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DEPT. OF WATER RESOURCES
SOUTHERN REGION

MEMORANDUM OF AGREEMENTS

THIS MEMORANDUM OF AGREEMENTS is made and entered into this 23rd day of May, 2008, by and between **CATHERINE WRIGHT**, hereinafter referred to as "Wright" and **CLEAR SPRINGS FOODS, INC.**, an Idaho corporation, hereinafter referred to as "CSF".

- A. Clear Springs Trout Company and Fred Brailsford, individually, and Fred Brailsford, Inc., an Idaho corporation, entered into an agreement dated May 25, 1972. A copy of that agreement is attached hereto as **EXHIBIT A** and referred to hereinafter as the "Original Agreement".
- B. CSF is the successor in interest to Clear Springs Trout Company. Wright is the successor in interest to Fred Brailsford and Fred Brailsford, Inc.
- C. CSF and Wright have also entered into a second agreement dated the 23rd day of May, 2008, a copy of which is attached hereto as **EXHIBIT B** (hereinafter referred to as the "Stipulation Agreement,") and together with the Original Agreement are hereinafter referred to as, the "Water Agreements".
- D. The parties now wish to enter into this Memorandum of Agreements to memorialize the Water Agreements.

IT IS THEREFORE AGREED in consideration of these recitals and the covenants and promises thereafter contained as follows:

1. **ORIGINAL AGREEMENT.** A true and correct copy of the Original Agreement entered into by the predecessors in interest to the parties dated May 25, 1972 is copied and attached hereto as EXHIBIT A. The parties acknowledge and agree that the Original Agreement remains in full force and effect, and covenant and agree to abide by the same.

2. **STIPULATION AGREEMENT.** A true and correct copy of a Stipulation Agreement entered into by the parties dated the 23rd day of May, 2008 is copied and attached hereto as EXHIBIT B. The parties acknowledge and agree that the Stipulation Agreement remains in full force and effect, and covenant and agree to abide by the same.

3. **WRIGHT REAL PROPERTY.** The Water Agreements pertain to the following real property owned by Wright.

TOWNSHIP 9 SOUTH, RANGE 14 EAST OF THE BOISE MERIDIAN

Section 2: SW1/4

Section 3: NE1/4SE1/4, S1/2SE1/4

Section 10: Lot 5 and that Part of Lot 1 and 6 described as follows:

Beginning at the quarter corner between Sections 3 and 10;

thence S 59° 46' W, 1545.00 feet to the center of a flat-topped boulder marked by three bars and the letters "H.M.I.", cut by a chisel;
thence South to the thread of Snake River;
thence North and East along the North bank of the Snake River to a point where the South boundary of Lot 1, intersects the same;
thence following the South boundary of Lot 1, to the Northeast corner of said Lot 1;
thence due West along the North boundary of Lot 1 to the Point of Beginning.

Section 11: Lots 11, 2 and 6 described as follows:

Beginning at the North quarter corner of said Section 11;
thence South to the North bank of the Snake River;
thence Westerly along the North bank of the Snake River to a point of intersection with the West boundary of Section 11;
thence North along the West boundary of said Section 11, to the Northwest corner of said Section 11;
thence East along the North boundary of said Section 11, 2640 feet more or less to the Point of Beginning.

EXCEPT the following for County roads.

- a. Tract of land conveyed by John H. Hopkins by Deed recorded in Book B of Deeds at page 27, records of Gooding County, Idaho.
- b. Tract of land conveyed by Clear Lake Orchard Company by Deed recorded in Book L of Deeds at Page 99, records of Gooding County, Idaho.

