

CONTRACT OF SALE

THIS CONTRACT OF SALE, made and entered into as of this 22 day of March, 1989, by WILLIAM T. SIMMONS, individually and as personal representative of the estate of Theola Simmons, hereinafter referred to as "SELLER", and BIRCH CREEK RANCHES, INC., an Idaho corporation hereinafter referred to as "BUYER",

WITNESSETH:

In consideration of the mutual covenants set forth herein the parties agree as follows:

1. Sale.

SELLER hereby agrees to sell to BUYER on the performance of the agreements of BUYER as hereinafter set forth, and to convey or cause to be conveyed by the legal owner or owners thereof by good and sufficient instruments of conveyance hereinafter described, free and clear of liens and encumbrances, excepting any liens or encumbrances that may have attached by reason of any act or deed of BUYER, or any lien or encumbrance to which this Contract of Sale is expressly made subject, the following described real and personal property situate in Clark County, Idaho:

REAL PROPERTY

TRACT 1:

Township 10 North, Range 29 East, Boise Meridian, Clark County, Idaho

Section 11: W1/2 NW1/4

Township 10 North, Range 30 East, Boise Meridian, Clark County, Idaho

Section 29: SE1/4 SW1/4

Section 32: NE1/4 NW1/4
S1/2 NW1/4
N1/2 SW1/4
SE1/4 SW1/4
W1/2 E1/2
SE1/4 SE1/4

right-of-way line of Idaho State Highway No. 28; thence N03°22'00"W along said Westerly right-of-way line, a distance of 434.12 feet to a Brass Cap Monument marking a point of curvature Station 2532+65.8 Back 2532+66.2 Ahead; thence Northwesterly along said Westerly right-of-way line on a 04°08'40" Degree curve to the left, having a central angle of 01°50'47", a radius of 1382.50 feet, a chord bearing of N04°17'23"W, a chord distance of 44.55 feet, and a arc distance of 44.55 feet to the True Point of Beginning.

Section 25: NE1/4 NE1/4

Township 10 North, Range 30 East, Boise Meridian, Clark County, Idaho

Section 19: Lots 2, 3, and 4
SE1/4 SW1/4
SW1/4 SE1/4

Section 30: Lot 1
E1/2 NW1/4
NE1/4

EXCEPTING THEREFROM: Beginning at the Quarter Section Corner common to Section 29 and 30, Township 10 North, Range 30 East, Boise Meridian, where a stone is placed marked "1/4" lies; thence along the center line of Section 30, S89°58'W 40 chains; thence N0°02'W 4.86 chains; thence N57°28'E 20.72 chains; thence N83°53'E 22.65 chains; thence S0°04'E along the Section line common to Sections 29 and 30, 18.38 chains to the point of beginning.

ALSO EXCEPTING THEREFROM the following described property in Sections 19 and 30 of Township 10 North Range 30 East Boise Meridian, hereinafter referred to as the "Gray Place", to-wit:

All of the North Half of Section 30, Township 10 North, Range 30 East lying East of the Highway 28 right-of-way. The Southwest 1/4 of the Southeast 1/4, Section 19, Township 10 North, Range 30 East; the Southeast 1/4 of the Southwest 1/4 of Section 19, Township 10 North, Range 30 East lying East of Highway 28 right-of-way; Lot 4 of Section 19, Township 10 North, Range 30 East lying East of

Highway 28 right-of-way. That portion of Lot 3 lying East of Highway 28 right-of-way and South of a line running East from the intersection of the highway right-of-way and the existing fence line (known as the Dance Hall field fence). Including any water rights to Miller Spring located in Section 19, Township 10 North, Range 30 East, Boise Meridian. EXCEPTING therefrom the following: Beginning at the Quarter Section Corner common to Section 29 and 30, Township 10 North, Range 30 East, Boise Meridian, where a stone is placed marked "1/4" lies; thence along the center line of Section 30, S89°58'W 40 chains; thence N0°02'W 4.86 chains; thence N57°28'E 20.72 chains; thence N83°53'E 22.65 chains; thence S0°04'E along the Section line common to Sections 29 and 30, 18.38 chains to the point of beginning.

TOGETHER WITH THE FOLLOWING:

1. All water rights which arise from Birch Creek which are appurtenant to the Gray Place. The Seller is by this instrument retaining title to the Gray Place and any water rights in Miller Spring located on the Gray Place. Provided, however, the Seller is transferring by this instrument to the Buyer all water rights arising from Birch Creek which are appurtenant to the Gray Place.
2. All State of Idaho, Bureau of Land Management and United States Forest Service Grazing privileges and permits which are appurtenant to the above described property and the Gray Place, or granted in connection with the use, possession or ownership of such property.
3. All contract rights and rights to payment pertaining to the above described property (including the Gray Place) under the Conservation Reserve Program administered by the United States Department of Agriculture and the Agricultural Stabilization and Conservation Committee.
4. All and singular the tenements, hereditaments and appurtenances thereunto belonging or in anywise appertaining, including, but not limited to, all buildings, fences, headgates situate thereon, and all mineral rights, water rights and ditch rights, and the reversions, remainder and remainders, rents, issues and profits thereof; and all estate, right, title and interest in and to the property, as well in law as in equity, of Seller.

