



United States Department of the Interior

BUREAU OF RECLAMATION
Pacific Northwest Region
1150 North Curtis Road, Suite 100
Boise, Idaho 83706-1234

IN REPLY
REFER TO:

PN-3323
WTR-4.00

FEB 12 2008

*Supplemental water
or mitigation for
63-18785, (63-146)*

Mr. George Transtrum
President
New Union Ditch Company, Limited
% Heartland Construction
1121 East State Street, Suite 107
Eagle, ID 83616

Subject: Amendatory Repayment Contract and Partial Assignments with New Union Ditch Company, Limited, for Lucky Peak Reservoir Storage, Boise and Lucky Peak Projects, Idaho

Dear Mr. Transtrum:

Enclosed for your records is a copy of Amendment No. 1 to Contract No. 059D101482 that has been executed on behalf of the United States, and originals of two partial assignments that have been approved by the United States.

As set forth in Article 4 of the amendatory contract that amends Article 8 of the repayment contract, the contract makes available to New Union Ditch Company, Limited (New Union) stored water accruing to 0.32351 percent of the active capacity of Lucky Peak Reservoir (Lucky Peak). This percent would, so long as the Lucky Peak has an active capacity of 278,200 acre-feet (AF), be treated as the equivalent of 900 AF of active capacity. Annual payment amounts and dates in Article 5 of the amendment (which amends Article 10 of the repayment contract) have been revised to reflect that the amendatory contract did not take effect until after the 2007 irrigation season.

This letter also serves as written notice of my acceptance of the evidence provided pursuant to Article 26(h) Confirmation of Contract in the General Provisions of the repayment contract that New Union is a legally constituted entity and that the contract, as amended, is lawful, valid, and binding on both parties.

I appreciate your many efforts, which were essential for the successful negotiation and execution of the repayment contract and partial assignment. If you have any questions regarding the contract, please contact Mr. Ryan Patterson at 208-378-5340 or Mr. Larry Parsons at 208-378-5346.

Also enclosed is a billing for \$1,688 for the operation and maintenance (O&M) charge that is due on or before April 1, 2008, pursuant to Article 11 of the contract. The \$1,688 amount replaces the \$2,688 that we said we would bill New Union for in our letter to you dated January 29, 2008.

This amount consists of \$2.00 per AF (which is the estimated O&M rate for Lucky Peak contractors for 2008) for 900 AF, minus a surplus credit of \$0.08 per AF for 1,400 AF paid for in 2007 (as contractors are entitled to a surplus credit of \$0.08 per AF, the amount that estimated costs exceeded actual costs for 2007). If you have any questions regarding the billing, please contact Ms. Kay Henson at 208-378-5073.

Sincerely,

Acting For



J. William McDonald
Regional Director

Enclosures

cc: Mr. David Tuthill
Director
Idaho Department of Water Resources
1301 North Orchard Street
Boise, ID 83706

Lieutenant Colonel Randy L. Glaeser
Commander and District Engineer
U.S. Army Corps of Engineers
201 N. Third Avenue
Walla Walla, WA 99362-1876

Mr. Lee Sisco
Boise River Watermaster
6616 Overland Road
Boise, ID 83709
(w/copy of enclosed contract documents to each)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION

Boise and Lucky Peak Projects, Idaho

AMENDATORY REPAYMENT CONTRACT BETWEEN
THE UNITED STATES OF AMERICA
AND NEW UNION DITCH COMPANY, LIMITED
PROVIDING FOR LUCKY PEAK RESERVOIR STORAGE

THIS CONTRACT AMENDMENT, made this 12th day of February, 2008,
between the UNITED STATES OF AMERICA, hereinafter called the "United States," acting
through the Contracting Officer, and pursuant generally to the Act of June 17, 1902 (32 Stat. 388),
and acts amendatory thereof or supplementary thereto, particularly, but not limited to, Section 9(d)
of the Act of August 4, 1939 (53 Stat. 1187), as amended and supplemented, the Act of
December 22, 1944 (58 Stat. 887), the Act of July 24, 1946 (60 Stat. 641), and the Act of July 2,
1956 (70 Stat. 483), all collectively known as the Federal Reclamation laws, and the New Union
Ditch Company, Limited in Idaho, a ditch company organized and existing pursuant to the laws of
the State of Idaho, with its principal place of business in Eagle, Idaho, hereinafter called the
"Contractor."

WITNESSETH, THAT:

The following statements are made in explanation:

EXPLANATORY RECITALS

2. WHEREAS, the Contractor has entered into a partial assignment to Wilderness
Ranch Owners' Association, Inc. of its rights and interest in and to fourteen and twenty-eight
thousand five hundred and seventy-one one hundred thousandths of one percent (14.28571%) of

capacity of 278,200 acre-feet, be treated as the equivalent of 900 acre-feet of active capacity. The latter figure of active capacity may be adjusted from time to time by the Contracting Officer whenever there are determinations as a result of standard procedures that the active capacity is other than as stated above."

CONSTRUCTION CHARGE OBLIGATION

5. Article 10 of the 2005 contract, entitled "**CONSTRUCTION CHARGE OBLIGATION**" is hereby amended to read as follows:

"CONSTRUCTION CHARGE OBLIGATION"

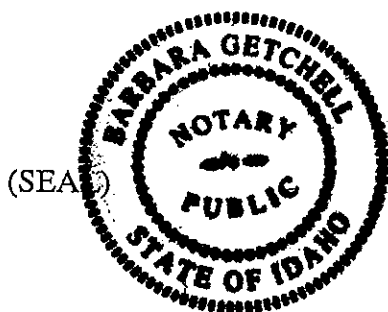
"10. For the right to obtain stored water as herein provided, the Contractor shall pay to the Contracting Officer the proportionate part of the construction cost of the Project properly allocable to such right which is the sum of \$61,731, and this amount is established as the Contractor's construction charge obligation. Payments totaling \$14,290.35 collected under the 1965 contract are available for application towards the construction charge obligation, leaving a remaining obligation of \$47,440.65. The Contractor shall pay to the Contracting Officer the remaining construction charge obligation in 37 successive annual installments of \$1,248.44 each and a final annual installment of \$1,248.37, the first of which shall be due December 31, 2008, and each December 31 thereafter, until the remaining construction charge obligation shall have been fully paid; Provided, A lesser payment of the actual amount needed to retire the construction charge obligation will be allowed in the final year; Provided further, That in the event of a reduction to the Contractor's percentage of active capacity set forth in Article 8 of this Contract, the Contracting Officer will adjust the annual installments accordingly."

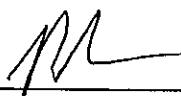
6. All other provisions in the 2005 contract shall remain in force and are not affected by this amendment.

STATE OF IDAHO)
: ss
County of ADA)

On this 17 day of DECEMBER, 2007, personally appeared before me
JOHN ADAMS and GARY HIGLES, known
to me to be, respectively, the President and Secretary, of the NEW UNION DITCH COMPANY,
LIMITED, and the persons who executed the within instrument and acknowledged to me that the
NEW UNION DITCH COMPANY, LIMITED executed the same.

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



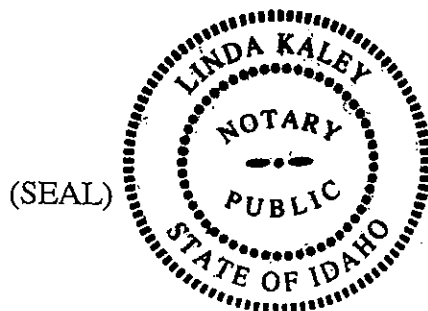


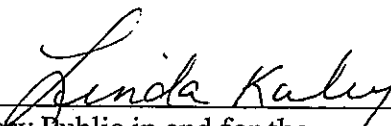
Notary Public in and for the
State of Idaho
Residing at: ADA COUNTY
My commission expires: 11/17/2012

STATE OF IDAHO)
: ss
County of Ada)

On this 12 day of February, 200⁴8, personally appeared before me
Diana Cross, to me known to be the official of the United States of
America that executed the within and foregoing instrument and acknowledged said instrument to
be the free and voluntary act and deed of said United States, for the uses and purposes therein
mentioned, and on oath stated that he was authorized to execute said instrument.

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





Notary Public in and for the
State of Idaho
Residing at: Meridian ID
My commission expires: 6/2/2012

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION

Lucky Peak Dam and Reservoir, Boise and Lucky Peak Projects, Idaho

PARTIAL ASSIGNMENT OF REPAYMENT CONTRACT

This Partial Assignment of Repayment Contract (Partial Assignment) is made and entered into this 18 day of April, 2007, in Ada County, State of Idaho, by and between New Union Ditch Company, Limited (New Union), an Idaho non-profit corporation, and Osprey Property Owners Association, Inc. (Osprey), an Idaho non-profit corporation.