4. **CSF REAL PROPERTY.** The Water Agreements pertain to the following real property owned by CSF:

PARCEL 1

TOWNSHIP 9 SOUTH, RANGE 14 EAST OF THE BOISE MERIDIAN

Section 2: Part of the N1/2SE1/4 described as follows:

Beginning at the South one quarter corner of said Section 2;
thence along the West boundary line of said SE1/4, N 0° 39' 40" E, 1972.59 feet (N 0° 54' 10" E, 1972.06 feet) to the Northwest corner of the SW1/4NW1/4SE1/4, said corner is also the True Point of Beginning;
thence along the North boundary line of the SW1/4NW1/4SE1/4, S 89° 43' 53" E, 664.53 feet to the Northeast corner of said SW1/4NW1/4SE1/4;
thence along the East boundary line of said SW1/4NW1/4SE1/4, S 0° 37' 06" W, 10.78 feet;
thence S 88° 50' 50" E, 26.61 feet to a point which lies S 88° 48' 13" E, 691.16 feet (S 88° 36' 20" E, 691.16 feet) from the true point of beginning;
thence along a meander line of the North shore of Clear Lake the following successive courses:
1. N 6° 48' 07" E, 159.88 feet (N 7° 02' 37" E, 159.88 feet);

2. N 86° 53' 41" E, 309.74 feet (N 87° 08' 11" E, 309.74 feet);
3. S 70° 23' 03" E, 147.88 feet (S 70° 08' 33" E, 147.88 feet);
4. S 34° 07' 56" E, 115.93 feet (S 33° 53' 26" E, 115.93 feet);
5. N 78° 06' 02" E, 148.81 feet (N 75° 19' 53" E, 104.51 feet) to a point on the West line of the Amended Dick Kaster lease boundary dated May 25, 1968 and recorded as Instrument Number 26377, records of Gooding County, Idaho;
thence along said amended lease boundary line N 12° 01' 08" W, 618.02 feet to a point on the North boundary line of the NW1/4SE1/4, Sec. 2 (recorded as N 10° 40.4' W, 614.55 feet in said amended lease), said point lies N 89° 40' 56" W, 95.14 feet from the Northeast corner of said NW1/4 SE1/4;
thence continuing along said North boundary line of the NW1/4SE1/4, N 89° 40' 56", 1,118.35 feet (N 89° 42' 49" W) to a point on the South Right-of-Way line of Clear Springs Road, said point lies S 89° 40' 56" E, 114.58 feet from the Center One Quarter Corner of Section 2;
thence along said South Right-of-Way line on a curve to the left having an interior angle of 4° 03' 55", a radius of 845.00 feet and a long chord bearing of S 69° 15' 10" W, 59.74 feet;
thence along said South Right-of-Way line on a curve to the right having an interior angle of 4° 02' 34", a radius of 895.00 feet and a long chord bearing of S 69° 14' 30" W, 63.14 feet to a point on the West boundary line of the NW1/4SE1/4 (S 77° 28' 04" W, 153.51 feet) said point lies S 0° 39' 40" W, 44.24 feet from the Center One Quarter Corner of Section 2;
thence along said West boundary line S 0° 39' 40" W, 613.28 feet (S 0° 54' 10" W, 621.67 feet) to the True Point of Beginning.

IN THE COUNTY OF GOODING, STATE OF IDAHO

NOTE: Item identified in parenthesis () are from a Lease-Option Agreement recorded February 18, 1972 as Instrument Number 039190, records of Gooding County, Idaho.

PARCEL 2

TOWNSHIP 9 SOUTH, RANGE 14, EAST OF THE BOISE MERIDIAN, GOODING COUNTY, IDAHO

Section 2: A certain piece of property in the SW1/4NE1/4, more particularly described as follows:

Beginning at a point, said point being the section corner common to Sections 1 and 2, 35 and 36;
Thence South 0° 12' East, 1968.90 feet to a point;
Thence South 81° 53' West, 1335.08 feet to a point;
Thence South 0° 17' West, 110 feet to THE REAL POINT OF BEGINNING;
Thence South 84° 14' West, 550.30 feet to a point;
Thence South 336.70 feet to a marked stone;
Thence South 89° 51' East, 545.60 feet to the Southeast corner of the SW1/4NE1/4 of Section 2;

Thence North 0° 17' East, 393.30 feet to THE POINT OF BEGINNING.