10. Advances by Seller.

In the event BUYER shall fail to make any payment or to do any act as herein provided, then SELLER, but without obligation so to do and without notice to or demand upon BUYER, and without releasing BUYER from any obligation hereof, may make or do the same in such manner and to such extent as SELLER may deem necessary to protect SELLER's security under the terms of this Contract of Sale, SELLER being authorized to enter upon the real properties sold hereunder for such purposes, to appear and defend any action or proceeding purporting to affect the security of this Contract of Sale, or the rights and powers of SELLER hereunder, and to pay, purchase, contest or compromise any encumbrance, charge or lien which appears to be prior or superior hereto. Any such payments made by SELLER shall immediately become amounts due and payable from BUYER to SELLER and shall carry interest at the rate of thirteen percent (13%) per annum, and the failure of BUYER to immediately pay SELLER the full amount of any sums so expended, together with accrued interest, shall constitute a default under the terms of this Contract of Sale. In the event SELLER elects to make any such payments in order to protect his security under the terms of this Contract of Sale, SELLER nevertheless shall not have waived BUYER's default nor shall SELLER be deemed to have made an election of remedies, and SELLER shall be entitled to act on such default as provided in this Contract of Sale.

11. Gray Place.

It is understood and agreed that SELLER is retaining title to the Gray Place and any water rights in Miller Spring located thereon and BUYER is not purchasing said property pursuant to this Contract of Sale. Provided, however, it is understood and agreed that BUYER is by this agreement purchasing all water rights in Birch Creek which are appurtenant to the Gray Place. Also, contemporaneous with the execution of this agreement, SELLER is executing and providing to BUYER an easement agreement wherein BUYER is obtaining certain rights to drill wells on the Gray Place and to perform water conservation measures to that portion of Birch Creek located on the Gray Place. SELLER is also contemporaneous with the execution of this agreement entering into an agreement with BUYER which provides to BUYER a right of first refusal to purchase the Gray Place from SELLER. SELLER agrees that whenever the water from Miller Spring is not being diverted by SELLER for sprinkle irrigation purposes, that SELLER will divert the water from Miller Spring into Birch Creek so that

such water will be available to BUYER. SELLER agrees to only sprinkle irrigate from Miller Spring. The parties acknowledge that it will be necessary to survey the Gray Place as soon as weather permits in order to accurately locate the south fence line of the Dance Hall field referred to herein in the description for the Gray Place. BUYER shall obtain such survey at its own cost and expense. Once such survey is completed, BUYER and SELLER agree to enter into an amendment to this Contract of Sale, the Notice of Contract of Sale referred to in paragraph 25 herein and the right of first refusal given to BUYER pertaining to the Gray Place in order to set forth the full legal description for the Gray Place established by such survey. The Warranty Deed from SELLER to BUYER referred to in paragraph 3 herein shall set forth the legal description for the Gray Place established by such survey.

12. Grazing Rights.

It is understood and agreed that BUYER is purchasing from SELLER pursuant to this agreement all State of Idaho, Bureau of Land Management and United States Forest Service grazing privileges and permits which are appurtenant to the real property described herein which is being purchased by BUYER and the Gray Place or granted in connection with the use, possession or ownership of such property. It is specifically understood and agreed that the grazing privileges and permits being purchased herein include such grazing privileges and permits which are appurtenant to or granted in connection with the use, possession or ownership of the Gray Place. SELLER agrees to execute and provide to BUYER any and all assignments, instruments of conveyance or other documents which may be reasonably necessary in order to transfer to BUYER the grazing permits and privileges which are being purchased herein by BUYER. Provided, however, in the event that BUYER defaults in the payment of the amounts referred to herein which are to paid to SELLER, then and in such event BUYER agrees to transfer such grazing rights and permits back to SELLER.

13. Conservation Reserve Program.

It is understood and agreed that BUYER is purchasing pursuant to this agreement all contract rights and rights to payment pertaining to the real property described herein being purchased by BUYER and the Gray Place under the conservation reserve program administered by the United States Department of Agriculture and the Agricultural Stabilization and Conservation Committee. Such conservation reserve program benefits which are being purchased by BUYER specifically include those

not be used in such a manner as to appreciably decrease the historical flow of water coming from Miller Spring located on the GRAY PLACE. Also, provided that such wells may not be built in such a manner to unreasonably interfere with SIMMONS' use, ownership and possession of the GRAY PLACE. Also, BIRCH CREEK RANCHES shall not without SIMMONS' permission operate more than two permanent wells at any one time on the GRAY PLACE. BIRCH CREEK RANCHES may drill additional test wells as long as they are located so that they do not unreasonably interfere with SIMMONS' use, ownership and possession of the GRAY PLACE.

