\$44,550	-	\$0	50	\$82,500	4	\$6,600	\$223,000
Booster Pump Station	ea	\$550,000	2	\$1,100,000	0	\$0	0	\$0	0	\$0	1	\$550,000	\$1,650,000
Pressure Reducing Station	ea	\$145,000	2	\$290,000	2	\$290,000	2	\$290,000	0	\$0	0	\$0	\$1,160,000
Water Tank	ea	\$1,250,000	1000	\$1,250,000	0	\$0	1500	\$1,875,000	500	\$625,000	0	\$0	\$3,750,000
Misc. Fittings	lf	\$16.00	25048	\$400,768	31065	\$497,044	23253	\$372,052	34637	\$554,196	12418	\$198,692	\$2,023,000
Water Well	ls	\$650,000	2	\$1,300,000	2	\$1,300,000	1	\$650,000	1	\$650,000	1	\$650,000	\$4,550,000
Section Total				\$5,626,786		\$3,620,903		\$4,378,785		\$3,695,416		\$1,993,227	\$19,455,000
PRESSURE IRRIGATION													
12" PVC	lf	\$24.00	82024	\$1,968,576	21941	\$526,595	31447	\$754,729	40134	\$963,216	6812	\$163,487	\$4,377,000
10" PVC	lf	\$21.00	0	\$0	10824	\$227,299	2981	\$62,605	17152	\$360,189	5606	\$117,732	\$768,000
6" PVC	lf	\$16.50	2050.6	\$33,835	549	\$9,051	786	\$12,972	1003	\$16,555	170	\$2,810	\$75,000
4" PVC	lf	\$7.50	0	\$0	271	\$2,029	75	\$559	429	\$3,216	140	\$1,051	\$7,000
Misc. Fittings	lf	\$12.00	84074.6	\$1,008,895	33584	\$403,013	35289	\$423,467	58718	\$704,621	12729	\$152,744	\$2,693,000
Pump Station	100gpm	\$50,000	5	\$250,000	0	\$0	5	\$250,000	0	\$0	0	\$0	\$500,000
Section Total				\$3,261,306		\$1,167,988		\$1,504,333		\$2,047,805		\$437,825	\$6,419,000
Sub-Total:				\$16,379,656		\$6,114,071		\$12,505,259		\$11,895,535		\$2,676,371	\$49,571,000
10% Contingency:				\$1,637,966		\$611,407		\$1,250,526		\$1,189,553		\$267,637	\$4,957,000
TOTAL HARD COSTS:				\$18,017,622		\$6,725,478		\$13,755,784		\$13,085,088		\$2,944,008	\$54,528,000

