

Form 1-222
6/08STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

APPLICATION FOR TRANSFER OF WATER RIGHT

PART 1

1. Name of Applicant North American Foods LLC Phone 208-374-5600
 Mailing Address P.O. Box 265, Dubois, ID 83423 Email _____
c/o Schiess & Associates
7103 S 45th W (208) 522-1244
Idaho Falls, ID 83402

A. PURPOSE OF TRANSFER

1. ☐ Change Point of Diversion ☐ Add diversion point(s) ☒ Change Place of use
☐ Change Nature of Use ☐ Change Period of Use ☐ Other _____

2. Describe the reason for the proposed changes: Increase the existing place of use for land application of waste water

B. DESCRIPTION OF RIGHT(S) OR PORTION THEREOF, AFTER THE REQUESTED CHANGE

1. Right Number Priority Amount Nature of Use Period of Use

31-7128	07/30/1974	0.20 cfs	Commercial	10/15 to 8/31
		0.02 cfs	Domestic	01/01 to 12/31
31-7489	11/06/1987	1.00 cfs	Commercial	01/01 to 12/31

2. Total amount of water being transferred 1.20 cubic feet per second and/or _____ acre-feet per annum.
 3. Source of water Ground Water tributary to NA
 4. Point(s) of Diversion:

Lot	¼	¼	¼	Sec.	Twp.	Rge.	County	Local Name for Diversion
		NW	NE	28	9N	36E	CLARK	
		NW	NE	28	9N	36E	CLARK	
		NW	NE	28	9N	36E	CLARK	

5. Lands irrigated or place of use:

Twp	Rge	Sec	NE ¼				NW ¼				SW ¼				SE ¼				Totals
			NE ¼	NW ¼	SW ¼	SE ¼	NE ¼	NW ¼	SW ¼	SE ¼	NE ¼	NW ¼	SW ¼	SE ¼	NE ¼	NW ¼	SW ¼	SE ¼	
9N	36E	16			C											C			
		21		C	C													C	
		22							C	C	C	C	C	C					
		27		C			C												
		28	C,D	D											C			C	

Total Acres _____

RECEIVED

JAN 09 2009

Department of Water Resources
Eastern Region

AMENDED

74963

PART 1

8. General Information:

- a. Description of diversion system: Well to processing plant to mainline to sprinklers
- b. Are the lands from which you propose to transfer the water right subject to any liens, deeds of trust, mortgages, or contracts? ☐ Yes ☒ No If yes, provide a notarized statement from the holder of the lien, deed of trust, mortgage or contract agreeing to the proposed changes.
- c. Describe the affect on the land now irrigated if the place of use is changed pursuant to this transfer: NA
- d. Remarks: This application is in accordance with the Consent Order and Agreement with the Department dated June 2, 2008. Applicant has submitted an application to or currently has a permit to apply waste water to these lands from the Department of Environmental Quality.

ACTION OF THE DIRECTOR, DEPARTMENT OF WATER RESOURCES

This is to certify that I have examined Application for Transfer of Water Right No. _____

And said application is hereby _____, subject to the following limitations and conditions:

Witness my hand this _____ day of _____, 20__

for the Director

PART 2

WATER RIGHT NO. 31-7128

Owner Type Name and Address

Current Owner NORTH AMERICAN FOODS LLC
 PO BOX 265
 DUBOIS, ID 83423
 (208)374-5600

Priority Date: 07/30/1974

Basis: Decreed

Status: Active

<u>Source</u>	<u>Tributary</u>	<u>Beneficial Use</u>	<u>From</u>	<u>To</u>	<u>Diversion Rate</u>	<u>Volume</u>
GROUND WATER		COMMERCIAL	10/15	8/31	0.2 CFS	63.5 AFA
		DOMESTIC	1/01	12/31	0.02 CFS	0.6 AFA
		Total Diversion			0.2 CFS	

Location of Point(s) of Diversion:

GROUND WATER NWNE Sec. 28 Township 09N Range 36E CLARK County
 GROUND WATER NWNE Sec. 28 Township 09N Range 36E CLARK County
 GROUND WATER NWNE Sec. 28 Township 09N Range 36E CLARK County

Place of Use Legal Description: COMMERCIAL CLARK County

<u>Township</u>	<u>Range</u>	<u>Section</u>	<u>Lot</u>	<u>Tract</u>	<u>Acres</u>	<u>Lot</u>	<u>Tract</u>	<u>Acres</u>	<u>Lot</u>	<u>Tract</u>	<u>Acres</u>	<u>Lot</u>	<u>Tract</u>	<u>Acres</u>
09N	36E	28		NENE			NWNE							

Place of Use Legal Description: DOMESTIC CLARK County

<u>Township</u>	<u>Range</u>	<u>Section</u>	<u>Lot</u>	<u>Tract</u>	<u>Acres</u>	<u>Lot</u>	<u>Tract</u>	<u>Acres</u>	<u>Lot</u>	<u>Tract</u>	<u>Acres</u>	<u>Lot</u>	<u>Tract</u>	<u>Acres</u>
09N	36E	28		NENE			NWNE							

Conditions of Approval:

- 067 The right holder shall record the quantity of water diverted and annually report diversions of water and/or other pertinent hydrologic and system information as required by Section 42-701, Idaho Code.
- T07 The right holder shall accomplish the change authorized by this transfer within one year of the date of this approval.
 Domestic use is for lavatories and a break area.
- 115 Prior to the diversion and use of water under Transfer approval 72465, the right holder shall install and maintain acceptable measuring device(s), including data logger(s), at the authorized point(s) of diversion, in accordance with Department specifications.
- 046 Right holder shall comply with the drilling permit requirements of Section 42-235, Idaho Code and applicable Well Construction Rules of the Department.
- T08 Failure of the right holder to comply with the conditions of this transfer is cause for the Director to rescind approval of the transfer.
 Commercial use is for a potato processing plant.
- Pursuant to Section 42-1412(6), Idaho Code, this water right is subject to such general provisions necessary for the definition of the rights or for the efficient administration of water rights as may be determined by the Snake River Basin Adjudication court at a point in time no later than the entry of the final unified decree.
- T19 the efficient administration of water rights as may be determined by the Snake River Basin Adjudication court at a point in time no later than the entry of the final unified decree.
- N10 The quantity of water decreed for this water right for domestic use is not a determination of historical beneficial use.
- N06 The quantity of water for domestic use under this right shall not exceed 2,500 gallons per day.

