

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES
APPLICATION FOR PERMIT
To appropriate the public waters of the State of Idaho

RECEIVED
DEC 10 2007
DEPT. OF WATER RESOURCES
SOUTHERN REGION

1. Name of applicant Ketchum-Long Island, LLC Phone (208) 726-1190
Mailing address PO Box 2238; Ketchum, Idaho 83340
2. Source of water supply Salmon River which is a tributary of Snake River
3. Location of point of diversion is Township 7N Range 14E Sec. 10, in the SW $\frac{1}{4}$, SE $\frac{1}{4}$,
SW $\frac{1}{4}$, Govt. Lot _____, B.M., Custer County; additional points of diversion, if any: _____
4. Water will be used for the following purposes:
Amount 1.210 cfs for Rec/Aes. purposes from 01/01 to 12/31 (both dates inclusive)
(cfs or acre-feet per annum)
Amount 12 ac-ft for Storage purposes from 01/01 to 12/31 (both dates inclusive)
(cfs or acre-feet per annum)
Amount _____ for _____ purposes from _____ to _____ (both dates inclusive)
(cfs or acre-feet per annum)
Amount _____ for _____ purposes from _____ to _____ (both dates inclusive)
(cfs or acre-feet per annum)
5. Total quantity being appropriated is (a) 1.219 cfs and/or (b) _____
cubic feet per second acre-feet per annum
6. Proposed diverting works:
 - a. Describe type and size of devices used to divert water from the source: Proposed diversion for
Transfer of WR #71-62A from Salmon River, with pump and pipe to proposed irrigation
storage pond, water will be returned to Salmon River at the same POD at same rate.
 - b. Height of storage dam _____ feet; active reservoir capacity _____ acre-feet; total
reservoir capacity _____ acre-feet.
 - c. Proposed well diameter is _____ inches; proposed depth of well is _____ feet
 - d. Is groundwater with a temperature of greater than 85° degrees being sought? _____
 - e. If well is already drilled, when? _____; Drilling firm _____;
Well was drilled for (well owner) _____; Driller Permit No. _____
7. Time required for completion of works and application of water to proposed beneficial use is 5 years (minimum 1 year)
8. Description of proposed uses (if irrigation only, go to item 9):
 - a. Hydropower; show total feet of head and proposed capacity in kW. _____
 - b. Stockwatering; list number and kind of livestock. _____
 - c. Municipal; show name of municipality. _____
 - d. Domestic; show number of households. _____;
 - e. Other; describe fully. Recreation/aesthetic irrigation storage ponds, ponds will have
a capacity of approximately 12 acre-feet, with 1.5 acres of surface area. Permit
will be non-consumptive and fully mitigated by WR#71-62A (part).

9. Description of place of use:

- a. If water is for irrigation, indicate acreage in each subdivision in the tabulation below.
- b. If water is used for other purposes, place a symbol of the use (example: D for Domestic) in the corresponding place of use below. See instructions for standard symbols.

TWP	RGE	SEC	NE				NW				SW				SE				TOTALS
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
7N	14E	10															X		

Total number of acres to be irrigated _____

10. Describe any other water rights used for the same purposes as described above. none, irrigation right
71-62A will also be pumped from Salmon River at the POD.

11. a. Who owns the property at the point of diversion? Smiley Creek Ranch, LLC applicant per 2/12/2008 WARRANTY DEED

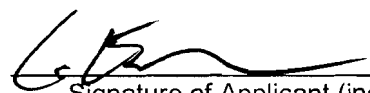
b. Who owns the land to be irrigated or place of use? Smiley Creek Ranch, LLC applicant per 2/12/2008 WARRANTY DEED

c. If the property is owned by a person other than the applicant, describe the arrangement enabling the applicant to make this filing: Ketchum-Long Island, LLC and Smiley Creek Ranch, LLC have a signed sale agreement that will be executed in Jan. 2008.

12. Remarks: The requested flow for this new non-consumptive use permit is the remaining flow of WR 71-62A after accounting for irrigation of 10.97 acres at 1-inch/acre and mitigation for 1.5 acres of ponds.

13. MAP OF PROPOSED PROJECT REQUIRED – Attach an 8 ½ "x 11" map clearly identifying the proposed point of diversion, place of use, section #, township & range. (A photocopy of a USGS 7.5 minute topographic quadrangle map is preferred.)

BE IT KNOWN that the undersigned hereby makes this application for permit to appropriate the public waters of the State of Idaho as herein set forth.



Signature of Applicant (include title, if applicable.)

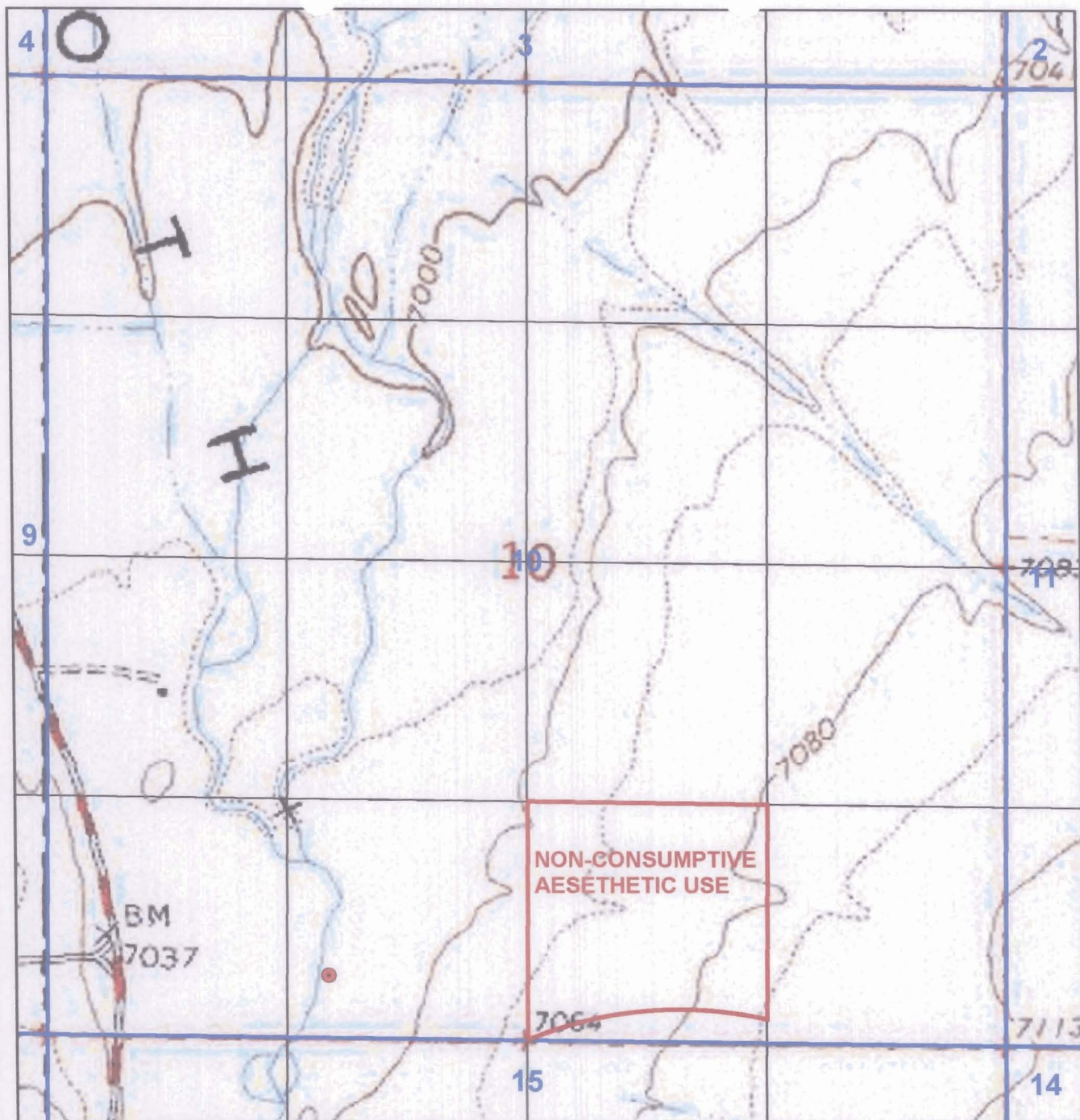
LIMITED POWER OF ATTORNEY

Received by C. SKINNER Date 12/10/2007 Time ? Preliminary check by C. SKINNER

Fee \$ 290.00 Received by C. SKINNER # 5029883 Date 12/14/2007

Publication prepared by _____ Date _____ Published in _____

Publication approved _____ Date _____



KETCHUM - LONG ISLAND, PLLC.
 TRANSFER MAP T. 07N. R. 14E. SECTION 10
 USGS 7.5 MINUTE QUAD SHEET

BROCKWAY ENGINEERING, PLLC.
 ALR - FEB. 22, 2007
 GEP - REV - JULY. 24, 2007

Legend

- Point of Diversion
- PPU
- Sections
- T07n14e



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THE BROKERAGE M REIN

PAGE 02/08

Jul 26 07 04:58p () Wills

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THE BROKERAGE M REIN

PAGE 02/08

T-24-07: 2:20PM: SUN Valley Associate

:2087259567

1 / 7

Real Estate Purchase And Sale Agreement



Buyer: Ketchum-Long Island L.L.C.

Seller: Wes Wills

Property Address: The Alturas Ranch aka Alturas Springs Ranch

Legal Description: See Record of Survey attached hereto

City:

County: Custer

State: Idaho

Buyer hereby offers to purchase the above described Property on the following terms and conditions:

Terms: The purchase price is payable as follows:

\$ 3,500,000.00 Cash, cashier's check, loan proceeds, or certified funds at closing, including Earnest Money

\$ Seller Financing - See Financing Contingency "Other Financing Terms"

\$ Other - See Financing Contingency "Other Financing Terms"

\$ 3,500,000.00 Total Purchase Price - Not including closing costs

Earnest Money \$ 50,000.00 Fifty Thousand and no/100 Dollars

Evidenced By:

To be Held By:

Other Remarks:

☒ Personal Check☐ Listing Broker

Earnest Money to be deposited within 3 business days of acceptance.

☐ Cashier's Check☒ Selling Broker☐ Promissory Note☐ Title Company

Earnest Money to be deposited in a trust account upon written acceptance of this Agreement by all parties.

Offer Expires On: Date: 07/27/2007

Time: 12:00 noon

Closing Date: 90 days from the date of acceptance

Possession Date: ☒ On closing date OR ☐ Other.

Responsible Closing Broker / Office: James K. Figger/Sun Valley Associates

Responsible Closing Agency / Title Co: Blaine County Title

New Construction or Recent Improvements:

Yes ☐ No ☒

If "YES", see Standard Terms, paragraph 6, of this Agreement.

