

Should questions arise during the processing of this application please contact:
Steven Hannula ERO Resources Corp. (208) 373-7983

RECEIVED

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES
APPLICATION FOR TRANSFER OF WATER RIGHT
PART 1

JUL 11 2005
WATER RESOURCES
WESTERN REGION

Name of applicant Jason and/or Marci Blandford

Phone (208) 459-1870

Post Office address 25513 Wagner Rd., Caldwell, ID 83607

A. Purpose of Transfer

1. ☒ Change point of diversion ☐ Add diversion point(s) ☒ Change place of use
☐ Change nature of use ☐ Change period of use ☐ Other _____
2. Describe the reason for the proposed changes Change place of use and point of diversion to irrigate 1 acre within applicant's property in response to the sale of a portion of the water right to the applicant.

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

1. Right Number	Priority	Amount (cfs/ac-ft)	Nature of Use	Period of Use
<u>63-7194</u>	<u>2-7-1969</u>	<u>0.02 / 4.5</u>	<u>Irrigation</u>	<u>4-1 to 11-1</u>
_____	_____	_____	_____	_____ to _____
_____	_____	_____	_____	_____ to _____
_____	_____	_____	_____	_____ to _____

2. Total amount of water being transferred 0.02 cubic feet per second and/or 4.5 acre-feet per annum.

3. Source of water Ground water tributary to N/A

4. Point(s) of Diversion:

Lot	1/4	1/4	1/4	Sec.	Twp.	Rge.	County	Local name for diversion
		SE	NE	30	5N	3W	CANYON	

5. Lands irrigated or place of use:

Twp.	Rge.	Sec.	NE 1/4				NW 1/4				SW 1/4				SE 1/4				Totals
			NE 1/4	NW 1/4	SW 1/4	SE 1/4	NE 1/4	NW 1/4	SW 1/4	SE 1/4	NE 1/4	NW 1/4	SW 1/4	SE 1/4	NE 1/4	NW 1/4	SW 1/4	SE 1/4	
5N	3W	30				1													1

Total acres 1

PART 1

6. General Information:

- a. Description of diversion system Existing well, pipelines, sprinkler system.
- b. Are the lands from which you propose to transfer the water right subject to any liens, deeds of trust, mortgages, or contracts? Yes X No. If yes, provide a notarized statement from the holder of the lien, deed of trust, mortgage or contract agreeing to the proposed changes.
- c. Describe the affect on the land now irrigated if the place of use is changed pursuant to this transfer: A portion of the current POU is being retired by the SELLER of the water right.
- d. Remarks: Applicant purchased 1-acre of irrigation right from Water right owner (Mellin). No other water right is appurtenant to the property. The applicant's property is within the Black Canyon Irrigation District, but no shares are available for this property.

ACTION OF THE DIRECTOR, DEPARTMENT OF WATER RESOURCES

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

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

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES
APPLICATION FOR TRANSFER OF WATER RIGHT
PART 2
(Attach one copy for each right)

A. DESCRIPTION OF RIGHT AS RECORDED

1. Right evidenced by:

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

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

☐ Tax Notice ☐ Warranty Deed ☐ Other _____

3. Source of water _____ tributary to _____

4. Date of priority _____

5. Water is used for the following purpose:

Amount _____ for _____

(cfs/ac-ft)

Amount _____ for _____

(cfs/ac-ft)

Amount _____ for _____ purposes from _____ to _____

(cfs/ac-ft)

SEE ATTACHED COPY OF LICENSE.

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

7. Point(s) of Diversion:

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

8. Lands irrigated or place of use:

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

Total acres _____

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

PART 2

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

B. DESCRIPTION OF PORTION OF RIGHT BEING TRANSFERRED

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

1. Amount 0.02 / 4.5 afa for Irrigation purposes from 4-1 to 11-1

(cfs/ac-ft)

Amount _____ for _____ purposes from _____ to _____

(cfs/ac-ft)

Amount _____ for _____ purposes from _____ to _____

(cfs/ac-ft)

2. Points of Diversion:

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

3. Lands irrigated or place of use:

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

Total acres 1

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

1. Amount 2.36 / 637.5 for Irrigation purposes from 3-15 to 11-15

(cfs/ac-ft)

Amount _____ for _____ purposes from _____ to _____

(cfs/ac-ft)

Amount _____ for _____ purposes from _____ to _____

(cfs/ac-ft)