M3 EAGLE - UTILITY COSTS FOR INFRASTRUCTURE TO DEVELOP BULK LOTS

ITEM or DESCRIPTION	UNITS	UNIT COST	Phase 1		Phase 2		Phase 3		Phase 4		Phase 5		GRAND TOTAL
			QTY	AMOUNT	QTY	AMOUNT	QTY	AMOUNT	QTY	AMOUNT	QTY	AMOUNT	
Developable Acres	acres		1694		947		1268		1086		1001		6006
Total # Sites			545		2256		2926		2132		281		8160
SEWER													
10" Mainline Sewer	lf	\$26.82	10988	\$294,960	21907	\$587,539	27957	\$749,793	19886	\$527,972	11843	\$317,616	\$2,477,880
8" Mainline Sewer	lf	\$20.69	32983	\$682,630	65720	\$1,359,752	83970	\$1,735,260	59057	\$1,221,895	35528	\$735,064	\$5,734,601
Standard Manhole	ea	\$1,800	176	\$316,800	351	\$631,800	447	\$804,600	315	\$567,000	32019	\$579,000	\$2,680,400
Connections	ea	\$80	545	\$49,050	2256	\$203,040	2926	\$263,340	2152	\$193,680	281	\$25,290	\$734,400
4" Service Lines	lf	\$14	35425	\$495,950	146640	\$2,052,960	190190	\$2,662,660	139880	\$1,958,320	18265	\$255,710	\$7,455,600
Standard Manhole	ea	\$1,800	176	\$316,800	351	\$631,800	447	\$804,600	315	\$567,000	189	\$340,200	\$2,680,400
CCTV and Compection	lf	\$2.50	43991	\$109,978	87627	\$219,068	111826	\$279,565	78743	\$196,858	47370	\$118,425	\$923,893
Lift Station	100gpm	\$75,000	0	\$0	6	\$450,000	10	\$750,000	3.0	\$225,000	0	\$0	\$1,425,000
6" Forced Main	lf	\$16.50	0	\$0	8358	\$137,907	8232	\$135,828	6595	\$108,818	0	\$0	\$382,553
Section Total				\$2,266,167		\$6,273,866		\$6,185,646		\$5,566,547		\$2,132,505	\$24,425,000
WATER													
10" Mainline Water	lf	\$35.70	10988	\$392,620	20794	\$742,337	26669	\$952,092	17230	\$615,120	10673	\$381,026	\$3,083,195
8" Mainline Water	lf	\$24.00	32983	\$791,838	62381	\$1,920,186	80008	\$1,920,186	51691	\$1,240,578	32019	\$768,456	\$6,218,208
Single Services	ea	\$800.00	545	\$436,000	2256	\$1,804,800	2926	\$2,340,800	2152	\$1,721,600	281	\$224,800	\$6,528,000
Commercial Services	ea	\$4,000.00	0	\$0	9	\$36,000	29	\$116,000	45	\$180,000	27	\$108,000	\$440,000
Fire Hydrants	ea	\$9,500	110	\$385,000	208	\$728,000	267	\$934,500	172	\$602,000	107	\$374,500	\$3,024,000
Booster Pump Station	ea	\$550,000	0	\$0	0	\$0	0	\$0	1	\$550,000	0	\$0	\$550,000
Pressure Reducing Station	ea	\$145,000	0	\$0	0	\$0	2	\$290,000	0	\$0	2	\$290,000	\$580,000
Misc. Fittings	lf	\$7.00	43991	\$307,937	83175	\$582,225	106677	\$746,739	68921	\$482,447	42692	\$298,844	\$2,418,192
Section Total				\$2,386,995		\$5,527,462		\$7,476,867		\$5,505,595		\$2,576,576	\$23,412,000
PRESSURE IRRIGATION													
10" PVC	lf	\$21.00	3849	\$80,833	7278	\$152,834	9334	\$196,019	6031	\$126,642	3736	\$78,447	\$634,775
6" PVC	lf	\$16.50	4949	\$81,658	9357	\$154,394	12001	\$198,019	7754	\$127,935	4803	\$79,247	\$641,253
4" PVC	lf	\$7.50	2200	\$16,497	4159	\$31,191	5334	\$40,004	3446	\$25,845	2135	\$16,010	\$129,546
Misc. Fittings	lf	\$7.00	10998	\$76,984	20784	\$145,556	26569	\$186,585	17230	\$120,612	10673	\$74,711	\$604,548
Pump Station	100gpm	\$50,000	6	\$300,000	6	\$300,000	6	\$300,000	6	\$300,000	6	\$300,000	\$1,500,000
Section Total				\$559,973		\$783,975		\$920,727		\$701,034		\$546,414	\$3,510,000
Sub-Total:				\$5,206,000		\$12,585,000		\$16,583,000		\$11,773,000		\$5,187,000	\$51,347,000
Contingency:		20%		\$1,041,600		\$2,517,000		\$3,316,600		\$2,354,600		\$1,039,400	\$10,289,400
TOTAL SOFT COSTS:				\$6,247,600		\$15,102,000		\$19,899,600		\$14,127,600		\$6,226,400	\$61,616,400

- GENERAL ASSUMPTIONS:

All unit costs are based on one or more: recent local contractor prices, "Means CostWorks 2007" estimating software.

All quantity assumptions are made based on preliminary layouts, bubble plan, sewer and water models which have been created to provide a more accurate estimate, however, assumptions made are subject to change as the bubble plan is revised or phase layouts are developed.