WITNESSETH THAT:

Explanatory Recitals

1. WHEREAS, New Union is entitled to receive storage water from Lucky Peak Reservoir on the Boise River in Idaho under the Repayment Contract between the United States and New Union, Contract No. 059D101482 (Contract), dated August 16, 2005. Under the Contract, a copy of which is attached hereto as Exhibit A, New Union is entitled to receive annual delivery of the stored water accruing to fifty thousand three hundred and twenty-four one hundred thousandths of one percent (0.50324%) of the active capacity of Lucky Peak Reservoir, which percent is equivalent to 1,400 acre-feet so long as the reservoir has an active capacity of 278,200 acre-feet (Total Contract Amount). Pursuant to the Contract, New Union has the right, on an annual basis, to request that the amount of stored water which New Union desires to use during that year be released for irrigation uses upon the lands of New Union's shareholders; and
2. WHEREAS, Osprey supplies irrigation water to landowners in its subdivision located near Boise, Idaho, and has diversion facilities on Mores Creek, a tributary of the Boise River, through which it is able to divert and place to beneficial use those river waters to which Osprey is entitled; and
3. WHEREAS, Osprey desires to acquire twenty-one and forty-two thousand eight hundred and fifty-seven one hundred thousandths of one percent (21.42857%) of New Union's Total Contract Amount and to make available said stored water in the event senior Boise River water right users could limit the Contractor's use of natural flow water rights from Minneha and Corral Creeks; and
4. WHEREAS, New Union desires to assign to Osprey its right to twenty-one and forty-two thousand eight hundred and fifty-seven one hundred thousandths of one percent (21.42857%) of the Total Contract Amount under the Contract; and
5. WHEREAS, pursuant to Article 26(c) of the Contract, this Partial Assignment is invalid until approved by the United States. Further, the United States' approval of the Partial Assignment of the Contract is ineffective until such time as the United States and Osprey have entered into a separate contract for the use of the water described in this Partial Assignment.

b. Entire Agreement. This Partial Assignment shall constitute the entire agreement between the parties.

c. Successors and Assigns. All of the terms and provisions contained herein shall inure to the benefit of and shall be binding upon the parties hereto and their respective heirs, personal representatives, successors and assigns.

d. Survival. Each of the representations, agreements, warranties and covenants contained in this Partial Assignment shall survive its execution and delivery by the parties.

e. Necessary Acts and Cooperation. The parties hereby agree to do any act or thing and to execute any and all instruments required by this Partial Assignment and which are necessary and proper to make effective the provisions of this Partial Assignment.

f. Attorneys' Fees. The prevailing party in any action brought by either party to enforce the terms and conditions of this Partial Assignment shall be entitled to reasonable costs and expenses of such action including attorneys' fees.

g. Recitals Incorporated. The above recitals are hereby incorporated into this Partial Assignment.

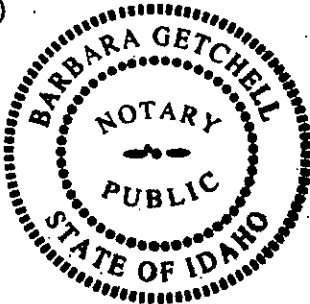
ACKNOWLEDGMENTS

STATE OF IDAHO)
 : ss
 County of Ada)

On this 18 day of APRIL, 2007, before me,
BARBARA GETCHELL, a Notary Public in and for said State, personally appeared
GEORGE TRANSTUM and CHARLES CARLISLE, known to me to be
 President and Secretary-Treasurer, respectively, of New Union Ditch Company, Limited, an
 Idaho non-profit corporation that executed the within instrument or the persons who executed the
 within instrument on behalf of said corporation, and acknowledged to me that such corporation
 executed the same.

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

(SEAL)



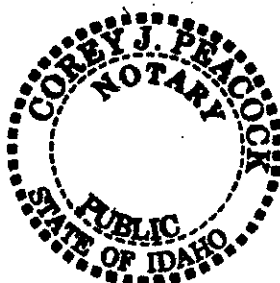
[Signature]
 Notary Public in and for the
 State of IDAHO
 Residing at: Ada County
 My commission expires: 11/17/2012

STATE OF IDAHO)
 : ss
 County of Ada)

On this 26 day of February, 2007, before me,
Corey S. Peacock, a Notary Public in and for said State, personally
Roy Ratliff, known to me to be the President of Osprey Property
 Owners Association, Inc., an Idaho non-profit corporation that executed the within instrument or
 the person who executed the instrument on behalf of said corporation, and acknowledged to me
 that such corporation executed the same.

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

(SEAL)



Corey S. Peacock
 Notary Public in and for the
 State of IDAHO
 Residing at: Canyon County
 My commission expires: 2/8/2011

Contract No. 059D101482

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION

Boise and Lucky Peak Projects, Idaho

REPAYMENT CONTRACT BETWEEN THE UNITED STATES OF AMERICA
AND NEW UNION DITCH COMPANY, LIMITED
PROVIDING FOR LUCKY PEAK RESERVOIR STORAGE

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irrigation of land and for other beneficial uses, for which the United States holds License No. 63-03618, issued on September 27, 2002, by the State of Idaho to the United States; and

3. WHEREAS, the parties hereto have entered into Contract No. 14-06-100-5264, dated August 17, 1965, as may have been amended and supplemented, hereinafter called the "1965 contract," for the furnishing of a supplemental irrigation water supply to the Contractor; and

4. WHEREAS, the Contractor has exercised its right to convert the 1965 contract to a repayment contract pursuant to Article 8 of said contract, the Federal Reclamation laws and the laws of the State of Idaho, and has fulfilled its obligations to date under the 1965 contract; and

5. WHEREAS, the United States agrees to conversion of the 1965 contract to a repayment contract pursuant to applicable Federal and State laws, rules and regulations, particularly subsection 9(d) of the Reclamation Project Act of 1939 (53 Stat. 1187) and the Administration of Contracts under Section 9, Reclamation Project Act of 1939, Act of July 2, 1956 (70 Stat. 483).

NOW, THEREFORE, in consideration of the mutual and dependent covenants herein contained, it is hereby mutually agreed as follows:

DEFINITIONS

6. Where used in this Contract, the terms:

(a) "1965 contract" shall mean the specific contract the parties hereto entered into on August 17, 1965, which is numbered Contract No. 14-06-100-5264, as may have been amended and supplemented.

(b) "Active capacity" shall mean the amount of storage space available for irrigation, flood control, and other authorized purposes between reservoir elevations 2905 Mean Sea Level (MSL) and 3060 MSL, of which the storage space available between reservoir

WATER TO BE AVAILABLE TO THE CONTRACTOR

8. The Contracting Officer will make available to the Contractor stored water accruing to fifty thousand three hundred twenty-four one hundredth thousandths of one percent (.50324%) of the active capacity of the Reservoir within the limits and upon the terms provided in this Contract. This percent shall, so long as the Reservoir has an active capacity of 278,200 acre-feet, be treated as the equivalent of 1,400 acre-feet of active capacity. The latter figure of active capacity may be adjusted from time to time by the Contracting Officer whenever there are determinations as a result of standard procedures that the active capacity is other than as stated above.

PLACE OF DELIVERY AND MEASUREMENT AND OF USE OF WATER

9. (a) Water for the purposes hereof shall be made available at the outlet works of the Project and shall be delivered to the Contractor and measured at that point, except as hereinafter provided. The Contractor shall receive said water at the delivery point and shall be wholly responsible for taking said water at that point and diverting, conveying, and utilizing it. The water to be delivered hereunder is to be diverted at:

a point on the north bank of the Boise River on lot two (2), section twenty-three (23), township four (4) north, range one (1) east, Boise meridian;

by means of a device satisfactory to the State officer in charge of the distribution of water from the Boise River. Such device shall be furnished, installed, and maintained by and at the expense of the Contractor, but it shall be and remain at all times under the control of the State-appointed Watermaster who may at all times have access to it over any lands of the Contractor. The Contractor shall bear its proportionate share of all losses incurred in running the stored water from the place of measurement and delivery to the place of diversion, and losses of water from seepage, evaporation, or other causes, below said point of measurement, shall be borne by the Contractor.

Contractor's share of the estimated costs of operation and maintenance of the Project shall be delivered by the Contracting Officer to the Contractor no later than February 1 of each year.

(b) Whenever, in the opinion of the Contracting Officer, funds so advanced will be inadequate to operate and maintain the Project, he may give a written supplemental operation and maintenance charge notice stating therein the amount of the Contractor's share, based upon its percentage of active capacity, of additional funds required as determined by the Contracting Officer, and the Contractor shall advance that additional amount on or before the date specified in the supplemental notice. Provided, however, except for an emergency situation as defined in the Standard Operating Procedures for the Project, the payment date specified in the supplemental notice shall be at least 90 days from the date of delivery of the notice to the Contractor. If funds advanced by the Contractor under this article exceed the Contractor's share of the actual cost of the operation and maintenance of the Project for the year for which advanced, the surplus shall be credited on the operation and maintenance charges to become due for succeeding years. Upon written request from the Contractor, the Contracting Officer shall provide a written accounting each year to the Contractor of the costs to be paid by the Contractor pursuant to subarticles (a) and (b) of this article.