9. Describe any other water rights used for the same purpose as described above. 31-7128

10. To your knowledge, has any portion of this water right undergone a period of five or more consecutive years of non-use? NO If yes, describe

I hereby assert that no one will be injured by such change and that the change does not constitute an enlargement in use of the original right. The information in this application is true to the best of my knowledge.

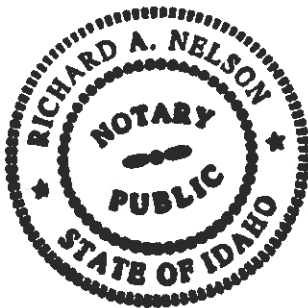
I understand that any willful misrepresentations made in this application may result in voiding its approval.

Sam Huffman
(Signature of Applicant)

VP Operations & Technology
(Office or Position of Authority)

SAM HUFFMAN
(Printed Name)

Subscribed and sworn to before me this 9th day of January, 2009.



[Signature]
Notary Public
My Commission expires: 8/31/12

FOR DEPARTMENT USE ONLY

Transfer contains _____ pages and _____ attachments
Received by _____ Date _____ Protest filed by _____
Prelim check by _____ Fee _____
Receipted by _____ Date _____
Published in _____ Copies of protest forwarded by _____
Pub. Dates _____ Hearing held by _____ Date _____
Watermaster recommendation requested on _____ Recommended for ☐ approval ☐ denial
_____ rec'd _____ By _____
Copy of transfer sent to lien holder _____

Carlson, Dave

From: Leo Herbert [lherbert@idahoan.com]
Sent: Wednesday, January 07, 2009 8:40 AM
To: Carlson, Dave
Subject: Water Rights, Idahoan Foods
Attachments: Certificate By Authorized Officer - October 29 2008 (Sam) water rights and environmental permitting.pdf

Dave, in reference to our conversation this morning.

The water rights issue for Lewisville was signed for by Rod Robert. He has now taken a position with another company.

Per the attached Certification I will now have Sam Huffman sign off on Environmental and water rights issues.

The Certification was notarized by the same Rod Roberts.

If there are any questions please contact me

Thank you,

~Leo Herbert~

Corporate Environmental Manager



Idahoan Foods, LLC
208-754-8194
lherbert@idahoan.com

1/12/2009

74963

IDAHOAN FOODS™

CERTIFICATE BY AUTHORIZED OFFICER

I, Gordon I. Lewis, President of Idahoan Foods, LLC, a Delaware limited liability company, do hereby certify that all company action on the part of Idahoan Foods, LLC, including any necessary action by the Members or the Board of Governors, has been duly taken to:

Transact business and enter into contracts with respect to water rights and environmental permitting and compliance for all locations. I further certify that Sam Huffman be and hereby is authorized to act on behalf of Idahoan Foods, LLC with respect to any all business which is permitted herein.

Dated this 29th day of October 2008.



Gordon I. Lewis, President & CEO
Idahoan Foods, LLC



CERTIFICATE BY AUTHORIZED OFFICER

I, Gordon I. Lewis, President of Idahoan Foods, LLC, a Delaware limited liability company, do hereby certify that all company action on the part of Idahoan Foods, LLC, including any necessary action by the Members or the Board of Governors, has been duly taken to:

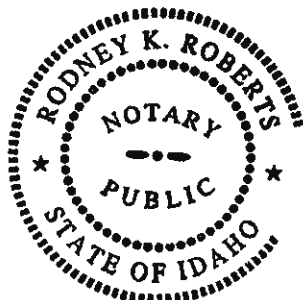
Transact business and enter into contracts with respect to water rights and environmental permitting and compliance for all locations. I further certify that Sam Huffman be and hereby is authorized to act on behalf of Idahoan Foods, LLC with respect to any all business which is permitted herein.

Dated this 29th day of October 2008.

Gordon I. Lewis, President & CEO
Idahoan Foods, LLC

State of Idaho)
County of Jefferson)

On this 29th day of October, in the year of 2008, before me Rodney K Roberts, personally appeared Gordon I. Lewis, known to me to be the person whose name is subscribed to the within instrument, and acknowledged to me that he executed the same.



Notary Public for Idaho
Notary Expires: November 2011

Residing at: Idaho Falls, Idaho

REQUESTED PLACE OF USE FOR WATER RIGHTS
31-7128 AND 31-7489

CLARK COUNTY
TOWNSHIP 9 N
RANGE 36 E

DUTCH FLAT

PROCESSING PLANT

NORTH AMERICAN FOODS
DUBOIS, IDAHO

SITE MAP

NORTH AMERICAN FOODS

Schiess & Associates
ENGINEERING • PLANNING • LAND SURVEYING
Ketchikan, Alaska 99901
Phone: 907-225-1244



PROJECT NO.	06129
DATE	MAY 2006
REVISIONS TO DRAWINGS	
NO. OF COPIES	DATE
REVISION NO.	DATE
REVISION DATE	DATE
REVISION SCALE	DATE
REVISION SCALE	DATE

This document or any part thereof is not to be used for any other purpose without the written authorization of Schiess & Associates.

Form 1-222
6/08STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

APPLICATION FOR TRANSFER OF WATER RIGHT

PART 1

1. Name of Applicant North American Foods LLC Phone 208-374-5600Mailing Address P.O. Box 265, Dubois, ID 83423 Email _____c/o Schiess & Associates7103 S 45th W(208) 522-1244Idaho Falls, ID 83402

A. PURPOSE OF TRANSFER

1. ☐ Change Point of Diversion ☐ Add diversion point(s) ☒ Change Place of use☐ Change Nature of Use ☐ Change Period of Use ☐ Other _____2. Describe the reason for the proposed changes: Increase the existing place of use for land application of waste water

B. DESCRIPTION OF RIGHT(S) OR PORTION THEREOF, AFTER THE REQUESTED CHANGE

1. Right Number Priority Amount Nature of Use Period of Use

31-7128	07/30/1974	0.20 cfs	Commercial	10/15 to 8/31
		0.02 cfs	Domestic	01/01 to 12/31
31-7489	11/06/1987	1.00 cfs	Commercial	01/01 to 12/31

