

BROCKWAY
ENGINEERING
P.L.L.C.

Hydraulics

Hydrology

Water Resources

July 6, 2005

Mr. Allen Merritt
Idaho Department of Water Resources
1341 Fillmore Street, Suite 200
Twin Falls, ID 83301

Subject: Transfer Application (Hollifield / Estate of Ed Uhlig / Munsee)

Dear Allen:

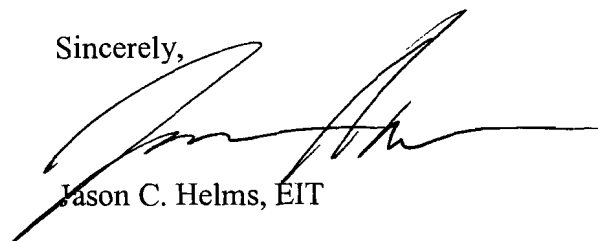
Enclosed are two applications for water right transfer prepared on behalf of Terri Hollifield, and the Estate of Ed Uhlig. These applications seek to separate the water rights and wells between Hollifield, Munsee and the Estate of Ed Uhlig as per the attached agreement.

There is no proposed change in POD, and only a minor change in irrigation (0.72 acres moving approximately ½ mile west from the Munsee parcel to the Estate parcel). The diversion systems will be disconnected, and based on the split worksheet attached, there doesn't appear to be any further need for combined limits between the individual systems.

I have included a check for \$250 for the Hollifield transfer (0.835 cfs) and \$100 (0.04 cfs) for the Estate transfer. I have included a part 1 for the portion remaining under M Four, LLC ownership as a reference.

If you need any additional information, please don't hesitate to ask.

Sincerely,



Jason C. Helms, EIT

Enclosures Application for Transfer (Hollifield)
Application for Transfer (Estate of Ed Uhlig)
Settlement Agreement (Hollifield – Munsee – Uhlig Estate)
Brockway Engineering Check # 5785 for \$350.⁰⁰

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Department of Water Resources
Southern Region

CHARLES E.
BROCKWAY,
Ph.D., P.E.

CHARLES G.
BROCKWAY,
Ph.D., P.E.

2016 NORTH
WASHINGTON
STREET • SUITE 4

TWIN FALLS,
IDAHO 83301

208•736•8543

FAX: 736•8506

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		45-2422				45-2711						
		acres	diversion	volume	C.U.	acres	diversion	volume	C.U.			
before transfer	irrigation	55	0.94 cfs	220.0 afa	106.3 afa	38	0.76	152.0 afa	73.5 afa		179.8 afa	
after transfer 4414	Domestic	10 homes	0.15 cfs	5.6 afa	5.6 afa							
	Commercial		0.04 cfs	2.0 afa	2.0 afa							
	Irrigation	2	0.06 cfs	8.0 afa	3.9 afa							
	Stockwater		0.94 cfs	94.8 afa	94.8 afa		0.76	66.5 afa	66.5 afa		176.9 afa	
SRBA Split												
45-13711	Domestic		0.12 cfs	4.5 afa	4.5 afa							
	Commercial		0.04 cfs	2.0 afa	2.0 afa							
	Irrigation		0.06 cfs	8.0 afa	3.9 afa							
	Stockwater		0.94 cfs	93.7 afa	93.7 afa							
45-13712 Estate	Domestic	2 homes	0.03 cfs	1.1 afa	1.1 afa	This portion was never removed from the authorized diversion associated with 13711 however combined limit of 0.94 cfs is specified in Remarks						
	Commercial											
	Irrigation											
	Stockwater										1.1 afa	0.030 cfs
SPLIT												
HOLLIFIELD	45-13711					45-2711						
	Domestic	1 home	0.015 cfs	0.56 afa	0.56 afa							
	Commercial		0.020 cfs	1.00 afa	1.00 afa							
	Irrigation		0.000 cfs	0.00 afa	0.00 afa							
	Stockwater		0.455 cfs	47.40 afa	47.40 afa		0.38	33.25 afa	33.25 afa		82.2 afa	0.835 cfs
E	45-13711					45-2711						
	Domestic	0	0.000 cfs	0.00 afa	0.00 afa							
	Commercial	0	0.000 cfs	0.00 afa	0.00 afa							
	Irrigation	0.7 Ac.	0.014 cfs	2.88 afa	1.39 afa							
	Stockwater	0	0	0.0 afa	0.0 afa						2.9 afa	0.014 cfs
MUNS	45-13711					45-2711						
	Domestic	7 homes	0.105 cfs	3.92 afa	3.92 afa							
	Commercial		0.020 cfs	1.00 afa	1.00 afa							
	Irrigation	1.28 Ac.	0.046 cfs	5.12 afa	2.47 afa							
	Stockwater		0.441 cfs	47.40 afa	0.00 afa		0.38	33.25 afa	33.25 afa		90.7 afa	0.821 cfs
TOTAL:											176.90 afa	1.700 cfs