2. Points of Diversion:

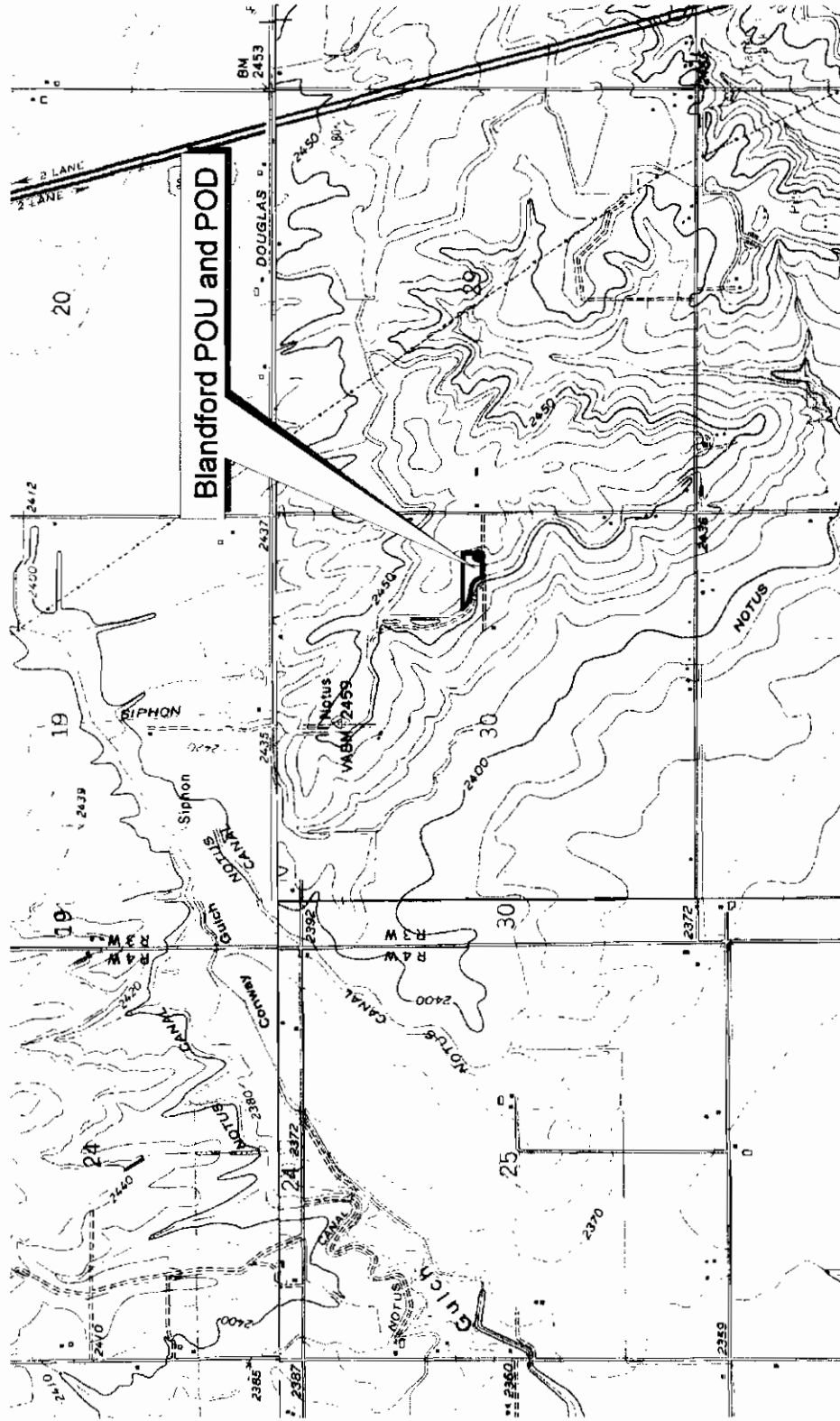
Lot	¼	¼	¼	Sec.	Twp.	Rge.	County	Local name for diversion
		SW	NE	21	1N	1W	ADA	