EXCEPTING THEREFROM a Road Right of Way deeded to Lincoln County by Quitclaim Deed dated January 11, 1913, recorded January 13, 1913 in Book 22 Page 63 as Instrument Number 30894, Gooding County records.

PARCEL 3

A parcel of land located in the Southwest Quarter of the Northeast Quarter and the Northwest Quarter of the Southeast Quarter of Section 2, Township 9 South, Range 14 East, Boise Meridian, Gooding County, Idaho, more particularly described as follows:

Beginning at the northwest corner of the NE1/4 of said Section 2;

THENCE South 0°39'40" West a distance of 2669.71 feet to the southwest corner of said SW1/4NE1/4 and the TRUE POINT OF BEGINNING;

THENCE North 0°39'40" East a distance of 207.00 feet along the westerly boundary of said SW1/4NE1/4 to the north rim of the Snake River Canyon;

THENCE North 88°30'15" East a distance of 221.05 feet along the rim of said Canyon;

THENCE North 85°21'37" East a distance of 225.13 feet along the rim of said Canyon;

THENCE North 75°52'02" East a distance of 346.84 feet along the rim of said Canyon;

THENCE South 0°17'31" West a distance of 320.00 feet to the southerly boundary of said SW1/4NE1/4;

THENCE North 89°40'56" West a distance of 667.91 feet along the southerly boundary of said SW1/4NE1/4 to the southerly boundary of a county road;

THENCE westerly along the southerly boundary of said county road 59.94 feet on the arc of a curve to the left with a radius of 845.00 feet a central angle of 4°03'52" and a chord which bears South 69°15'37" West a distance of 59.93 feet to a point of reverse curvature;

THENCE continuing westerly along the southerly boundary of said County Road a distance of 63.15 feet on the arc of a curve to the right with a radius of 895.00 feet a central angle of 4°02'34" and a chord which bears South 69°15'30" West a distance of 63.14 feet to the westerly boundary of said NW1/4SE1/4;

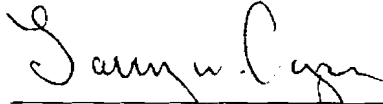
THENCE North 0°39'40" East a distance of 44.24 feet along the westerly boundary of said NW1/4SE1/4 to the TRUE POINT OF BEGINNING.

The above described parcel contains 4.42 acres more or less and is subject to the rights of a county road which crosses said property.

5. **BINDING EFFECT.** The parties intend that the covenants and restrictions contained in the Water Agreements be appurtenant to and shall run with the real property above described and shall be binding upon the respective heirs, successors and assigns of the parties.

CATHERINE WRIGHT

CLEAR SPRINGS FOODS, INC.



Larry W. Cope - President and CEO

STATE OF IDAHO)
 :SS
County of _____)

On this _____ day of _____, 2008, before me, a Notary Public in and for said County and State, personally appeared CATHERINE WRIGHT, known or identified to me to be the persons whose name is subscribed to the within instrument, and acknowledged to me that she executed the same.

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

NOTARY PUBLIC for Idaho

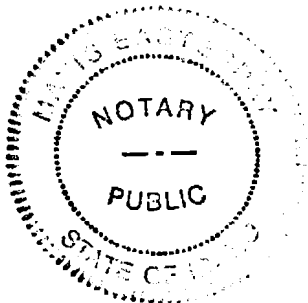
Residing at: _____

Commission Expires: _____

STATE OF IDAHO)
 :SS
County of Twin Falls)

On this 23rd day of May, 2008, before me, a Notary Public in and for said County and State, personally appeared LARRY W. COPE, on behalf of Clear Springs Foods, Inc., known to me to be the person whose name is subscribed to the within and foregoing instrument, and who acknowledged to me that he executed the same on behalf of said corporation .