FREDERICKSEN, WILLIAMS, MESERVY & LOTH SPEICH, LLP
ATTORNEYS AT LAW
117 SOUTH ADAMS STREET - POST OFFICE BOX 168
JEROME, IDAHO 83338-0168

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TELEPHONE (208) 324-2303

E-MAIL FWMATTYS@CABLEONE.NET

TELECOPIER (208) 324-3135

TELECOPIER COVER SHEET

TO

Jason

FAX NO.

736-8506

DATE

4-13-05

From: ☐ Eugene D. Fredericksen ☒ Robert E. Williams ☐ James C. Meservy ☐ John B. Lothspeich

Matter:

Holtfield / Munsee

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Southern Region

TRANSMITTED:

Settlement Agreement

If you need something else,
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Sorry about the delay.☐ ORIGINAL WILL FOLLOW BY MAIL☒ ORIGINAL WILL NOT FOLLOW BY MAIL

- | | |
|---|---|
| ☐ FOR YOUR INFORMATION | ☐ PURSUANT TO YOUR REQUEST |
| ☐ PURSUANT TO OUR CONVERSATION | ☐ FOR PROCESSING WITH YOUR OFFICE |
| ☐ FOR SUBMISSION TO THE JUDGE | ☐ PLEASE REVIEW; CALL WITH REVISIONS |
| ☐ PLEASE CALL ME TO DISCUSS THIS MATTER | ☐ IMMEDIATE ATTENTION REQUIRED |
| ☐ PLEASE SIGN WHERE INDICATED; RETURN PROMPTLY | |
| ☐ PLEASE HAVE SIGNATURE NOTARIZED | |
| ☐ OTHER: | |

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SETTLEMENT AND RELEASE AGREEMENT

DATED: This 9th day of April, 2004

BETWEEN: TERRY HOLLIFIELD,

(Hereinafter "Hollifield")

AND: PHILLIP MUNSEE and KELLY MUNSEE,

(Hereinafter "Munsee")

Premises:

A. Hollifield and Munsee have been doing business together for approximately ten (10) years. Together they formed Magic Valley Feeders, Inc. (in 1994) and 77 Livestock (1997). These two companies remain active.

B. Hollifield and Munsee also formed a Corporation known as Burley Butte, Feeders, L.L.C. The main asset in this Company (Burley Butte Feedlot) has been sold. Burley Butte, Feeders, L.L.C. is in the final stages of being wound up and dissolved.

C. Hollifield has also leased certain farm land from Phillip Munsee and from Kelly Munsee.

D. The parties have determined that it would be in everyone's best interest if they wound up and terminated their relationships.

E. This Agreement reflects the parties' settlement.

Agreement:

Hollifield and Munsee contract, covenant, and agree as follows:

1. Magic Valley Feeders, Inc.

1.1 Stock Redemption. Munsees will vote in favor of the retirement, by Magic Valley Feeders, Inc., of all of Hollifield's stock in Magic Valley Feeders, Inc. effective January 1, 2004.

1.2 Price. The price of the stock redemption shall be TWO HUNDRED SIXTEEN THOUSAND DOLLARS (\$216,000).

Settlement Agreement - Page 1

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1.3 Terms. The \$216,000 sum shall be paid in cash at Closing.

