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Form 222 November 30, 1999

FEB 14 2008

Transfer No. 74580

Should you have any questions or need assistance during the processing of this application please contact:
 WATER RESOURCES DIVISION
 WESTERN REGION
Steven R. Hannula ERO Resources Corp. (208) 373-7983

STATE OF IDAHO
 DEPARTMENT OF WATER RESOURCES

APPLICATION FOR TRANSFER OF WATER RIGHT
 PART 1

Name of applicant Scot HalladayPhone (208)562-8416Post Office address 9246 W. Rockstone Ct. Kuna, Idaho 83634**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 To move the purchased 5-acre portion of parent water right 63-7194 (now 63-32893) to the applicant's 10-ac property and well.

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

1. Right Number	Priority	Amount (cfs/ac-ft)	Nature of Use	Period of Use
<u>63-32893</u>	<u>2/7/1969</u>	<u>0.08 cfs/22.5 ac-ft</u>	<u>IRRIGATION</u>	<u>4/1 to 11/1</u>
_____	_____	_____	_____	_____ to _____
_____	_____	_____	_____	_____ to _____
_____	_____	_____	_____	_____ to _____

2. Total amount of water being transferred 0.08 cubic feet per second and/or 22.5 acre-feet per annum.
3. Source of water Ground water tributary to N/A
4. Point(s) of Diversion:

Lot	1/4	1/4	1/4	Sec	Twp	Rge	County	Local name for diversion
		SE	NE	26	2N	1E	Ada	

5. Lands irrigated or place of use:

Twp	Rge	Sec	NE 1/4				NW 1/4				SW 1/4				SE 1/4				Totals
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
2N	1E	26	6			4													5

Total acres 5

PART 1

6. General Information:

- a. Description of diversion system Existing well with submersible pump to pipe line distribution and sprinkler system
- b. Are the lands from which you propose to transfer the water right subject to any liens, deeds of trust, mortgages, or contracts? _____ Yes X 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: The purchased 5 acres will be retired from irrigation at the original place of use
- d. Remarks: This transfer seeks to move the purchased 5-ac portion of the water right to the applicant's own 10-ac property.

ACTION OF THE DIRECTOR, DEPARTMENT OF WATER RESOURCES

This is to certify that I have examined Application for Transfer of Water Rights No. _____
And said application is hereby _____, subject to the following limitations and conditions:

Witness my hand this _____ day of _____, 20_____.

For the Director

RECEIVED

Transfer No. _____

FEB 14 2008

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCESWATER RESOURCES
WESTERN REGION

APPLICATION FOR TRANSFER OF WATER RIGHT

PART 2

(Attach one copy for each right)

A. DESCRIPTION OF RIGHT AS RECORDED

1. Right evidenced by:

- a. Decree No. _____ Decreed to _____
in case of _____ vs. _____
dated _____ in _____ county of _____
- b. License No. 63-7194 (now 63-32893) issued by the Idaho Department of Water Resources.
- c. Claim No. _____ on file with the Idaho Department of Water Resources.
- d. Transfer No. _____ which produced this right.

2. Attach copy of last year's tax notice for the property to which the water right is appurtenant or other documents which show ownership. Label document as attachment A. Check appropriate box below:

☐ Tax Notice☐ Warranty Deed☒ Other Purchase and Sale Agreement3. Source of water Ground Water tributary to N/A

4. Date of priority _____

5. Water is used for the

See attached copy of IDWR's recommendation for 63-32893

Amount _____
(cfs/ac-ft)

Amount _____ for _____ purposes from _____ to _____
(cfs/ac-ft)

Amount _____ for _____ purposes from _____ to _____
(cfs/ac-ft)

6. Total amount of water under right _____ cubic feet per second and/or _____ acre-feet per annum.

7. Point(s) of Diversion:

Lot	¼	¼	¼	Sec	Twp	Rge	County	Local name for diversion

8. Lands irrigated or place of use:

Twp	Rge	Sec	NE ¼				NW ¼				SW ¼				SE ¼				Totals
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	

Total acres _____

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

PART 2

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 _____

B. DESCRIPTION OF PORTION OF RIGHT BEING TRANSFERRED

(If the entire right is to be changed by the applicant, omit part B and C.)