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





NOTARY PUBLIC for Idaho
Residing at: Buhl, ID
Comm. Expires: 12/30/2011

EXHIBIT A

THIS AGREEMENT, made and entered into this 25th day of May, 1972, by and between CLEAR SPRINGS TROUT CO., an Idaho corporation, with its principal place of business in Buhl, Idaho, parties of the first part, hereinafter referred to as "Clear Springs," and FRED BRAILSFORD, individually, and FRED BRAILSFORD, INC., an Idaho corporation, with its principal place of business in Buhl, Idaho, parties of the second part, hereinafter referred to as "Brailsford,"

WITNESSETH:

WHEREAS, Clear Springs filed an application with the State of Idaho, Department of Water Administration, No. 36-7201, asking to appropriate ten cubic feet per second of water from an unnamed spring which is tributary to the Snake River, asserting a point of diversion in the Northwest Quarter of the Southeast Quarter of Section 2, Township 9 South, Range 14 East, Boise Meridian, Gooding County, Idaho; and

WHEREAS, the springs filed upon in the above application are located in the same general area as springs where Brailsford obtains water for domestic, irrigation and stockwatering purposes; and

WHEREAS, the parties wish to set forth their agreement in detail so that Permit No. 36-7201 can be issued;

NOW, THEREFORE, in consideration of the mutual covenants and conditions herein contained, well and truly performed by the parties hereto, the parties agree as follows:

1. Clear Springs shall not interfere with or in any way impair Brailsford's domestic water supply.

2. Clear Springs recognizes all the prior rights that Brailsford has in the unnamed springs based upon past use for irrigation, stockwatering and domestic use and further acknowledges

1 that Brailsford and his predecessors have previously used all of
2 the water rising in said springs for such beneficial purposes.

3 3. Clear Springs agrees as follows as to the use of
4 water applied for in application for permit No. 36-7201:

5 (a) Clear Springs will not consumptively use in
6 excess of .5 cfs for industrial purposes pursuant to
7 said permit.

8 (b) Clear Springs will use the remainder [in excess
9 of 3(a) above] of said total appropriation only in holding
10 ponds used in connection with its processing plant.

11 (c) After the water has flowed through the holding
12 ponds, the remaining amount [less the amount set forth in
13 paragraph 3(a) above for consumptive uses] shall be re-
14 turned at the expense of the applicant to the existing
15 natural channel prior to the point where said natural
16 channel crosses the boundary line to the property of
17 Brailsford.

18 4. Clear Springs will not protest any claim or decree
19 action brought by Brailsford to further perfect water usages and
20 rights, and will not protest any application for permit to appro-
21 priate and re-use the same water for fish propagation purposes on
22 the property of Brailsford.

23 5. Upon the execution of this agreement, Brailsford will
24 notify the Department of Water Administration that application
25 No. 36-7201 may be issued.

26 The parties hereto and their heirs, personal representa-
27 tives, executors, successors and assigns.

28 IN WITNESS WHEREOF, we hereunto affix our signatures the
29
30

1 day and year first above written.

2 CLEAR SPRINGS TROUT CO.

3 By:

4 Jess O. Eastman
5 Jess O. Eastman

6 ATTEST:

7 John C. Hepworth
8 John C. Hepworth

9 BRAILSFORD

10 Fred Brailsford, Individually, and
11 as President of Brailsford, Inc.

12 STATE OF IDAHO)
13) ss.
14 County of Twin Falls)

15 On this 25th day of May, 1972, before me, the under-
16 signed, a notary public in and for said state, personally appeared
17 JESS O. EASTMAN and JOHN C. HEPWORTH, known to me to be the
18 president and secretary, respectively, of the CLEAR SPRINGS TROUT
19 CO., the corporation that executed the within instrument, and
20 acknowledged to me that such corporation executed the same.

21 WITNESS my hand and official seal.

22 Notary Public for Idaho
23 Residing at: Buhl, Idaho

24 STATE OF IDAHO)
25) ss.
26 County of Twin Falls)

27 On this day of , 1972, before me, the under-
28 signed, a notary public for the said state, personally appeared
29 FRED BRAILSFORD, known to me to be the president of FRED BRAILS-
30 FORD, INC., the corporation that executed the within instrument
31 and acknowledged to me that such corporation executed the same.