This estimate has been completed in two parts. The first intends to include items pertinent to the overall development with the idea that bulk land parcels will be developed individually. The second intends to include items pertinent to develop the bulk land parcels into buildable lots.

Estimate will be based on 5-phases as shown on the latest phase map.

Hard Costs:

- SEWER

Based on 10 State standards typical sewer service capacity at minimum slopes for partially full pipe

A gravity wastewater line has been estimated as needed in arterial and collector and local roadways to service the development. The quantities of sewer pipe, layout, slopes, sizes and master plan may change as the bubble plan is updated or as individual site layouts and grading are completed.

One (1) Standard Manhole per 250 lf of pipe

Lift stations and forced main are located per the sewer master plan. Lift stations will be built as required to serve individual lots .

Treatment Facility – cost of \$7/gpd based on a need of 2.4MGD

- WATER

Assumes 12" pipe in Arterials and 10" pipe in Collectors. Loops will be created with 8"-10" throughout the bulk lots.

Fire Hydrants: one (1) per 400 lf of water main

Blow off valves for connection of bulk lots based on the latest phase map.

Fittings/Valves/Etc: per lf cost based on previous developments

Water Well locations based on water report.

Pressure Reducing Station estimated as \$145k and assumed to be located where arterial roadways cross proposed pressure zone lines.

Booster Pump Station estimated as \$550k and quantity assumed to be located where main lines cross pressure zones between the wells and the water tanks.

Water Tank: A total of 3.0M gal required to be allocated to tanks.

- PRESSURE IRRIGATION

A 12" line will be located in all Arterials

A 10" line will be located in all Collectors

4"-10" line will be utilized to serve open space, golf course, etc.

10

EXHIBIT 10

Presentations, Report Submittals, and Public Education by Hydro Logic, Inc. On the M3 Eagle Hydrogeologic Characterization Studies, Water Use and Water Right Application Relative to the Local Public Interest.

- 1) United Water Idaho, Inc.
 - a. President Greg Wyatt, Roger Dittus, and Scott Rhead.
 - b. Two presentations and submittal of 1st Year Report.
 - c. Submittal of Application for Permit.

- 2) City Of Eagle Planning and Zoning Commission.
 - a. Chairman Jason Pierce, David Aspitarte, William McCarrel, Jack Zastrow, Rich Felix, Nichoel Spencer Baird, and Susan Buxton.
 - b. Several presentations and a workshop during the Commission's consideration of the M3 Eagle Development and submittal of 1st Year Report.

- 3) City of Eagle Mayor's Citizen's Water Committee.
 - a. Mayor Merrill, Phillip Bandy, David Milan, Norm Semanko, Jay Friday, Marcia Schmelzer, Joe King, Christian Petrich, Bruce Smith, David Head, Phillip Fry, Lynne Sedlacek, Lynne McKee, Del Bunce, Theresa Verschuren.
 - b. Presentation and submittal of 1st Year Report

- 4) Senator Brad Little.
 - a. District 11 – Majority Caucus Chair.
 - b. Two presentations and submittal of water right and 1st Year Report.

- 5) Representative Mike Moyle.
 - a. House Majority Leader.
 - b. Presentation and submittal of 1st Year Report.

- 6) Holladay Engineering, Co. – Eagle City Engineer.
 - a. Manager Vern Brewer, Kasey Ketterling, and Chris Duncan.
 - b. Two presentations and submittal of 1st Year Report.

- 7) North Ada County Foothills Alliance.
 - a. Presentation to core group and other interested parties.
 - b. David Head, John Petrovsky, C.J. Thompson, John Thornton, Mary Taylor, Chuck Meisner, Purdys, and others.
 - c. Submittal of 1st Year Report.

8) Idaho Department of Water Resources.

- a. Director Tuthill – submittal of 1st Year Report.
- b. Phil Rassier, Jeff Peppersack, Steve Lester, Dave Tuthill – Discussion meeting on M3 Eagle Water Right Application.
- c. Sean Vincent, Shane Bendixsen, Dennis Owsley, Helen Harrington, and Rick Raymondi.
- d. Two presentations and submittal of 1st Year Report.
- e. All-day field trip to North Eagle Foothills to view geologic relationships and wells – Vincent and Owsley.
- f. Submittal of water level measurements and other aquifer data tabulations.