1.4 Consideration. In return for the \$216,000 redemption payment, Hollifield shall transfer all of his stock in Magic Valley Feeders, Inc. to Magic Valley Feeders, Inc. and shall release Munsee and Magic Valley Feeders, Inc. from any and all claims arising from the activities of Magic Valley Feeders, Inc., Munsee, or their agents and assigns all as more completely described in paragraph 8 below.

1.5 Continued Lease of Armour Yard. The Corporation has been subleasing the Armour Yard and the Home Yard from Terry Hollifield and Phil Munsee. This sublease will continue, from January 1, 2004, for a period ending not later than May 15, 2004. Magic Valley Feeders, Inc. shall pay Hollifield the sum of \$22,500 for the time said Corporation used the Armour Yard.

1.6 Taxes. Hollifield shall be responsible for any and all taxes he may owe payable as a result of the receipt of said \$216,000.

1.7 Resignation. Hollifield will resign as Officer and Director of Magic Valley Feeders, Inc. effective January 1, 2004.

1.8 Representations by Hollifield. Hollifield makes the following representations upon which Munsee relies in causing Magic Valley Feeders to redeem Hollifield's stock:

1.8.1 That Hollifield is not aware of any action, proceeding or investigation pending, or to the best of his knowledge, threatened or any claim that has been made against the Company.

1.8.2 That Hollifield is not entitled to any dividend or distribution, salaries, bonuses, and compensation from Magic Valley Feeders.

1.8.3 Upon the reasonable request of the Company, Hollifield will take all action and will execute all documents and instruments necessary or desirable to consummate and give effect to the purchase of his stock by the Company.

1.8.4 That the stock owned by Hollifield and redeemed hereunder has not been pledged, encumbered, transferred, or otherwise mortgaged, or conveyed to secure any debt or obligation of Hollifield and that said stock as of the date of redemption shall be free and clear of all claims or encumbrances.

1.8.5 Hollifield shall cause his wife to sign any documents necessary to relinquish any claims she may have in the stock as a result of community property in Idaho and shall present such document to the Company at closing.

1.9 Reimbursement for Rent. Magic Valley Feeders will pay Terry \$40,000 for house rent and \$6,500 for shop rent. This sum of \$46,500 will be paid at closing.

1.10 Assets of Corporation. The assets owned by the Corporation are all those assets it owned as of January 1, 2004 including but not limited to the farm equipment, farm vehicles, farm tractors, farm livestock and "other" listed on Exhibit 1.

1.11 Munsee is not aware of any liabilities, claims or causes of action, presently in existence or to the best of their knowledge, threatened or likely to be threatened or asserted against Magic Valley Feeders, Inc.

1.12 Reimbursement of Tax Underpayment. Hollifield will reimburse Magic Valley Feeders the sum of EIGHT HUNDRED NINE DOLLARS and 59/100 (\$809.59) as his one-third of the tax underpayment of \$2,428.77. This will be paid at closing.

2. Home Feed Yard and Armour Feed Yard.

2.1 Description. Phil Munsee and Terry Hollifield entered into a "Lease/Option" dated September 30, 1994 ("Lease Option") wherein Uhlig Ranches, Inc., was Lessor and Phil Munsee and Terry Hollifield were Lessees. This Lease Option applied to two separate feedlots. One feedlot is known as the "Home Yard" and the other is known as the "Armour Yard". The legal description of the "Home Yard" is attached as Exhibit 2. The legal description of the Armour Yard is attached as Exhibit 3.

2.2 Appraiser Joe Dunford has determined that the Home Yard has a value of \$736,000 and that the Armour Yard has a value of \$408,000. The total value of the two yards is \$1,144,000. Munsees will pay one-half of Dunford's fee; Terry Hollifield will pay the other half.