2. Total amount of water being transferred 1.20 cubic feet per second and/or _____ acre-feet per annum.3. Source of water Ground Water tributary to NA

4. Point(s) of Diversion:

Lot	¼	¼	¼	Sec.	Twp.	Rge.	County	Local Name for Diversion
		NW	NE	28	9N	36E	CLARK	
		NW	NE	28	9N	36E	CLARK	
		NW	NE	28	9N	36E	CLARK	

5. Lands irrigated or place of use:

Twp	Rge	Sec	NE ¼				NW ¼				SW ¼				SE ¼				Totals
			NE ¼	NW ¼	SW ¼	SE ¼	NE ¼	NW ¼	SW ¼	SE ¼	NE ¼	NW ¼	SW ¼	SE ¼	NE ¼	NW ¼	SW ¼	SE ¼	
9N	36E	9		C	C		C		C	C	C	C	C	C		C	C		
		15						C	C		C	C	C	C					
		16	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	
		21	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	
		22					C	C	C	C	C	C	C	C					
		27		C	C		C	C	C	C	C	C	C	C		C			
		28	C,D	C,D		C	C	C							C			C	
		33	C																
		34					C	C											

Total Acres _____

RECEIVED
JAN 09 2009
Department of Water Resources
Eastern Region

SUPERCEDED

74963

PART 1

8. General Information:

- a. Description of diversion system: Well to processing plant to mainline to sprinklers
- b. Are the lands from which you propose to transfer the water right subject to any liens, deeds of trust, mortgages, or contracts? ☐ Yes ☒ No If yes, provide a notarized statement from the holder of the lien, deed of trust, mortgage or contract agreeing to the proposed changes.
- c. Describe the affect on the land now irrigated if the place of use is changed pursuant to this transfer: NA
- d. Remarks: This application is in accordance with the Consent Order and Agreement with the Department dated June 2, 2008. Applicant has submitted an application to or currently has a permit to apply waste water to these lands from the Department of Environmental Quality.

ACTION OF THE DIRECTOR, DEPARTMENT OF WATER RESOURCES

This is to certify that I have examined Application for Transfer of Water Right No. _____

And said application is hereby _____, subject to the following limitations and conditions:

Witness my hand this _____ day of _____, 20__

for the Director

PART 2

WATER RIGHT NO. 31-7128

Owner Type **Name and Address**
 Current Owner NORTH AMERICAN FOODS LLC
 PO BOX 265
 DUBOIS, ID 83423
 (208)374-5600

Priority Date: 07/30/1974

Basis: Decreed

Status: Active

<u>Source</u>	<u>Tributary</u>	<u>Beneficial Use</u>	<u>From</u>	<u>To</u>	<u>Diversion Rate</u>	<u>Volume</u>
GROUND WATER		COMMERCIAL	10/15	8/31	0.2 CFS	63.5 AFA
		DOMESTIC	1/01	12/31	0.02 CFS	0.6 AFA
		Total Diversion			0.2 CFS	

Location of Point(s) of Diversion:

GROUND WATER NWNE Sec. 28 Township 09N Range 36E CLARK County
 GROUND WATER NWNE Sec. 28 Township 09N Range 36E CLARK County
 GROUND WATER NWNE Sec. 28 Township 09N Range 36E CLARK County

Place of Use Legal Description: COMMERCIAL CLARK County

<u>Township</u>	<u>Range</u>	<u>Section</u>	<u>Lot</u>	<u>Tract</u>	<u>Acres</u>	<u>Lot</u>	<u>Tract</u>	<u>Acres</u>	<u>Lot</u>	<u>Tract</u>	<u>Acres</u>	<u>Lot</u>	<u>Tract</u>	<u>Acres</u>
09N	36E	28		NENE			NWNE							

Place of Use Legal Description: DOMESTIC CLARK County

<u>Township</u>	<u>Range</u>	<u>Section</u>	<u>Lot</u>	<u>Tract</u>	<u>Acres</u>	<u>Lot</u>	<u>Tract</u>	<u>Acres</u>	<u>Lot</u>	<u>Tract</u>	<u>Acres</u>	<u>Lot</u>	<u>Tract</u>	<u>Acres</u>
09N	36E	28		NENE			NWNE							

Conditions of Approval:

- 067 The right holder shall record the quantity of water diverted and annually report diversions of water and/or other pertinent hydrologic and system information as required by Section 42-701, Idaho Code.
- T07 The right holder shall accomplish the change authorized by this transfer within one year of the date of this approval.
Domestic use is for lavatories and a break area.
- 115 Prior to the diversion and use of water under Transfer approval 72465, the right holder shall install and maintain acceptable measuring device(s), including data logger(s), at the authorized point(s) of diversion, in accordance with Department specifications.
- 046 Right holder shall comply with the drilling permit requirements of Section 42-235, Idaho Code and applicable Well Construction Rules of the Department.
- T08 Failure of the right holder to comply with the conditions of this transfer is cause for the Director to rescind approval of the transfer.
Commercial use is for a potato processing plant.
- Pursuant to Section 42-1412(6), Idaho Code, this water right is subject to such general provisions necessary for the definition of the rights or for the efficient administration of water rights as may be determined by the Snake River Basin Adjudication court at a point in time no later than the entry of the final unified decree.
- T19 the efficient administration of water rights as may be determined by the Snake River Basin Adjudication court at a point in time no later than the entry of the final unified decree.
- N10 The quantity of water decreed for this water right for domestic use is not a determination of historical beneficial use.
- N06 The quantity of water for domestic use under this right shall not exceed 2,500 gallons per day.