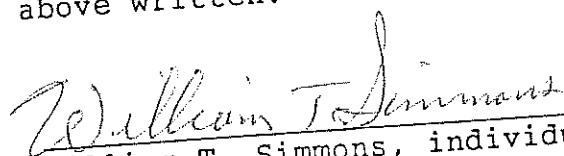
(iii) Construct temporary diversion ditches to allow sealing work and other water conservation practices to be performed on Birch Creek and to store and use on the GRAY PLACE property machinery and equipment reasonably required to construct such diversion ditches and the water wells and pipelines referred to herein and to perform the water conservation practices to Birch Creek referred to herein.

2. SIMMONS agrees not to dig any wells on the GRAY PLACE except for domestic culinary purposes and all rights to dig any other wells on the GRAY PLACE shall be held by BIRCH CREEK RANCHES and its successors and assigns. SIMMONS also shall only sprinkle irrigate with the water arising from Miller Spring on the GRAY PLACE. SIMMONS agrees that, whenever the water from Miller Spring is not being diverted by SIMMONS for sprinkler irrigation purposes, that SIMMONS will divert the water from Miller Spring into Birch Creek.

3. The easement granted herein shall be for the benefit of and appurtenant to and shall pass with title to the BIRCH CREEK RANCHES PROPERTY.

4. This Agreement shall extend to and be binding upon the heirs, personal representatives, assigns and successors in interest to the respective parties hereto.

IN WITNESS WHEREOF the parties have hereunto set their hands the day and year first above written.


William T. Simmons, individually

William T. Simmons
William T. Simmons, as personal
representative of the estate
of Theola Simmons

BIRCH CREEK RANCHES, INC.

William T. Simmons Pres
William T. Simmons, President

STATE OF IDAHO)
)ss.
County of Bonneville)

On the 22 day of March, in the year of 1989, before
me, the undersigned, a Notary Public, in and for the State of
Idaho, personally appeared William T. Simmons, known or
identified to me to be the person whose name is 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.

(seal)

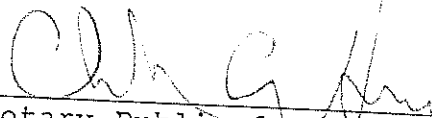
William A. [Signature]
Notary Public for Idaho
Residing at Idaho Falls, Idaho
My Commission Expires: 12/6/92

STATE OF IDAHO)
) ss.
County of Bonneville)

On the 22nd day of March, in the year of 1989, before me, the undersigned, a Notary Public, in and for the State of Idaho, personally appeared William T. Simmons, known or identified to me to be the personal representative of the estate of Theola Simmons, and subscribed to the within instrument and acknowledged to me that he executed the same as said personal representative.

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

(seal)



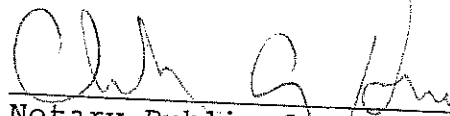
Notary Public for Idaho
Residing at Idaho Falls, Idaho
My Commission Expires: 12/6/92

STATE OF IDAHO)
) ss.
County of Bonneville)

On the 22nd day of March, in the year of 1989, before me, the undersigned, a Notary Public, in and for the State of Idaho, personally appeared William T. Simmons, known or identified to me to be the President of Birch Creek Ranches, Inc., an Idaho corporation, which corporation subscribed to the within 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.

(seal)



Notary Public for Idaho
Residing at Idaho Falls, Idaho
My Commission Expires: 12/6/92

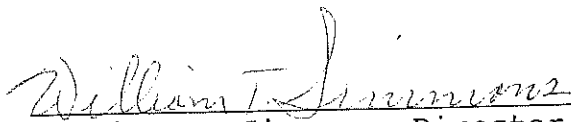
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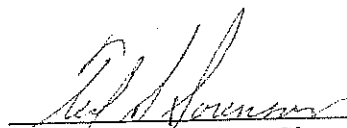
WRITTEN CONSENT IN LIEU OF MEETING
OF BOARD OF DIRECTORS AND SHAREHOLDERS

The undersigned, being all of the directors and shareholders of Birch Creek Ranches, Inc., have on this date reviewed the sale documents which have been prepared in connection with the purchase by Birch Creek Ranches, Inc. of certain real and personal property located in Clark County, Idaho, from William T. Simmons, individually and as personal representative of the estate of Theola Simmons. The undersigned are familiar with the terms and conditions of such sale documents and do therefore hereby adopt the following resolution pertaining to authority granted by the Idaho Code by unanimous written consent:

RESOLVED, that the president of Birch Creek Ranches, Inc. is hereby authorized and instructed to execute on behalf of Birch Creek Ranches, Inc. all appropriate sale documents pertaining to the sale of property located in Clark County, Idaho, from William T. Simmons, individually and as personal representative of the estate of Theola Simmons, to Birch Creek Ranches, Inc. The president of the corporation is hereby authorized and directed to enter into any and all necessary agreements required to complete such sale.

DATED this 22 day of March, 1989.


William T. Simmons, Director


Ted Sorenson, Shareholder


Gayle Sorenson, Shareholder