2.3 Hollifield and Munsees' Interest in the Lease Option and respective percentages of total value are:

2.3.1 Terry Hollifield - 41.5% (\$474,760).

2.3.2 Phil Munsee - 58.5% (\$669,240).

2.4 Exercise of Option. Hollifield and Munsee have decided to exercise the Option contained in the Lease Option effective May 19, 2004. The Option Price is SEVEN HUNDRED THOUSAND DOLLARS (\$700,000). Hollifield and Munsee are entitled to a Lease/Option credit against this price in the amount of FIVE HUNDRED FOURTEEN THOUSAND NINE HUNDRED TWENTY-SIX and 38/100 (\$514,926.38). The sum remaining payable by Hollifield and Munsee to Uhlig is ONE HUNDRED EIGHTY-SIX THOUSAND

TWO HUNDRED TWENTY-SEVEN and 62/100 (\$186,227.62). Terry Hollifield will pay 41.5% of this amount (\$77,284.46) plus 41.5% of the accrued rent to the date of the closing of the sale; Phil Munsee will pay 58.5% of said amount (\$108,943.16) plus 58.5% of the accrued rent to the date of the closing of the sale.

2.5 Separation of Interests. The parties shall require Uhlig & Associates, LLC, an Idaho Limited Liability Company (hereinafter "Uhlig") to issue the following deeds to the parties hereto, thereby separating the real property originally subject to the Lease/Option Agreement as follows:

✕ **2.5.1** A Deed to Terry Hollifield and Carol Jean Hollifield, husband and wife, for all of Uhlig's right, title, and interest in and to the Armour Yard. However, Hollifield shall cause a policy of title insurance to issue in favor of Hollifield in the amount of \$408,000. Hollifield will pay the premium for this policy.

✕ **2.5.2** A Deed to M Four, LLC, an Idaho Limited Liability Company, owned by Munsee conveying all of Uhlig's right, title, and interest in and to the Home Yard. However, Munsee shall cause a policy of title insurance to issue in favor of Munsee in the amount of \$736,000. Munsee shall pay the premium for this policy.

2.5.3 Copies of the Deeds referred to in paragraphs 2.5.1 and 2.5.2 are attached hereto as Exhibits 4 and 5.

2.6 Equipment Included. The yards (described in Exhibits 2 and 3) include the equipment listed on Exhibit 6 (the "Home Yard's equipment is listed under "Home Yard"; the Armour Yard's equipment is listed under "Armour Yard").

2.7 Possession. The Munsees may retain possession of the Armour Yard until May 15, 2004. Munsees shall pay Hollifield, at closing scheduled for April 9, 2004, the sum of TWENTY-TWO THOUSAND FIVE HUNDRED DOLLARS (\$22,500) as rent for the period of time beginning January 1, 2004 and ending May 15, 2004.

2.8 Removal of Twine. The Munsees agree to burn the twine and wood that is piled behind the home located on the Armour Yard property and haul off the remaining ash.

2.9 Manure. Neither party shall have any right to any of the manure in the lot that goes to the other party.

2.10 LCO ("Livestock Confinement Operation") Permit. The LCO Permit for 12,000 head, attributable to the yards, will be divided equally between Munsee and Hollifield (each yard shall end up with a 6,000 head permit). The parties shall cooperate with each other in accomplishing this result. The cost of dividing the 12,000 LCO Permit into two 6,000 head LCO Permits shall be shared equally by Munsee and Hollifield. (The County has conditionally approved the division of the LCO Permit into two 6,000 head permits subject only to the division of the water right. Hollifield and Munsee acknowledge that neither shall have the right to modify or otherwise negatively affect the LCO Permit pending such division. Each shall hold the other harmless from problems they create arising from those activities regulated by the LCO Permit) Munsee and Hollifield acknowledge that each intends to feed as many cattle as are allowed under the LCO Permit (6000 head each). Each agrees not to object to or interfere with the other's actions necessary to fully utilize the 6000 head LCO Permit.

2.11 Payment to Hollifield. Munsee shall pay Hollifield, at Closing, the sum of SIXTY-SIX THOUSAND SEVEN HUNDRED SIXTY DOLLARS (\$66,760) which represents the difference between Munsee's percentage (\$669,240) and the value of the Home Yard (\$736,000).