9. Describe any other water rights used for the same purpose as described above. 31-7128

10. To your knowledge, has any portion of this water right undergone a period of five or more consecutive years of non-use? NO If yes, describe

PART 2

WATER RIGHT NO. 31-7489

Owner Type **Name and Address**
 Current Owner NORTH AMERICAN FOODS LLC
 PO BOX 265
 DUBOIS, ID 83423
 (208)374-5600

Priority Date: 11/06/1987

Basis: License

Status: Active

Source **Tributary**
 GROUND WATER

Beneficial Use **From** **To** **Diversion Rate** **Volume**
 COMMERCIAL 01/01 12/31 1 CFS 676 AFA
 Total Diversion 1 CFS

Location of Point(s) of Diversion:

GROUND WATER NWNE Sec. 28 Township 09N Range 36E CLARK County
 GROUND WATER NWNE Sec. 28 Township 09N Range 36E CLARK County
 GROUND WATER NWNE Sec. 28 Township 09N Range 36E CLARK County

Licensed Diversion Capacity: 1.66

Place of Use Legal Description: COMMERCIAL CLARK County

Township **Range** **Section** **Lot** **Tract** **Acres** **Lot** **Tract** **Acres** **Lot** **Tract** **Acres** **Lot** **Tract** **Acres**
 09N 36E 28 NENE NWNE

Conditions of Approval:

1. Commercial use is for a potato processing plant.
2. T08 Failure of the right holder to comply with the conditions of this transfer is cause for the Director to rescind approval of the transfer.
3. T07 The right holder shall accomplish the change authorized by this transfer within one year of the date of this approval.
4. 067 The right holder shall record the quantity of water diverted and annually report diversions of water and/or other pertinent hydrologic and system information as required by Section 42-701, Idaho Code.
 Prior to the diversion and use of water under Transfer approval 72465, the right holder shall install and maintain acceptable measuring device(s), including data logger(s), at the authorized point(s) of diversion, in accordance with Department specifications.
5. 115 Right holder shall comply with the drilling permit requirements of Section 42-235, Idaho Code and applicable Well Construction Rules of the Department.
6. 046
9. Describe any other water rights used for the same purpose as described above. 31-7489
10. To your knowledge, has any portion of this water right undergone a period of five or more consecutive years of non-use? NO If yes, describe

REQUESTED PLACE OF USE FOR WATER RIGHTS
31-7128 AND 31-7489

CLARK COUNTY
TOWNSHIP 9 N
RANGE 36 E

DUTCH FLAT

PROCESSING PLANT

NORTH AMERICAN FOODS
BURBOIS, IDAHO
SITE MAP

NORTH AMERICAN FOODS

Schies & Associates
ENGINEERING • PLANNING • LAND SURVEYING
Idaho Falls 322-1244
Redbury 356-0092

PROJECT NO. 06179
DATE MAY 2008
PROJECT BY
DESIGNED BY
CHECKED BY
APPROVED BY
DATE

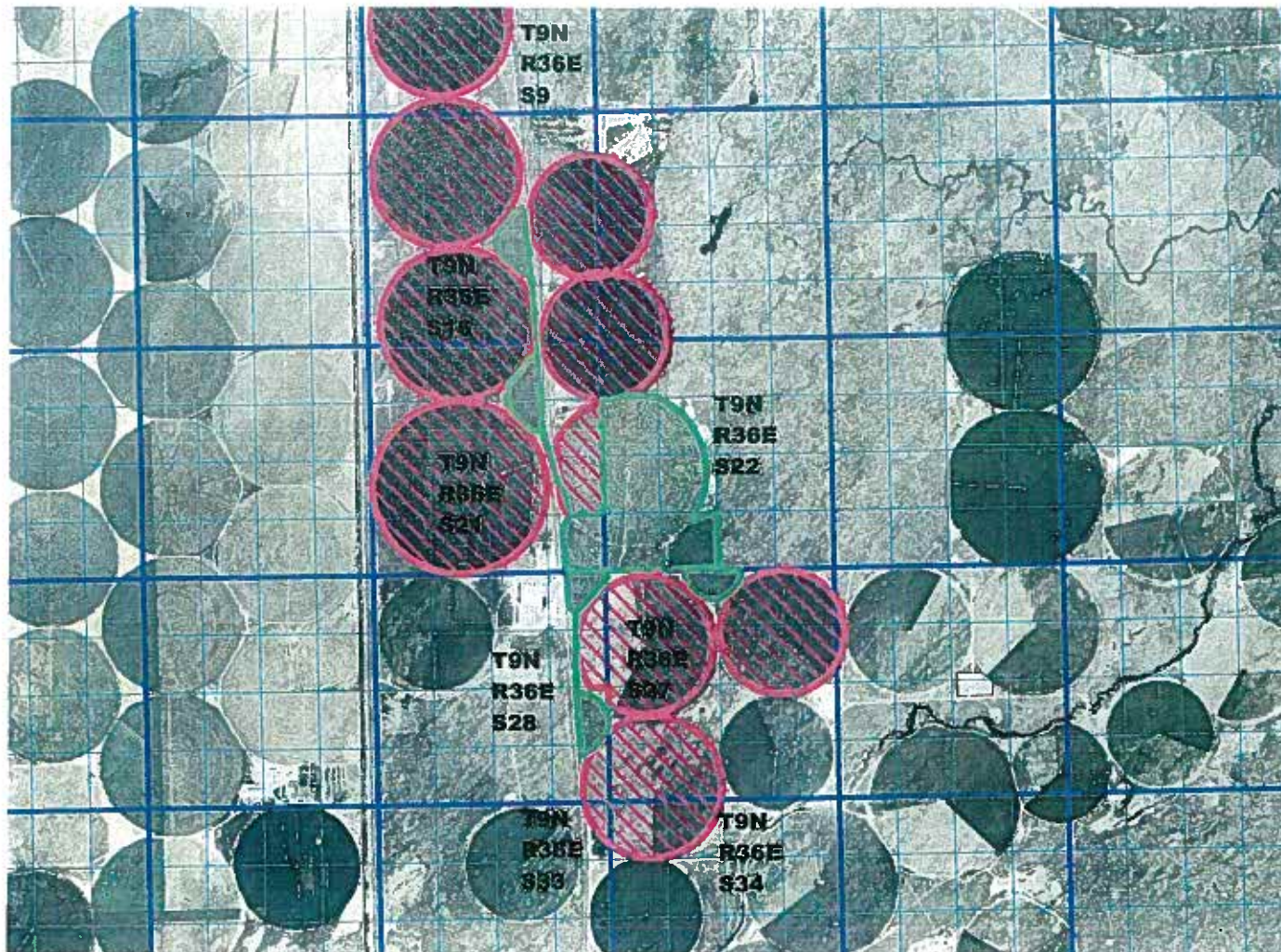
REVISIONS TO DRAWINGS
NO. DESCRIPTION REV. BY DATE
This document or any part thereof is sold or made a part of the property of the client and shall not be copied or used in any way without the written authorization of Schies & Associates.

