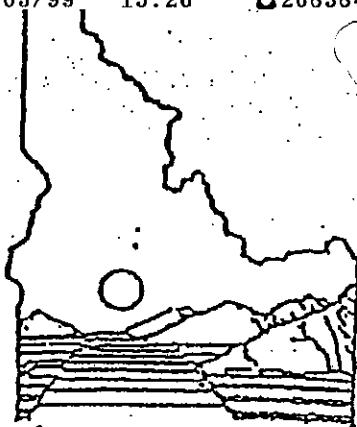


FAX MESSAGE



DOI - Bureau of Land Management
Idaho State Office
1387 South Vinnell Way
Boise, Idaho 83709-1657

Telefax: (208) 373-3805

Telephone Confirmation: (208) 373-3800

Date: 9/3/99 Total Pages Sent (Including Cover Sheet) 2

To: Gary Spackman

Office: IDWR

Telephone: _____

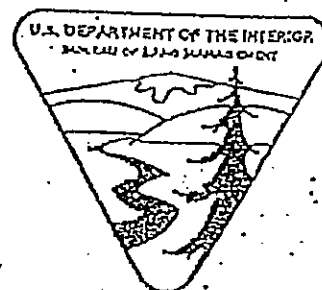
From: Gary Madenford

Office: BLM

Telephone: 373-3828

Here is the Sike's Act language
we have been waiting for. Let me
know if I can be of further service.

[Signature]



Important: If this Facsimile Transmission (FAX) is considered an Official Federal Record, you the recipient must take the following steps:

1. Make a plain paper copy of the thermal paper copy immediately;
2. See that an official plain paper copy is directed to Central Files.

u
me

Fax

September 1, 1999

TO: Lori A. Dingel, Of Attorneys for Junayo Ranch, Ltd.
Leo Coleman, BLM-Owyhee RA

FROM: Fred Price, BLM-ISO, Water Rights Specialist

RE: Stipulations Addressing Water Right Issues for use within a Sike's
Act Cooperative Farming Agreement (hereinafter: Agreement).

There are certain stipulations that will be present in the Agreement. The following stipulations would only address water right issues within the Agreement (replace "permittee" with whatever term is used to identify Junayo Ranches in the agreement):

"The *permittee* shall establish and maintain title to water used upon federal public land, associated with this Sike's Act Cooperative Farming Agreement (herinafter, Agreement), solely in the name of the United States during the term of this Agreement. Failure of the *permittee* to acquire authorization from the Idaho Department of Water Resources (IDWR) or to remain in compliance with IDWR rules, regulations or requirements regarding the use of water to the satisfaction of Bureau of Land Management (herinafter, BLM) Authorized Officer will result in the automatic termination of this agreement, unless BLM in its sole discretion elects otherwise in writing. No rights to federal public land accrue due to their description as the Point of Diversion (herinafter, POD) or as the Place of Use (hereinafter, POU) within a water right, beyond those described specifically by this Agreement, nor beyond the term of this Agreement".

"Upon expiration, non-renewal or termination of this Agreement according to its terms, BLM agrees to allow water rights associated with this Agreement to be transferred off of federal public land pursuant to I.C. 42-222 and to confer title to said water rights to the *permittee*. The *permittee* shall not assume title to any PODs or POUs which describe federal public land. All costs incurred for seeking such transfer shall be borne by the *permittee*. Water rights associated with this Agreement, or portions thereof, not transferred off of federal public land shall be deemed forfeited. The United States shall be released and held harmless from loss, injury, damage and/or reduction in value of water rights should this Agreement expire, not be renewed, terminate according to its terms, or IDWR not allow transfer of water right, or portion thereof, and is forfeited".