9) Boise State University Department of Geosciences.

- a. Dr. S.H. Wood, Emeritus.
- b. Presentation and submittal of 1st Year Report.
- c. All Day field Trip to North Eagle Foothills.
- d. Peer review of 1st Year Report.

10) University of Idaho Department of Geological Sciences.

- a. Dr. James L. Osiensky and Stacey Douglas.
- b. 1st Year Report and on-going presentations.
- c. Data submittals in support of M3 Eagle-sponsored Masters Thesis and development of a numerical ground water model of the Eagle area.
- d. Peer review of 1st Year Report.

11) Dr. Charles Howarth.

- a. Local area land owner.
- b. Submittal of 1st Year Report and several conversations.

12) Phillip Fry.

- a. Third generation Eagle resident and concerned citizen.
- b. Presentations and submittal of 1st Year Report.

13) Farmer's Union Ditch Company, LTD.

- a. Jay Friday, Gene Bailey, Langdon,
- b. Presentation and submittal of 1st Year Report.

14) SunCor

- a. Submittal of 1st Year Report.

15) Citizens of Eagle.

- a. Measurements in nearly 200 private domestic wells.
- b. Submittal of all measured levels and some re-measurements in key wells.

16) The Idaho Statesman.

- a. Interviews with Katy Moeller and cooperation on news stories.

B

Attachment B

M3 Eagle

Potential Future Points of Diversion Locations List

TOWNSHIP 5 NORTH RANGE 1 WEST

Section 10	NE SE, SE SE
Section 11	SW NE, SW NW, SE NW, NE SW, NW, SW, SW SW, SE SW, NE SE, NW SE, SW SE, SE SE
Section 12	SW NE, SE NE, SE NW, NE SW, NW SW, SW SW, SE SW, NE SE, NW SE, SW SE, SE SE
Section 13	ALL
Section 14	ALL EXCEPT SE SE
Section 15	NE NE, SE NE, NE SW, NW SW, SW SW, SE SW, NE SE, NW SE, SW SE, SE SE
Section 21	SW SE, SE SE
Section 22	NE NE, SE NE, NE SE
Section 23	ALL EXCEPT SE SE
Section 24	NE NE, NW NE, SW NE, SE NE, NE NW, NW NW, SW NW, SE NW, NE SW, NE SE, NW SE
Section 26	NW NW
Section 27	NE NE, SW NE, SE NE, SE NW, NE SW, NW SW, SW SW, NW SE
Section 28	NW NE, SW NE, SW SE, SE SE
Section 33	NE NE, NW NE, SW NE

TOWNSHIP 5 NORTH RANGE 1 EAST

Section 7	SW SW, SE SW
Section 15	NE SW, NW SW, SW SW, SE SW
Section 17	SW SW
Section 18	ALL EXCEPT NE NE
Section 19	NE NE, NW NE, SW NE, SE NE, NE NW, NW NW, SW NW, SE NW, NE SE, NW SE, SW SE, SE SE
Section 20	NE NE, NW NE, SW NE, SE NE, NE NW, NW NW, SW NW, SE NW, NE SW, NW SW, SW SW, NW SE
Section 21	NE NE, NW NE, NE NW
Section 22	NW NW

Attachment B

M3 Eagle

Existing Points of Diversion (Wells) Locations Table

TWP	RGE	SEC	NE				NW				SW				SE				TOTALS
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
5N	1W	10																	
		11																	
		12																	
		13								X									
		14																	
		15																	
		21																	
		22																	
		23									X			X					
		24			X		X												
		26																	
		27																	
		28															X	XX	
33			X	XX															
5N	1E	7																	
		17																	
		18																	
		19			X														
		20																	