74963

page 5 of 7

SWNE & NWSE OF SECTION 16, E1/2 OF THE NE1/4 & SESE OF SECTION 21,
S1/2 OF THE NW1/4 & THE SW1/4 OF SECTION 22, NENE & E1/2 OF THE SE1/4 OF SECTION 28,
AND TE NENW & NWNE OF SECTION 27 ALL IN T9N R36E
OWNER: BLAINE AND CONNIE LARSEN
IRRIGATED GROUND IN 2006 WITHOUT A WATER RIGHT

* Per Current Available County Parcel Data.



- Lands Irrigated in 2006
- Current Water Right Place of Use
- Sections
- Quarter-Quarter Sections



Please Note: It appears as though 319 acres were irrigated in 2006 without a recorded water right. Water right 31-7630 irrigates 53.8 acres of the large pivot in Sections 21 and 22, but this was not included in the 319 acres. The water master believes that most of this ground was irrigated by land applying commercial wastewater from the potatoe processing plant in the NE1/4 of Section 28, but the two water rights 31-7489 and 31-7128 associated with that use do not describe land application in the water rights conditions or under the legal description for commercial use. Therefore, all 319 acres of irrigation are considered to be irrigated in 2006 without valid water rights.

Imagery: 2006 NAIP photo



I hereby assert that no one will be injured by such change and that the change does not constitute an enlargement in use of the original right. The information in this application is true to the best of my knowledge.

I understand that any willful misrepresentations made in this application may result in voiding its approval.

JAN NEL

(Signature of Applicant)

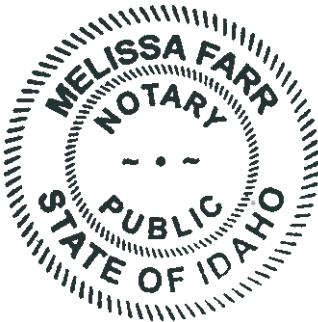
PLANT MANAGER

(Office or Position of Authority)

JAN NEL

(Printed Name)

Subscribed and sworn to before me this 1st day of July, 2008.



Melissa Farr

Notary Public

My Commission expires: 1-23-2009

FOR DEPARTMENT USE ONLY

Transfer contains 7 pages and 12 attachments

Received by JSL Date 1 Jul 2008 Protest filed by _____

Prelim check by _____ Fee \$290.00 EO34204

Received by JSL/BK Date 1 Jul 2008

Published in Post Register Copies of protest forwarded by _____

Pub. Dates _____ Hearing held by _____ Date _____

Watermaster recommendation requested on _____ Recommended for ☐ approval ☐ denial

_____ rec'd _____ By _____

Copy of transfer sent to lien holder _____

RECEIVED

JAN 23 2006

WASTEWATER APPLICATION AGREEMENT DEQ-IDAHO FALLS

This Wastewater Application Agreement (this "Agreement") is made and entered into to be effective as of the 18th day of January, 2006, by and between BLF Land, LLC, an Idaho limited liability company, P.O. Box 188, Hamer, Idaho 83425 ("BLF"), and RDO Processing, LLC, a North Dakota limited liability company, 700 South 7th Street, Fargo, North Dakota 58106 ("RDO").

Recitals

A. Simultaneously with the execution of this Agreement, RDO has purchased from Blaine Larsen Farms, Inc. ("BLFI") the dehydration plant situated approximately 12 miles North of Hamer, Idaho (the "Plant").

B. Prior to the purchase of the Plant by RDO, BLFI operated the Plant and, in connection therewith, applied irrigation water (fresh water) and wastewater from the Plant under Wastewater-Land Application Permit LA-000075-03 (the "Wastewater Permit") to land owned by BLF.

C. In connection with the purchase of the Plant by RDO, BLFI has assigned the Wastewater Permit to RDO.

D. RDO desires to continue to apply wastewater to land owned by BLF under the Wastewater Permit in accordance with BLFI's past practices and the Wastewater Permit.

E. The parties desire by this Agreement, among other things, to describe the land to which wastewater application may be made, the consideration to be paid by RDO to BLF for the wastewater application, and the rights and obligations of the parties relating thereto.

F. The parties understand that the Wastewater Permit contains limits on the volumes of irrigation water and wastewater that can be used on the Subject Land, and requires performing and/or keeping records of soil samples, wastewater samples, monitoring wells, daily use of irrigation water and wastewater, and crops harvested, and the parties desire to cooperate to permit RDO comply in all respects therewith.

G. RDO desires, and BLF is willing to grant, an option to purchase and right of first refusal as described herein.

NOW, THEREOFRE, in consideration of the mutual covenants contained in this Agreement, the parties agree as follows:

SECTION ONE PROPERTY DESCRIPTION

The land subject to the Agreement is situated in Township 9 North, Range 36 East of the Boise Meridian, Clark County, Idaho and is generally described on the diagram attached hereto as Exhibit A. The wastewater application system is currently connected to the land identified on Exhibit A as pivots numbers 154, 153, 152, 151, 106, 107 and 108 and corners A, B, C, D, E, F, G and H (the "Subject Land"). The land identified on Exhibit A as pivots numbers 210 and 211 and corners I, J and K (the "Additional Land") are not connected to the wastewater application system. During BLFI's operation of the Plant prior to RDO's purchase, BLFI applied wastewater to the land described on Exhibit A as pivots numbers 154, 153, 152, 151 and 106 and corners A, B, C, D, E, F, G and H (the "Main Application Land"). Pivots numbers 107 and 108 (the "Secondary Application Land") are "sandy ground" and were not used by BLFI for the application of wastewater.

SECTION TWO WASTEWATER APPLICATION RIGHTS

2.1 During the term of this Agreement, RDO shall have the right to apply wastewater to the Main Application Land (and to the extent applicable as provided below the Additional Land and the Secondary Application Land) as and when needed by RDO in connection with its operation of the Plant. RDO shall have the right to direct and control the application of irrigation water and wastewater to comply with the Wastewater Permit but to the extent reasonably possible shall accommodate the farming activities and crops being grown on the applicable lands. In this regard, the parties acknowledge and understand that pursuant to a separate Custom Farming Agreement between BLF and RDO, RDO will farm pivot numbers 106, 107, 110 and 151 (the "RDO Farmed Land") and shall have complete control over entry onto the RDO Farmed Land; that is, only RDO employees are to enter and perform farming activities on the RDO Farmed Land.