Inspection Contingency

Yes ☐ No ☒

- 1) This offer is contingent upon Buyer's acceptance of the condition of the Property, subject to paragraph 7, below. If Buyer does not object to the condition of the Property in writing on or before _____ ("inspection contingency period"), pursuant to paragraph 8, below, this inspection contingency shall be deemed released.
- 2) Buyer shall have the right to, and is strongly advised to, conduct inspections, tests, surveys and other studies ("inspections") at Buyer's sole cost to confirm all information provided to Buyer, and to thoroughly inspect the Property.
- 3) Square footage verification: Buyer is aware that any reference to the square footage of the Property or its improvements is approximate. Alternative methods of measurement and calculation may vary significantly. If square footage is material to the Buyer, Buyer must verify same during the inspection period.
- 4) Water Rights verification: It is strongly advised that the Buyer contact a knowledgeable attorney of the Buyer's choice, experienced in water law, to advise the Buyer of the validity, quality, and quantity of any water right acquired with real estate described in this Agreement. Buyer must verify same during the inspection period.
- 5) Buyer to select own professionals with appropriate qualifications to conduct all inspections and verifications.
- 6) Seller shall provide reasonable access for such inspections; Buyer shall indemnify Seller and hold Seller harmless from all injury, loss or liability regarding such inspections.

Inspection Contingency - Continued

Document # SVA-306

Date of Document: 07/24/2007

Buyer's Initials

Buyer's Initials

Date

Date

Seller's Initials

Seller's Initials

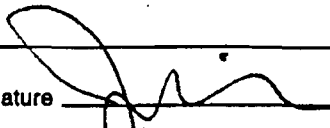
Date

Date

Page 1 of 7

Real Estate Purchase And Sale Agreement is a Form of the Idaho Real Estate Board of Standards

Version 2.2 - 02/06/05

No. W 23454	Due no later than March 31, 2007 Annual Report Form		2. Registered Agent and Office NO PO BOX JOHN S MILLER 440 E AVE N 2ND FL KETCHUM, ID 83340												
Return to: SECRETARY OF STATE 700 WEST JEFFERSON PO BOX 83720 BOISE, ID 83720-0080 NO FILING FEE IF RECEIVED BY DUE DATE	1. Mailing Address - Correct in this box, if applicable KETCHUM-LONG ISLAND, L.L.C. JOHN S MILLER PO BOX 2238 KETCHUM, ID 83340		3. New Registered Agent Signature												
4. Limited Liability Companies: Enter Names and Addresses of Members. <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; width: 15%;"><u>Office held</u></th> <th style="text-align: left; width: 25%;"><u>Name</u></th> <th style="text-align: left; width: 35%;"><u>Street or P.O. Address</u></th> <th style="text-align: left; width: 15%;"><u>City</u></th> <th style="text-align: left; width: 10%;"><u>State</u></th> <th style="text-align: left; width: 10%;"><u>Zip</u></th> </tr> </thead> <tbody> <tr> <td>President</td> <td>John S. Miller</td> <td>PO BOX 2238</td> <td>Ketchum</td> <td>ID</td> <td>83340</td> </tr> </tbody> </table>				<u>Office held</u>	<u>Name</u>	<u>Street or P.O. Address</u>	<u>City</u>	<u>State</u>	<u>Zip</u>	President	John S. Miller	PO BOX 2238	Ketchum	ID	83340
<u>Office held</u>	<u>Name</u>	<u>Street or P.O. Address</u>	<u>City</u>	<u>State</u>	<u>Zip</u>										
President	John S. Miller	PO BOX 2238	Ketchum	ID	83340										
5. Organized Under the Laws of: IDAHO W 23454		6. Signature  Date <u>1-10-07</u> Name (Typed or Printed) <u>John S. Miller</u> Title <u>President</u>													

Issued 01/02/2007

Do Not Tape or Staple

200703007352

LIMITED POWER OF ATTORNEY

KNOWN ALL MEN BY THESE PRESENTS:

I John Miller, hereby nominate and appoint
G. Erick Powell as my attorney-in-fact with full
 authority to act for and on my behalf to undertake any and all acts or matters pertaining to
 water right 71-62A and new permit in Blaine or Custer County, Idaho.
 Additionally, I hereby ratify and confirm any and all such acts on matters as contemplated
 herein.

My agent is hereby authorized to sign, seal and deliver, as my act in deed, those said
 instruments of writing that may be necessary or proper to carry into execution and effect the
 applications and transfers above-mentioned. Further, I hereby declare that each and every
 application, transfer, agreement, receipt, or payment which shall be by my said agent given,
 made or done for the aforesaid purposes shall be as good, valid, and effectual as if they had
 been signed, sealed, and delivered by me in my own proper person; and I hereby undertake
 at all times to ratify whatsoever my said agent shall lawfully do or cause to be done in or
 concerning the said premises by virtue of these presents.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal

Dated this 5th day of 2 DECEMBER 2007.

[Signature]

 Signature

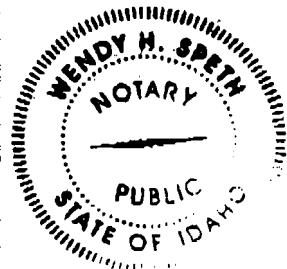
State of Idaho

)
) ss.
)

County of

On the 5th day of December, 2007, before me, a Notary Public in
 and for said County and State, personally appeared John S. Miller, known
 or identified to me to be the individual whose name and subscribed to the within 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.

S
E
A
L

[Signature]

Notary Public
 In and for said State and County

June 13, 2012

My Commission Expires

RECEIVED
DEC 10 2007
DEPT. OF WATER RESOURCES
SOUTHERN REGION

Project No. 554-02-2006

Additional Information for New Permit Application in the Salmon River Basin

Prepared for:

John Miller
PO Box 2238
Ketchum, Idaho 83340

Submitted to:

Idaho Department of Water Resources
1341 Fillmore Street, Suite 200
Twin Falls, Idaho 83301

7 December 2007

For information concerning this report, contact
Charles G. Brockway, Ph.D., P.E.
G. Erick Powell, Ph.D., E.I.T.



CHARLES E. BROCKWAY, Ph.D., P.E.
CHARLES G. BROCKWAY, Ph.D., P.E.
2016 NORTH WASHINGTON, SUITE 4
TWIN FALLS, IDAHO 83301

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Additional Information for Permit 71-7170 in the Salmon River Basin

Ketchum-Long Island, LLC

Prepared by: Brockway Engineering, PLLC
Date: 7 December 2007

INTRODUCTION

In May 1992, a moratorium order signed by the Idaho Department of Water Resources Director prohibited processing and approving most new permits to appropriate water from surface water sources in the Salmon River and Clearwater River Basins. In April 1993, the IDWR director again issued a moratorium order on the Salmon River and Clearwater River Basins prohibiting the processing and approval of most water appropriation applications. In November 2005, the IDWR Director rescinded the moratorium order for the Salmon River and Clearwater River Basins. The director's order included directions to process applications to appropriate water, with additional information.

This report supplies the additional information requested by IDWR to process and approve the new permit appropriation application for Ketchum-Long Island, LLC.

40.05.c. The following information shall be submitted for applications to appropriate unappropriated water information relative to the effect on existing water rights, Section 42-203A(5)(a), Idaho Code, shall be submitted as follows:

- i. For applications appropriating springs or surface streams with five (5) or fewer existing users, either the identification number, or the name and address of the user, and the location of the point of diversion and nature of use for each existing water right shall be submitted.

Not Applicable. The source for the application is the Salmon River, which is not a spring and has more than five existing water users.

- ii. For applications appropriating groundwater, a plat shall be submitted locating the proposed well relative to all existing wells and springs and permitted wells within a one-half mile radius of the proposed well.

Not Applicable. The source for the application is the Salmon River, which is not a groundwater source.

- iii. Information shall be submitted concerning any design, construction, or operation techniques which will be employed to eliminate or reduce the impact on other water rights.

The new permit application is for the remaining flow rate (1.21 cfs) not allowed by IDWR to be used, as it has historically, with the submitted transfer application. Half of water right 71-62A was sold to Smiley Creek Ranch by Salmon Falls Land and Livestock. WR 71-62A was an irrigation and stockwater right, which allowed for 25.1 acres to be irrigated with a flow of 3.27 cfs. This right was reviewed and decreed in the SRBA in 1999. Smiley Creek Ranch, LLC and Ketchum-Long Island, LLC have a pending sale of land and half of wr 71-62A. A transfer application has been submitted to IDWR to change the point of diversion for half of this water right with a new place of use. IDWR has indicated that by transferring this water right, it will be limited to 1-inch per acre flow diversion, despite historical use and the 1999 decree. This new permit application is for the remaining historical flow of half of wr 71-62A that IDWR will not allow. Approval of this permit will result in the same amount of water being diverted from the Salmon River as has occurred historically. In addition, the applicant will return the same flow rate diverted under this permit to the Salmon River, resulting in more flow being left in the river than historically occurred.

40.05.d. The following information shall be submitted for applications to appropriate unappropriated water information relative to sufficiency of water supply, Section 42-203A(5)(b), Idaho Code, shall be submitted as follows:

- i. Information shall be submitted on the water requirements of the proposed project, including, but not limited to, the required diversion rate during the peak use period and the average use period, the volume to be diverted per year, the period of year that water is required, and the volume of water that will be consumptively used per year.

This new permit will be fully mitigated by drying up 1.58 acres of irrigated land through the transfer of wr 71-62A(part). This permit is a non-consumptive use permit all flow diverted from the river will be returned to the river at the same point of diversion.

- ii. Information shall be submitted on the quantity of water available from the source applied for, including, but not limited to, information concerning flow rates for surface water sources available during periods of peak and average project water demand, information concerning the properties of the aquifers that water is to be taken from for groundwater sources, and information on other sources of supply that may be used to supplement the applied for water source.

Several USGS gaging stations, located on the Salmon River, have either current or historical data for the River. Five gaging stations (Figure 1 and Table 1) are presented to provide additional information concerning water availability on the Salmon River.