2.12 Munsee shall also reimburse Hollifield, at closing, the sum of TWENTY-ONE THOUSAND NINE HUNDRED THIRTY-SEVEN and 50/100 (\$21,937.50) representing 58.5% of the THIRTY-SEVEN THOUSAND FIVE HUNDRED DOLLARS (\$37,500) paid by Hollifield to Uhlig Ranches, Inc., on behalf of Hollifield and Munsee on or about April 15, 2004.

3. Water.

3.1 The feed yards have been jointly using water rights the Preliminary Recommendations for which are attached as Exhibits 7 and 8.

3.2 Munsee and Hollifield have retained Dr. Chuck Brockway, Sr., water right specialist, to prepare an application for transfer the purpose of which is to convey to the Armour Yard one-half of the stock and commercial water rights leaving one-half of the stock and commercial water rights appurtenant to the Home Yard. (Such transfer shall leave each party with equal priority date in the water so transferred.) The Water Rights presently appurtenant to the real property are Water Rights Nos. 45-13711 and 45-2711. The domestic portion of Water Right No. 45-13711 shall be allocated between Munsee and Hollifield with one-eighth (1/8) going to Hollifield and seven-eighths (7/8) going to Munsee. The irrigation portion of Water Right No. 45-13711 shall be allocated to Munsee, except for 2.88 acre feet (.0144 cfs) of the irrigation portion, which shall be transferred to the Estate of Ed Uhlig for use on the "twenty acre parcel" in return for the complete release by the Estate of Ed Uhlig as to Munsee and the Home Yard for the right to the use of any water from the Home Yard Wells. The transfer application shall provide that the points of diversion located on the following properties are to be the property of Hollifield and Munsee as specified below:

- 3.2.1 Armour Yard - Hollifield;
- 3.2.2 Home Yard - Munsee;
- 3.2.3 Uhlig 20 Acres - Hollifield;
- 3.2.4 Marshall well - Munsee; and
- 3.2.5 Twenty acre domestic - Estate of Ed Uhlig.

The parties shall continue to cooperate with Dr. Brockway and with the Estate of Ed Uhlig in bringing about these alterations in the water rights. The cost of these efforts shall be shared equally by Munsee and Hollifield.

3.3 The cost of this transfer (which is estimated to be approximately \$3,000) is to be shared equally by Munsee and Hollifield.

3.4 Dr. Brockway has determined that the transfers can occur and that, following said transfers of the stock water and commercial rights, each party will have sufficient water for 6000 cattle. (See Exhibit 9.)

3.5 Following closing, the parties shall jointly pursue approval of the water transfer (as discussed in paragraph 3.2 above) by the Idaho Department of Water Resources. Following closing, neither Hollifield nor Munsee shall be obligated to convey water to the other.

3.6 Hollifield and Munsee acknowledge that, to the best of their knowledge, no third parties have any right to the water rights previously held by and obtained from Uhlig and Associates, LLC. To the best of their knowledge, all arrangements concerning supply of water to third parties have been terminated.

3.7 The Estate of Ed Uhlig ("Estate") to irrigate what is known as the "Twenty Acre Parcel" is currently utilizing a pipeline ("Mainline Pipeline") which runs from the Twenty Acre Parcel across certain property east to the "Home Yard well" located on the Home Yard parcel. It is believed that the pond located near the Southeast corner of the Home Yard parcel (adjacent to the Twin Falls Canal) is owned by the Church of Jesus Christ of Latter Day Saints. It is anticipated that the Estate will be able to obtain a use agreement which will allow it to utilize said pond to receive its twenty (20) shares of Twin Falls Canal Company water. The Estate will pump water from the pond to the Twenty Acre Parcel utilizing another existing pipeline (the "Irrigation Pipeline") which runs parallel to the Mainline Pipeline but begins at the "Irrigation Well" also located on the Home Yard property. It shall be Hollifield's responsibility, at Hollifield's sole cost, to assist the Estate in installing a pump (if necessary), and a new pipeline from the east end of the Irrigation Pipeline to the pond. This new portion of the "Irrigation Pipeline" shall circumvent and not

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be in any way connected to the Irrigation Well. This obligation of Hollifield offsets Munsees immediate conveyance of one acre of water right to the Estate (see paragraph 3.2 above).