2.2 BLF hereby grants RDO the right to enter onto all parts of the Subject Land to perform all requirements of the Wastewater Permit, including taking, performing and/or keeping records of soil samples, wastewater samples, monitoring wells, daily use of irrigation water and wastewater, and crops grown and harvested on the Subject Land. BLF hereby grants to the Idaho Department of Environmental Quality ("IDEQ") the right to access the Subject Land as allowed under the Wastewater Permit.

2.3 If the IDEQ by affirmative action taken after the date of this Agreement requires RDO to apply wastewater to more land than the Main Application Land, RDO will have the right to apply wastewater to the Secondary Application Land, subject to the provisions of paragraph 2.4 below.

2.4 Except as otherwise provided in this Agreement, in lieu of applying wastewater to the Secondary Application Land, BLF shall have the right, at its expense, to connect the Additional Land, or such parts thereof as may be necessary, to the

wastewater application system to satisfy any additional requirements of the IDEQ imposed after the date of this Agreement. Pending such connection, RDO may apply wastewater to the Secondary Application Land only to the extent required by the IDEQ.

2.5 If any or all of the Additional Land is connected to the wastewater application system and such land with the Main Application Land is still insufficient for the requirements of the IDEQ, then RDO may apply wastewater to the Secondary Application Land to the extent necessary to satisfy the requirements of IDEQ.

2.6 Subject to the foregoing provisions and except as otherwise provided in this Agreement, if the Main Application Land and the Secondary Application Land are insufficient in size for wastewater application requirements for the Plant imposed by the IDEQ after the date of this Agreement, BLF will connect all, or such part as will be sufficient, of the Additional Property to the wastewater application system, at BLF's expense. Thereafter, RDO shall have the right to apply wastewater to the Additional Land, or applicable part thereof, in accordance with the IDEQ's requirements and any related permit.

2.7 RDO shall maintain at the Plant all records required by the Wastewater Permit.

2.8 For purposes of this Section Two, the terms required "required by the IDEQ," "requirements of the IDEQ" and the like shall mean such requirements as may be imposed from time to time or that must be complied with to maintain the Wastewater Permit or any successor thereof in good standing.

SECTION THREE TERM; RENEWAL

The term of this Agreement is ten (10) years commencing effective January 18, 2006 and ending December 17, 2016. Provided RDO has complied with the terms of this Agreement and provided further that neither party delivers written notice to the other party of the party's election to terminate this Agreement at least ninety (90) days before the expiration of the then applicable Agreement term, this Agreement shall automatically renew annually for successive one-year Agreement terms. Any reference to "term of this Agreement" or similar wording in this Agreement shall refer to the term of this Agreement and any renewal term, as applicable. The foregoing notwithstanding, BLF shall have the right to terminate this Agreement, if RDO does not make any payment due hereunder when due and RDO does not make such payment plus pay late charges and interest payable hereunder within thirty (30) days after BLF delivers to RDO written notice of such of default.

SECTION FOUR CONSIDERATION

4.1 RDO, in consideration of the wastewater application permitted under this Agreement shall pay to BLF annual cash consideration in the amount of the product of (i) the total number of farmable acres in the Main Application Land and, to the extent applicable, the Additional Property and Secondary Application Property and (ii) one-half (1/2) the current fair market rent per acre for hay ground in the general area, payable each year during the term of this Agreement one-half (1/2) on March 1st and one-half (1/2) on October 1st. Current fair market rent for the year ending December 21, 2006 in the general area is \$135.00 per acre.

4.2 RDO acknowledges that late payment by RDO to BLF of any amount due under this Agreement will cause BLF to incur costs and expenses not contemplated by this Agreement, the exact amount of which would be extremely difficult and impractical to ascertain. Accordingly, if BLF does not receive any payment due hereunder within ten (10) days after the date due, with respect to each past due payment RDO shall pay to BLF a late charge equal to five percent (5%) of the amount past due. Waiver of the late charge with respect to any past due amount shall not constitute a waiver with respect to any subsequent payment that becomes due.

4.3 Any payment not made within fifteen (15) days after the due date shall bear interest at the rate of twelve percent (12%) per annum from the date due until paid in full by RDO. This interest shall be in addition to any late charge payable under paragraph 3.3.

4.4 All payments shall be made to BLF at P.O. Box 188, Hamer, Idaho 83425, or such other address as BLF may designate in writing to RDO.

SECTION FIVE FARMING OF LAND

BLFI shall have the right to farm, or cause to be farmed, all land subject to this Agreement, whether or not being used for application of wastewater by RDO, as long as it does not interfere with the terms and conditions of the Wastewater Permit. All farming shall be done at BLFI's expense. Except for RDO'S farming of the RDO Farmed Land, RDO shall have no responsibility, obligation or liability with respect to the farming of the Subject Land or the Additional Land. The foregoing notwithstanding, the parties understand and agree that crops planted on the Subject Land from time to time must be of types that will permit compliance with the Wastewater Permit, and the parties agree to cooperate with each other and to coordinate the crops planted to permit such compliance.

SECTION SIX TAXES

BLF shall pay, or cause to be paid, all real and personal property taxes assessed against the land subject to this Agreement and the irrigation equipment thereon.