32 WITNESS my hand and official seal.

33 Notary Public for Idaho
34 Residing at:

EXHIBIT B

Stipulation Agreement

This Stipulation is entered into this 23rd day of May, 2008, between CLEAR SPRINGS FOODS, INC. ("Clear Springs") that is a party to, beneficiary, or holder of interest in water right application 36-16156 and water right 36-7201, and CATHERINE WRIGHT ("Wrights") who is a party to, beneficiary, or holder of interest in certain water rights 36-4019A, 36-4019B, 36-4019C and 36-7248.

RECITALS

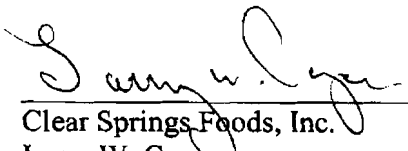
- A. Clear Springs holds water right 36-7201 with a priority date of Aug. 4, 1971 which authorizes beneficial (fish propagation and industrial) uses of spring water originating from springs discharging into Kanaka Creek.
- B. Clear Springs filed a ground water right application 36-16156 on April 4, 2003, with the anticipated withdrawal of 2 cfs for beneficial use within Clear Springs' processing plant.
- C. Wrights hold water right 36-4019A, 36-4019B, and 36-4019C with a priority date of April 15, 1927 and 36-7248 with a priority date of May 30, 1972 which authorizes beneficial uses of spring water originating from springs discharging into Kanaka Creek.
- D. Clear Springs desires to appropriate groundwater through Application 36-16156 for industrial and domestic purposes in order to satisfy certain federal safe drinking water requirements. In effectuating this appropriation Clear Springs does not desire expanding its use of water at the processing plant.
- E. In 1972 Clear Springs and the Wrights or their predecessors resolved certain protests to the application for water right 36-7201 by reaching an agreement describing the use and return of water diverted under 36-7201. Clear Springs desires to continue the 1972 Agreement with the Wrights where certain water utilized through the holding ponds and processing plant be returned to Kanaka Creek for beneficial use downstream.
- F. Wrights desire to protect the flows in Kanaka Creek and ensure the continuation of the Agreement between Wrights and Clear Springs.
- G. Certain hydrologic analysis completed by Clear Springs' consultant Dr. Charles Brockway indicates that pumping at the proposed site will not impact Kanaka Creek flows.
- H. Wrights filed protests to Clear Springs' Application 36-16156 in order to protect their interests described herein. The protestant desires to resolve their protests under the terms and conditions enumerated below.

NOW THEREFORE, in consideration of the mutual benefits accruing to the parties hereto, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