C

Attachment C

M3 Eagle

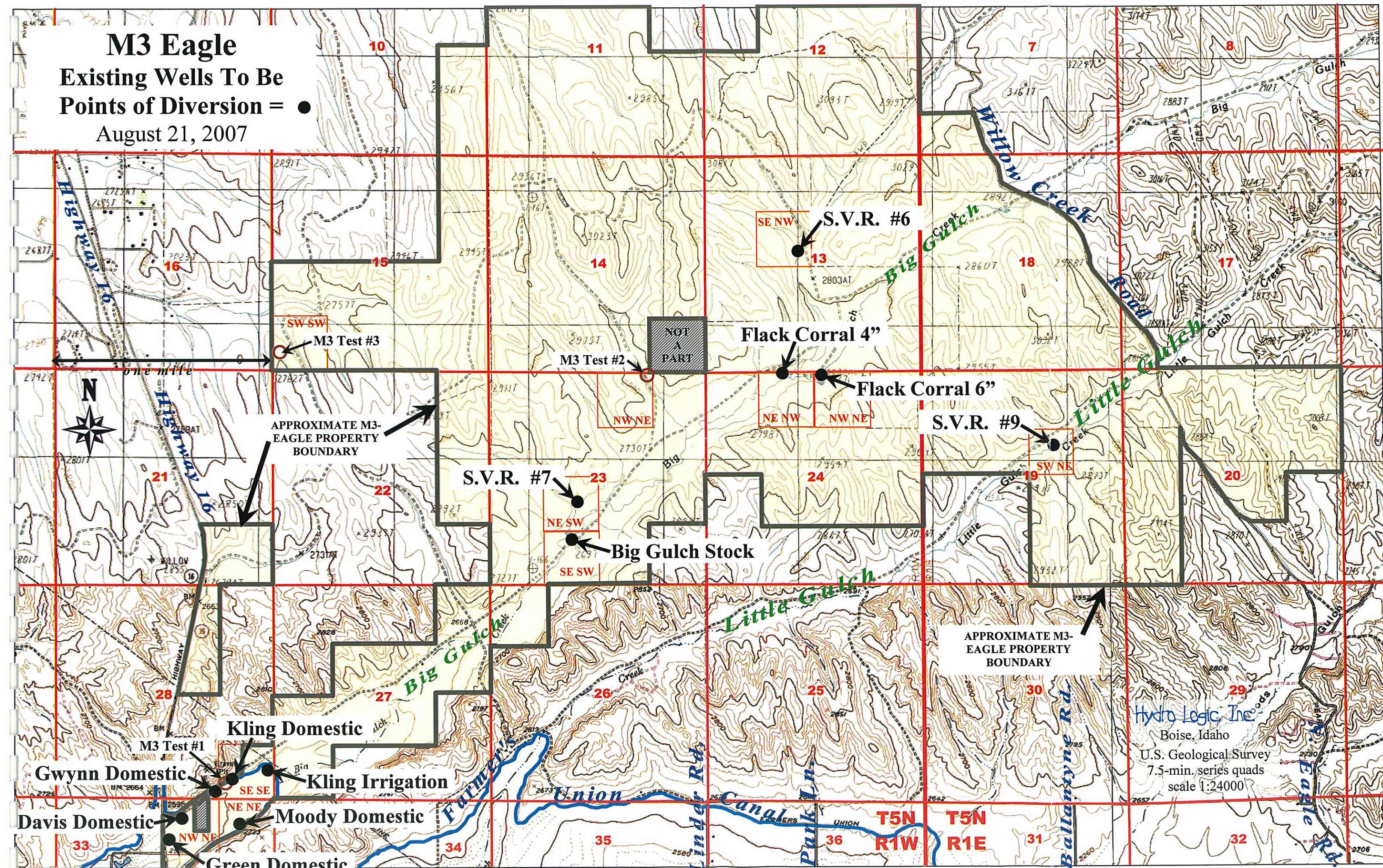
Existing Points of Diversion Locations Table