SECTION SEVEN OPTION TO PURCHASE

Subject to the other terms of this Agreement, RDO shall have a nonexclusive option to purchase the land that is the subject of this Agreement, the land situated immediately West of the Plant upon which cellars (the "Cellars Property") are situated and the land described as pivot number 110 on the attached Exhibit A, together with all improvements and irrigation equipment thereon, from BLF at any time during the term of this Agreement. Such land is more particularly described on the attached Exhibit A-1. RDO may exercise this option by written notice of exercise to BLF that describes the land or such part of the land that RDO desires to purchase; provided, however, that any exercise of this option for part of the land must be for an entire pivot circle or circles and related corners. If RDO exercises this option, RDO shall pay as a purchase price for such land the then fair market value of the land as farm land and the improvements and irrigation equipment thereon (the "Subject Property") as agreed by BLF and RDO. If BLF and RDO cannot agree on the fair market value of the Subject Property, then the fair market value of the Subject Property shall be determined by a fair market value appraisal to be completed within forty (40) days from the date of said written notice by an independent qualified appraiser reasonably acceptable to both parties who has at least five (5) years experience appraising farm property. The parties shall share equally the cost of such appraiser. If either party disagrees with such appraisal, such party at its expense shall have the right to select a second independent qualified appraiser within fifteen (15) days after receipt of the appraisal who has at least five (5) years experience appraising farm property to appraise the Subject Property within twenty (20) days after selection. If the second appraiser is not selected or does not complete the appraisal within such time periods, the first appraisal shall control. If either party disagrees with the second appraisal within ten (10) days after it is completed, then the two appraisers shall select jointly a third independent qualified appraiser who has at least five (5) years experience appraising farm property within fifteen (15) days after such disapproval. The third appraiser shall appraise the Subject Property within twenty days (20) after his selection. The purchase price for the Subject Property shall be the average of the two appraisals that are the closest in value. The cost of the appraisal by the third appraiser shall be shared equally between the parties. The purchase of the Subject Property shall close with fifteen (15) days after the determination of the fair market value thereof, whether by agreement or appraisal. At the closing, BLF shall convey or cause to be conveyed by the legal owner or owners thereof by good and sufficient warranty deed and bill of sale the Subject Property, free and clear of any and all liens and other encumbrances. This option shall not prohibit BLF from selling all or any of the land subject to this Agreement during the term of this Agreement to any other person, but subject to this Agreement, provided BLF complies with the terms of the right of first

refusal as provided in Section Eight of this Agreement. This option shall terminate on the termination of this Agreement.

SECTION EIGHT RIGHT OF FIRST REFUSAL

If BLF receives an offer to purchase all or any portion of any of the land subject to this Agreement that BLF is willing to accept, BLF shall deliver to RDO written notice (the "Offer Notice") containing the terms and conditions of the offer (the "Offer Terms") on which BLF is willing to sell the land and any improvements and irrigation equipment thereon subject to the offer (the "Notice Property"). Upon delivery of the Offer Notice, RDO shall then have the right to purchase the Notice Property on the Offer Terms or, in the alternative at RDO's election in writing, for the fair market value of the Notice Property as determined and payable as set forth in Section Seven above. RDO shall exercise its right to purchase the Notice Property by delivering written notice of RDO's election to purchase the Notice Property (the "Purchase Notice") to BLF with fifteen (15) days after delivery of the Offer Notice. If RDO elects to purchase the Notice Property, then BLF must sell to RDO the Notice Property on the Offer Terms. If RDO fails to deliver to BLF the Purchase Notice within fifteen (15) days after BLF's delivery of the Offer Notice to RDO, then BLF shall have the right to sell the Notice Property free and clear of this right of first refusal and the nonexclusive option to purchase provided in Section Seven above to the person or entity making the offer, provided that such sale is made in accordance with the Offer Terms. Any change in the Offer Terms will require BLF to comply anew with the foregoing provisions of this Section Eight. The foregoing notwithstanding, BLF shall have the right to transfer or sell any or all land subject to this Agreement and any improvements and irrigation equipment to its member(s) or any person or entity related to or affiliated with BLF or its member(s), provided that such transferred land shall continue to be subject to this Agreement. This right of first refusal shall terminate on the termination of this Agreement.

SECTION NINE MISCELLANEOUS

A. Assignment. Either party hereunder may assign its rights and interests in and under this Agreement, but no such assignment shall relieve or release such party from its obligations or liabilities under this Agreement unless agreed in writing by the other party. Said release is not to be unreasonably withheld.

B. Notices. Unless otherwise provided herein, notices under this Agreement shall be made in writing by hand-delivery or by U.S. certified mail, postage prepaid, addressed to the parties at the addresses first set forth above, and shall be deemed made upon such hand-delivery or three (3) days after deposit in the U.S. mail. Either party may change its address for purposes of notice upon written notice as provided herein to the other party.

C. Binding Agreement. All the provisions of this Agreement shall be binding upon the successors and assigns of the parties hereto.

D. Headings. The headings in this Agreement are intended solely for convenience of reference and shall be given no effect in the interpretation of this Agreement.

E. Governing Law. This Agreement shall be governed by, and interpreted in accordance with, the laws of the State of Idaho.

F. Entire Agreement; Amendment. This Agreement contains the entire agreement of the parties with respect to the subject matter hereof and there are no other promises, terms or conditions pertaining to this Agreement in any other agreement, whether oral or written. This Agreement may be modified or amended only in writing signed by both parties.

G. Valid Agreement. If any portion of this Agreement shall be held to be invalid or unenforceable for any reason, the remaining provisions shall continue to be valid and enforceable. If a court finds that any provision of this Agreement is invalid or unenforceable, but that by limiting such provision it would become valid and enforceable, then such provision shall be deemed to be written, construed, and enforced as so limited.

H. Counterparts; Facsimile Delivery. This Agreement may be executed in counterparts, each of which is deemed an original but all of which constitute one and the same instrument. The signature pages may be detached from each counterpart and combined into one instrument. This Agreement may be signed and delivered by facsimile transmission which shall be effective as an original.

I. Transamerica Consent. Notwithstanding any other provision of this Agreement, without the prior written consent of Transamerica Life Insurance and Annuity Company ("Transamerica"), (i) RDO shall not have the right, nor shall BLF be required, to apply wastewater to the land identified as pivots numbers 210 and 211 on Exhibit A hereto and (ii) the option granted in Section Seven above shall not be effective, nor shall RDO have any right to exercise such option, with respect to the Cellars Property or any of the land identified as pivots numbers 110, 210 and 211 or any related corners around such pivots. Promptly after the Closing BLF shall exercise its best efforts to obtain such written consent from Transamerica.

IN WITNESS WHEREOF, the parties have executed this Agreement to be effective as of the date first above written.

BLF LAND, LLC

By _____
Blaine Larsen, President/Manager

RDO PROCESSING, LLC

By _____
Its _____

Agreement of BLFI

Blaine Larsen Farms, inc. hereby agrees that, if RDO exercises the option to purchase under Section Seven of the foregoing Agreement or right of first refusal under Section Eight of the foregoing Agreement resulting in RDO's purchase of any land that has irrigation equipment on it owned by BLFI, BLFI will sell such equipment to RDO in accordance with the terms of sale as provided in such Section Seven or Section Eight.