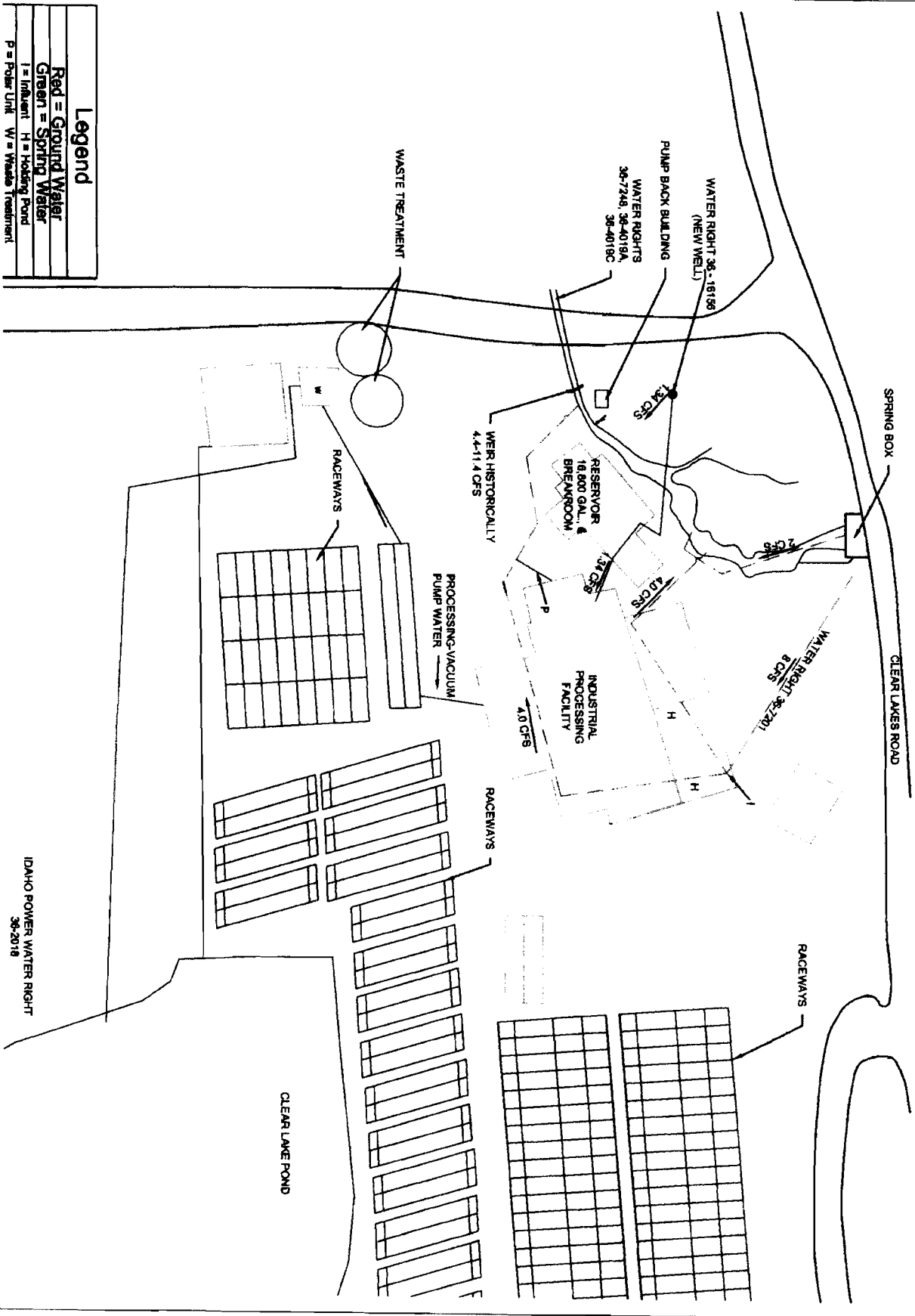
1. That the May 25, 1972 Agreement between Clear Springs and Wrights shall remain in full force and effect. The principle of said Agreement is that Clear Springs through the diversion and use of surface water shall consume no more than 0.50 cfs of Kanaka Creek water. Any Kanaka Creek water diverted in excess of 0.50 cfs under water right 36-7201 shall be returned to Kanaka Creek.
2. To the extent that groundwater diverted under this application 36-16156 is utilized in the processing plant, Clear Springs agrees that it will reduce the amount of water diverted under 36-7201 for industrial use in said plant by a like amount.
3. Without limiting the requirements set forth above, that water that goes through the waste treatment system would not be discharged into Kanaka Creek.
4. Clear Springs agrees to install a measuring device for the groundwater diversion, of appropriate industry standards and accessible to the Watermaster. Record keeping shall be retained by the Watermaster and available to the parties.
5. That Clear Springs will withdraw the proposed Transfer No. 70606.
6. That Clear Springs will not divert an aggregate combined total of more than 10 cfs through the diversion of 36-7201 and 36-16156.
7. The parties agree to a stipulated maximum diversion rate of 1.34 cfs for 36-16156.
8. Clear Springs will replace the schematic in application 36-16156 with the attached schematic.
9. That the Wrights agree to withdraw their protest to application 36-16156.

Dated this 23rd day of May 2008

Dated this ____ day of May 2008


Clear Springs Foods, Inc.
Larry W. Cope
President and CEO

Catherine Wright

[illegible]