3. Lands irrigated or place of use:

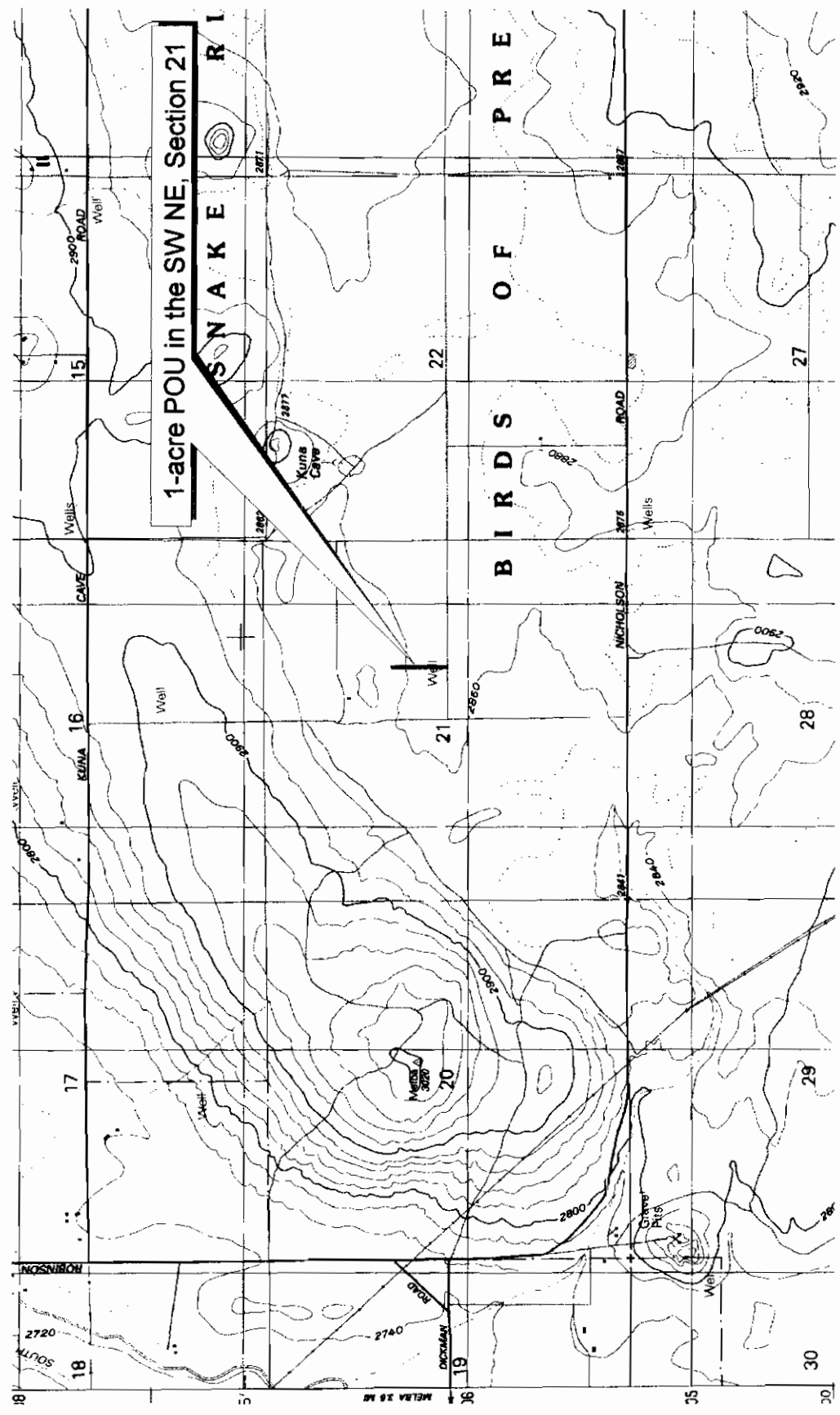
Twp.	Rge.	Sec.	NE ¼				NW ¼				SW ¼				SE ¼				Totals
			NE ¼	NW ¼	SW ¼	SE ¼	NE ¼	NW ¼	SW ¼	SE ¼	NE ¼	NW ¼	SW ¼	SE ¼	NE ¼	NW ¼	SW ¼	SE ¼	
1N	1W	21	38	31.5	32	40													141.5

Total acres 141.5

**Blandford POU & POD in
T5N, R3W Section 30**



Mellin POU for the 1-acre of water right sold to Blandford (T1N, R1W)



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

1. New Nature of Use Amount (cfs/ac-ft) Hours/days/year Period of Use
 _____ _____ _____ _____ to _____
 _____ _____ _____ _____ to _____
2. Quantity and quality of return flows and location of discharge: _____
3. Describe effects on other water uses resulting from the proposed change: _____

I hereby assert that no one will be injured by such change and that the change does not constitute an enlargement in use of the original right. The information contained in this application is true to the best of my knowledge. I understand that any willful misrepresentations made in this application may result in voiding its approval.



Marci Blandford

(Signature of Applicant)

Subscribed and sworn before me this 11th day of July, 20 05.