1. Amount 0.08 cfs / 22.5 ac-ft for Irrigation purposes from 4/1 to 11/1
 (cfs/ac-ft)
 Amount _____ for _____ purposes from _____ to _____
 (cfs/ac-ft)
 Amount _____ for _____ purposes from _____ to _____
 (cfs/ac-ft)

2. Point(s) of Diversion:

Lot	¼	¼	¼	Sec	Twp	Rge	County	Local name for diversion
		SW	NE	21	1N	1W	Ada	

3. Lands irrigated or place of use:

Twp	Rge	Sec	NE ¼				NW ¼				SW ¼				SE ¼				Totals
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
1N	1W	21			5														5

Total acres 5

C. DESCRIPTION OF UNCHANGED PORTION OF RIGHT (omit if there is no change)

1. Amount 1.3 cfs / 349.2 ac-ft for Irrigation purposes from 4/1 to 11/1
 (cfs/ac-ft)
 Amount _____ for _____ purposes from _____ to _____
 (cfs/ac-ft)
 Amount _____ for _____ purposes from _____ to _____
 (cfs/ac-ft)

2. Point(s) of Diversion:

Lot	¼	¼	¼	Sec	Twp	Rge	County	Local name for diversion
		SW	NE	21	1N	1W	Ada	

3. Lands irrigated or place of use:

Twp	Rge	Sec	NE ¼				NW ¼				SW ¼				SE ¼				Totals
			NE	NW	SW	SE	N E	N W	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
1N	1W	21	28	26.5	8.4	14.7													77.6

Total acres 77.6

PART 3**B. CHANGES IN NATURE OF USE**

1.	<u>New Nature of Use</u>	<u>Amount</u> (cfs/ac-ft)	<u>Hours/days/year</u>	<u>Period of Use</u>
	_____	_____	_____	_____ to _____
	_____	_____	_____	_____ to _____

2. Quantity and quality of return flows and location of discharge:

3. Describe effects on other water uses resulting from the proposed change:

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 contained in this application is true to the best of my knowledge.

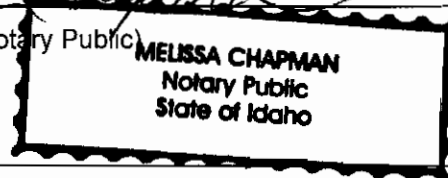
I understand that any willful misrepresentations made in this application may result in voiding its approval.

Subscribed and sworn before me this 24th day of February, 20 08.

[Signature]
(Signature of Applicant)

My commission expires 1-29-2010

[Signature]
(Notary Public)

**FOR DEPARTMENT USE ONLY**

Transfer contains 8 pages and 4 attachments

Received by DB Date 2-14-08 Protest filed by _____

Prelim. Check by CB Fee \$100-

Receipted by DB / WD36143 Date 2-14-08

Published in _____ Copies of protest forwarded by _____

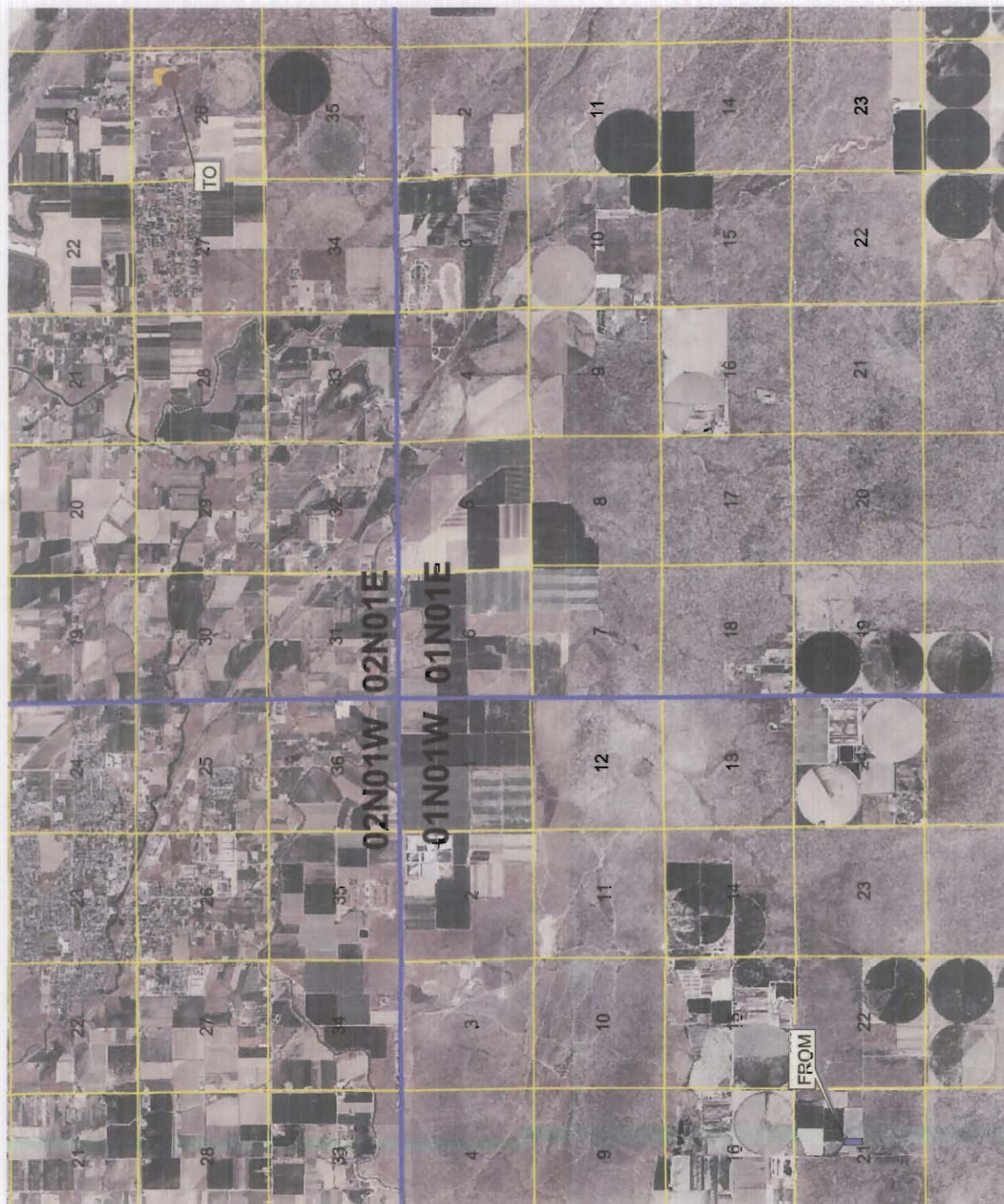
Pub. Dates _____ Hearing held by _____ Date _____