DATED to be effective January 18, 2006.

BLAINE LARSEN FARMS, INC.

By _____
Blaine Larsen, President

EXHIBIT A-1

MAIN APPLICATION LAND

Township 9 North, Range 36, East of the Boise Meridian, Clark County, Idaho.

Section 21: SE1/4NE1/4, E1/2SE1/4 lying East of the Union Pacific Railroad.

ALSO: W1/2, That part of the E1/2 lying West of the Union Pacific Railroad right of way.

EXCEPTING THEREFROM: Said NW1/4NW1/4 that portion conveyed to Utah Power & Light Company described as follows: Beginning at a point on the North line of said Section that is East 200 feet from the East right of way line of U.S. Highway No. 191; thence continuing along said North line, North 89E53' East 200 feet; thence South 00E10' East 300 feet; thence South 89E53' West 200 feet; thence North 00E10' West 300 feet to the POINT OF BEGINNING (except NW corner that is part of Additional Land).

Section 22: SW1/4NW1/4, SW1/4.

Section 9: S1/2, lying West of the Union Pacific Railroad right of way (except SW corner that is part of Additional Land).

Section 16: That part of the N1/2 of said Section 16, lying Westerly of the centerline of the Union Pacific Railroad right of way, said centerline described as follows: Commencing at the Northeast section corner of said Section 16; thence along the North line of said Section 16, North 89E54'17" West 1695.08 feet to a point of the centerline of said railroad right of way being the real POINT OF BEGINNING; thence along said centerline South 03E36'24" East 2650.85 feet, more or less, to the East-West centerline of said Section 16 (except NW corner and SW corner that are part of Additional Land).

ALSO: That part of the S1/2 of said Section 16, lying Westerly of the centerline of Union Pacific Railroad right of way, said centerline described as follows: Commencing at the Southeast Section corner of said Section 16, thence along the South line of said Section 16, North 89E59'02" West 1365.41 feet to a point in the centerline of said railroad right of way, being the real POINT OF BEGINNING; thence along said centerline North 03E36'24" West 2650.85 feet, more or less, to the East-West centerline of said Section 16 (except NW corner and SW corner that are part of Additional Land).

AND the corners described under Secondary Application Land below as being part of the Main Application Land.

SECONDARY APPLICATION LAND

Township 9 North, Range 36, East of the Boise Meridian, Clark County, Idaho.

- Section 27: W1/2 (except SE, NE and NW corners that are part of Main Application Land).
- Section 28: NE1/4NE1/4 lying East of the Railroad (except NE corner that is part of Main Application Land).
- Section 34: N1/2NW1/4 (except NE corner that is part of Main Application Land).

CIRCLE #110 AND CELLARS

Township 9 North, Range 36, East of the Boise Meridian, Clark County, Idaho.

- Section 28: NW1/4, N1/2NE1/4 West of railroad right of way.

EXCEPTING THEREFROM: Part of the NE1/4 of Section 28, Township 9 North, Range 36 East, Boise Meridian, Clark County, Idaho, described as: Beginning at a point on the West right of way line of the Union Pacific Railroad and the South line of a county road that is North 89E55'48" West 1135.67 feet along the North line of said Section 28 from the NE corner of said Section 28 and running thence South 03E41'19" East 1325.33 feet along said West right of way line to a point on the South line of the N1/2 of the NE1/4; thence North 89E54'00" West 416.17 feet along said South line of the N1/2 of the NE1/4; thence North 00E19'20" West 526.61 feet; thence North 88E56'01" West 17.03 feet; thence North 01E34'54" West 40.69 feet; thence North 87E24'18" East 16.50 feet; thence North 01E15'43" West 38.23 feet; thence North 89E11'36" West 6.32 feet; thence North 00E20'38" East 715.64 feet to the North line of said Section 28 and also the South line of the county road; thence South 89E55'48" East 338.41 feet along the section line and the South line of the county road to the point of beginning.

ADDITIONAL LAND

Township 9 North, Range 36, East of the Boise Meridian, Clark County, Idaho.

Section 15: That portion of the NW1/4 described as follows: Starting at the Northwest Section corner of Section 15 and running thence South along the common Section line between Sections 15 and 16 (assumed bearing = South 0E East) an approximate distance of 884 feet to a point in an existing corral fence separating animal corrals from an adjacent potato field with a circular, rotary sprinkling system, which point is the TRUE POINT OF BEGINNING; thence approximately South 63E East along an existing fence line an approximate distance of 737 feet; thence South 53E East along an existing fence line an approximate distance of 416 feet; thence approximately South 32E East an approximate distance of 525 feet to the quarter-quarter Section line between the SW1/4NW1/4 Section 15 and SE1/4NW1/4 Section 15; thence South along the quarter-quarter Section line (between the SW1/4NW1/4 and the SE1/4NW1/4 Section 15) approximately 673 feet to the Southeast corner of SW1/4NW1/4 Section 15; thence West along the quarter line to the SW1/4 corner of the NW1/4 Section 15; thence North along the Section line (between Sections 15 and 16) to the original TRUE POINT OF BEGINNING.

Section 16: That portion of the E1/2 of the Section lying East of the centerline of the railroad tracks (described as follows: Beginning at the Northeast Section corner of Section 16; thence South 0E02' East along the East Section line of said Section 16 a distance of 5288.77 feet to the Southeast section corner of said Section 16; thence North 89E59'02" West along the South line of Section 16 a distance of 1365.41 feet to a point in the centerline of the Union Pacific Railroad right of way; thence North 3E36'24" West along said centerline of the Union Pacific Railroad a distance of 5310.70 feet to the North Section line of said Section 16; thence South 89E54'17" East a distance of 1695.85 feet to the Northeast corner of said Section 16 with said corner being the original POINT OF BEGINNING) and EXCEPTING THEREFROM the North 884 feet of that portion of the N1/2NE1/4 of said Section 16 lying between the centerline of the Union Pacific Railroad Tracks and the common (North-South) Section line between Sections 16 and 15.

Section 21: That portion of the N1/2NE1/4 lying East of the railroad tracks.

Section 22: NW1/4NW1/4.