Staci Welsh

(Notary Public)

My commission expires 2/3/2011

FOR DEPARTMENT USE ONLY

Transfer contains 3 pages and 3 (A-C) attachments
 Received by Jed Date 7-11-05 Protest filed by _____
 Prelim. check by CBC Fee \$225.00 (\$100 APP FEE + \$125.00 WELL UPGRADE)
 Receipted by JH Date 7-11-05 W033160
 Published in _____ Copies of protest forwarded by _____
 Pub. Dates _____ Hearing held by _____ Date _____
 Watermaster recommendation requested on _____ Recommended for ☐ approval ☐ denial
 _____ rec'd. _____ by _____
 Copy of transfer sent to lien holder _____

Close

IDAHO DEPARTMENT OF WATER RESOURCES
Adjudication Recommended Right Report

06/10/2005

WATER RIGHT NO. 63-7194

Owner Type	Name and Address
Current Owner	MELLIN PROPERTIES LIMITED PARTNERSHIP 4500 N TUMBLWEED BOISE, ID 83713 (208)322-7500
Original Owner	RALPH MELLIN 4500 N TUMBLEWEED BOISE, ID 83713-2500 (208)322-7500
Original Owner	MARION SCHMELZEL RT 1 NEW PLYMOUTH, ID 83655

Priority Date: 02/07/1969

Basis: License

Status: Active

Source	Tributary
GROUND WATER	

Beneficial Use	From	To	Diversion Rate	Volume
IRRIGATION	4/01	11/01	2.38 CFS	642 AFA
Total Diversion			2.38 CFS	

Location of Point(s) of Diversion:

ATTACHMENT A

GROUND WATER	SWNE	Sec. 21	Township 01N	Range 01W	ADA County
--------------	------	---------	--------------	-----------	------------

Place(s) of use:

Place of Use Legal Description: IRRIGATION ADA County

Township	Range	Section	Lot	Tract	Acres	Lot	Tract	Acres	Lot	Tract	Acres	Lot	Tract	Acres
01N	01W	21		NENE	38		NWNE	31.5		SWNE	33		SENE	40

Total Acres: 142.5

Conditions of Approval:

1.	C18	This partial decree is subject to such general provisions necessary for the definition of the rights or for the efficient administration of the water rights as may be ultimately determined by the Court at a point in time no later than the entry of a final unified decree. Section 42-1412(6), Idaho Code.
2.	S39	THE USE OF WATER FOR IRRIGATION UNDER THIS RIGHT MAY BEGIN AS EARLY AS MARCH 1 AND MAY CONTINUE TO AS LATE AS NOVEMBER 15, PROVIDED OTHER ELEMENTS OF THE RIGHT ARE NOT EXCEEDED. THE USE OF WATER BEFORE APRIL 1 AND AFTER NOVEMBER 1 UNDER THIS REMARK IS SUBORDINATE TO ALL WATER RIGHTS HAVING NO SUBORDINATED EARLY OR LATE IRRIGATION USE AND A PRIORITY DATE EARLIER THAN THE DATE A PARTIAL DECREE IS ENTERED FOR THIS RIGHT.

Dates:

Other Information:

State or Federal: S

Owner Name Connector:

Water District Number:

Generic Max Rate per Acre:

Generic Max Volume per Acre:

Swan Falls Trust or Nontrust:

Swan Falls Dismissed:

DLE Act Number:

Cary Act Number:

Mitigation Plan: False

Close

INSTRUMENT NO. 200326032/200342572

13
111B

PC50013

WARRANTY DEED

(CORPORATE FORM)

First Union National Bank, as Trustee of the Amortizing Residential Collateral Trust Series 200-BC3 with out recourse, a corporation organized and existing under the laws of the State of Idaho, with its principal office at _____ of County of ORANGE, State of CA grantor, hereby CONVEYS or GRANTS and WARRANTS TO Jason D. Blandford and Marci L. Blandford, husband and wife grantees, whose address is 25513 Wagner Rd, Caldwell ID 83607

for the sum of TEN AND NO/100 DOLLARS the following described tract(s) of land in Canyon County, State of Idaho:

See attached Exhibit "A", which by this reference is made a part hereof and is comprised of one (1) page.

Location of above described property is 25513 Wagner Rd, Caldwell, ID 83607

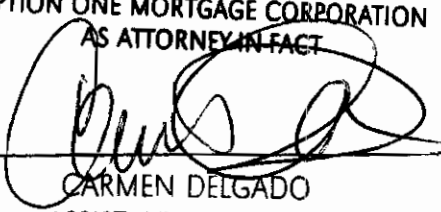
The officers who sign this Deed hereby certify that this Deed and the transfer represented thereby was duly authorized under a resolution duly adopted by the board of directors of the grantor at a lawful meeting duly held and attended by a quorum.

In witness whereof, the grantor has caused its corporate name and seal to be hereunto affixed by its duly authorized officers this 10 day of April, A.D. 2003.

OPTION ONE MORTGAGE CORPORATION
AS ATTORNEY IN FACT

Option One

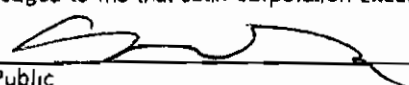
By


CARMEN DELGADO
ASSISTANT SECRETARY

STATE OF CALIFORNIA

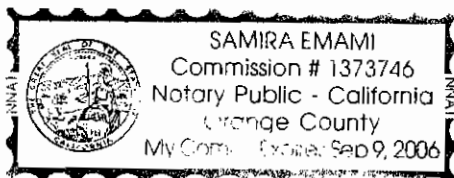
COUNTY OF ORANGE

On this 10 day of APRIL, the year 2003, before me a Notary Public, personally appeared CARMEN DELGADO known or identified to me to be the of the 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.