(c) Additionally, the Contracting Officer shall inform the Contractor of the estimate of the costs to be paid by the Contractor in accordance with this Article as far in advance as practicable for the Contractor's use in its budgeting process.

ELEMENTS OF OPERATION AND MAINTENANCE CHARGE

12. The Contractor shall pay to the Contracting Officer its share of all costs incurred in operating and maintaining the Project for the purpose of storing and releasing water under the terms of this contract including, without limitation by reason of this enumeration, the costs of surveys and investigations, labor, property, material and equipment, engineering, legal work,

(b) Upon execution of the Contract, the Contractor shall furnish the Contracting Officer with the Contractor's taxpayer's identification number (TIN). The purpose for requiring the Contractor's TIN is for collecting and reporting any delinquent amounts owing under this Contract.

RIGHTS TO BENEFICIAL USE OF WATER

15. The beneficial use of the water under this contract shall be governed by the Federal Reclamation laws and the laws of the State of Idaho, as they may at any time apply to this Contract.

WATER SUPPLY AND OPERATION OF THE RESERVOIR

16. (a) As of the date of this Contract, the United States holds License No. 63-03618, issued on September 27, 2002, by the State of Idaho to the United States for the storage of 307,000 acre-feet per annum of the waters of Boise River in Lucky Peak Reservoir. The primary purpose of the Reservoir is for flood control, for which it will be operated, in accordance with the Memorandum of Agreement between the Department of the Army and the Department of the Interior, dated November 20, 1953, and as it may be amended, the Act of August 24, 1954 (ch. 909, 68 Stat. 794), the 1954 Supplemental Arrowrock and Anderson Ranch Reservoir contracts approving the Boise River operating plan, and the Water Control Manual for Boise River Reservoirs, dated April 1985, copies of which are available for inspection at the office of the Contracting Officer. Subject to operations for flood control, the United States will operate the Project so as to store under existing storage rights all available water, and during each irrigation season, the Contracting Officer will make available to the Contractor for irrigation the Contractor's proportionate share of the stored water that accrues in each year to the active capacity of the Reservoir, together with any stored water that may have been carried over in the Contractor's share of such active capacity from prior water years.

exchange or otherwise, so long as delivery for the Contractor of all stored water to which it is entitled under this Contract is not in anywise impaired. In determining the amount of stored water available, losses incidental to storage will be prorated equally over all water in storage in a given reservoir; and, in determining the amount of stored water delivered, the point of measurement shall be the outlet works from which the delivery is made.

(d) While the Lucky Peak Reservoir is being operated and maintained by the United States, it will operate the Reservoir to the end of delivering all the water to which the Contractor is entitled under this Contract within the capacity limits of the Reservoir and having regard for other existing rights which must be supplied therefrom. Deliveries of stored water shall be limited at any time to the amount which can be delivered by means of the Contractor's proportionate share of the outlet capacity, taking into account the requirement of passing through the Reservoir water belonging to prior rights and the physical limitation of the existing outlet works. The Contractor shall conform its diversions to the control of the stream as established by the Watermaster.

(e) The Contractor hereby releases the United States and agrees to hold the United States free and harmless from all damage claims that might result from the diversion into storage, storage, regulation and release of water by the United States for the account of the Contractor, in accordance with the Contractor's instructions.

(f) The United States shall not be liable or responsible for the carriage, distribution, or diversion of water for irrigation purposes after its release from the delivery point, or for any loss or damage of any type or description arising therefrom.

(g) The United States shall not be liable for any obligation or liability arising out of the operation of the Project for authorized flood control purposes in accordance with subarticle (a) of this article. The United States shall not be responsible for loss of water to which

(90) days written notice from the Contracting Officer, to remedy the said default. In this event, the Contracting Officer may also exercise against the Contractor any and all of his other rights and remedies for breach of contract by the Contractor.

(b) The payment of charges becoming due pursuant to this Contract is a condition precedent to receiving benefits under this Contract. The Contracting Officer shall not make water available to the Contractor through Project facilities during any period in which the Contractor is in arrears in the advance payment of any operation and maintenance charges due the United States or in arrears for more than 12 months in the payment of any construction charges due the United States. The Contractor shall not deliver water under the terms and conditions of this contract for lands or parties that are in arrears in the advance payment of operation and maintenance charges or in arrears more than 12 months in the payment of construction charges as levied or established by the Contractor.

WAIVER OF DEFAULT

19. The waiver by either party to this Contract as to any default shall not be construed as a waiver of any other default or as authority of the other party to continue such default or to make, do, or perform, or not to make, do, or perform, as the case may be, any act or thing which would constitute a default.

TITLE TO PROJECT WORKS

20. Title to all of the Project and associated works shall be and remain in the United States until otherwise provided for by the Congress.

GENERAL OBLIGATION-LEVIES THEREFOR

21. (a) The obligation of the Contractor to pay the Contracting Officer as provided in this Contract is a general obligation of the Contractor notwithstanding the manner in which the obligation may be distributed among the Contractor's water users and notwithstanding the default

(b) The Contracting Officer shall have the right to make determinations necessary to administer this Contract that are consistent with the provisions of this Contract, the laws of the United States and of the State of Idaho, and the rules and regulations promulgated by the Secretary of the Interior. Such determinations shall be made in consultation with the Contractor to the extent reasonably practicable.

COMPLIANCE WITH LAWS, RULES AND REGULATIONS

24. (a) The parties agree that water storage, delivery or use pursuant to this Contract is subject to the laws of the State of Idaho, Federal law, and Federal Reclamation law, as amended and supplemented, and the rules and regulations promulgated by the Secretary of the Interior under Federal Reclamation law, subject to any limitations resulting from the nature of the Project as a U.S. Army Corps of Engineers facility.

(b) By entering into this Contract, the Contractor does not waive its rights to contest the validity or application of any Federal law or regulation in connection with the performance of the terms and conditions of this Contract; Provided, That the Contractor agrees to comply with the terms and conditions of this Contract unless and until relief from application of such Federal law or regulation to the implementing provision of the Contract is granted by a court of competent jurisdiction.

NOTICES

25. Any notice, demand, or request required or authorized by this Contract shall be deemed properly given, except where otherwise herein specifically provided, if mailed, postage prepaid, to the Regional Director, PN Region, Bureau of Reclamation, 1150 N. Curtis Road, Suite 100, Boise, Idaho 83706-1234, on behalf of the United States, and to the New Union Ditch Company, Limited, P.O. Box 31, Eagle, Idaho 83616, on behalf of the Contractor. The designation of the person to be notified or the address of such person may be changed at any time by similar notice.

IN WITNESS WHEREOF, the parties hereto have signed their names the day and
year first above written.

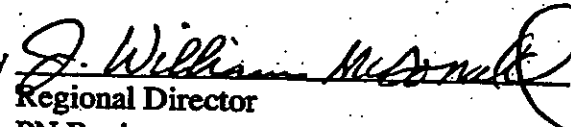
NEW UNION DITCH COMPANY, LIMITED:

By 
Board President

ATTEST:

By 
Secretary

THE UNITED STATES OF AMERICA:

By 
Regional Director
PN Region
Bureau of Reclamation
1150 N. Curtis Road, Suite 100
Boise, ID 83706-1234

GENERAL PROVISIONS - BOISE AND LUCKY PEAK PROJECTS

The Contractor, as referred to in the following Standard Contract Articles, shall be the New Union Ditch Company, Limited.

CONTINGENT UPON APPROPRIATION OR ALLOTMENT OF FUNDS

(a) The expenditure or advance of any money or the performance of any obligation of the United States under this contract shall be contingent upon appropriation or allotment of funds. Absence of appropriation or allotment of funds shall not relieve the Contractor from any obligations under this contract. No liability shall accrue to the United States in case funds are not appropriated or allotted.

OFFICIALS NOT TO BENEFIT

(b) No Member of or Delegate to the Congress, Resident Commissioner, or Official of the Contractor shall benefit from this contract other than as a water user or landowner in the same manner as other water users or landowners.

ASSIGNMENT LIMITED - SUCCESSORS AND ASSIGNS OBLIGATED

(c) The provisions of this contract shall apply to and bind the successors and assigns of the parties hereto, but no assignment or transfer of this contract or any right or interest therein by either party shall be valid until approved in writing by the other party.

BOOKS, RECORDS, AND REPORTS

(d) The Contractor shall establish and maintain accounts and other books and records pertaining to the administration of the terms and conditions of this contract, including the Contractor's financial transactions; water supply data; the water users' land-use (e.g. crop census), and water-use data; and other matters that the Contracting Officer may require. Reports shall be furnished to the Contracting Officer in such form and on such date or dates as the Contracting Officer may require. Subject to applicable Federal laws and regulations, each party to this contract shall have the right during office hours to examine and make copies of the other party's books and records relating to matters covered by this contract.