3.8 Until such time as the water transfer to be filed by the parties (as discussed in paragraph 3.2 above) has been approved, Hollifield and Munsee shall adhere to the following principals regarding the use of their jointly owned water rights:

3.8.1 Munsee shall utilize the point of diversion on the real property received by Munsee hereunder ("the Home Yard") and shall not utilize any other point of diversion for the water right unless the maximum amount of water has been utilized from the Home Yard point of diversion as now constituted.

3.8.2 Hollifield shall utilize the point of diversion on the real property received by Hollifield hereunder (the "Armour Yard") and shall not utilize any other point of diversion for the water right unless the maximum amount of water has been utilized from the Armour Yard point of diversion as now constituted.

3.8.3 The parties acknowledge that two of the existing points of diversion for their jointly owned water rights are presently located on 20 acres of real property owned by the Estate of Edward A. Uhlig, Deceased. The property is legally described on Exhibit 10 attached hereto. Munsee, in return for a payment of \$10,000 from Hollifield, will relinquish all of Munsee's right to such two points of diversion. All negotiations concerning these two points of diversion, with the Ed Uhlig Estate, shall be the responsibility of Hollifield. The pipeline from the Home Yard to the twenty acre parcel shall be decommissioned by disconnecting the Main Pipeline thus ending the ability of the Uhlig Estate to receive any water from the Home Yard or the Irrigation Well. Munsee shall convey to Hollifield all of Munsee's right, title, and interest in and to the pipeline easement across the twenty acres running to the Armour Yard. Munsee agrees to cooperate, at no cost to Munsee, in whatever efforts are necessary to legally obtain the use of such water from the points of diversion now located on the property of the Edward A. Uhlig Estate. Munsee, and their limited liability company, M Four, LLC, shall transfer to Hollifield by Quitclaim Deed all of their right, title, and interest in the existing pipeline easement between the 20 acre parcel and the Armour Yard. A copy of the Quitclaim Deed to be executed by Munsee and M Four, LLC at closing is attached hereto as Exhibit 11.

3.9 **Failure of Transfer.** Munsee and Hollifield shall continue to jointly cooperate in developing an agreeable water transfer arrangement which results in the separation of the water rights as provided in this paragraph 3 and the ownership of the points of diversion as follows:

3.9.1 **Armour Yard - Hollifield;**

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3.9.2 Home Yard - Munsee;

3.9.3 Uhlig 20 acres - Hollifield;

3.9.4 Marshall - Munsee; and

3.9.5 Twenty acre domestic - Estate of Ed Uhlig.

The parties shall continue to follow the principles reflected in paragraph 3.8 above while awaiting the severance of the water rights. Each shall be equally responsible for the cost of pursuing the water transfer process.

4. Burley Butte Feeders, L.L.C.

4.1 The assets to be delivered and sold at the May 27, 2004 Musser Auction shall be as described on Exhibit 12 attached hereto.

4.2 Kelly Munsee will pay the sum of \$4,523.98 to Burley Butte as complete payment of all sums owed as a result of Burley Butte's payment of certain lease payments on equipment Kelly acquired from Burley Butte.

4.3 Hollifield will pay Burley Butte the sum of \$500 for a compressor previously owned by Burley Butte.

4.4 The three wheellines originally owned by Burley Butte have been delivered to Phil Munsee and all issues concerning those wheellines as between the parties have been resolved. Burley Butte is no longer the owner of those wheellines.

4.5 The sprayer, previously owned by Burley Butte, has been sold through the Musser Brothers Auction and the money has been deposited into the Burley Butte checking account.

4.6 The Cummins Power Plant shall be distributed to Munsee; the non-operable Crawler shall be distributed to Hollifield. (Hollifield shall be responsible for removal of this item.) There are a number of other items owned by Burley Butte that Kelly Munsee has in his possession. These will be sold in Musser Auction on May 27, 2004 and the money received for them shall be either placed in the Burley Butte account or divided equally (1/3rd, 1/3rd, 1/3rd) between Kelly, Terry, and Phil.