Notary Public _____

Residing at _____

My commission expires _____



2003 APR 30 PM 4 59
G NOEL HALES
CANYON CNTY RECORDER
Ap.

RECORDED

200326032

REQUEST PIONEER - CALDWELL
TYPE Deed FEE 9.00

ATTACHMENT B

PC 50013

Exhibit "A"

PARCEL I

A parcel located in the Southeast Quarter of the Northeast Quarter of Section 30, Township 5 North, Range 3 West, Boise Meridian, Canyon County, Idaho, more particularly described as follows:

BEGINNING at a brass cap monument marking the Southwesterly corner of said Southeast Quarter of the Northeast Quarter (CE 1/16 corner), from which a brass cap monument marking the Southeasterly corner of said Southeast Quarter of the Northeast Quarter (One-Quarter corner) bears

South 89° 45' 40" East a distance of 1,320.61 feet; thence

North 0° 03' 41" West along the Westerly boundary of said Southeast Quarter of the Northeast Quarter a distance of 233.71 feet to a 5/8-inch diameter iron pin; thence leaving said Westerly boundary

South 89° 45' 40" East a distance of 113.53 feet to a point on the centerline of an irrigation ditch; thence along said irrigation ditch centerline the following described courses: thence a distance of 138.54 feet along the arc of a 180.00 foot radius curve left, said curve having a central angle of 44° 05' 55" and along chord bearing South 53° 56' 21" East a distance of 135.15 feet to a point; thence

South 75° 59' 18" East a distance of 224.44 feet to a point; thence a distance of 123.08 feet along the arc of a 90.00 foot radius curve right, said curve having a central angle of 78° 21' 07" and a long chord bearing South 36° 48' 45" East a distance of 113.71 feet to a point; thence

South 2° 21' 49" West a distance of 10.44 feet to a point on the Southerly boundary of said Southeast Quarter of the Northeast Quarter; thence leaving said irrigation ditch centerline

North 89° 45' 40" West along said Southerly boundary a distance of 507.99 feet to the POINT OF BEGINNING.

PARCEL II

An easement for ingress-egress and utility purposes located in the Southeast Quarter of the Northeast Quarter of Section 30, Township 5 North, Range 3 West, Boise Meridian, Canyon County, Idaho, more particularly described as follows:

BEGINNING at a brass cap monument marking the Southeasterly corner of said Southeast Quarter of the Northeast Quarter (One-Quarter corner), from which a brass cap monument marking the Southwesterly corner of said Southeast Quarter of the Northeast Quarter (CE 1/16 corner) bears

North 89° 45' 40" West a distance of 1,320.61 feet; thence

(continued)

North 89° 45' 40" West along the Southerly boundary of said Southeast Quarter of the Northeast Quarter a distance of 1,320.61 feet to a brass cap monument; thence leaving said Southerly boundary

North 0° 03' 41" West along the Westerly boundary of said Southeast Quarter of the Northeast Quarter a distance of 30.00 feet to a point; thence leaving said Westerly boundary

South 89° 45' 40" East a distance of 1,320.64 feet to a P.K. nail and brass washer on the Easterly boundary of said Southeast Quarter of the Northeast Quarter; thence

South 0° 00' 25" East a distance of 30.00 feet to the POINT OF BEGINNING.

The above described easement is also hereby Granted to and conveyed to and shall benefit and inure to all of Grantee's adjoining parcels to the above conveyed parcel and easement.

Exhibit "A"

PARCEL I

A parcel located in the Southeast Quarter of the Northeast Quarter of Section 30, Township 5 North, Range 3 West, Boise Meridian, Canyon County, Idaho, more particularly described as follows:

COMMENCING at a brass cap monument marking the Southeasterly corner of said Southeast Quarter of the Northeast Quarter (One-Quarter corner), from which a brass cap monument marking the Southwesterly corner of said Southeast Quarter of the Northeast Quarter (CE 1/16 corner) bears

North 89° 45' 40" West a distance of 1,320.61 feet; thence

North 89° 45' 40" West along the Southerly boundary of said Southeast Quarter of the Northeast Quarter a distance of 513.29 feet to a 5/8-inch diameter iron pin and the POINT OF BEGINNING; thence continuing

North 89° 45' 40" West a distance of 299.32 feet to a point on the centerline of an irrigation ditch; thence along said irrigation ditch centerline the following described courses; thence leaving said Southerly boundary