PROTECTION OF WATER AND AIR QUALITY

(e) (1) Project facilities used to make available and deliver water to the Contractor shall be operated and maintained in the most practical manner to maintain the quality of the water at the highest level possible as determined by the Contracting Officer: Provided, That the United States does not warrant the quality of the water delivered to the Contractor and is under no obligation to furnish or construct water treatment facilities to maintain or improve the quality of water delivered to the Contractor.

(2) The Contractor shall comply with all applicable water and air pollution laws and regulations of the United States and the State of Idaho; and shall obtain all required permits or licenses from the appropriate Federal, State, or local authorities necessary for the delivery of water by the Contractor; and shall be responsible for compliance with all Federal, State, and local water quality standards applicable to surface and subsurface drainage and/or discharges generated through the use of Federal or Contractor facilities or project water provided by the Contractor within the Contractor's Project Water Service Area.

(3) This article shall not affect or alter any legal obligations of the Secretary to provide drainage or other discharge services.

EQUAL EMPLOYMENT OPPORTUNITY

(f) During the performance of this contract, the Contractor agrees as follows:

hereof to the Contractor by the Bureau of Reclamation, including installment payments after such date on account of arrangements for Federal financial assistance which were approved before such date. The Contractor recognizes and agrees that such Federal assistance will be extended in reliance on the representations and agreements made in this article and that the United States reserves the right to seek judicial enforcement thereof.

(4) Complaints of discrimination against the Contractor shall be investigated by the Contracting Officer's Office of Civil Rights.

CONFIRMATION OF CONTRACT

(h) The Contractor shall furnish to the Contracting Officer evidence that pursuant to the laws of the State of Idaho, the Contractor is a legally constituted entity and the contract is lawful, valid, and binding on the Contractor. This contract shall not be binding on the United States until such evidence has been provided to the Contracting Officer's satisfaction. The Contracting Officer shall provide the Contractor written notice of the Contracting Officer's acceptance of such evidence. The Contracting Officer represents that he is authorized to execute this contract and perform all obligations of the Contracting Officer hereunder.

CHANGES IN CONTRACTOR'S ORGANIZATION

(i) While this contract is in effect, no change may be made in the Contractor's organization, by inclusion or exclusion of lands or by any other changes which may affect the respective rights, obligations, privileges, and duties of either the United States or the Contractor under this contract including, but not limited to, dissolution, consolidation, or merger, except upon the Contracting Officer's written consent.

CONTRACT DRAFTING CONSIDERATIONS

(j) Articles 1 through 26 of this Contract have been drafted, negotiated, and reviewed by the parties hereto, each of whom is sophisticated in the matters to which this Contract pertains, and no one party shall be considered to have drafted the stated articles.

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**UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION**

Lucky Peak Dam and Reservoir, Boise and Lucky Peak Projects, Idaho

PARTIAL ASSIGNMENT OF REPAYMENT CONTRACT

This Partial Assignment of Repayment Contract (Partial Assignment) is made and entered into this 6th day of March, 2007, in Ada County, State of Idaho, by and between New Union Ditch Company, Limited (New Union), an Idaho non-profit corporation, and Wilderness Ranch Owners' Association, Inc. (Wilderness Ranch), an Idaho non-profit corporation.

WITNESSETH THAT:

Explanatory Recitals

1. WHEREAS, New Union is entitled to receive storage water from Lucky Peak Reservoir on the Boise River in Idaho under the Repayment Contract between the United States and New Union, Contract No. 059D101482 (Contract), dated August 16, 2005. Under the Contract, a copy of which is attached hereto as Exhibit A, New Union is entitled to receive annual delivery of the stored water accruing to fifty thousand three hundred and twenty-four one hundred thousandths of one percent (0.50324%) of the active capacity of Lucky Peak Reservoir, which percent is equivalent to 1,400 acre-feet so long as the reservoir has an active capacity of 278,200 acre-feet (Total Contract Amount). Pursuant to the Contract, New Union has the right, on an annual basis, to request that the amount of stored water which New Union desires to use during that year be released for irrigation uses upon the lands of New Union's shareholders; and
2. WHEREAS, Wilderness Ranch supplies domestic and irrigation water to landowners in its subdivision located near Boise, Idaho, and has diversion facilities on Mores Creek, a tributary of the Boise River, through which it is able to divert and place to beneficial use those river waters to which Wilderness Ranch is entitled; and
3. WHEREAS, Wilderness Ranch desires to acquire fourteen and twenty-eight thousand five hundred and seventy-one one hundred thousandths of one percent (14.28571%) of New Union's Total Contract Amount and to make available said stored water in the event senior Boise River water right users could limit the Contractor's use of natural flow water rights from Mores Creek; and
4. WHEREAS, New Union desires to assign to Wilderness Ranch its right to fourteen and twenty-eight thousand five hundred and seventy-one one hundred thousandths of one percent (14.28571%) of the Total Contract Amount under the Contract; and
5. WHEREAS, pursuant to Article 26(c) of the Contract, this Partial Assignment is invalid until approved by the United States. Further, the United States' approval of the Partial Assignment of the Contract is ineffective until such time as the United States and Wilderness Ranch have entered into a separate contract for the use of the water described in this Partial

Assignment.

NOW THEREFORE, in consideration of ten dollars and other good and valuable consideration, the receipt of which New Union hereby acknowledges, and the covenants contained herein, the parties hereby agree as follows:

Partial Assignment Terms

6. Partial Assignment. New Union hereby grants, conveys and assigns to Wilderness Ranch, its successors and assigns, New Union's rights and interest in and to fourteen and twenty-eight thousand five hundred and seventy-one one hundred thousandths of one percent (14.28571%) of the Total Contract Amount under the Contract (hereafter referred to as the Assigned Portion), which Assigned Portion is equal to seven thousand one hundred and eighty-nine one hundred thousandths of one percent (0.07189%) of the active capacity of the Reservoir and shall be treated as the equivalent of 200 acre-feet of active capacity so long as the Reservoir has an active capacity of 278,200 acre-feet.

7. Wilderness Ranch Assumes New Union's Obligations Under the Contract. By the execution of this Partial Assignment, Wilderness Ranch assumes and agrees to all of the rights and obligations pertaining to the Assigned Portion under the Contract as if Wilderness Ranch were the original contracting party under the Contract. New Union shall remain responsible for all obligations under its remaining portion of the Total Contract Amount.

8. Wilderness Ranch's Use of the Assigned Portion. Wilderness Ranch intends to make available stored water under the Contract for irrigation purposes during the irrigation season. However, if Wilderness Ranch determines it is appropriate to seek to change its use of water made available under the Contract to establish a new or alternate point of diversion or place or purpose of use, New Union shall cooperate with all such efforts, and, at Wilderness Ranch's request, shall provide Wilderness Ranch with all documents in New Union's possession pertaining to the Contract or the delivery of water thereunder and shall execute any documents Wilderness Ranch reasonably deems necessary to support any transfer or exchange application necessary to accomplish this.

9. Effective Date and Term of Assignment. This Partial Assignment shall become effective only upon the execution of a binding contract between the United States and Wilderness Ranch for the use of water described in this Partial Assignment and will continue in effect for the term of that contract, unless Wilderness Ranch and the United States terminate the contract earlier.

10. Miscellaneous.

a. New Union's Representations and Warranties. New Union hereby represents to Wilderness Ranch that New Union has full corporate right, power, and authority to enter into this Partial Assignment and to assign to Wilderness Ranch New Union's right to the Assigned Portion of storage water under the Contract, and that this Assignment has been approved by

resolution of the board of directors of New Union on August 27, 2002

b. Entire Agreement. This Partial Assignment shall constitute the entire agreement between the parties.

c. Successors and Assigns. All of the terms and provisions contained herein shall inure to the benefit of and shall be binding upon the parties hereto and their respective heirs, personal representatives, successors and assigns.

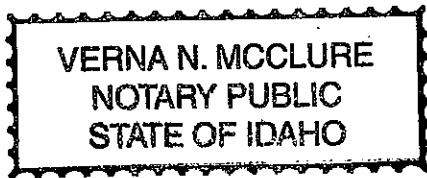
d. Survival. Each of the representations, agreements, warranties and covenants contained in this Partial Assignment shall survive its execution and delivery by the parties.

e. Necessary Acts and Cooperation. The parties hereby agree to do any act or thing and to execute any and all instruments required by this Partial Assignment and which are necessary and proper to make effective the provisions of this Partial Assignment.

f. Attorneys' Fees. The prevailing party in any action brought by either party to enforce the terms and conditions of this Partial Assignment shall be entitled to reasonable costs and expenses of such action including attorneys' fees.

g. Recitals Incorporated. The above recitals are hereby incorporated into this Partial Assignment.

IN WITNESS WHEREOF, the parties have executed this Partial Assignment the day and year first above written.