Watermaster recommendation requested on _____ Recommended for ☐ approval ☐ denial

_____ received _____ by _____

Copy of transfer sent to lien holder _____

Figure 1 Map of FROM and TO Places of Use for Halladay Transfer



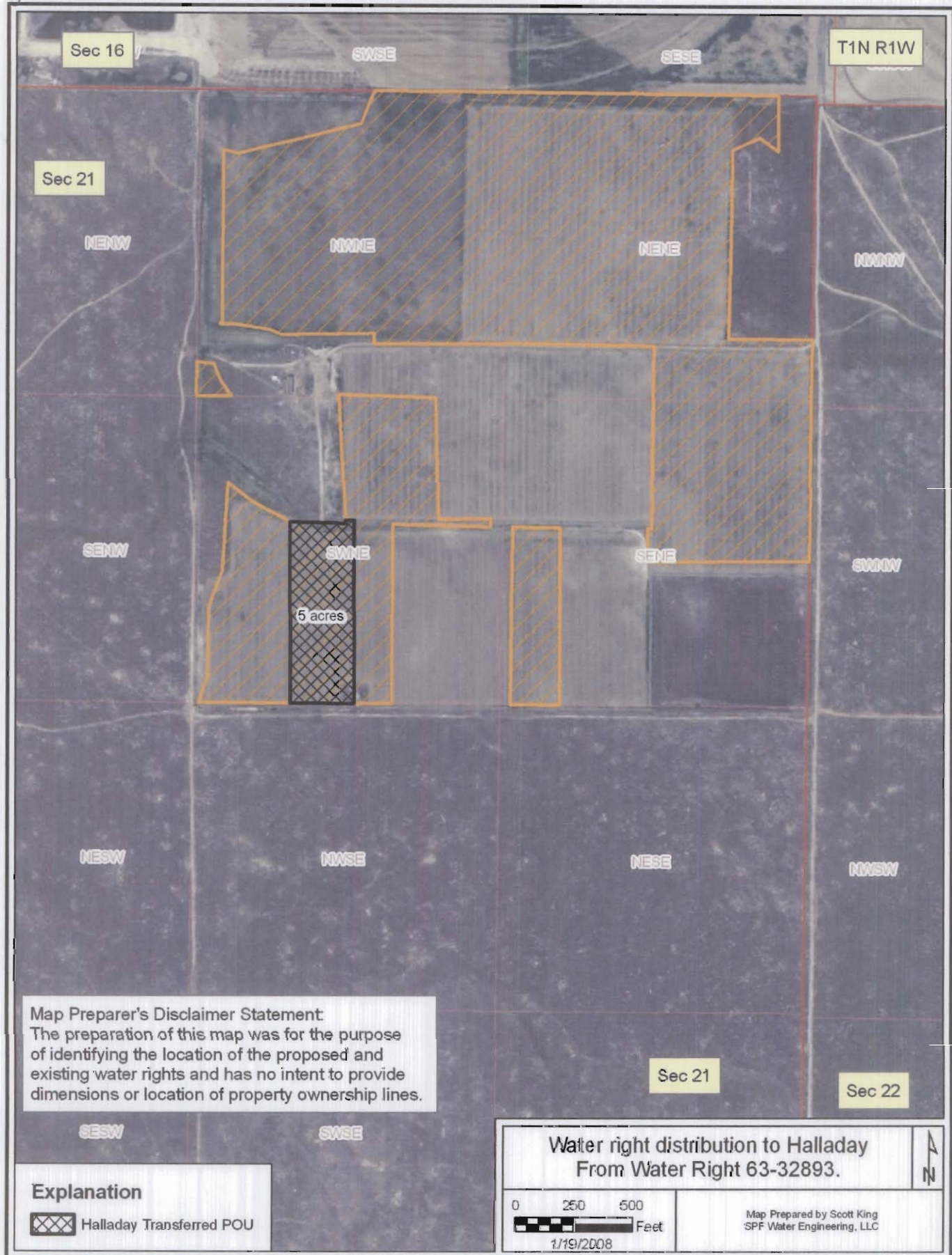
- FROM POU
- Well
- TO POU
- Townships
- Sections