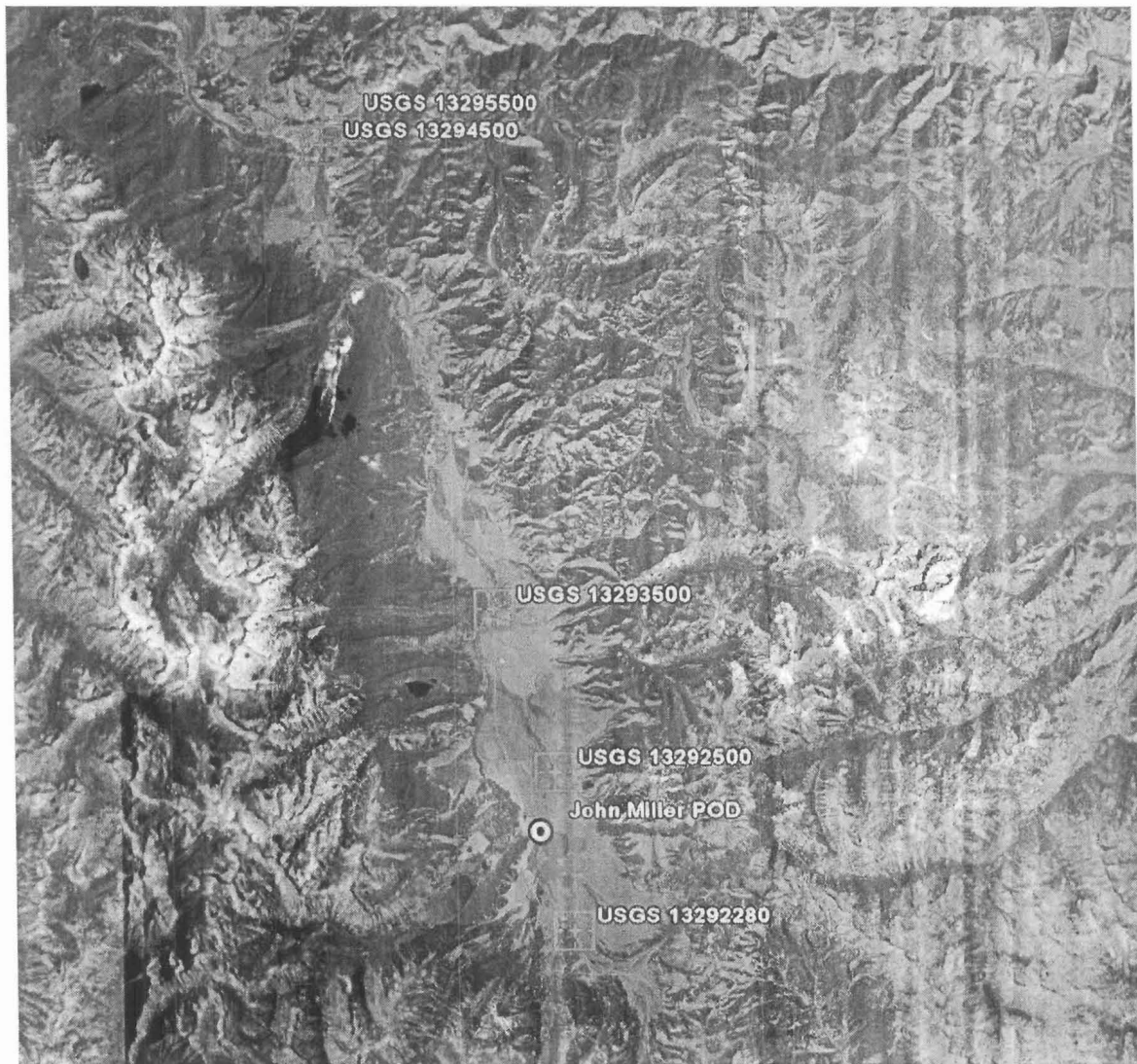


Figure 1: Aerial photo identifying the location of the proposed point of diversion and the locations of five historical USGS gage stations.

Table 1: Five USGS gage stations on the Salmon River providing average flow estimates during the irrigation season.

USGS Gage	Drainage Area	Distance from POD	Years of Record	Average Flow Rate (cfs)				
				May	June	July	Aug	Sept
13292280	29.1 mi ²	2.9 miles upstream	2003-2006	70	85	23	11	8
13292500	94.7 mi ²	1.7 miles downstream	1940-1953	255	284	106	21	28
13293500	235 mi ²	6.4 miles downstream	1911-1913	731	1660	567	310	216
13294500	355 mi ²	20.3 miles downstream	1921-1925	1090	1760	819	347	255
13295500	501 mi ²	20.9 miles downstream	1925-1960	1610	1970	967	415	341

Using the basin characteristics for the Salmon River watershed, monthly flow estimates can be calculated based on empirical formulas published by the USGS for the USGS gages stations listed in Table 1 and the Salmon River near the proposed POD. The POD, Figure 2, is located near the Salmon River, which has a drainage area of about 87 square miles at this location. Calculations of monthly flow estimates of the Salmon River near this location can be found in Table 2. Daily discharge graphs for the USGS gaging stations and average flow calculations for the POD can be found in Appendix B.

Table 2: Estimates of the Salmon River flow near the POD.

	Estimated Average Flow Rate (cfs)				
	May	June	July	Aug	Sept
POD	210	283	104	34	35

40.05.e. The following information shall be submitted for applications to appropriate unappropriated water information relative to good faith, delay, or speculative purpose of the applicant, Section 42-203A(5)(c), Idaho Code, shall be submitted as follows:

- i. The applicant shall submit copies of deeds, leases, easements, or applications for rights-of-way from federal or state agencies documenting a possessory interest in the lands necessary for all project facilities and the place of use or if such interest can be obtained by eminent domain proceedings the applicant must show the appropriate actions are being taken to obtain the interest. Applicants for hydropower uses shall also submit information required to demonstrate compliance with Sections 42-205 and 42-206, Idaho Code.

Scenic easements between the landowners and the United States of America exist on the land to assure the preservation and protection of the area's natural, scenic, historical, pastoral, and fish and wildlife values and to provide for the enhancement of

the recreational values (Appendix A). Legal documentation of ownership and/or sale agreements can be found in Appendix C.

- ii. The applicant shall submit copies of applications for other needed permits, licenses, and approvals, and must keep the department apprised of the status of the applications and any subsequent approvals or denials.

A transfer application for WR 71-62A has been submitted to IDWR. Any approval from IDWR on this transfer application will be available knowledge to other IDWR personnel, however we will inform IDWR of transfer approval.

40.05.f. The following information shall be submitted for applications to appropriate unappropriated water information relative to financial resources, Section 42-203A(5)(d), Idaho Code, shall be submitted as follows:

- i. The applicant shall submit a current financial statement certified to show the accuracy of the information contained therein, or a financial commitment letter along with the financial statement of the lender or other evidence to show that it is reasonably probable that financing will be available to appropriate the water and apply it to the beneficial use proposed.

Applicant does not wish to make public their financial statements. If additional information or confirmation is required, IDWR is requested to please advise the applicant directly.

- ii. The applicant shall submit plans and specifications along with estimated construction costs for the project works. The plans shall be definite enough to allow for determination of project impacts and implications.

The infrastructure to be used by this permit is primarily for the irrigation system. No additional costs are anticipated as a result of this permit.

40.05.g. The following information shall be submitted for applications to appropriate unappropriated water information relative to conflict with local public interest, Section 42-203A(5)(e), Idaho Code, shall be submitted as follows:

The applicant shall seek comment and shall submit all letters of comment on the effects of the construction and operation of the proposed project from the governing body of the city and/or county and tribal reservation within which the point of diversion and place of use are located, the Idaho Department of Fish and Game, the Idaho Department of Environmental Quality, and any irrigation district or canal company within which the proposed project is located and from other entities as determined by the director.

The Idaho Department of Environmental Quality has received a copy of the permit application and will provide comments to IDWR. The Idaho Department of Fish and Game has been contacted, but has not yet replied. Custer County has also been contacted and indicated that they require a written letter from IDWR requesting the comment letter to be written. While all agencies and applicable local government offices have been contacted, no formal letters have been received by our office.

Appendix A
Easements and Agreements

SCENIC EASEMENT

THIS EASEMENT, dated this 19th day of December,
between THE TRUST FOR PUBLIC LAND, a California Corporation,
authorized to do business in the State of Idaho, GRANTOR, and the UNITED
STATES OF AMERICA, GRANTEE.

WHEREAS, Public Law 92-403 (86 Stat. 612), provided for the establishment
of the Sawtooth National Recreation Area in the State of Idaho to assure the
preservation and protection of its natural, scenic, historical, pastoral,
and fish and wildlife values and to provide for the enhancement of the
recreational values associated therewith;

WHEREAS, the Sawtooth National Recreation Area contains within its
boundaries various tracts of privately-owned lands which are or could be
used in a manner inconsistent with the purposes of the Area;

WHEREAS, the Grantors are the owners of certain land which is in the
established boundaries of the Sawtooth National Recreation Area;

WHEREAS, the Grantors, through the Forest Service, in accordance with
Public Law 92-403 (86 Stat. 612), desires to acquire interest in such lands
as necessary to protect the natural, scenic, historical, pastoral, and fish
and wildlife values and provide for the enhancement of the recreational
values of the Sawtooth National Recreation Area and to prevent any develop-
ment that would tend to mar or detract from its natural, scenic, historical,
pastoral, and fish and wildlife and recreational values associated therewith.

NOW THEREFORE, for and in consideration of the premises and the sum of
Five hundred and no/100 dollars - - - - -
(\$ 500.00), to the Grantors in hand paid, the receipt whereof is
hereby acknowledged, the Grantors do hereby grant and convey unto the Grantee,
an estate, interest and scenic easement in said real estate of the Grantors,
of the nature and character and to the extent hereinafter expressed to be
and to constitute a servitude upon said real estate of the Grantors, which
estate, interest, easement and servitude will result from the restrictions
hereby imposed upon the use of said property of the Grantors which will

run with the land, and to that end and for the purposes of accomplishing the intent of the parties hereto the Grantors covenant on behalf of themselves, their heirs, successors and assigns, with the Grantee, and its assigns, to do and refrain from doing, severally and collectively, upon the Grantors' said property, the various acts hereinafter mentioned it being hereby agreed and expressed that the doing and the refraining from said acts, and each thereof, upon said property is and will be for the benefit of the said Sawtooth National Recreation Area so as to help accomplish the purposes for which the Area has been established.

The restrictions hereby imposed upon the use of said property of the Grantors, and the acts which the Grantors so covenant to do and refrain from doing upon their said property, hereinafter referred to as the "Easement Area," in connection therewith are the pertinent provisions of the regulations establishing standards for the use of private lands in the Sawtooth National Recreation Area as published in the Federal Register of March 29, 1974, pages 11544 to 11547, to-wit:

35 CFR §292.16(c) and 36 CFR §292.16(g), copies of which are attached hereto and made a part hereof.

With reference to dwellings, 36 CFR §292.16(g)(1), it is agreed that no more than two (2) single family dwellings are authorized within the Easement Area and that any structures related to dude ranching are prohibited.

It is further agreed that no mining or industrial activity will be

permitted on the Easement Area.

It is agreed that the Grantee has the right to enter upon the easement area to inspect for violation of this easement and to take all action legally necessary and proper to enforce it.

The land of the Grantors, hereinafter referred to as the easement area and to which the provisions of this Grant apply, is situated in the County of San Francisco, State of California, and is more particularly described in Exhibit A attached hereto.

TO HAVE AND TO HOLD the above premises and its appurtenances unto the Grantee and his assigns forever, this right of easement of the Grantors and shall be binding upon the heirs and assigns of the Grantors and shall be binding upon the above described land.

IN WITNESS WHEREOF, the Grantors have hereunto set their hands and seals on the day and year first above written.