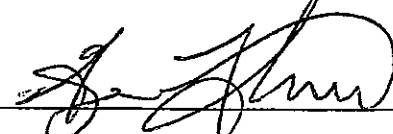


(SEAL)

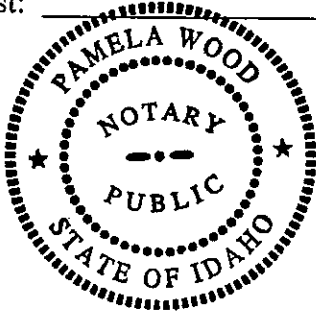
Attest: Verna N. McClure

ASSIGNOR

New Union Ditch Company, Limited
an Idaho non-profit corporation

By: 
GEORGE TRANSTRUM, President

Attest: _____



(SEAL)

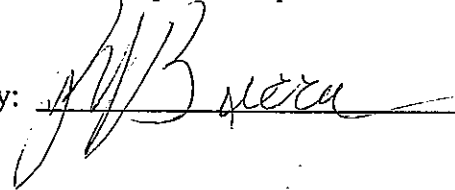
Attest: Pamela Wood

By: 

CHARLES CARLS, Secretary-Treasurer

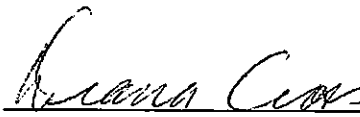
ASSIGNEE

Wilderness Ranch Owners' Association, Inc.
an Idaho non-profit corporation

By: 

Approved:

United States of America

Acting For By: 

Title: Regional Director, PN Region
Bureau of Reclamation

ACKNOWLEDGMENTS

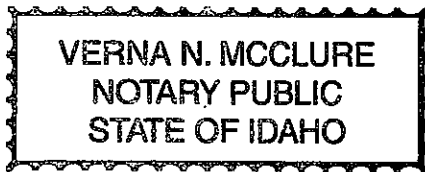
STATE OF IDAHO)

County of Ada : ss

On this 16th day of March, 2007, before me,
Verna N. McClure, a Notary Public in and for said State, personally appeared
George Transtrum and _____, known to me
to be President and Secretary-Treasurer, respectively, of New Union Ditch Company, Limited, an
Idaho non-profit corporation that executed the within instrument or the persons who executed the
within instrument on behalf of said corporation, and acknowledged to me that such corporation
executed the same.

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

(SEAL)



Verna N. McClure
Notary Public in and for the
State of IDAHO
Residing at: Boise
My commission expires: 2-14-2012

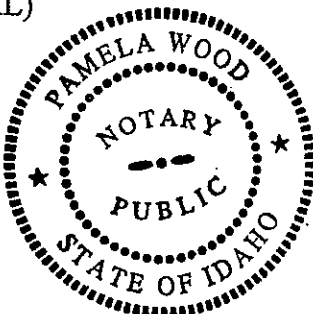
STATE OF IDAHO)

County of Ada : ss

On this 23rd day of February, 2007, before me,
Pamela Wood, a Notary Public in and for said State, personally appeared
Paul Bucca, known to me to be the President of Wilderness Ranch
Owners' Association, Inc., an Idaho non-profit corporation that executed the within instrument or
the person who executed the instrument on behalf of said corporation, and acknowledged to me
that such corporation executed the same.

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

(SEAL)



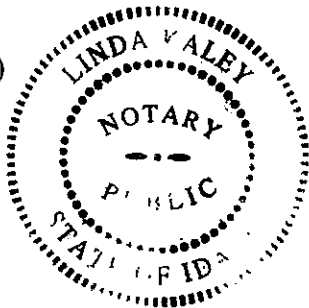
Pamela Wood
Notary Public in and for the
State of IDAHO
Residing at: Boise
My commission expires: 3/21/09

: SS

On this 12 day of February, 2008, before me,
_____, a Notary Public in and for said State; personally
ed Diana Cross, known to me to be the official of the
States of America that executed the within and foregoing instrument and acknowledged
instrument to be the free and voluntary act and deed of said United States, for the uses and
es therein mentioned, and on oath stated that he was authorized to execute said instrument.

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

(SEAL)



Linda Kaly
Notary Public in and for the
State of IDAHO
Residing at: Meridian ID
My commission expires: 6/12/2012

* * * * *

PN Draft 06/18/04

Revised 07/23/04

Revised 09/03/04

Last Revised 06/29/05

Contract No. 059D101482

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION

Boise and Lucky Peak Projects, Idaho

REPAYMENT CONTRACT BETWEEN THE UNITED STATES OF AMERICA
AND NEW UNION DITCH COMPANY, LIMITED
PROVIDING FOR LUCKY PEAK RESERVOIR STORAGE

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UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION

Boise and Lucky Peak Projects, Idaho

REPAYMENT CONTRACT BETWEEN THE UNITED STATES OF AMERICA
AND NEW UNION DITCH COMPANY, LIMITED
PROVIDING FOR LUCKY PEAK RESERVOIR STORAGE

THIS CONTRACT, made this 16th day of August, 2005, between the UNITED STATES OF AMERICA, hereinafter called the "United States," acting through the Contracting Officer, and pursuant generally to the Act of June 17, 1902 (32 Stat. 388), and acts amendatory thereof or supplementary thereto, particularly, but not limited to, Section 9(d) of the Act of August 4, 1939 (53 Stat. 1187), as amended and supplemented, the Act of December 22, 1944 (58 Stat. 887), the Act of July 24, 1946 (60 Stat. 641), and the Act of July 2, 1956 (70 Stat. 483), all collectively known as the Federal Reclamation laws, and the New Union Ditch Company, Limited in Idaho, a ditch company organized and existing pursuant to the laws of the State of Idaho, with its principal place of business in Eagle, Idaho, hereinafter called the "Contractor."

WITNESSETH, THAT:

The following statements are made in explanation:

EXPLANATORY RECITALS

2. WHEREAS, the United States has constructed and operates the Lucky Peak Dam and Reservoir on the Boise River in which there is water stored which can be used for the

irrigation of land and for other beneficial uses, for which the United States holds License No. 63-03618, issued on September 27, 2002, by the State of Idaho to the United States; and

3. WHEREAS, the parties hereto have entered into Contract No. 14-06-100-5264, dated August 17, 1965, as may have been amended and supplemented, hereinafter called the "1965 contract," for the furnishing of a supplemental irrigation water supply to the Contractor; and

4. WHEREAS, the Contractor has exercised its right to convert the 1965 contract to a repayment contract pursuant to Article 8 of said contract, the Federal Reclamation laws and the laws of the State of Idaho, and has fulfilled its obligations to date under the 1965 contract; and

5. WHEREAS, the United States agrees to conversion of the 1965 contract to a repayment contract pursuant to applicable Federal and State laws, rules and regulations, particularly subsection 9(d) of the Reclamation Project Act of 1939 (53 Stat. 1187) and the Administration of Contracts under Section 9, Reclamation Project Act of 1939, Act of July 2, 1956 (70 Stat. 483).

NOW, THEREFORE, in consideration of the mutual and dependent covenants herein contained, it is hereby mutually agreed as follows:

DEFINITIONS

6. Where used in this Contract, the terms:

(a) "1965 contract" shall mean the specific contract the parties hereto entered into on August 17, 1965, which is numbered Contract No. 14-06-100-5264, as may have been amended and supplemented.

(b) "Active capacity" shall mean the amount of storage space available for irrigation, flood control, and other authorized purposes between reservoir elevations 2905 Mean Sea Level (MSL) and 3060 MSL, of which the storage space available between reservoir

elevations 3055 MSL and 3060 MSL is used for exclusive flood control purposes, as indicated in Water Right License No. 63-03618.

- (c) "Contract" shall mean and include Articles 1 through 26 hereof.
- (d) "Contracting Officer" shall mean the Commissioner of the Bureau of Reclamation or his duly authorized representative.
- (e) "Contractor" shall mean the New Union Ditch Company, Limited.
- (f) "Federal Reclamation laws" shall mean the Act of June 17, 1902 (32 Stat. 388) and all acts amendatory thereof and supplementary thereto.
- (g) "Irrigation season" shall mean the period within any year, April 1 through October 31.
- (h) "Project" or "Reservoir" shall mean Lucky Peak Dam and Reservoir.
- (i) "State Engineer" shall mean the Director of the Department of Water Resources as identified in Idaho Code, Title 42, Chapter 18.
- (j) "Watermaster" shall mean the person appointed by the official of the Department of Water Resources to administer the delivery of water from the Boise River within Water District 63 in accordance with Idaho Code, Title 42, Chapter 6, Section 402.
- (k) "Year" shall mean the period of January 1 through the following December 31.

TERM OF CONTRACT AND TERMINATION OF THE 1965 CONTRACT

7. This Contract shall remain in effect as long as the Contractor pays the full annual charges and any and all other amounts owing under this Contract: Provided, That it may be terminated at any time by mutual consent of the parties hereto. The 1965 contract is replaced by this Contract and is no longer of any force and effect.