Prepared by: ERO Resources
 3314 Grace St.
 Boise, ID 83703
 (208) 373-7983
 Aerial: 2006 NAIP



Figure 2 Map of Halladay POU and POD
(T2N, R1E Sec 26, Ada County)





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OCT 23 2007

COPY

DEPARTMENT OF
WATER RESOURCES

IDAHO DEPARTMENT OF WATER RESOURCES
RECOMMENDATION OF WATER RIGHTS ACQUIRED UNDER STATE LAW

RIGHT NUMBER: 63-32893

NAME AND ADDRESS: MELLIN PROPERTIES LIMITED PARTNERSHIP
RALPH MELLIN, GENERAL PARTNER
4500 N TUMBLEWEED LN
BOISE ID 83713-2500

SOURCE: GROUND WATER

TRIBUTARY:

QUANTITY: 1.380 CFS
371.700 AFY

PRIORITY DATE: 02/07/1969

POINT OF DIVERSION:

T01N R01W S21 SWNE Within ADA County

PURPOSE AND
PERIOD OF USE:

PURPOSE OF USE	PERIOD OF USE	QUANTITY
IRRIGATION	04/01 11/01	1.380 CFS 371.70 AFY

THE USE OF WATER FOR IRRIGATION UNDER THIS RIGHT MAY BEGIN AS EARLY AS MARCH 1 AND MAY CONTINUE TO AS LATE AS NOVEMBER 15, PROVIDED OTHER ELEMENTS OF THE RIGHT ARE NOT EXCEEDED. THE USE OF WATER BEFORE APRIL 1 AND AFTER NOVEMBER 1 UNDER THIS REMARK IS SUBORDINATE TO ALL WATER RIGHTS HAVING NO SUBORDINATED EARLY OR LATE IRRIGATION USE AND A PRIORITY DATE EARLIER THAN THE DATE A PARTIAL DECREE IS ENTERED FOR THIS RIGHT.

PLACE OF USE: IRRIGATION in ADA County

T01N R01W S21	NENE	28.00	T01N R01W S21	NWNE	26.50
T01N R01W S21	SWNE	13.40	T01N R01W S21	SENE	14.70

82.6 ACRES TOTAL

OTHER PROVISIONS NECESSARY FOR DEFINITION OR ADMINISTRATION OF THIS WATER RIGHT:

This partial decree is subject to such general provisions necessary for the definition of the rights or for the efficient administration of the water rights as may be ultimately determined by the Court at a point in time no later than the entry of a final unified decree. Section 42-1412(6), Idaho Code.

EXPLANATORY MATERIAL: BASIS OF CLAIM - License

This right is a split from former right 63-32676 .

Attachment A

Mellin Properties Ltd Ptr
4500 N Tumbleweed Ln
Boise, ID 83713-2500
January 25, 2008

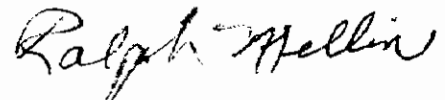
Scot Halladay
9246 W Rockstone Ct
Kuna, ID 83642

Dear Scot:

RE: Contract for Sale of a Water Right dated June 27, 2007

Regarding the place of use on my property from which this water comes, I erroneously listed it in Article 1 of our contract as the SENE instead of the SWNE quarter of my property. This error was found by SPF Water Engineering who provides services to me. SPF prepared a map showing the corrected location (upon my request) and sent it to ERO Resouces so ERO can and will submit the corrected location to the Idaho Department of Water Resources within your Change of Place of Use application.

Sincerely,



Ralph Mellin, General Partner
Mellin Properties Ltd Ptr

cc via e-mail to: Scott King, Spf Water Engineering
Steve Hannula, ERO Resouces

Attachment B

CONTRACT FOR SALE OF A WATER RIGHT

THIS CONTRACT FOR SALE OF A WATER RIGHT ("Agreement") is made by and between MELLIN PROPERTIES LIMITED PARTNERSHIP ("Seller"), an Idaho limited partnership, and SCOT HALLADAY, an individual ("Buyer"). Buyer and Seller may be referred to hereinafter as a "Party" or collectively as "Parties."