WELL	DATE DRILLED	CASING DIAMETER	WELL DEPTH	TWN RGE	SEC.	¼-¼	COMMENTS
Spring Valley Development #6	2004	8-inch	738 feet	T5N R1W	13	SE NW	
Spring Valley Development #7	2004	8-inch	350 feet	T5N R1W	23	NE SW	
Spring Valley Development #9	2004	8-inch	263 feet	T5N R1E	19	SW NE	
Kling Domestic	2004	6-inch	285 feet	T5N R1W	28	SE SE	
Kling Irrigation	1989	16-inch	414 feet	T5N R1W	28	SE SE	
Big Gulch Stock	not known	4-inch	~180 feet	T5N R1W	23	SE SW	Tagged by H.L.I.; no log found
Flack Corral	1996	6-inch	400 feet	T5N R1W	24	NW NE	
Flack Corral	not known	4-inch	~250 feet	T5N R1W	24	NE NW	Tagged by H.L.I. on 04-30-07
Gwynn Domestic	1998	6-inch	319 feet	T5N R1W	28	SW SE	Well log shows NE NE sec. 33
Moody Domestic	1996	6-inch	302 feet	T5N R1W	33	NE NE	Well log shows SE SE
Davis Domestic	1999	6-inch	149 feet	T5N R1W	33	NW NE	Well log shows SW SE sec. 28
Green Domestic	1970	6-inch	135 feet	T5N R1W	33	NW NE	

M3 Eagle

Existing Wells To Be
Points of Diversion = ●

August 21, 2007



Hydro Logic, Inc.
Boise, Idaho
U.S. Geological Survey
7.5-min. series quads
scale 1:24000

D

**Water Rights / Ditch Company Shares Owned by M3 Eagle
(previously AR Boise) as of August 24, 2007**

- 1) **63-22899**
 - a. Gwynn - 8400 W. Equest Lane (10 acres)
 - b. Farmers Union Ditch Company, Ltd. = 0.67 share.
 - c. Includes associated storage rights.
 - d. Water right and shares transferred to AR Boise 9/15/05 under Certificate #2797

- 2) **63-32170**
 - a. Moody - 8285 W. Equest Lane (10 acres).
 - b. Farmers Union Ditch Company, Ltd. = 0.67 share transferred to AR Boise on 9/15/05 under Certificate #2797 (combined with Gwynn .67 FUD shares).
 - c. Includes associated storage rights.
 - d. Notice of Claim to Water Right filed September 14, 2005.
 - e. Department of Water Resources re: 63-32170 preliminary recommendation.
 - f. No objections were filed as of 4/21/06.
 - g. Received Partial Decree from District Court dated 2/16/07.

- 3) **63-15786**
 - a. Idavue - (620 acres).
 - b. Transferred to AR Boise 11/4/05.

- 4) **63-10669**
 - a. M&H Parcel II - 5004 W. Hwy 16 (29 acres).
 - b. Transferred to AR Boise on 2/24/06.

- 5) **63-17379**
 - a. M&H Parcels I and III (126 acres).
 - b. Transferred to M3 Eagle LLC on 7/20/06.
 - c. Farmers Union Ditch Company, Ltd. = Certificate #2762 for 7.3 shares.
 - d. Transferred to AR Boise Certificate #2812 for 7.3 shares on 2/21/06.
 - e. Includes associated storage rights.

- 6) **63-22879 (SVL)**
 - a. Received transfer of all 3 to M3 Eagle LLC on 5/25/07.

- 7) **63-22880 (SVL)**
 - a. Received transfer of all 3 to M3 Eagle LLC on 5/25/07.

- 8) **65-13548 (SVL)**
 - a. Received transfer of all 3 to M3 Eagle LLC on 5/25/07.

- 9) **63-20181**
 - a. Green - 4490 N. Hwy 16 (20 acres).
 - b. Transferred to M3 Eagle on 06/15/06.
 - c. Farmers Union Ditch Company, Ltd. = Certificate #2819 for 1.33 shares transferred to AR Boise on 5/4/06.
 - d. Includes associated storage rights.

- 10) **Davis**
 - a. 8666 Equest Lane, Eagle (10 acres).
 - b. Farmers Union Ditch Company, LTD. = 0.66 shares.
 - c. Lost Certificate - Affidavit in process.
 - d. Includes associated storage rights.