WATER TO BE AVAILABLE TO THE CONTRACTOR

8. The Contracting Officer will make available to the Contractor stored water accruing to fifty thousand three hundred twenty-four one hundredth thousandths of one percent (.50324%) of the active capacity of the Reservoir within the limits and upon the terms provided in this Contract. This percent shall, so long as the Reservoir has an active capacity of 278,200 acre-feet, be treated as the equivalent of 1,400 acre-feet of active capacity. The latter figure of active capacity may be adjusted from time to time by the Contracting Officer whenever there are determinations as a result of standard procedures that the active capacity is other than as stated above.

PLACE OF DELIVERY AND MEASUREMENT AND OF USE OF WATER

9. (a) Water for the purposes hereof shall be made available at the outlet works of the Project and shall be delivered to the Contractor and measured at that point, except as hereinafter provided. The Contractor shall receive said water at the delivery point and shall be wholly responsible for taking said water at that point and diverting, conveying, and utilizing it. The water to be delivered hereunder is to be diverted at:

a point on the north bank of the Boise River on lot two (2), section twenty-three (23), township four (4) north, range one (1) east, Boise meridian;

by means of a device satisfactory to the State officer in charge of the distribution of water from the Boise River. Such device shall be furnished, installed, and maintained by and at the expense of the Contractor, but it shall be and remain at all times under the control of the State-appointed Watermaster who may at all times have access to it over any lands of the Contractor. The Contractor shall bear its proportionate share of all losses incurred in running the stored water from the place of measurement and delivery to the place of diversion, and losses of water from seepage, evaporation, or other causes, below said point of measurement, shall be borne by the Contractor.

(b) Water made available to the Contractor pursuant to this Contract shall be used for the irrigation of lands described as follows:

The lands legally served by the Contractor as determined through the Snake River Basin Adjudication or as allowed under State and Reclamation law.

CONSTRUCTION CHARGE OBLIGATION

10. For the right to obtain stored water as herein provided, the Contractor shall pay to the Contracting Officer the proportionate part of the construction cost of the Project properly allocable to such right which is the sum of \$96,026, and this amount is established as the Contractor's construction charge obligation. Payments totaling \$9,551.25 collected under the 1965 contract are available for application towards the construction charge obligation, leaving a remaining obligation of \$86,474.75. The Contractor shall pay to the Contracting Officer the remaining construction charge obligation in 39 successive annual installments of \$2,161.87 each and a final annual installment of \$2,161.82, the first of which shall be due December 31, 2006, and each December 31 thereafter, until the remaining construction charge obligation shall have been fully paid; Provided, A lesser payment of the actual amount needed to retire the construction charge obligation will be allowed in the final year; Provided further, That in the event of a reduction to the Contractor's percentage of active capacity set forth in Article 8 of this Contract, the Contracting Officer will adjust the annual installments accordingly.

OPERATION AND MAINTENANCE CHARGE

11. (a) In addition to the construction charge established in Article 10, the Contractor shall pay to the Contracting Officer, so long as this Contract remains in effect and in advance on or before April 1 of each year, beginning with April 1, 2006, the Contractor's share, based upon its percentage of active capacity, of the estimated cost of operation and maintenance of the Project as determined by the Contracting Officer for the upcoming year. Written notice of the

Contractor's share of the estimated costs of operation and maintenance of the Project shall be delivered by the Contracting Officer to the Contractor no later than February 1 of each year.

(b) Whenever, in the opinion of the Contracting Officer, funds so advanced will be inadequate to operate and maintain the Project, he may give a written supplemental operation and maintenance charge notice stating therein the amount of the Contractor's share, based upon its percentage of active capacity, of additional funds required as determined by the Contracting Officer, and the Contractor shall advance that additional amount on or before the date specified in the supplemental notice. Provided, however, except for an emergency situation as defined in the Standard Operating Procedures for the Project, the payment date specified in the supplemental notice shall be at least 90 days from the date of delivery of the notice to the Contractor. If funds advanced by the Contractor under this article exceed the Contractor's share of the actual cost of the operation and maintenance of the Project for the year for which advanced, the surplus shall be credited on the operation and maintenance charges to become due for succeeding years. Upon written request from the Contractor, the Contracting Officer shall provide a written accounting each year to the Contractor of the costs to be paid by the Contractor pursuant to subarticles (a) and (b) of this article.

(c) Additionally, the Contracting Officer shall inform the Contractor of the estimate of the costs to be paid by the Contractor in accordance with this Article as far in advance as practicable for the Contractor's use in its budgeting process.

ELEMENTS OF OPERATION AND MAINTENANCE CHARGE

12. The Contractor shall pay to the Contracting Officer its share of all costs incurred in operating and maintaining the Project for the purpose of storing and releasing water under the terms of this contract including, without limitation by reason of this enumeration, the costs of surveys and investigations, labor, property, material and equipment, engineering, legal work,

superintendence, administration, indirect costs, general expenses, inspections, special services.

The Contractor shall not be responsible for the costs of operating and maintaining the Project for purposes other than storing and releasing water as provided in the contract.

CHARGES FOR DELINQUENT PAYMENTS

13. (a) The Contractor shall be subject to interest, administrative, and penalty charges on delinquent payments. If a payment is not received by the due date, the Contractor shall pay an interest charge on the delinquent payment for each day the payment is delinquent beyond the due date. If a payment becomes 60-days delinquent, in addition to the interest charge, the Contractor shall pay an administrative charge to cover additional costs of billing and processing the delinquent payment. If a payment is delinquent 90-days or more, in addition to the interest and administrative charges, the Contractor shall pay a penalty charge for each day the payment is delinquent beyond the due date, based on the remaining balance of the payment due at the rate of 6 percent per year. The Contractor shall also pay any fees incurred for debt collection services associated with a delinquent payment.

(b) The interest charge rate shall be the greater of either the rate prescribed quarterly in the Federal Register by the Department of the Treasury for application to overdue payments or the interest rate of 0.5 percent per month. The interest charge rate will be determined as of the due date and remain fixed for the duration of the delinquent period.

(c) When a partial payment on a delinquent account is received, the amount received shall be applied first to the penalty charges, second to the administrative charges, third to the accrued interest, and finally to the overdue payment.

(d) For any outstanding amounts owed, the Contracting Officer will furnish to the Contractor notices of such delinquency at 30-, 60-, and 90-days past the initial due date, with an official notification letter at 180-days past due indicating the debt will be referred to the Secretary of the Treasury for collection in accordance with the Debt Collection Improvement Act of 1996.

MEDIUM FOR TRANSMITTING PAYMENTS

14. (a) All payments from the Contractor to the Contracting Officer under this Contract shall be by the medium requested by the Contracting Officer on or before the date payment is due. The required method of payment may include checks, wire transfers, or other types of payment specified by the Contracting Officer.

(b) Upon execution of the Contract, the Contractor shall furnish the Contracting Officer with the Contractor's taxpayer's identification number (TIN). The purpose for requiring the Contractor's TIN is for collecting and reporting any delinquent amounts owing under this Contract.

RIGHTS TO BENEFICIAL USE OF WATER

15. The beneficial use of the water under this contract shall be governed by the Federal Reclamation laws and the laws of the State of Idaho, as they may at any time apply to this Contract.

WATER SUPPLY AND OPERATION OF THE RESERVOIR

16. (a) As of the date of this Contract, the United States holds License No. 63-03618, issued on September 27, 2002, by the State of Idaho to the United States for the storage of 307,000 acre-feet per annum of the waters of Boise River in Lucky Peak Reservoir. The primary purpose of the Reservoir is for flood control, for which it will be operated, in accordance with the Memorandum of Agreement between the Department of the Army and the Department of the Interior, dated November 20, 1953, and as it may be amended, the Act of August 24, 1954 (ch. 909, 68 Stat. 794), the 1954 Supplemental Arrowrock and Anderson Ranch Reservoir contracts approving the Boise River operating plan, and the Water Control Manual for Boise River Reservoirs, dated April 1985, copies of which are available for inspection at the office of the Contracting Officer. Subject to operations for flood control, the United States will operate the Project so as to store under existing storage rights all available water, and during each irrigation season, the Contracting Officer will make available to the Contractor for irrigation the Contractor's proportionate share of the stored water that accrues in each year to the active capacity of the Reservoir, together with any stored water that may have been carried over in the Contractor's share of such active capacity from prior water years.

(b) The Contractor may hold over in Lucky Peak Reservoir water from prior water years, subject to these limitations:

(1) Water may be held only to the extent that the total amount of Lucky Peak stored water held to the credit of the Contractor for any irrigation season shall not exceed the amount which can be stored in the Contractor's proportionate part of the total active capacity of that Reservoir.

(2) Whatever water is held for the credit of the Contractor in Lucky Peak Reservoir as holdover water shall no longer be accounted for as holdover water as of any date of water being released or passed in excess of the volume required to fill the Reservoir.

(3) The United States may discharge such water as required for flood control purposes in accordance with subarticle (a) of this article, or under subarticle (h) of this article, and such discharged water shall be deducted from any holdover water held to the credit of the Contractor.