RECITALS

A. Seller owns a ground water right ("Water Right"), represented by license number 63-7194 in the records of the Idaho Department of Water Resources ("IDWR"), appropriated and used for irrigation purposes with a February 7, 1969 priority date. A copy of the Water Right license is attached hereto as Exhibit "A". The Water Right authorizes a diversion rate of 2.38 cubic feet per second (cfs) and 642 acre-feet per year (afy). The Water Right is appurtenant to and has been beneficially used to irrigate 142.5 acres on Seller's property, also identified under the Water Right as the authorized place of use.

B. Seller desires to sell and Buyer desires to buy a portion of the Water Right that is appurtenant to 5.0 acres of the irrigated lands within the Water Right's authorized place of use, identified by Seller pursuant to Section 1 below.

COVENANTS

NOW THEREFORE, in consideration of the recitals, the mutual covenants, representations and warranties contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. Property Purchased. Seller hereby agrees to sell to Buyer, and Buyer agrees to buy from Seller, on the terms and conditions herein specified, a portion of Water Right #63-7194 appurtenant to 5.0 acres within the Water Right's authorized place of use, also identified by Seller as the "Purchase Place of Use".

<u>Quantity:</u>	<u>Acres / Place of Use:</u>
(0.08 cfs / 22.5 afy)	5.0 acres (SENE Section 21, Township 1 North, Range 1 West, Ada County, Idaho)

2. Property Relinquished. Seller expressly reserves and retains, and is not conveying any part of the remaining portion of Water Right #63-7194 that will remain appurtenant to the 137.5 acres within the Water Right's authorized place of use owned by Seller, described as follows:

<u>Quantity:</u>	<u>Acres / Place of Use:</u>
(2.30 cfs / 619.5 afy)	137.5 acres (NWNE, NESE, SENE, SESE Section 21, Township 1 North, Range 1 West, Ada County, Idaho)

CONTRACT FOR SALE OF A WATER RIGHT

Page 1 of 9

Buyer's Initials: SH

Seller's Initials: MP

Attachment C
9/29/95

3. Purchase Price. The Purchase Price (without the appreciation or depreciation) for the relevant portion of Water Right #63-7194 identified above (0.08 cfs / 22.5 afa / 5.0 acres) shall be thirty-seven thousand five hundred dollars (\$37,500.00), payable as described in Section 3.a. and 3.b below. Due to the uncertainty with respect to a firm date for Closing, and the recognition that Closing may not occur for several months due to processing of a water right transfer with IDWR, the Purchase Price shall be subject to the appreciation / depreciation provision in Section 4 below. The Parties acknowledge that at the Seller's choice the Down Payment and balance of the Purchase Price may be deposited directly and made payable to an escrow agent or a qualified Section 1031 Exchange Intermediary.

a. Down Payment. The sum of seven thousand five hundred dollars (\$7,500.00), which equals 20% of the purchase price, shall be paid down upon execution of this Agreement in current, certified funds, receipt of which is hereby acknowledged. This down payment shall be credited against the purchase price at Closing. Seller shall refund the money to Buyer in the event the Idaho Department of Water Resources (IDWR) denies the transfer contemplated in Section 5. Seller shall refund the money to Buyer in the event the Idaho Department of Water Resources (IDWR) denies the transfer only for any reason related to the Seller's water right, including any determination by IDWR that the Seller's water right is not eligible for use at the Buyer's intended place of use (including Township 2 N, Range 1 West, Section 26, Ada County).

b. Balance of Purchase Price. The remaining balance of the Purchase Price, including any adjustments as determined by the appreciation / depreciation provision in Section 4, shall be due and payable to Seller in current certified funds at Closing.

4. Appreciation / Depreciation Provision. The final Purchase Price payable upon Closing shall be adjusted according to the following percentage appreciation (or depreciation) that occurs between ~~the end of January 2007~~ *June 1, 2007 PM 110* and the second month before the Closing takes place. The percentage adjustment shall be the difference in appreciation/depreciation for existing homes in Ada County that takes place from ~~January 2007~~ *June 1, 2007 PM 110* until the second month before Closing occurs as reported on the Intermountain Multiple Listing Service, Inc.'s (IMLS) website (www.intermountainmls.com). An example of how this escalator provision is calculated and would be used for changes to the final Purchase Price, using September, 2006 to a March, 2007 closing date, is attached hereto as Exhibit "B". In the event the IMLS website is unavailable for use by Buyer and Seller, another regional or national price level index, mutually agreed to by Buyer and Seller shall be used.