ATTEST:
Judith A. Milne
NOTARY PUBLIC FOR PUBLIC LAND
J. J. Johnson
NOTARY PUBLIC
J. J. Johnson
NOTARY PUBLIC

STATE OF CALIFORNIA
County of San Francisco
On the 19th day of December, 1975, before me, John J. Johnson, a Notary Public in and for the State of California, the signers of the above instrument, they are President and Secretary respectively, of THE TRIST FOR PUBLIC LANDS, a California Corporation authorized to do business in this State and of said Corporation by authority duly conferred upon me by the State of California, and the said President and Secretary executed the above instrument.

(SEAL)
Notary Public for the State of California
Residing in San Francisco
My Commission Expires: Dec. 2, 1977



Township 8 North, Range 4 E, 3rd M., Blaine County, Idaho.

Section 6: ALL

Section 9: NW, SE

Section 10: SW

EXCEPT the following 1/4 section

Section 9: NW

AND EXCEPT

Section 11: NW

AND EXCEPT

Section 12: NW

Section 13: NW

Section 14: NW

Section 15: NW

Section 16: NW

Section 17: NW

Section 18: NW

Section 19: NW

Section 20: NW

Section 21: NW

Section 22: NW

Section 23: NW

Section 24: NW

Section 25: NW

Section 26: NW

Section 27: NW

Section 28: NW

Section 29: NW

Section 30: NW

Section 31: NW

Section 32: NW

Section 33: NW

Section 34: NW

Section 35: NW

Section 36: NW

Section 37: NW

Section 38: NW

Section 39: NW

Section 40: NW

[illegible]

AND ALSO EXCEPT

Wardship & North, Range 14 East

Section 4: A strip of land 12.5
NHHUEU and a portion

COMMENCING at the Southeastly corner of said Section

THENCE North 0°02' East, 122.0 feet to the point of beginning
THENCE North 84°08'00" East, 348.0 feet to the point of beginning;
THENCE North 41°02' West, 290.4 feet to the point of beginning;
and the southerly point of the right-of-way boundary described;
THENCE North 85°06' East, 743.33 feet, more or less, to the
Northerly corner of Tract No. 1567;
THENCE South 41°20' West, 130.0 feet along the Northwesterly boundary
of Tract 1567, 321.28 feet, more or less, to a point on the
Northerly side of the now existing road;
THENCE North 45°40' West, 127.0 feet;
THENCE North 44°20' West, 327.74 feet;
THENCE South 85°06' East, 766.83 feet to the Northeasterly
corner of the aforesaid tract;
THENCE South 0°02' East, 122.0 feet to the point of beginning.

Said parcel contains an area of approximately 100 acres, more or less, and is located at the southeast corner of the intersection of the

588700 of outstanding encumbrances, including the new 1954
of following:

Power Line Easement to Salmon River Electric Cooperative, Inc., recorded April 11, 1968, in Volume 27 of Deeds, page 26, in the County of Blaine, Idaho.

Exhibit A
 1. A copy of the order of the Board of Directors of the County of Adams, dated December 10, 1965, regarding the March 9, 1966, election, is attached hereto as Exhibit A. The order is recorded in the County of Adams, Book No. 17872, Records of the County of Adams.

Instrument No. 129120, record of Quaker County, 1910.

Public Law 92-600 creating San Geronimo National Recreation Area and redesignating thereunder, published March 25, 1974, in Volume 39, Federal Register, pages 11564 to 11567.

DEPARTMENT OF AGRICULTURE

Forest Service

(36 CFR Part 221)

NATIONAL RECREATION AREA

Subpart C - Standards for Recreation Area - Private Lands

Land Acquisition and Management for Use of Private Lands

292.16 Standards. The standards contained in these regulations are in fulfillment of the preservation, protection of the natural scenic, historic, scientific, and other values and to provide for the enhancement of the recreation area of the Recreation Area.

(c) General. The following standards apply to property in all land acquisition areas.

(1) Use and development of property will be in conformance with applicable Federal, State, and local laws, regulations, and ordinances.

(2) Development, improvement, and use of the property will not materially detract from the scenic, natural, historic, pastoral, and wildlife values of the area.

(3) There will be adequate provision for disposal of solid and liquid waste originating on or resulting from use of the property.

(4) All utilities will be underground.

(5) No structure or other improvements will be constructed or erected upon streambeds, banks, and flood plains or live or dead riparian stream, streambeds, banks, and flood plains will not be disturbed, except as may be necessary to construct, maintain, and improve facilities for fisheries, utilities, roads, and other facilities or improvements. Any such improvements will avoid impeding water flow, sedimentation of streams, or entrance of deleterious material into streams.

RECEIVED
JAN 10 1950
U.S. DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION
WASHINGTON, D.C.
MEMORANDUM FOR THE DIRECTOR
SUBJECT: [Illegible]
[Illegible text follows, appearing to be a list of items or a report summary.]

APPROVED AND FORWARDED:
[Signature]
SPECIAL AGENT IN CHARGE
JAN 10 1950

137907

SCENIC EASEMENT

THIS EASEMENT, dated this 28 day of August, 19 74,
by and between SANDY BROOKS and ELEANOR M. BROOKS, his wife, GRANTORS, of
Sawtooth Valley, Custer County, State of Idaho, and the UNITED STATES OF
AMERICA, GRANTEE.

WHEREAS, Public Law 92-400 (86 Stat. 612), provided for the establish-
ment of the Sawtooth National Recreation Area in the State of Idaho to
assure the preservation and protection of its natural, scenic, historical,
pastoral, and fish and wildlife values and to provide for the enhance-
ment of the recreational values associated therewith;

WHEREAS, the Sawtooth National Recreation Area contains within its
boundaries various tracts of privately-owned lands which are or could be
used in a manner inconsistent with the purposes of the Area;

WHEREAS, the Grantors are the owners of certain land which is in
the established boundaries of the Sawtooth National Recreation Area;

WHEREAS, the Grantee, through the Forest Service, in accordance with
Public Law 92-400 (86 Stat. 612), desires to acquire interests in such
lands as necessary to protect the natural, scenic, historical, pastoral,
and fish and wildlife values and provide for the enhancement of the
recreational values of the Sawtooth National Recreation Area and to
prevent any development that would tend to mar or detract from its
natural, scenic, historical, pastoral, and fish and wildlife and recreational
values associated therewith.

NOW THEREFORE, for and in consideration of the premises and the sum
of One hundred sixty two thousand five hundred and no/100 dollars
(\$162,500.00), to the Grantors in hand paid, the receipt whereof is hereby
acknowledged, the Grantors do hereby grant and convey unto the Grantee, an
estate, interest and scenic easement in said real estate of the Grantors, of
the nature and character and to the extent hereinafter expressed to be and
to constitute a servitude upon said real estate of the Grantors, which
estate, interest, easement and servitude will result from the restrictions

hereby imposed upon the use of said property of the Grantors which will run with the land, and to that end and for the purposes of accomplishing the intent of the parties hereto the Grantors covenant on behalf of themselves, their heirs, successors and assigns, with the Grantee, and its assigns, to do and refrain from doing, severally and collectively, upon the Grantors' said property, the various acts hereinafter mentioned it being hereby agreed and expressed that the doing and the refraining from said acts, and each thereof, upon said property is and will be for the benefit of the said Sawtooth National Recreation Area so as to help accomplish the purposes for which the Area has been established.

The restrictions hereby imposed upon the use of said property of the Grantors, and the acts which the Grantors so covenant to do and refrain from doing upon their said property, hereinafter referred to as the "easement area," in connection therewith are the pertinent provisions of the regulations establishing standards for the use of private lands in the Sawtooth National Recreation Area as published in the Federal Register of March 29, 1974, pp. 11544-47, to-wit: 36 CFR §292.16(c) and §292.16(g), copies of which are attached hereto and made a part hereof.

With reference to 36 CFR §292.16(g)(1), it is agreed that only one residence and one tenant dwelling are authorized within the easement area.

With reference to 36 CFR §292.16(g)(5), it is agreed that no reductions in the size of ownership of any of the land in the easement area will be approved.

It is agreed that no mining or industrial activity will be conducted on the lands within the easement area.

The Grantee is hereby granted the right to permit public use of a strip of land along the river, by foot travel only, within that portion of the easement area from the thread of the stream to points parallel and being 50 feet distant beyond each mean high water line of the Salmon River.

Where needed, the United States may erect appropriate signs to delineate the public use area.

It is agreed that the Grantee has the right to enter upon the easement area to inspect for violation of the terms of this easement and to take all action legally necessary and proper to enforce it.

The land of the Grantors, hereinabove referred to and to which the provisions of this instrument apply, is situate in the County of Custer, State of Idaho, and is particularly described as follows, to-wit:

Township 8 North, Range 14 East, Boise Meridian

Section 4: $W\frac{1}{2}SW\frac{1}{4}$, EXCEPT a parcel of land situate in the $NW\frac{1}{4}SW\frac{1}{4}$, more particularly described as follows:

Commencing at the quarter section corner common to Sections 5 and 4; thence South $88^{\circ}20'30''$ East 315.78 feet to the easterly right of way line of highway; thence continuing South $88^{\circ}20'30''$ East 1,004.22 feet; thence South $0^{\circ}02'18''$ West 300.00 feet; thence North $88^{\circ}20'30''$ West 887.02 feet; thence North $21^{\circ}05'$ West 325.16 feet along the easterly right of way line of said highway to the point of beginning.

Section 9: $W\frac{1}{2}NW\frac{1}{4}$, $N\frac{1}{2}SW\frac{1}{4}$, EXCEPT that portion of the $NW\frac{1}{4}SW\frac{1}{4}$ described as follows:

Commencing at the southwest corner of said 40-acre tract of land, which is the point of beginning; thence East 1,188 feet; thence North 561 feet; thence West 1,188 feet; thence South 561 feet to the point of beginning.

ALSO EXCEPTING the following parcels:

A parcel of land in the $NW\frac{1}{4}SW\frac{1}{4}$ Section 4, more particularly described as follows:

Commencing at the quarter corner common to Sections 4 and 5; thence South $53^{\circ}51'$ East 534.23 feet to the true point of beginning on the easterly right of way boundary of U.S. Highway 93; thence South $88^{\circ}20'30''$ East 901.10 feet; thence South $0^{\circ}02'18''$ West 747.00 feet; thence North $88^{\circ}20'30''$ West 613.52 feet to the easterly boundary of U.S. Highway 93; thence 151.33 feet along a curve to the left on the easterly boundary of U.S. Highway 93 with a central angle of $2^{\circ}59'32''$, a radius of 2,897.79 feet, and a tangent of 75.68 feet that bears North $18^{\circ}05'23''$ West; thence North $21^{\circ}05'00''$ West 656.72 feet along the easterly boundary of U.S. Highway 93 to the true point of beginning, containing 13.0 acres, more or less (basis of bearing: U.S. Highway 93, North $21^{\circ}05'$ West at quarter section line)

Checked by [signature] to price acreage, description, and conditions of purchase, and found correct.

Where needed, the United States may erect appropriate signs to delineate the public use area.

It is agreed that the Grantee has the right to enter upon the easement area to inspect for violation of the terms of this easement and to take all action legally necessary and proper to enforce it.