North 2° 21' 49" East a distance of 10.44 feet to a point; thence a distance of 123.08 feet along the arc of a 90.00-foot radius curve left, said curve having central angel of 78° 21' 07" and a long chord bearing

North 36° 48' 45" West a distance of 113.71 feet to a point; thence

North 75° 59' 18' West a distance of 224.44 feet to a point; thence a distance of 138.54 feet along the arc of a 180.00-foot radius curve right, said curve having a central angle of 44° 05' 55" and a long chord bearing

North 53° 56' 21" West a distance of 135.15 feet to a point; thence leaving said irrigation ditch centerline

South 89° 45' 40" East a distance of 694.01 feet to a 5/8-inch diameter iron pin; thence

South 0° 00' 25' East a distance of 233.71 feet to the POINT OF BEGINNING.

PARCEL II

An easement for ingress-egress and utility purposes located in the Southeast Quarter of the Northeast Quarter of Section 30, Township 5 North, Range 3 West, Boise Meridian, Canyon County, Idaho, more particularly described as follows:

The Easterly 513.29 feet of the following described parcel:

(continued)

BEGINNING at a brass cap monument marking the Southeasterly corner of said Southeast Quarter of the Northeast Quarter (One-Quarter corner), from which a brass cap monument marking the Southwesterly corner of said Southeast Quarter of the Northeast Quarter (CE 1/16 corner) bears

North 89° 45' 40" West a distance of 1,320.61 feet; thence

North 89° 45' 40" West along the Southerly boundary of said Southeast Quarter of the Northeast Quarter a distance of 1,320.61 feet to a brass cap monument; thence leaving said Southerly boundary

North 0° 03' 41" West along the Westerly boundary of said Southeast Quarter of the Northeast Quarter a distance of 30.00 feet to a point; thence leaving said Westerly boundary

South 89° 45' 40' East a distance of 1,320.64 feet to a P.K. nail and brass washer on the Easterly boundary of said Southeast Quarter of the Northeast Quarter; thence

South 0° 00' 25" East a distance of 30.00 feet to the POINT OF BEGINNING.

200362572

RECORDED

2003 OCT 7 PM 4 27

G NOEL HALES

CANYON CNTY RECORDER

BY

Handwritten signature

DEQUEST PIONEER - CALDWELL

TYPE *Handwritten* FEE *15.00*

CONTRACT FOR SALE OF A WATER RIGHT

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

RECITALS

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

B. Seller desires to sell and Buyer desires to buy a portion of the Water Right that is appurtenant to 1.0 acre of the irrigated lands within the Water Right's authorized place of use, identified by Seller pursuant to Section 1.1 below.

COVENANTS

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

1. Property Purchased. Seller hereby agrees to sell to Buyer, and Buyer agrees to buy from Seller, on the terms and conditions herein specified, a portion of Water Right #63-7194 appurtenant to 1.0 acre within the Water Right's authorized place of use described as follows (hereinafter referred to as the "Purchased Right"):

<u>Quantity:</u>	<u>Acres / Place of Use:</u>
(0.02 cfs / 4.5 afa)	1.0 acre (SENE, Section 30, Township 5 North, Range 3 West, Ada County, Idaho)

2. Property Retained. Seller expressly reserves and retains, and is not conveying any part of the remaining portion of Water Right #63-7194 that will remain appurtenant to the 141.5 acres within the Water Right's authorized place of use owned by Seller, described as follows:

<u>Quantity:</u>	<u>Acres / Place of Use:</u>
(2.36 cfs / 619.5 afa)	141.5 acres (NENE, NWNE, SWNE, SENE, Section 21, Township 1 North, Range 1 West, Ada County, Idaho)

3. Purchase Price. The Purchase Price for the relevant portion of Water Right #63-7194 identified above (.02 cfs / 4.5 afa / 1.0 acre) shall be _____ payable as follows:

a. Down Payment. The sum of _____ which equals 20% of the purchase price, shall be paid down upon execution of this Agreement in current, certified funds, receipt of which is hereby acknowledged. This down payment shall be credited against the purchase price at Closing. Seller shall refund the money to Buyer in the event the Idaho Department of Water Resources (IDWR) denies the transfer contemplated in Section 5. The Parties acknowledge that the down payment may be deposited directly with an escrow agent or a qualified Section 1031 Exchange Intermediary.

b. Balance of Purchase Price. _____ being the Purchase Price less the down payment, shall be due and payable to Seller at Closing.

c. Agreement Costs. In addition to the Purchase Price listed above, Buyer also agrees to pay Seller the sum of two hundred and fifty dollars (\$250.00) for the costs, expenses, and fees incurred by Seller in the preparation of this Agreement.