5. Closing.

a. Closing Date. Within thirty (30) days of IDWR's final approval of the transfer application, the Parties shall conclude and finalize the purchase and sale of the Purchased Right ("Closing") upon notice and written request by the Buyer. The Closing shall take place at the office of Barker Rosholt & Simpson LLP, 1010 W. Jefferson St., Suite 102, Boise, Idaho (also referred to herein as "Closing Agent") on a date mutually convenient for Buyer and Seller. Buyer and Seller shall work expeditiously to conclude the Closing. If Seller is unavailable within seven (7) days of receipt of the written request by Buyer to

close, he shall immediately appoint an agent to act on his behalf and such agent shall act on his behalf in an expeditious manner.

b. Documents to be Delivered at Closing. Buyer and Seller shall execute (with acknowledgement, if needed) and deposit into escrow with Closing Agent all instruments, documents and the remaining balance of the Purchase Price (set forth in Section 3.b) necessary to complete the purchase and sale in accordance with this Agreement, or reasonably requested by the Closing Agent. The documents that Seller shall deliver to Buyer at Closing shall include, but not be limited to: (i) a Water Right Grant Deed in the form of the specimen attached to this Agreement as Exhibit "C"; (ii) a Notice of Change of Ownership confirming Buyer's ownership of the Purchased Right and the assignment of the appropriate portion of the Snake River Basin Adjudication Claim for the Purchased Right, and (iii) any other documents reasonably requested to confirm the conveyance of the Purchased Right.

c. Actions of Closing Agent. The Closing Agent shall close the transaction as soon as it has received all instruments, documents and monies necessary to complete the purchase and sale of the Purchased Right in accordance with this Agreement. Upon Closing, the Closing Agent shall record the Water Right Grant Deed, disburse the funds owing to Seller, and provide all instruments and documents to the Party entitled thereto.

d. Fees and Costs of Closing. The cost of the Closing Agent's Closing fees and recording relating to the transaction contemplated herein shall be paid by Buyer. All other expenses not specifically referenced in this Agreement and incurred by Seller or Buyer with respect to this transaction shall be borne and paid exclusively by the Party incurring the same, without reimbursement.

e. Section 1031 Exchange. Seller and Buyer acknowledge that either Party may wish to structure this transaction as a tax deferred exchange of like-kind property within the meaning of Section 1031 of the Internal Revenue Code of 1986, as amended. Each Party agrees to reasonably cooperate with the other Party to effect such an exchange; provided, however, that (i) the cooperating Party shall not be required to acquire or take title to any exchange property, (ii) the effectuating Party shall not be required to bear any cost, expense or liability whatsoever in connection with the exchange, including, without limitation, any obligation for the payment of any escrow, title, brokerage or other costs incurred with respect to the exchange, (iii) on completion of the effectuating Party shall release said Party from any of its obligations, warranties or representations set forth in this Agreement, or from liability for any prior or subsequent default under this Agreement by the effectuating Party, its successors or assigns (with liability from shall continue as the obligations of a principal and not of a surety or guarantor), (iv) the effectuating Party shall be responsible for preparing all additional agreements, documents and conveyance instructions (collectively, the "Exchange Documents") required by the exchange, at its sole cost and expense, and (v) the effectuating Party shall be responsible for making all determinations as to the legal efficiency, tax considerations and other considerations relating to the proposed exchange, the Exchange Documents and the transactions contemplated thereby, and the cooperating Party shall in no event be

responsible for, or in any way be deemed to warrant or represent any tax or other consequences of the exchange transaction arising by reason of the cooperating Party's performance of the acts required hereby.

6. Transfer And/Or Placement of Purchased Right in State Water Supply Bank.

a. Application to IDWR. It is understood and agreed, by and between the Parties, that following execution of this Agreement, Buyer may file an application for transfer with IDWR. The application for transfer may entail a change to the place of use, nature of use, time of use, and point and means of diversion as Buyer determines; in the alternative, it may entail an application for a new water right permit in which the retirement or other approved use of the Purchased Right will be used for mitigation, or a similar purpose. Alternatively, Buyer may place the Purchased Right in the State Water Supply Bank subject to Section 7 set forth below.

b. Cooperation with Transfer / Water Bank Efforts. At Buyer's request, Seller shall cooperate with Buyer in Buyer's pursuit of any transfer application or placement of the Purchased Right in the State Water Supply Bank, and shall provide Buyer with any information that Seller has concerning the Water Right that Buyer may reasonably request in pursuit of either the transfer or use of the Water Bank. All matters pertaining to said transfer or placement of the Purchased Right in the Water Bank, including preparation of any application and all costs associated with those proceedings, shall be the responsibility of Buyer. Buyer shall reimburse Seller for any attorney or consultant fees Seller incurs as a result of responding to such requests; however, Seller shall be entitled to receive such reimbursement only if Seller provides written demand for it within thirty (30) days after such expenses are billed to Seller from such attorney or consultant. Buyer shall pay such fees within thirty (30) days after receiving a timely demand.