The land of the Grantors, hereinabove referred to and to which the provisions of this instrument apply, is situate in the County of Custer, State of Idaho, and is particularly described as follows, to-wit:

Township 8 North, Range 14 East, Boise Meridian

Section 4: $W\frac{1}{2}SW\frac{1}{4}$, EXCEPT a parcel of land situate in the $NW\frac{1}{4}SW\frac{1}{4}$, more particularly described as follows:

Commencing at the quarter section corner common to Sections 5 and 4; thence South $88^{\circ}20'30''$ East 315.78 feet to the easterly right of way line of highway; thence continuing South $88^{\circ}20'30''$ East 1,004.22 feet; thence South $0^{\circ}02'18''$ West 300.00 feet; thence North $88^{\circ}20'30''$ West 887.02 feet; thence North $21^{\circ}05'$ West 325.16 feet along the easterly right of way line of said highway to the point of beginning.

Section 9: $W\frac{1}{2}NW\frac{1}{4}$, $N\frac{1}{2}SW\frac{1}{4}$, EXCEPT that portion of the $NW\frac{1}{4}SW\frac{1}{4}$ described as follows:

Commencing at the southwest corner of said 40-acre tract of land, which is the point of beginning; thence East 1,188 feet; thence North 561 feet; thence West 1,188 feet; thence South 561 feet to the point of beginning.

ALSO EXCEPTING the following parcels:

A parcel of land in the $NW\frac{1}{4}SW\frac{1}{4}$ Section 4, more particularly described as follows:

Commencing at the quarter corner common to Sections 4 and 5; thence South $53^{\circ}51'$ East 534.23 feet to the true point of beginning on the easterly right of way boundary of U.S. Highway 93; thence South $88^{\circ}20'30''$ East 901.10 feet; thence South $0^{\circ}02'18''$ West 747.00 feet; thence North $88^{\circ}20'30''$ West 613.52 feet to the easterly boundary of U.S. Highway 93; thence 151.33 feet along a curve to the left on the easterly boundary of U.S. Highway 93 with a central angle of $2^{\circ}59'32''$, a radius of 2,897.79 feet, and a tangent of 75.68 feet that bears North $18^{\circ}05'28''$ West; thence North $21^{\circ}05'00''$ West 656.72 feet along the easterly boundary of U.S. Highway 93 to the true point of beginning, containing 13.0 acres, more or less (basis of bearing: U.S. Highway 93, North $21^{\circ}05'$ West at quarter section line)

Checked as to office acreage, description, and conditions of purchase, and found correct.

A parcel of land in the NW $\frac{1}{4}$ SW $\frac{1}{4}$ Section 4, more particularly described as follows:

Commencing at the quarter corner common to Sections 4 and 5; thence South 33°51'49" East 1,289.16 feet to the true point of beginning on the easterly right of way boundary of U.S. Highway 93; thence South 88°20'30" East 613.52 feet; thence South 0°02'18" West 147.00 feet; thence North 88°20'30" West 569.27 feet to the easterly boundary of U.S. Highway 93; thence 154.72 feet along a curve to the left on the easterly boundary of U.S. Highway 93, with a central angle of 3°03'33", a radius of 2,897.79 feet, and a tangent of 77.37 feet that bears North 15°01'55" West, to the true point of beginning, containing 2.0 acres, more or less (basis of bearing: U.S. Highway 93, North 21°05' West at quarter section line)

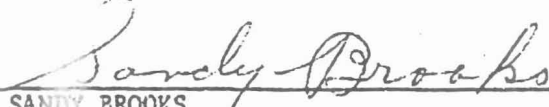
Said parcel contains 203.19 acres, more or less, and is designated as the "easement area."

SUBJECT to the rights of the State of Idaho pursuant to right of way deeds dated July 9, 1929, recorded July 30, 1929, Custer County records.

SUBJECT to rights of Mountain States Telephone and Telegraph Company and Salmon Power Electric Co-op, Inc., pursuant to unrecorded easements for telephone and powerlines.

TO HAVE AND TO HOLD the rights hereby granted, unto the Grantee, and its assigns forever. This grant shall be binding upon the heirs and assigns of the Grantors and shall constitute a servitude upon the above described land.

IN WITNESS WHEREOF, the Grantors have hereunto set their hands and seals on the day and year first above written.


SANDY BROOKS


ELEANOR M. BROOKS

ACKNOWLEDGEMENT

STATE OF Idaho :
County of Custer : ss.

On the 28th day of August, 1974, before me a Notary Public,
personally appeared SANDY BROOKS and ELEANOR M. BROOKS,
his wife, known to me (or proved to me on the oath of _____
), to be the persons whose names are subscribed to the
within instrument, and acknowledged to me that they executed the same.

(SEAL)



Robert D. Blondell
Notary Public for the State of Idaho
Residing in Ketchikan
My commission expires 9-24-1977

No. 134907
State of Idaho) ss.
County of Custer)
This instrument was filed for
record at the recorder's
office at 3:30 PM on Aug 28 1974
at 3:30 PM on Aug 28 1974
and duly recorded in the
Records of _____, Idaho.
By Marie Sullivan
Ex-Officio Recorder.
By Carol Baker
Deputy.
Fees 4.00

Mailed to A. Harbison Bob Blondell
A. R. A.
Box 438
Ketchikan Idaho

DEPARTMENT OF AGRICULTURE

Forest Service

(36 CFR Part 292)

NATIONAL RECREATION AREAS

Subpart C - Sawtooth National Recreation Area - Private Lands

Land Acquisition and Standards for Use of Private Lands

• • •

292.16 Standards. The standards established in these regulations are in furtherance of the preservation and protection of the natural, scenic, historic, pastoral, and fish and wildlife values and to provide for the enhancement of the recreation value of the Recreation Area.

• • •

(c) General standards. The following standards apply to properties in all land use categories:

(1) Use and development of the property will be in conformance with applicable Federal, State, and local laws, regulations, and ordinances.

(2) Development, improvement, and use of the property will not materially detract from the scenic, natural, historic, pastoral, and fish and wildlife values of the area.

(3) There will be adequate provision for disposal of solid and liquid waste originating on or resulting from use of the property.

(4) All new utilities will be underground.

(5) No structures or other improvements will be constructed in or encroaching upon streambeds, banks, and flood plains of live or intermittent streams. Streambeds, banks, and flood plains will not be disturbed, except as may be necessary to construct, operate, and maintain irrigation, fisheries, utilities, roads, and similar facilities or improvements. Any such necessary encroachment will avoid impeding water flow, sedimentation of streams, or entrance of deleterious material into streams.

(g) Agriculture.

(1) Only structures which do not substantially impair or detract from the scenic, natural, historic, pastoral, and fish and wildlife values of the area and which are necessary for ranching or dude ranching, such as dwellings, barns, storage buildings, fences, corrals, irrigation facilities, roads, and utilities.

(2) Buildings to be of a ranch character with log or other rustic exterior with harmoniously colored or natural wood finish and nonreflective surfaces.

(3) Fences and other improvements to be in harmony with the western ranching atmosphere.

(4) Minimum setback of new buildings to be 150 feet from public roads where determined feasible by Area Ranger.

(5) No further reduction in size of agricultural ownerships, except that which will not impair objectives for which the Sawtooth National Recreation Area was established. A certification will be issued pursuant to §292.15(d) upon application in such cases.

(6) No signs, billboards, or advertising devices, except a proper identification sign and one seasonal rental sign not to exceed 2 square feet in area and harmonious design and color with the surroundings. Signs not complying with this standard may be approved by certifications issued pursuant to §292.15(d) in special cases.

(7) Any tree removal and related slash disposal and soil erosion prevention measures to be conducted in a manner that will minimize detrimental effects to the site and adjoining lands.

(8) The general topography of the landscape to be unaltered, except for incidental excavation or topographic change required by ranching activities.

(9) Structures and improvements, including fences, to be maintained in usable condition or removed. Those recognized as having historic or esthetic value may remain.

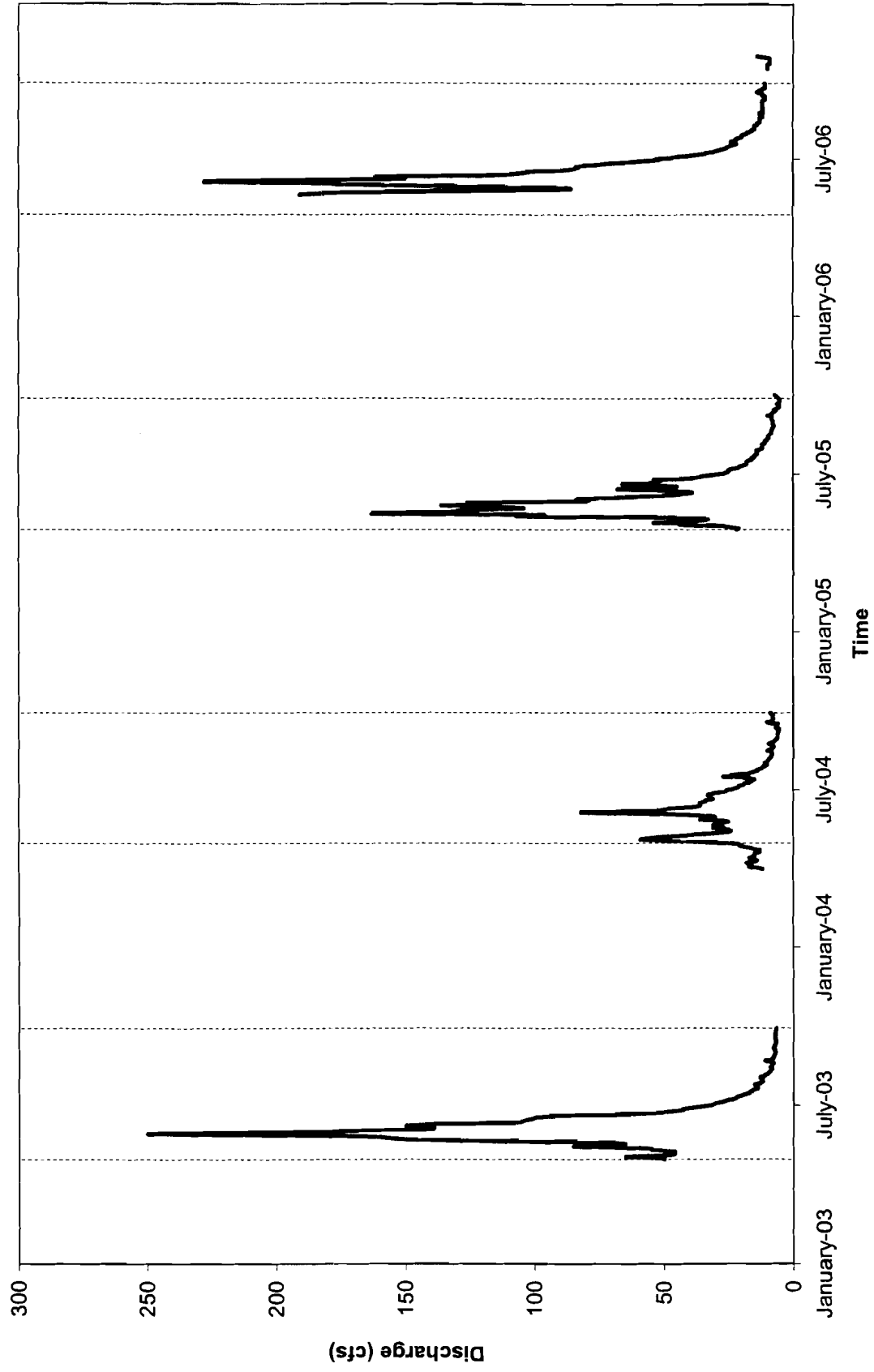
(10) Roads to be designed, located, and constructed to minimize esthetic impact and soil movement.