4.7 Burley Butte shall be dissolved and wound up immediately. The cost of the accountant needed to file the final tax return for Burley Butte shall be paid for by Burley Butte. Any assets remaining shall immediately be distributed equally to the three Stockholders. Any taxes which remain payable by the Company shall be paid, in equal shares, by the three Stockholders.

4.8 Rob Williams will file an appropriate set of Articles of Dissolution dissolving and winding up Burley Butte, LLC.

4.9 Hollifield shall cause the hard drive from the computer used for Burley Butte recordkeeping to be delivered to said LLC's accountant, Ron Osterhout. In addition, Hollifield shall cause all Burley Butte, LLC office equipment and computer software to be sold and the money disbursed to Phil Munsee, Kelly Munsee, and Terry Hollifield.

5. **77 Livestock, Inc.**

5.1 **Ownership.** 77 Livestock, Subchapter S Corporation, is owned by Phil Munsee as to one-third; Terry Hollifield as to one-third; and Kelly Munsee as to one-third.

5.2 Munsees shall vote in favor of the acquisition and redemption by 77 Livestock of Hollifield's stock for the sum of ONE HUNDRED TWENTY-NINE THOUSAND FIVE HUNDRED DOLLARS (\$129,500).

5.3 **Consideration.** In return for the \$129,500 redemption payment, Hollifield shall transfer all of his stock in 77 Livestock, Inc. to 77 Livestock, Inc. and shall release Munsee and 77 Livestock, Inc. from any and all claims arising from the activities of 77 Livestock, Inc., Munsee, or their agents and assigns all as more completely described in paragraph 8 below.

5.4 **Terms.** The terms will be cash at Closing.

5.5 **Date of Sale.** The sale shall be as of January 1, 2004.

5.6 Hollifield has paid the \$1,139.64 to 77 Livestock as payment of his final account payable to 77 Livestock.

5.7 **Income Taxes.** Hollifield shall be liable for any income tax owed as a result of his allocable share of net earnings in 77 Livestock for the year 2003. At this time, it is estimated that his share of the net earnings will be as reflected on the K-1 attached as Exhibit 13. Hollifield shall also be responsible for any Idaho Investment Credit Recapture Tax (if any). 77 Livestock will provide Terry with any information necessary to determine applicable Idaho Investment Credit Recapture Tax.

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5.8 **Resignation.** Hollifield will resign as Officer and Director of 77 Livestock, Inc. effective January 1, 2004.

5.9 **Representations by Hollifield.** Hollifield makes the following representations upon which Munsee relies in causing 77 Livestock to redeem Hollifield's stock:

5.9.1 That Hollifield is not aware of any action, proceeding or investigation pending, or to the best of his knowledge, threatened or any claim that has been made against the Company.

5.9.2 That Hollifield is not entitled to any dividend or distribution, salaries, bonuses, and compensation from 77 Livestock, Inc.

5.9.3 That the assets and property and rights owned by the Company shall remain the property of the Company and that Hollifield has no claim against assets, property or rights owned by the Company.

5.9.4 Upon the reasonable request of the Company, Hollifield will take all action and will execute all documents and instruments necessary or desirable to consummate and give effect to the purchase of the stock by the Company.

5.9.5 That the stock owned by Hollifield redeemed hereunder has not been pledged, encumbered, transferred, or otherwise mortgaged, or conveyed to secure any debt or obligation of Hollifield and that said stock as of the date of redemption shall be free and clear of all claims or encumbrances.

5.9.6 Hollifield shall cause his wife to sign any documents necessary to relinquish any claims she may have in the stock as a result of community property laws in Idaho and shall present such document to the Company at closing.

5.10 **Corporate Assets.** The Corporation includes those assets it owned as of January 1, 2004 including but not limited to those listed on Exhibit 14.