(c) All space in Lucky Peak Reservoir shall be operated with like priority as to storage rights and all space will be treated proportionately; and the Contracting Officer reserves the privilege of granting to others holdover rights and of itself exercising such holdover rights as to any unsold space that are not inconsistent with the rights granted to the Contractor under this Contract. While the Contractor's storage water rights are defined in terms of active capacity in Lucky Peak Reservoir, the Contracting Officer shall have the right, without change in the Contractor's obligations with respect to storage rights, to store water accrued to those rights in any storage capacity available to it or to supply a like amount of water from other sources, by

exchange or otherwise, so long as delivery for the Contractor of all stored water to which it is entitled under this Contract is not in anywise impaired. In determining the amount of stored water available, losses incidental to storage will be prorated equally over all water in storage in a given reservoir; and, in determining the amount of stored water delivered, the point of measurement shall be the outlet works from which the delivery is made.

(d) While the Lucky Peak Reservoir is being operated and maintained by the United States, it will operate the Reservoir to the end of delivering all the water to which the Contractor is entitled under this Contract within the capacity limits of the Reservoir and having regard for other existing rights which must be supplied therefrom. Deliveries of stored water shall be limited at any time to the amount which can be delivered by means of the Contractor's proportionate share of the outlet capacity, taking into account the requirement of passing through the Reservoir water belonging to prior rights and the physical limitation of the existing outlet works. The Contractor shall conform its diversions to the control of the stream as established by the Watermaster.

(e) The Contractor hereby releases the United States and agrees to hold the United States free and harmless from all damage claims that might result from the diversion into storage, storage, regulation and release of water by the United States for the account of the Contractor, in accordance with the Contractor's instructions.

(f) The United States shall not be liable or responsible for the carriage, distribution, or diversion of water for irrigation purposes after its release from the delivery point, or for any loss or damage of any type or description arising therefrom.

(g) The United States shall not be liable for any obligation or liability arising out of the operation of the Project for authorized flood control purposes in accordance with subarticle (a) of this article. The United States shall not be responsible for loss of water to which

the Contractor, or those claiming by, through, or under the Contractor, is entitled and which has been stored in the Reservoir of the Project and which has been released as a result of the operation of the Project for authorized flood control purposes in accordance with subarticle (a) of this article.

(h) The United States temporarily may reduce water storage, as may be necessary, for the purpose of investigation, inspection, maintenance, repair, or replacement of any of the facilities of the Project. So far as it is feasible, however, the Contracting Officer will give the Contractor reasonable notice in advance of such temporary reduction except in cases of emergency when notice need not be given.

(i) The distribution of the water from the Project is the responsibility of the Watermaster or other designated official of the State. The costs of distribution by the Watermaster shall be the responsibility of the Contractor pursuant to State law.

NO LIABILITY FOR WATER SHORTAGES OR INTERRUPTIONS

17. If there is a shortage in the quantity of water available through the project irrigation works or interruptions in water deliveries to lands in the Contractor's service area resulting from drought, failure of the power supply, inaccuracy in distribution, hostile diversion, prior or superior claims, accident to or failure of facilities of the project irrigation works, whether or not attributable to negligence of officers, agents, or employees of the United States, or other causes beyond the control of the Contracting Officer, then, except as provided in Article 23 of this Contract, no liability shall accrue against the United States or any of its officers, agents, or employees for damage, direct or indirect, arising therefrom.

REMEDIES FOR DEFAULTS BY THE CONTRACTOR

18. (a) The Contracting Officer reserves the right to refuse to deliver water to the Contractor pursuant to this Contract in the event that the Contractor is in default of any of its obligations under Articles 1 through 17 and 19 through 24 of this Contract and fails, after ninety

(90) days written notice from the Contracting Officer, to remedy the said default. In this event, the Contracting Officer may also exercise against the Contractor any and all of his other rights and remedies for breach of contract by the Contractor.

(b) The payment of charges becoming due pursuant to this Contract is a condition precedent to receiving benefits under this Contract. The Contracting Officer shall not make water available to the Contractor through Project facilities during any period in which the Contractor is in arrears in the advance payment of any operation and maintenance charges due the United States or in arrears for more than 12 months in the payment of any construction charges due the United States. The Contractor shall not deliver water under the terms and conditions of this contract for lands or parties that are in arrears in the advance payment of operation and maintenance charges or in arrears more than 12 months in the payment of construction charges as levied or established by the Contractor.

WAIVER OF DEFAULT

19. The waiver by either party to this Contract as to any default shall not be construed as a waiver of any other default or as authority of the other party to continue such default or to make, do, or perform, or not to make, do, or perform, as the case may be, any act or thing which would constitute a default.

TITLE TO PROJECT WORKS

20. Title to all of the Project and associated works shall be and remain in the United States until otherwise provided for by the Congress.

GENERAL OBLIGATION--LEVIES THEREFOR

21. (a) The obligation of the Contractor to pay the Contracting Officer as provided in this Contract is a general obligation of the Contractor notwithstanding the manner in which the obligation may be distributed among the Contractor's water users and notwithstanding the default

of individual water users in their obligation to the Contractor.

(b) The Contractor will cause to be levied and collected all necessary assessments, tolls, and other charges and will use all of the authority and resources of the Contractor to meet its obligations hereunder to make in full all payments to be made pursuant to this Contract on or before the date such payments become due and to meet its other obligations under this Contract.

COVENANT AGAINST CONTINGENT FEES

22. The Contractor warrants that no person or selling agency has been employed or retained to solicit or secure this Contract upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by the Contractor for the purpose of securing business. For breach or violation of this warranty the Contracting Officer shall have the right to annul this Contract without liability or in its discretion to require the Contractor to pay to the Contracting Officer the full amount of such commission, percentage, brokerage, or contingent fee.

OPINIONS AND DETERMINATIONS

23. (a) Where the terms of this Contract provide for actions to be based upon the opinion or determination of either party to this Contract, said terms shall not be construed as permitting such action to be predicated upon arbitrary, capricious, or unreasonable opinions or determinations. Both parties, notwithstanding any other provisions of this Contract, expressly reserve the right to seek relief from and appropriate adjustment for any such arbitrary, capricious, or unreasonable opinion or determination. Each opinion or determination by either party shall be provided in a timely manner. Nothing in this subarticle is intended to or shall affect or alter the standard of judicial review applicable under Federal law to any opinion or determination implementing a specific provision of Federal law embodied in statute or regulation.

(b) The Contracting Officer shall have the right to make determinations necessary to administer this Contract that are consistent with the provisions of this Contract, the laws of the United States and of the State of Idaho, and the rules and regulations promulgated by the Secretary of the Interior. Such determinations shall be made in consultation with the Contractor to the extent reasonably practicable.

COMPLIANCE WITH LAWS, RULES AND REGULATIONS

24. (a) The parties agree that water storage, delivery or use pursuant to this Contract is subject to the laws of the State of Idaho, Federal law, and Federal Reclamation law, as amended and supplemented, and the rules and regulations promulgated by the Secretary of the Interior under Federal Reclamation law, subject to any limitations resulting from the nature of the Project as a U.S. Army Corps of Engineers facility.

(b) By entering into this Contract, the Contractor does not waive its rights to contest the validity or application of any Federal law or regulation in connection with the performance of the terms and conditions of this Contract; Provided, That the Contractor agrees to comply with the terms and conditions of this Contract unless and until relief from application of such Federal law or regulation to the implementing provision of the Contract is granted by a court of competent jurisdiction.

NOTICES

25. Any notice, demand, or request required or authorized by this Contract shall be deemed properly given, except where otherwise herein specifically provided, if mailed, postage prepaid, to the Regional Director, PN Region, Bureau of Reclamation, 1150 N. Curtis Road, Suite 100, Boise, Idaho 83706-1234, on behalf of the United States, and to the New Union Ditch Company, Limited, P.O. Box 31, Eagle, Idaho 83616, on behalf of the Contractor. The designation of the person to be notified or the address of such person may be changed at any time by similar notice.

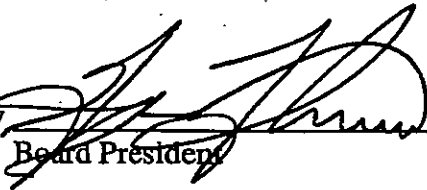
GENERAL PROVISIONS

26. The General Provisions applicable to this Contract are listed below. The full text of these articles is attached as Exhibit A and is hereby made a part of this Contract.

- a. CONTINGENT UPON APPROPRIATION OR ALLOTMENT OF FUNDS
- b. OFFICIALS NOT TO BENEFIT
- c. ASSIGNMENT LIMITED – SUCCESSORS AND ASSIGNS OBLIGATED
- d. BOOKS, RECORDS, AND REPORTS
- e. PROTECTION OF WATER AND AIR QUALITY
- f. EQUAL EMPLOYMENT OPPORTUNITY
- g. COMPLIANCE WITH CIVIL RIGHTS LAWS AND REGULATIONS
- h. CONFIRMATION OF CONTRACT
- i. CHANGES IN CONTRACTOR'S ORGANIZATION
- j. CONTRACT DRAFTING CONSIDERATIONS

IN WITNESS WHEREOF, the parties hereto have signed their names the day and
year first above written.