(11) Agricultural practices to be limited to hay production and pasture and range grazing in a manner which does not degrade water quality or result in accelerated soil erosion.

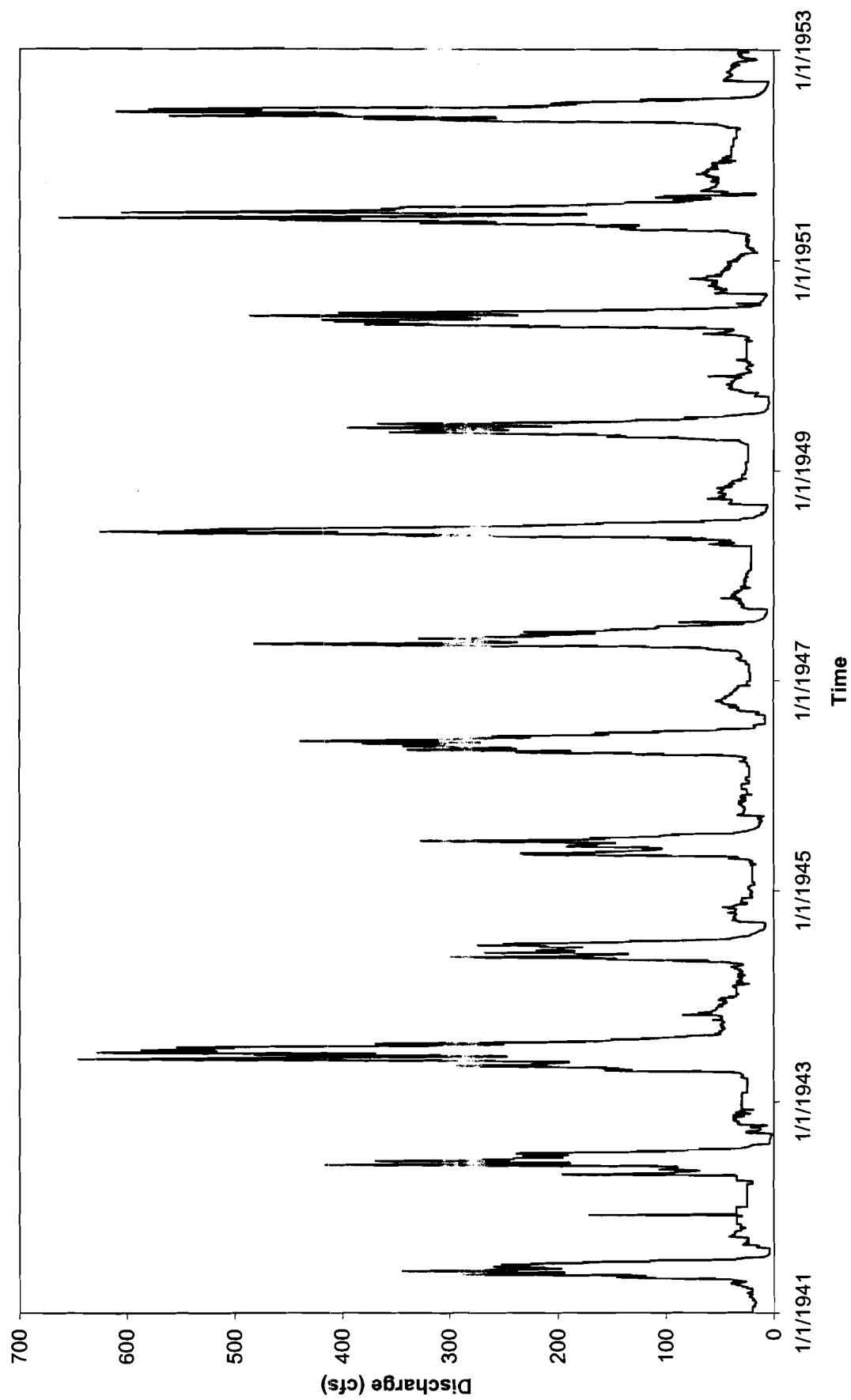
Appendix B

Salmon River Flow Estimates

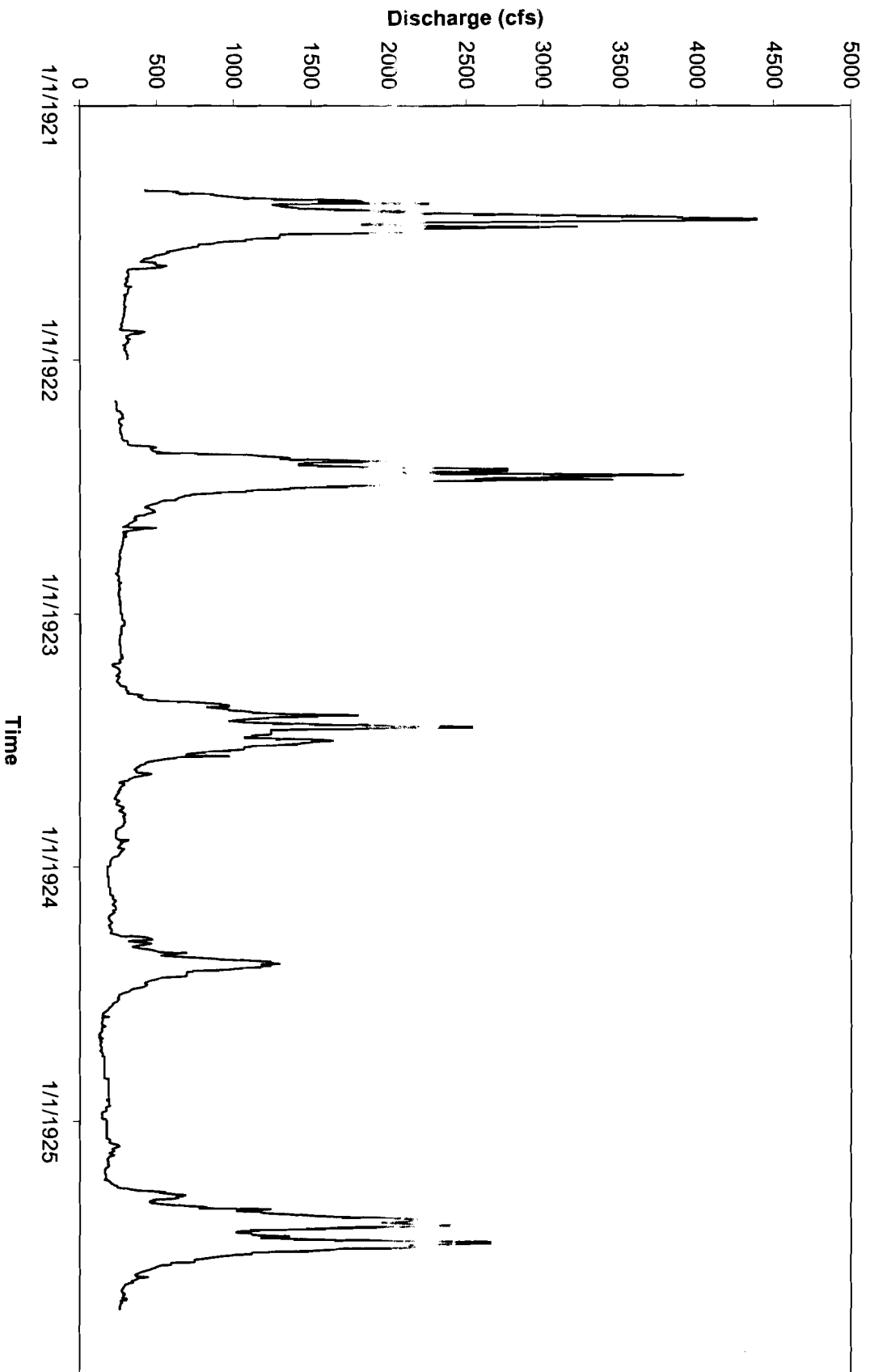
Daily Discharge for USGS Gage 132932280



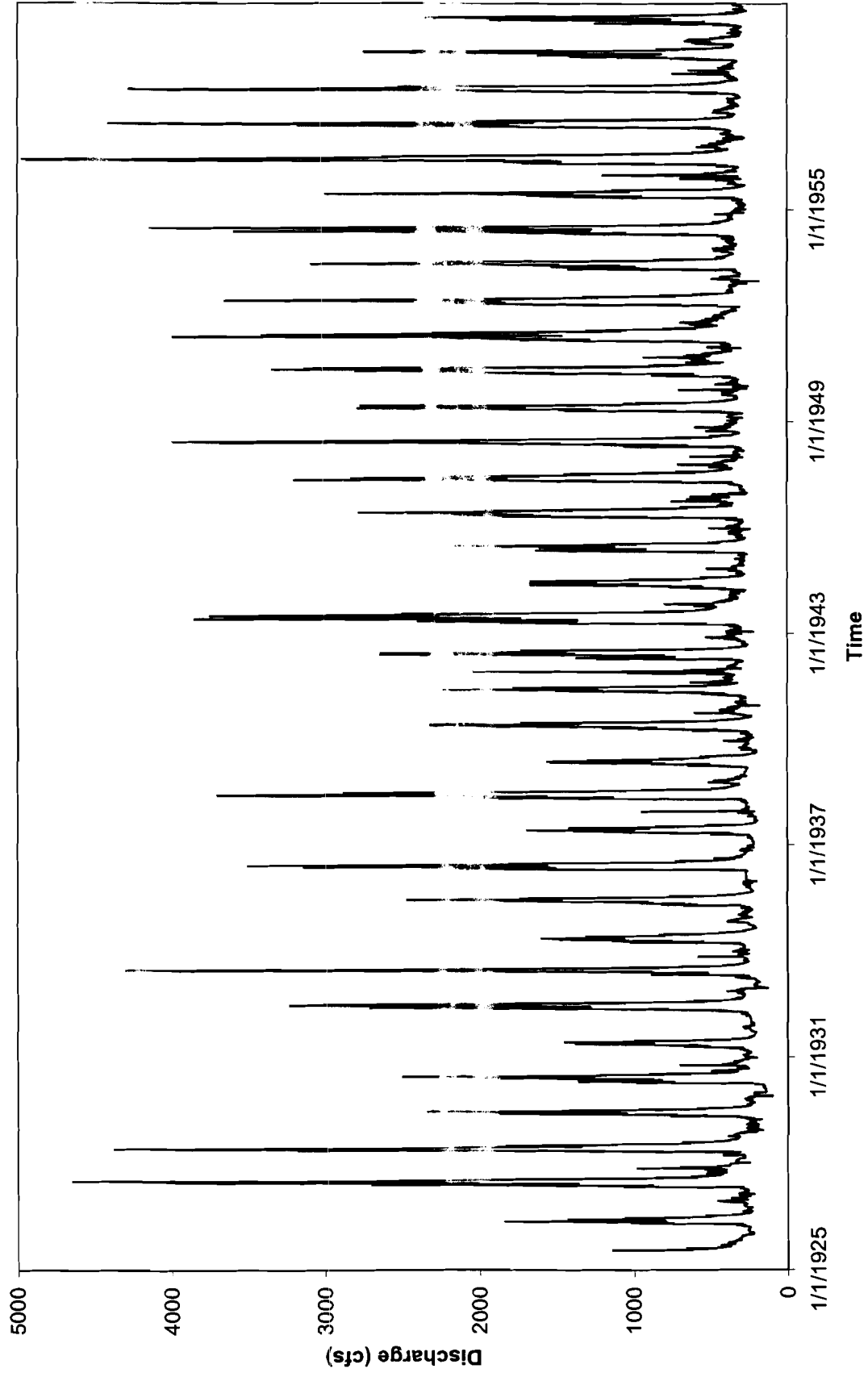
Daily Discharge for USGS Gage 13292500



Daily Discharge for USGS Gage 13234500



Daily Discharge for USGS Gage 13295500



USGS Gage 13294500

DA	355					
	May	June	July	Aug	Sept	
Measured	1126	1765	819	347	255	
Predicted	1400	1300	343	171	150	
	0.804286	1.357692	2.387755	2.02924	1.7	

USGS Gage 13295500

DA	501					
	May	June	July	Aug	Sept	
Measured	1615	1966	966	415	341	
Predicted	1800	1750	450	232	207	
	0.897222	1.123429	2.146667	1.788793	1.647343	

USGS Gage 13292500

DA	94.7					
	May	June	July	Aug	Sept	
Measured	255	284	106	21	28	
Predicted	341	299	75.1	40.4	26.8	
	0.747801	0.949833	1.411451	0.519802	1.044776	

USGS Gage 13292280

DA	29.1					
	May	June	July	Aug	Sept	
Measured	62	83	23	11	8	
Predicted	131	123	30.4	15.8	13.8	
	0.473282	0.674797	0.756579	0.696203	0.57971	

Ratios of Measured/Predicted						
DA	May	June	July	Aug	Sept	
	355	0.804286	1.357692	2.387755	2.02924	1.7
	501	0.897222	1.123429	2.146667	1.788793	1.647343
	94.7	0.747801	0.949833	1.411451	0.519802	1.044776
	29.1	0.473282	0.674797	0.756579	0.696203	0.57971

Smiley Creek Ranch

DA	87					
	May	June	July	Aug	Sept	
Predicted	334	309	78	41	37	
Ratios estimated from graph						
Ratio	0.629762	0.917148	1.33891	0.827848	0.943679	
Estimated	210	283	104	34	35	

Appendix C

Legal Documentation of Ownership

QUITCLAIM DEED

235745 Title
SUN VALLEY TITLE COMPANY
Fees \$300
L. M. Fock Clerk
Date Filed 1/18/07
County Blaine
Book 300

For Value Received

SALMON FALLS LAND & LIVESTOCK COMPANY, an Idaho corporation, also known as SALMON FALLS LAND & LIVESTOCK COMPANY, INC., an Idaho corporation, f/k/a Salmon Falls Sheep Company, an Idaho corporation

Do hereby convey, release, remise and forever quitclaim unto SMILEY CREEK RANCH, LLC, an Idaho limited liability company

Whose current address is
PO Box 7133, Ketchum, ID 83340

The following described premises, to-wit
Fifty Per Cent (50%) of Water Right 71-62A for Irrigation Water

Together with their appurtenances.

Dated this 4th day of January, 2007.

Salmon Falls Land & Livestock Company

James C. Henslee, President
By: James C. Henslee, President

Katherine A. Henslee, Secretary
By: Katherine A. Henslee, Secretary

THIS INSTRUMENT FILED FOR RECORD
BY SUN VALLEY TITLE COMPANY AS AN
ACCOMMODATION ONLY. IT HAS NOT
BEEN EXAMINED AS TO ITS EXECUTION
OR AS TO ITS EFFECT UPON THE TITLE.

STATE OF Idaho
COUNTY OF Blaine

On this 4th day of January in the year 2007, before me, a Notary Public personally appeared JAMES C. HENSLEE and Katherine A. Henslee known or identified to me to be the President and Secretary, respectively, of the corporation that executed the within instrument or the persons who executed the instrument on behalf of said corporation, and acknowledged to me that such corporation executed the same.

[Signature]
Notary Public
Residing at Ketchum ID
Comm expires 9/18/2012

ALISON WARNER
NOTARY PUBLIC
STATE OF IDAHO

When recorded, return to:

Order No. 0622922

Date: January 2, 2007

3070603983C-G

FOR VALUE RECEIVED, and as consideration as part of an IRC § 1031 tax-deferred exchange,

5103
Custer County Rec. of
Sun Valley Title
Time 2:05 PM Date 1/2/2007
Ethel M. Peck, Clerk
Wanda Bader \$15.00
Deputy

WARRANTY DEED

FOR VALUE RECEIVED, SALMON FALLS LAND & LIVESTOCK COMPANY, an Idaho corporation also known as SALMON FALLS LAND & LIVESTOCK COMPANY, INC., an Idaho corporation, f/k/a Salmon Falls Sheep Company, an Idaho corporation, hereinafter referred to as "Grantor," does hereby grant, bargain, sell and convey unto SMILEY CREEK RANCH, LLC, an Idaho limited liability company, whose address is P.O. Box 7133, Ketchum, Idaho, 83340, hereinafter referred to as "Grantee," the following described real property situated in Custer County, Idaho, to-wit:

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF BY REFERENCE.

Subject to an easement over that portion of the SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 10, Township 7 North, Range 14, E.B.M. deeded to the United States of America for a highway recorded in Book 35 at Page 34, records of Custer County, Idaho.