4. Closing.

a. Closing Date. Within thirty (30) days of IDWR's final approval of the transfer application, the Parties shall conclude and finalize the purchase and sale of the Purchased Right ("Closing"). The Closing shall take place at the office of Barker Rosholt & Simpson LLP, located at 205 North 10th St., Boise, Idaho, or at such other escrow agent designated by Buyer in writing ("Closing Agent") on a date mutually convenient for Buyer and Seller. Buyer and Seller shall work expeditiously to conclude the Closing.

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

c. Actions of Closing Agent. The Closing Agent shall close the transaction as soon as it has received all instruments, documents and monies necessary to complete the purchase and sale of the Purchased Right in accordance with this Agreement, including receipt of a final transfer approval by IDWR. Upon Closing, the Closing Agent shall

record the Water Right Grant Deed, disburse the funds owing to Seller, and provide all instruments and documents to the Party entitled thereto.

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

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

5. Transfer of Purchased Right.

a. Application to IDWR. It is understood and agreed, by and between the Parties, that Buyer intends to immediately file an application for transfer with IDWR. The Buyer shall have the right to file an application for transfer of the Purchased Right with IDWR. The application for transfer may entail a change to the place of use, nature of use, time of use, and point and means of diversion as Buyer determines; in the alternative, it may entail an application for a new water right permit in which the retirement or other approved use of the Purchased Right will be used for mitigation, or a similar purpose.

b. Cooperation with Transfer Efforts. Seller hereby grants to Buyer permission to make said transfer and agrees to sign any documentation to that effect required by IDWR, pertaining to said transfer. At Buyer's request, Seller shall cooperate with Buyer in Buyer's pursuit of any such transfer, and shall provide Buyer with any information that

Seller has concerning the Water Right that Buyer may reasonably request in pursuit of the transfer. All matters pertaining to said transfer, including preparation of the application and all costs associated with the transfer proceeding, shall be the responsibility of Buyer. Buyer shall reimburse Seller up to five hundred dollars (\$500.00) for any attorney or consultant fees Seller incurs as a result of responding to such requests; however, Seller shall be entitled to receive such reimbursement only if Seller provides written demand for it within thirty (30) days after such expenses are billed to Seller from such attorney or consultant. Buyer shall pay such fees within thirty (30) days after receiving a timely demand.

c. IDWR Approval or Denial of Transfer. Buyer shall request IDWR provide a notice of preliminary approval of the transfer to Buyer and Seller. Lacking any protests, the transfer should become effective fourteen (14) days after IDWR's final approval. If IDWR's preliminary approval notice should reduce the quantity of the said water right it would allow to be transferred, and Buyer should accept said reduction, and continue with the transfer, then the Purchase Price shall be reduced at a rate equal to the amount of acres or portions thereof reduced by the transfer, pro rata at an amount of \$10,000 per acre. If IDWR's preliminary approval notice indicates IDWR will deny said transfer, for any reason, the Parties shall not be obligated to close the sale pursuant to Section 4 of this Agreement and Seller shall refund the down payment to the buyer as provided by Section 3.a.

d. Failure to Close After IDWR Final Approval. If Buyer fails to close the sale for any reason within thirty (30) days of IDWR's final approval of the transfer application, Buyer hereby authorizes Seller to request IDWR to rescind the transfer. In that event, Buyer also agrees that the transfer is null and void. Buyer further agrees that Seller's presentation of a duly signed and executed copy of this Agreement to IDWR, along with Buyer's failure to present an executed Water Right Grant Deed from Seller, shall constitute irrefutable evidence of Buyer's failure to close.

6. Protection of Purchased Right / 2005 Irrigation Season and Thereafter. Until final approval of the transfer by IDWR, Seller is authorized to continue to use the Purchased Right on the Water Right's authorized place of use for irrigation purposes during the 2005 irrigation season or any time thereafter. However, should IDWR finally approve the transfer during the 2005 irrigation season or at any time thereafter, Seller shall immediately comply with all conditions of the transfer approval, including ceasing to divert the Purchased Right.