c. IDWR Approval or Denial of Transfer. Buyer shall request that IDWR provide notices of preliminary approval of the transfer to both Buyer and Seller. If IDWR's preliminary approval reduces the quantity of the Purchased Right it would allow to be transferred, then the Purchase Price shall be reduced at a rate proportional to the amount of acres or portions thereof reduced by the transfer approval pro rata at an amount of \$7,500.00 per acre plus the appreciation/depreciation as calculated according to Section 4. If IDWR does not reduce the amount of acres that can be transferred by more than 1 acre, and Buyer chooses not to accept said reduction and/or declines to continue with the transfer, for whatever reason, the Seller shall be entitled to retain the Down Payment referenced in Section 3.a and shall not be obligated to close. If IDWR's preliminary approval notice indicates IDWR will deny said transfer, for any reason, the Parties shall not be obligated to close the sale pursuant to Section 5 of this Agreement.

d. Failure to Close After IDWR Final Approval. If Buyer fails to close the sale for any reason within thirty (30) days of IDWR's final approval of the transfer application, Buyer hereby authorizes Seller to request IDWR to rescind the transfer. In that event, Buyer also agrees that the transfer is null and void. Buyer further agrees that Seller's

presentation of a duly signed and executed copy of this Agreement to IDWR, along with Buyer's failure to present an executed Water Right Grant Deed from Seller, shall constitute irrefutable evidence of Buyer's failure to close.

7. Protection of Purchased Right / 2007 Irrigation Season and Thereafter. At no charge Seller is authorized to continue to lease and use the Purchased Right on the Water Right's authorized place of use for irrigation purposes and/or for purposes of the U.S. Department of Agriculture's (USDA) wheat and feed grain annual acreage base allotment or cropland set-aside program during the 2007 irrigation season and any time thereafter until: 1) the transfer is approved by IDWR; and 2) until Buyer notifies Seller that Buyer or its assigns intend to begin actually diverting and using the Purchased Right. In the event Seller does not continue to use the Purchased Right for irrigation purposes or for purposes of the USDA annual acreage base allotment or a cropland set-aside program, he shall notify Buyer and Buyer shall be authorized to place the Purchased Right in the State Water Supply Bank, operated by the Idaho Water Resource Board.

8. Seller's Representations and Warranties. Seller hereby represents and warrants to Buyer, as of the effective date of this Agreement and again as of the Closing for the Purchased Right, as follows:

- a. Authority. Seller owns the Purchased Right in fee simple. Seller has the full legal right, power and authority to enter into and perform this Agreement.
- b. Good Title. Seller has good and marketable title to the Purchased Right, and Seller shall remove, or cause to be removed, all liens, claims, or encumbrances, whether of record or not, upon or affecting the Purchased Right on or before closing.
- c. Appurtenance. The Purchased Right is appurtenant to and has been beneficially used as the sole water source to irrigate the authorized place of use on Seller's property.
- d. Not Forfeited. To the best of Seller's knowledge, the Purchased Right has not been forfeited or abandoned in whole or in part, has been placed to continual beneficial use on the Seller's property, and has never been subject to a continuous five-year period of non-use except as such non-use may have occurred while the Purchased Right was in an appropriate water bank, claimed in the Snake River Basin Adjudication, or the appurtenant place of use was enrolled in a government annual grain base or long-term crop land set-aside program, or such non-use may have occurred by reason of any other applicable defense set forth in Idaho Code § 42-223 that protected the Purchased Right from forfeiture.
- e. Snake River Basin Adjudication Status. The Seller filed a water right claim for the Purchased Right in the Snake River Basin Adjudication (SRBA), but makes no representations or warranties regarding the outcome of that proceeding as it might affect the Purchased Right.

f. No Other Warranty. Seller makes no other guarantees or warranties as to the Purchased Right, its yield upon transfer, or its transferability. Seller further disclaims any warranty as to the Purchased Right's availability in times of shortage, including any curtailment that may be ordered by IDWR to satisfy other senior priority ground or surface water rights.

9. Buyer's Representations and Warranties. Buyer hereby represents and warrants to Seller that Buyer has the legal power, right and authority to enter into this Agreement and to perform Buyer's obligations hereunder.