AND

Subject to an easement for right-of-way for Scenic Highway 75 (old U.S. Highway 93).

TOGETHER WITH an easement for access over, under and across a thirty (30) foot wide strip of land in the NE $\frac{1}{4}$ NW $\frac{1}{4}$ and the NW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 14, Township 7 North, Range 14 East, Boise Meridian. The easement hereby granted shall be fourteen hundred (1400) feet in length, and shall commence at the northeast corner of the NE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 14, and shall run westerly for a distance of fourteen hundred (1400) feet and a width of thirty (30) feet. Grantee covenants and agrees that there shall be no public use of any type or nature located or allowed upon such easement, and that upon the fixing of a permanent location of such easement by Grantee, Grantor shall cause a centerline survey of the same to be accomplished and recorded, which centerline survey shall be deemed to be the sole and exclusive easement referenced herein, and which specific description shall supersede and release this general easement description.

TOGETHER WITH the right and privilege to construct one single family dwelling on the real property above-described representing one (1) of the permitted dwellings referenced in that certain Scenic Easement Agreement dated February 2, 1981, by and between Salmon Falls Sheep Company, an Idaho corporation, grantor, and the United States of America, grantees; and

TOGETHER WITH IDWR Water Right No. 71-62B for .09 cfs for stock water use; and 50% of IDWR Water Right No. 71-62A, transferring 1.635 cfs for the irrigation of 12.55 acres of the above-described real property; and

RESERVING unto Grantor an easement thirty (30) feet in width traversing the SW $\frac{1}{4}$ SW $\frac{1}{4}$ and the SE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 10, and the NE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 15, Township 7 North, Range 17 East, Boise Meridian at a location to be determined by Grantee, which easement may be utilized by the Grantor to provide access to one (1) single family dwelling on Grantor's adjacent property, and to provide access for Grantor's agricultural use, lying generally to the south of the above-described real property. Grantor covenants and agrees that there shall be no public use of any type or nature located or allowed upon such easement, and that upon the fixing of a permanent location of such easement by Grantee, Grantor shall cause a centerline survey of the same to be accomplished and recorded, which centerline survey shall be deemed to be the sole and exclusive easement referenced herein, and which specific description shall supersede and release this general easement description.

25703

To have and to hold the said premises and their appurtenances unto the said Grantee, its successors and assigns, forever.

The said Grantor does hereby covenant to and with the said Grantee that it is the owner in fee simple of said premises: that said premises are free from all encumbrances, except all matters of record and easements which are apparent; and that Grantor will warrant and defend the same from all lawful claims whatsoever.

This transaction is a 1031 Exchange for the benefit of Buyer and Seller, as Replacement and Relinquished property, respectively.

DATED this 4 day of January, 2007.

SALMON FALLS LAND & LIVESTOCK
COMPANY, an Idaho corporation, also known
as SALMON FALLS LAND & LIVESTOCK
COMPANY, INC., an Idaho corporation, fka
Salmon Falls Sheep Company, an Idaho
corporation

ALISON WARNER
NOTARY PUBLIC
STATE OF IDAHO

James C. Henslee, President
By James C. Henslee, President

Katherine A. Henslee, Secretary
By Katherine A. Henslee, Secretary

STATE OF IDAHO)

County of Blaine) ss.

On this 4th day of January, 2007, before me, a Notary Public in and for said County and State, personally appeared James C. Henslee and Katherine A. Henslee known or identified to me to be the President and Secretary, respectively, of SALMON FALLS LAND & LIVESTOCK COMPANY, also known as SALMON FALLS LAND & LIVESTOCK COMPANY, INC., formerly known as Salmon Falls Sheep Company, the corporation that executed the foregoing instrument 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 in this certificate first above written.