5.11 Munsee is not aware of any liabilities, claims or causes of action presently in existence or to the best of their knowledge threatened or likely to be asserted against 77 Livestock.

6. **Land and Share Crop Leases.**

Hollifield and Munsee have terminated, to their satisfaction, all share crop and land leases. Neither party owes the other anything under those lease arrangements.

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NO. 898

7. Livestock Brands.

7.1 Munsee shall be entitled to utilize those livestock brands reflected on Exhibit 15.

7.2 Hollifield shall be entitled to utilize those livestock brands reflected on Exhibit 16.

8. Complete Release.

This document shall act as a complete and full release of each party from any and all claims of the other, except for claims each party may have against the other under this Agreement. Each party, on behalf of themselves, their respective officers, directors and employees, does hereby release, acquit and discharge the other from any and all liability of any nature or any claims of any nature that have arisen or may have arisen to date of this Agreement from any dealings or relationships whatsoever between said parties. This Settlement Agreement shall act as a complete and final settlement agreement between the parties as to all issues and as to all property issues and equipment issues, except as to items and actions that are to be accomplished or money to be paid from one party to another as set forth herein. Each party releases the other from any claims or damages of any nature, known or unknown, which have occurred to date. This release is intended to include all claims and matters between the parties, known or unknown. If a claim arises which requires instrument to be recorded or other action of the parties, or either of them, the parties agree to execute such instrument.

Each party recognizes this to be a full and complete settlement of all disputes between the parties and agrees that they have had full and adequate legal representation with regard to their respective claims.

9. Closing.

This Agreement, and the sales, transfers, and conveyances contemplated hereunder, shall be closed at the TitleFact office on or before the 4th day of June, 2004.

10. Responsibility for Unknown Liabilities.

10.1 Magic Valley Feeders. Hollifield, Kelly Munsee, and Phil Munsee, shall remain responsible for unknown liabilities arising from the operation of Magic Valley Feeders prior to January 1, 2004. Should a liability be discovered following the execution of the Settlement Agreement, Kelly Munsee, Phil Munsee, and Hollifield shall be equally responsible for said obligation, except that if the obligation was in the knowledge of a party on the date of a Settlement Agreement, and that party failed to disclose the obligation to the other party hereunder, then the non-disclosing party shall be solely responsible for said obligation..

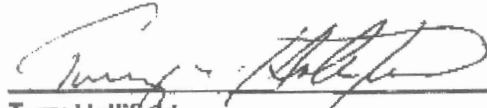
10.2 **Burley Butte Feeders, L.L.C.** Hollifield, Kelly Munsee, and Phil Munsee, shall remain responsible for unknown liabilities arising from the operation of Burley Butte Feeders, L.L.C prior to January 1, 2004. Should a liability be discovered following the execution of this Settlement Agreement, Kelly Munsee, Phil Munsee, and Hollifield shall be equally responsible for said obligation. Each of the parties represents to the other that they are presently unaware of any liability, claim or cause of action that has been asserted or is likely of assertion, to be asserted against Burley Butte Feeders, L.L.C. except for the following:

10.2.1 **Claims known to Munsee.** None.

10.2.2 **Claims known to Hollifield.** None.

10.3 **77 Livestock.** Hollifield, Kelly Munsee, and Phil Munsee, shall remain responsible for unknown liabilities arising from the operation of 77 Livestock prior to January 1, 2004. Should a liability be discovered following the execution of the Settlement Agreement, Kelly Munsee, Phil Munsee, and Hollifield shall be equally responsible for said obligation, except that if the obligation was in the knowledge of a party on the date of this Settlement Agreement and that party failed to disclose the obligation to the other party hereunder, then the non-disclosing party shall be solely responsible for said obligation.

10.4 **Warranties.** Hollifield, Phil Munsee, and Kelly Munsee warrant and represent to each that they have disclosed, to the best of their knowledge, all obligations and liabilities of Magic Valley Feeders, Inc., 77 Livestock Transportation, Inc., and Burley Butte Feeders, LLC of which they are currently aware.


Terry Hollifield


Phillip Munsee


Kelly Munsee