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

a. Authority. Seller owns the Purchased Right in fee simple. Seller has the full legal right, power and authority to enter into and perform this Agreement.

b. Good Title. Seller has good and marketable title to the Purchased Right, and Seller shall remove, or cause to be removed, all liens, claims, or encumbrances, whether of record or not, upon or affecting the Purchased Right on or before closing.

c. Appurtenance. The Purchased Right is appurtenant to and has been beneficially used as the sole water source to irrigate the authorized place of use on Seller's property.

d. Not Forfeited. To the best of Seller's knowledge, the Purchased Right has not been forfeited or abandoned in whole or in part, has been placed to continual beneficial use on the Seller's property, and has never been subject to a continuous five-year period of non-use except as such non-use may have occurred while the Purchased Right was in an appropriate water bank, claimed in the Snake River Basin Adjudication, or the appurtenant place of use was enrolled in a government annual grain base or long-term crop land set-aside program, or such non-use may have occurred by reason of any other applicable defense set forth in Idaho Code § 42-223 that protected the Purchased Right from forfeiture.

e. Snake River Basin Adjudication Status. The Seller filed a water right claim for the Purchased Right in the Snake River Basin Adjudication (SRBA), but makes no representations or warranties regarding the outcome of that proceeding as it might affect the Purchased Right. A review of IDWR's electronic records presently reveals that IDWR will recommend to the SRBA District Court that the Water Right should be decreed as claimed by Seller. See Exhibit C. IDWR's formal recommendation of the Water Right, however, may change when it is ultimately forwarded to the Court.

f. Broker. Seller has not engaged or dealt with any broker or finder in connection with the sale of the Purchased Right.

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

8. Buyer's Representations and Warranties. Buyer hereby represents and warrants to Seller that Buyer has the legal power, right and authority to enter into this Agreement and to perform Buyer's obligations hereunder and has not engaged any broker or finder in connection with the purchase of the Purchased Right.

9. Termination / Remedies

a. IDWR's Failure to Approve Transfer. In the event IDWR does not approve Buyer's transfer application within eighteen (18) months from the effective date of this Agreement as defined in Section 17, for whatever reason, Buyer shall have the right to close on the sale of the Purchased Right as set forth in Section 4, within ten (10) days from that date (eighteen months after effective date). If Buyer elects not to close on the

sale of the Purchased Right within ten (10) days, Seller shall have the right to immediately terminate the Agreement and retain the down payment identified in Section 3.a. Seller shall provide notice to Buyer of the intent to terminate.

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

c. Buyer's Remedy on Default. If Seller breaches this Agreement, Buyer's remedy for Seller's default, other than any default resulting from IDWR's reduction or rejection of the transfer application, shall be limited to: 1) ten percent (10%) of the total Purchase Price which equals _____ 2) plus the return of the down payment _____ identified in Section 3.a.

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

e. Seller's Remedy on Default. If Buyer breaches this Agreement, Seller's remedy for Buyer's default, other than any default resulting from IDWR's reduction or rejection of the transfer application, shall be limited to: 1) the right to request IDWR to rescind the transfer; 2) plus the retention of the down payment _____ identified in Section 3.a.

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

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

Seller

Ralph Mellin
c/o Mellin Properties L.P.
4500 North Tumbleweed
Boise, Idaho 83713
Telephone: (208) 322-7500

Buyer

Jason and/or Marci Blandford
25513 Wagner Road
Caldwell, ID 83607
Telephone: (208) 459-1870

Seller's Attorney

Travis L. Thompson
Barker Rosholt & Simpson LLP
113 Main Ave. West, Ste. 303

Buyer's Representative

Steve Hannula
ERO Resources
3314 Grace St.

Twin Falls, Idaho 83301-6167
Telephone: (208) 733-0700
Facsimile: (208) 735-2444

Boise, Idaho 83703
Telephone: (208) 373-7983
Facsimile:

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

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

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

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

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

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

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

DATED this 27 day of July, 2005

SELLER:

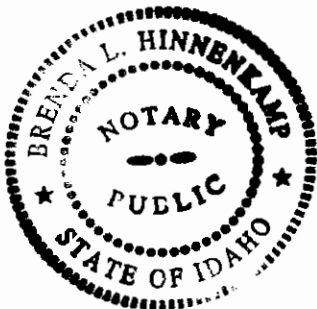
Mellin Properties Limited Partnership

Ralph Mellin
Ralph Mellin, General Partner

STATE OF IDAHO)
County of Ada) ss.

On this 27 day of June, 2005, before me, a Notary Public for said County and State, personally appeared Ralph Mellin, known or identified to me, to be the person whose name is subscribed to the within instrument, and acknowledged to me that he/she 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.



Brenda L. Hinnenkamp
NOTARY PUBLIC FOR IDAHO
Residing at: Boise, Idaho
My commission expires: 9/2008

DATED this _____ day of _____, 2005

BUYER:

Marci Blandford
Jason and/or Marci Blandford

STATE OF Idaho)
County of Ada) ss.

On this 17th day of June, 2005, before me, a Notary Public for said County and State, personally appeared Marci Blandford, known or identified to me, to be the person whose name is subscribed to the within instrument, and acknowledged to me that he/she 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.

Robin A. Thorgren
NOTARY PUBLIC FOR Idaho
Residing at: Boise, Idaho
My commission expires: 9/19/2008