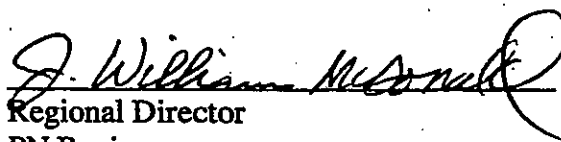
NEW UNION DITCH COMPANY, LIMITED:

By 
Board President

ATTEST:

By 
Secretary

THE UNITED STATES OF AMERICA:

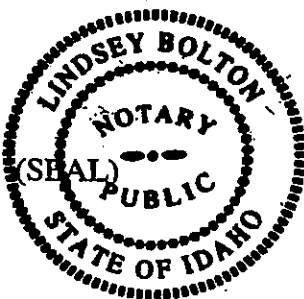
By 
Regional Director
PN Region
Bureau of Reclamation
1150 N. Curtis Road, Suite 100
Boise, ID 83706-1234

STATE OF IDAHO)

County of Ada) :ss

On this 9 day of August, 2005, personally appeared before me George Transtrum, known to me to be, respectively, the President and Secretary, of the NEW UNION DITCH COMPANY, LIMITED, and the persons who executed the within instrument and acknowledged to me that the NEW UNION DITCH COMPANY, LIMITED executed the same.

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



Lindsey Bolton
Notary Public in and for the
State of Idaho
Residing at: Boise
My commission expires: 3/25/2010

Contract No. 059 D101482

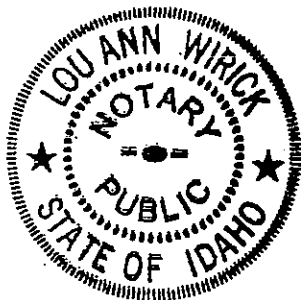
STATE OF IDAHO)

County of Ada) : ss

On this 16th day of August, 2005, personally appeared before me J. William McDonald, to me known to be the official of the United States of America that executed the within and foregoing instrument and acknowledged said instrument to be the free and voluntary act and deed of said United States, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said instrument.

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

(SEAL)



Lou Ann Wirick
Notary Public in and for the
State of Idaho
Residing at: Ada County
My commission expires: Oct 22, 2008

GENERAL PROVISIONS - BOISE AND LUCKY PEAK PROJECTS

The Contractor, as referred to in the following Standard Contract Articles, shall be the New Union Ditch Company, Limited.

CONTINGENT UPON APPROPRIATION OR ALLOTMENT OF FUNDS

(a) The expenditure or advance of any money or the performance of any obligation of the United States under this contract shall be contingent upon appropriation or allotment of funds. Absence of appropriation or allotment of funds shall not relieve the Contractor from any obligations under this contract. No liability shall accrue to the United States in case funds are not appropriated or allotted.

OFFICIALS NOT TO BENEFIT

(b) No Member of or Delegate to the Congress, Resident Commissioner, or Official of the Contractor shall benefit from this contract other than as a water user or landowner in the same manner as other water users or landowners.

ASSIGNMENT LIMITED - SUCCESSORS AND ASSIGNS OBLIGATED

(c) The provisions of this contract shall apply to and bind the successors and assigns of the parties hereto, but no assignment or transfer of this contract or any right or interest therein by either party shall be valid until approved in writing by the other party.

BOOKS, RECORDS, AND REPORTS

(d) The Contractor shall establish and maintain accounts and other books and records pertaining to the administration of the terms and conditions of this contract, including the Contractor's financial transactions; water supply data; the water users' land-use (e.g. crop census), and water-use data; and other matters that the Contracting Officer may require. Reports shall be furnished to the Contracting Officer in such form and on such date or dates as the Contracting Officer may require. Subject to applicable Federal laws and regulations, each party to this contract shall have the right during office hours to examine and make copies of the other party's books and records relating to matters covered by this contract.

PROTECTION OF WATER AND AIR QUALITY

(e) (1) Project facilities used to make available and deliver water to the Contractor shall be operated and maintained in the most practical manner to maintain the quality of the water at the highest level possible as determined by the Contracting Officer: *Provided, That* the United States does not warrant the quality of the water delivered to the Contractor and is under no obligation to furnish or construct water treatment facilities to maintain or improve the quality of water delivered to the Contractor.

(2) The Contractor shall comply with all applicable water and air pollution laws and regulations of the United States and the State of Idaho; and shall obtain all required permits or licenses from the appropriate Federal, State, or local authorities necessary for the delivery of water by the Contractor; and shall be responsible for compliance with all Federal, State, and local water quality standards applicable to surface and subsurface drainage and/or discharges generated through the use of Federal or Contractor facilities or project water provided by the Contractor within the Contractor's Project Water Service Area.

(3) This article shall not affect or alter any legal obligations of the Secretary to provide drainage or other discharge services.

EQUAL EMPLOYMENT OPPORTUNITY

(f) During the performance of this contract, the Contractor agrees as follows:

(1) The Contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, disability, or national origin. The Contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, disability, or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Contracting Officer setting forth the provisions of this nondiscrimination clause.

(2) The Contractor will, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, disability, or national origin.

(3) The Contractor will send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the Contracting Officer, advising the labor union or workers' representative of the Contractor's commitments under Section 202 of Executive Order 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(4) The Contractor will comply with all provisions of Executive Order No. 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.

(5) The Contractor will furnish all information and reports required by Executive Order 11246 of September 24, 1965, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the Contracting Agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

(6) In the event of the Contractor's noncompliance with the nondiscrimination clauses of this contract or with any of such rules, regulations, or orders, this contract may be canceled, terminated or suspended in whole or in part and the Contractor may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order 11246 of September 24, 1965 or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

(7) The Contractor will include the provisions of paragraphs (1) through (7) in every subcontract or purchase order unless exempted by the rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The Contractor will take such action with respect to any subcontract or purchase order as may be directed by the Secretary of Labor as a means of enforcing such provisions, including sanctions for noncompliance: Provided, however, that in the event the Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction, the Contractor may request the United States to enter into such litigation to protect the interests of the United States.

COMPLIANCE WITH CIVIL RIGHTS LAWS AND REGULATIONS

(g) (1) The Contractor shall comply with Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d), Section 504 of the Rehabilitation Act of 1973 (P.L. 93-112, as amended), the Age Discrimination Act of 1975 (42 U.S.C. 6101, *et seq.*), Title II of the Americans with Disabilities Act of 1990 if the entity is a State or local government entity [Title III if the entity is a non-government entity], and any other applicable civil rights laws, as well as with their respective implementing regulations and guidelines imposed by the U.S. Department of the Interior and/or Bureau of Reclamation.

(2) These statutes require that no person in the United States shall be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity receiving financial assistance from the Bureau of Reclamation on the grounds of race, color, national origin, disability, or age. By executing this contract, the Contractor agrees to immediately take any measures necessary to implement this obligation, including permitting officials of the United States to inspect premises, programs, and documents.

(3) The Contractor makes this agreement in consideration of and for the purpose of obtaining any and all Federal grants, loans, contracts, property discounts, or other Federal financial assistance extended after the date

hereof to the Contractor by the Bureau of Reclamation, including installment payments after such date on account of arrangements for Federal financial assistance which were approved before such date. The Contractor recognizes and agrees that such Federal assistance will be extended in reliance on the representations and agreements made in this article and that the United States reserves the right to seek judicial enforcement thereof.

(4) Complaints of discrimination against the Contractor shall be investigated by the Contracting Officer's Office of Civil Rights.

CONFIRMATION OF CONTRACT

(h) The Contractor shall furnish to the Contracting Officer evidence that pursuant to the laws of the State of Idaho, the Contractor is a legally constituted entity and the contract is lawful, valid, and binding on the Contractor. This contract shall not be binding on the United States until such evidence has been provided to the Contracting Officer's satisfaction. The Contracting Officer shall provide the Contractor written notice of the Contracting Officer's acceptance of such evidence. The Contracting Officer represents that he is authorized to execute this contract and perform all obligations of the Contracting Officer hereunder.

CHANGES IN CONTRACTOR'S ORGANIZATION

(i) While this contract is in effect, no change may be made in the Contractor's organization, by inclusion or exclusion of lands or by any other changes which may affect the respective rights, obligations, privileges, and duties of either the United States or the Contractor under this contract including, but not limited to, dissolution, consolidation, or merger, except upon the Contracting Officer's written consent.

CONTRACT DRAFTING CONSIDERATIONS

(j) Articles 1 through 26 of this Contract have been drafted, negotiated, and reviewed by the parties hereto, each of whom is sophisticated in the matters to which this Contract pertains, and no one party shall be considered to have drafted the stated articles.