NOTARY PUBLIC OF IDAHO

Residing at Ketchikan, ID

My commission expires: 9/19/2010

(Printed name and corp Salmon Falls)

LEGAL DESCRIPTION
EXHIBIT 'A'

A PARCEL OF LAND LYING WITHIN THE NORTHEAST QUARTER OF THE NORTH HALF OF THE SOUTHEAST QUARTER, A PORTION OF THE SOUTH HALF OF THE SOUTHEAST QUARTER, THE NORTHEAST QUARTER OF THE SOUTHWEST QUARTER, THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER, A PORTION OF THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER, AND THE EAST HALF OF THE NORTHWEST QUARTER OF SECTION 10; THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 11; THE NORTHWEST QUARTER OF THE NORTHWEST QUARTER AND A PORTION OF THE NORTHEAST QUARTER OF THE NORTHWEST QUARTER OF SECTION 15, TOWNSHIP 7 NORTH, RANGE 14 EAST, BOISE MERIDIAN, CUSTER COUNTY, IDAHO; BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE GLO BRASS CAP MARKING THE SOUTHWEST CORNER OF SECTION 10, BEING BLAINE COUNTY GIS CONTROL POINT "ALT", WHICH POINT IS THE TRUE POINT OF BEGINNING;

THENCE N. 00° 27' 34" E., 1318.70 FEET ALONG THE WEST BOUNDARY OF SECTION 10, TO THE NORTHWEST CORNER OF THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 10, MARKED BY A USFS ALUMINUM CAP;

THENCE S. 89° 18' 42" E., 1317.10 FEET ALONG THE NORTH BOUNDARY OF THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 10, TO THE NORTHEAST CORNER OF THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 10, MARKED BY A USFS ALUMINUM CAP;

THENCE N. 00° 24' 25" E., 1319.89 FEET ALONG THE WEST BOUNDARY OF THE NORTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 10, TO THE NORTHWEST CORNER OF THE NORTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 10, MARKED BY A USFS ALUMINUM CAP;

THENCE N. 00° 23' 32" E. 1319.45 FEET ALONG THE WEST BOUNDARY OF THE SOUTHEAST QUARTER OF THE NORTHWEST QUARTER OF SECTION 10, TO THE NORTHWEST CORNER OF THE SOUTHEAST QUARTER OF THE NORTHWEST QUARTER OF SECTION 10, MARKED BY A USFS ALUMINUM CAP;

THENCE N. 00° 23' 50" E., 1319.43 FEET ALONG THE WEST BOUNDARY OF THE NORTHEAST QUARTER OF THE NORTHWEST QUARTER OF SECTION 10, TO THE NORTHWEST CORNER OF THE NORTHEAST QUARTER OF THE

NORTHWEST QUARTER OF SECTION 10, MARKED BY THE USFS ALUMINUM CAP;

THENCE S. $89^{\circ} 23' 31''$ E., 1316.77 FEET ALONG THE NORTH BOUNDARY OF SECTION 10, TO THE NORTH QUARTER CORNER OF SECTION 10, MARKED BY A GLO BRASS CAP;

THENCE S. $89^{\circ} 20' 52''$ E. 2637.77 FEET ALONG THE NORTH BOUNDARY OF SECTION 10, TO THE NORTHEAST CORNER OF SECTION 10, MARKED BY A GLO BRASS CAP;

THENCE S. $00^{\circ} 29' 56''$ W., 2638.69 FEET ALONG THE EAST BOUNDARY OF SECTION 10, TO THE EAST QUARTER CORNER OF SECTION 10, MARKED BY A GLO BRASS CAP;

THENCE S. $00^{\circ} 30' 41''$ W., 1319.70 FEET ALONG THE EAST BOUNDARY OF SECTION 10, TO THE NORTHEAST CORNER OF THE SOUTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 10, MARKED BY A USFS ALUMINUM CAP;

THENCE S. $89^{\circ} 31' 25''$ E., 1319.71 FEET ALONG THE NORTH BOUNDARY OF THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 11, TO THE NORTHEAST CORNER OF THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 11, MARKED BY A $5/8''$ REBAR BY PLS 7048;

THENCE S. $00^{\circ} 27' 58''$ W., 1322.46 FEET ALONG THE EAST BOUNDARY OF THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 11, TO THE SOUTHEAST CORNER OF THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 11, MARKED BY A $5/8''$ REBAR BY PLS 7048;

THENCE N. $89^{\circ} 23' 41''$ W., 1320.30 FEET ALONG THE SOUTH BOUNDARY OF THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 11, TO THE SOUTHWEST CORNER OF SECTION 11, MARKED BY THE GLO BRASS CAP;

THENCE N. $89^{\circ} 26' 03''$ W. 779.10 FEET ALONG THE SOUTH BOUNDARY OF SECTION 10, TO ITS INTERSECTION WITH AN ARC WITH A RADIUS 150 FEET LONGER THAN THAT SCRIBED BY THE OUTSIDE WHEEL TRACT OF AN EXISTING CENTER PIVOT MARKED BY A $5/8''$ REBAR BY PLS 7048;

THENCE 3854.40 FEET ALONG A NON-TANGENTIAL CURVE TO THE LEFT WITH A RADIUS OF 2197.63 FEET, A CENTRAL ANGLE OF $100^{\circ} 29' 26''$, A TANGENT OF 2641.92 FEET AND A CHORD OF 3379.03 FEET THAT BEARS S. $67^{\circ} 39' 39''$ W., BEING AN ARC WITH A RADIUS OF 150 FEET LONGER THAN THAT SCRIBED BY

THE OUTSIDE TRACT OF AN EXISTING CENTER PIVOT, TO A 5/8" REBAR BY
PLS 7048;

THENCE N. 89° 20' 23" W., 1374.75 FEET ALONG THE SOUTH BOUNDARY OF THE
NORTH HALF OF THE NORTHWEST QUARTER OF SECTION 15 TO A 5/8" REBAR
BY PLS 7048;

THENCE N. 00° 41' 07" E., 1321.05 FEET ALONG THE WEST BOUNDARY OF
SECTION 15, TO THE TRUE POINT OF BEGINNING.

BASIS OF BEARINGS OF THIS DESCRIPTION IS IDAHO STATE PLANE
COORDINATE SYSTEM, NAD83 (1992), CENTRAL ZONE, AT GRID, US SURVEY
FEET.

THE DESCRIBED PARCEL IS SUBJECT TO A 132 FOOT WIDE RIGHT-OF-WAY
EASEMENT FOR STATE HIGHWAY NO. 75 TO BENEFIT ITD, THE SNRA AND THE
PUBLIC TRANSPORTATION AND UTILITY CORRIDOR AND A 66 FOOT WIDE
RIGHT-OF-WAY EASEMENT FOR ALTURAS LAKE ROAD TO BENEFIT THE
SNRA AND THE PUBLIC AS A TRANSPORTATION AND UTILITY COORIDOR.p

**ARTICLES OF ORGANIZATION
LIMITED LIABILITY COMPANY**

(Instructions on back of application)

FILED EFFECTIVE
ON MAY -8 PM 12:11
SECRETARY OF STATE
STATE OF IDAHO

1. The name of the limited liability company is: **SUNLEY CREEK RANCH, LLC**
2. The address of the initial registered office is: **3024 Warm Springs Road, Ketchum, Idaho 83340**

and the name of the initial registered agent at that address is: **Wesley A. Wills**

3. The mailing address for future correspondence: **P.O. Box 7133, Ketchum, Idaho 83340**

4. Management of the limited liability company will be vested in:

Manager(s) ☐ or Member(s) ☒ (please check the appropriate box)

5. If management is vested in one or more managers, list the name(s) and address(es) of at least one initial manager. If management is vested in the members, list the name(s) and address(es) of at least one initial member.

Name:

Address:

Wesley A. Wills

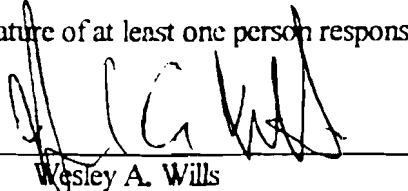
**P.O. Box 7133
Ketchum, ID 83340**

Wildlands, LLC

**P.O. Box 7133
Ketchum, ID 83340**

6. Signature of at least one person responsible for forming the limited liability company:

Signature


Wesley A. Wills

Capacity: Member

IDAHO SECRETARY OF STATE
05/08/2003 05:00
CK: 3198 CT: 169851 BH: 679452
1 @ 100.00 = 100.00 ORGAN LLC # 2

W 24106

07/26/2007 05:19 2087266 3

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Jul 26 07 04:58p Wills

07/24/2007 23:29 2087268376

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T-24-07: 2:20PM SUN VALLEY ASSOCIATES

2086229567

17 7

Real Estate Purchase And Sale Agreement

RE

Buyer: Ketchum-Long Island L.L.C.

Seller: Wes Wills

Property Address: The Alturas Ranch aka Alturas Springs Ranch

Legal Description: See Record of Survey attached hereto

City:

County: Custer

State: Idaho

Buyer hereby offers to purchase the above described Property on the following terms and conditions:

Terms: The purchase price is payable as follows:

\$ 3,500,000.00 Cash, cashier's check, loan proceeds, or certified funds at closing, including Earnest Money
 \$ Seller Financing - See Financing Contingency "Seller Financing Terms"
 \$ Other - See Financing Contingency "Other Financing Terms"

\$ 3,500,000.00 Total Purchase Price - Not including closing cost

Earnest Money \$ 50,000.00 Fifty Thousand and no/100 Dollars

Evidenced By:

To be Held By:

Other Remarks:

☒ Personal Check☐ Listing Broker

Earnest Money to be deposited within 3 business days of acceptance.

☐ Cashier's Check☒ Selling Broker☐ Promissory Note☐ Title Company

Earnest Money to be deposited in a trust account upon written acceptance of this Agreement by all parties.

Offer Expires On: Date 07/27/2007

Time: 12:00 noon

Closing Date: 90 days from the date of acceptance

Possession Date: ☒ On closing date OR ☐ Other.

Responsible Closing Broker / Office: James K. FiggerSun Valley Associates

Responsible Closing Agency / Title Co: Blaine County Title

New Construction or Recent Improvements:

Yes ☐ No ☒

If "YES", see Standard Terms, paragraph 6, of this Agreement.

Inspection Contingency

Yes ☐ No ☒

- 1) This offer is contingent upon Buyer's acceptance of the condition of the Property, subject to paragraph 7, below. If Buyer does not object to the condition of the Property in writing on or before _____ ("inspection contingency period"), pursuant to paragraph 8, below, this inspection contingency shall be deemed released.
- 2) Buyer shall have the right to, and is strongly advised to, conduct inspections, tests, surveys and other studies ("inspections") at Buyer's sole cost to confirm all information provided to Buyer, and to thoroughly inspect the Property.
- 3) Square footage verification: Buyer is aware that any reference to the square footage of the Property or its improvements is approximate. Alternative methods of measurement and calculation may vary significantly. If square footage is material to the Buyer, Buyer must verify same during the inspection period.
- 4) Water Rights verification: It is strongly advised that the Buyer contract a knowledgeable attorney of the Buyer's choice, experienced in water law, to advise the Buyer of the validity, quality, and quantity of any water right acquired with real estate described in this Agreement. Buyer must verify same during the inspection period.
- 5) Buyer to select own professionals with appropriate qualifications to conduct all inspections and verifications.
- 6) Seller shall provide reasonable access for such inspections; Buyer shall indemnify Seller and hold Seller harmless from all injury, loss or liability regarding such inspections.

Inspection Contingency - Continued

Document is SVA-306

Buyer's Initials

Date 7/26/07

Seller's Initials

Date 7/26/07

Date of Document: 07/24/2007

Buyer's Initials

Date 7/26/07

Seller's Initials

Date 7/26/07

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Real Estate Purchase And Sale Agreement is BR Form 9201 Standard Board of Realtors

Version 2.2 10/2005