10. Termination / Remedies

Twenty Four (24) AM 4/11

a. IDWR's Failure to Approve Transfer. In the event IDWR does not approve Buyer's transfer application within ~~eighteen (18)~~ months from the effective date of this Agreement as defined in Section 18, for whatever reason, Buyer shall have the right either to close on the sale of the Purchased Right as set forth in Section 5, within ten (10) days from that date (eighteen months after effective date). If Buyer elects not to close on the sale of the Purchased Right within ten (10) days of such closing deadline, Seller shall have the right either to immediately terminate the Agreement or further extend this Agreement if Buyer consents in writing to such extension.

b. Buyer's Termination for Default. Buyer may terminate this Agreement for material default by Seller. In the event of such default, Buyer shall provide a written demand to Seller and provide Seller with thirty (30) days to cure. If Seller fails to cure, Buyer may terminate this Agreement upon written notice to Seller.

c. Buyer's Remedy on Default. If Seller breaches this Agreement, Buyer's remedy for Seller's default, other than any default resulting from IDWR's reduction or rejection of the transfer application, shall be limited to: 1) ten percent (10%) of the total Purchase Price which equals three thousand seven hundred fifty dollars (\$3,750.00); 2) plus the return of the Down Payment to be delivered to Buyer by the Closing Agent.

d. Seller's Termination for Default. Seller may terminate this Agreement for material default by Buyer. In the event of such default, Seller shall provide a written demand to Buyer and provide Buyer with thirty (30) days to cure.

e. Seller's Remedy on Default. If Buyer breaches this Agreement, Seller's remedy for Buyer's default, other than any default resulting from IDWR's reduction or rejection of the transfer application, shall be limited to: 1) the right to request IDWR to rescind the transfer; and 2) the retention of the Down Payment (\$7,500.00) identified in Section 3.a., to be delivered to Seller by the Closing Agent.

11. Attorneys' Fees. In any suit, action or appeal therefrom, to enforce this Agreement or any term or provision hereof, or to interpret this Agreement, the prevailing Party shall be entitled to recover all its costs reasonably incurred therein (and on appeal), including reasonable attorneys' fees.

12. Notices. Any notice under this Agreement shall be in writing and be delivered in person, by U.S. Mail, by private courier, or by facsimile. Notice shall be provided to the following:

Seller

Ralph Mellin
c/o Mellin Properties Ltd. Ptr.
4500 North Tumbleweed Ln.
Boise, Idaho 83713-2500
Telephone: (208) 322-7500

Buyer

✓ Scot Halladay
9846 W. Rockstone Ct.
Kuna, Idaho 83634
Telephone: (208) 870-3884

Seller's Attorney

Travis L. Thompson
Barker Rosholt & Simpson LLP
P.O. Box 485
Twin Falls, Idaho 83303-0485
Telephone: (208) 733-0700
Facsimile: (208) 735-2444

13. Entire Agreement. This is the entire agreement of Buyer and Seller with respect to matters covered hereby and supercedes all prior agreements between them, written or oral. This Agreement may be modified only in writing, signed by Buyer and Seller.

14. Counterparts. This Agreement may be executed in any number of counterparts for the convenience of the Parties, all of which, when taken together and after execution by all Parties hereto, shall constitute one and the same Agreement.

15. Idaho Law. This agreement shall be governed by the laws of the State of Idaho.

16. Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision hereof.

17. Successors. This Agreement is for the benefit only of the Parties hereto and shall inure to the benefit of and bind the heirs, personal representatives, successors and assigns of the Parties hereto.

18. Effective Date. The Effective Date of this Agreement shall be the date on which both Buyer and Seller executed this Agreement, if executed on the same day, or the later date, if executed on different days.

IN WITNESS WHEREOF, the undersigned have duly executed this Agreement.

DATED this 27 day of June, 2007.

SELLER:

Mellin Properties Limited Partnership

Ralph Mellin
Ralph Mellin, General Partner

STATE OF IDAHO)
County of Ada) ss.

On this 27 day of June, 2007, before me, a Notary Public for said County and State, personally appeared RALPH MELLIN, known or identified to me, to be a general partner of Mellin Properties Limited Partnership, the limited partnership that executed the foregoing instrument or the person who executed the instrument on behalf of said limited partnership, and acknowledged to me that such limited partnership executed the same.

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



Melissa Chapman
NOTARY PUBLIC FOR IDAHO
Residing at: Boise IDAHO
My commission expires: 1-29-2010

DATED this 27 day of June, 2007

BUYER: SCOT HALLADAY

[Signature]

STATE OF IDAHO)
) ss.
County of ADA)

On this 27 day of June, 2007, before me, a Notary Public for said County and State, personally appeared, Scot Halladay, known or identified to me, to be the person that executed the foregoing instrument and acknowledged to me that he executed the same.

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

[Signature]
NOTARY PUBLIC FOR IDAHO
Residing at: Boise ID
My commission expires: 1-29-2010

MELISSA CHAPMAN
Notary Public
State of Idaho

EXHIBIT "A"

WATER RIGHT LICENSE

THIS IS TO CERTIFY, that RALPH MELLIN

Beneficial Use	Period of Use	Rate of Diversion	Annual Volume
Irrigation	from April 1 to Nov. 1	at 2.88 cfs and	642 acre feet or
			4.5 af per acre

(month dates inclusive)

Twp. 1 N, Rge. 1 W, B. M. in the County of Ada

[illegible]

Director