



State of Idaho

DEPARTMENT OF WATER RESOURCES

1301 North Orchard Street, Boise, ID 83706 - P.O. Box 83720, Boise, ID 83720-0098
Phone: (208) 327-7900 Fax: (208) 327-7866 Web Site: www.idwr.state.id.us

August 3, 2004

DIRK KEMPTHORNE
Governor

KARL J. DREHER
Director

PA BERGH
BERGH FARMS
180 KINGS COURT
MOUNTAIN HOME ID 83647

RE: APPLICATION TO LEASE PART OF WATER RIGHT NOS. 2-2159, 2-2354, 2-7184, 2-7229, and 2-7284 TO THE WATER SUPPLY BANK

Dear Mr. Bergh:

The department has conducted an initial review of Agreement No. 1425-04-WL-10-0004 (Agreement) between you and the United States Bureau of Reclamation (Reclamation) submitted to this office as an Application to Sell or Lease a Water Right to the Water Supply Bank (bank). The application was submitted in connection with the 2004 Snake River Pilot Leasing Program initiated by Reclamation.

Please consider that the offered part(s) of the water rights (rights) are accepted into the bank under the following terms:

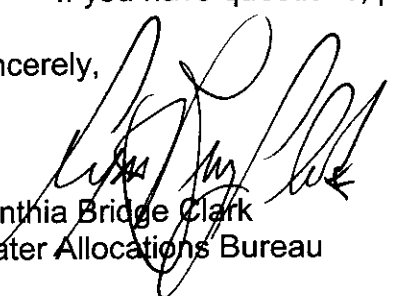
1. Payment for rental of the right(s) from the bank is contingent upon the determination that the acres associated with the rental application have a valid Snake River water right(s), and that they qualify for payment as provided in Contract no. 1425-04-WL-10-0023 between the United States Bureau of Reclamation and the Idaho Department of Water Resources to Implement the Rental of Water Rights Under the Pilot Program for Leasing of Snake River Natural Flow Water Rights for 2004, said agreement dated June 30, 2004 (Contract).
2. While part(s) of a right is in the bank, the owner of the right may not use that part of the right.
3. While a right is in the bank, forfeiture provisions are stayed.
4. Acceptance of a right into the bank does not confirm the validity of the right or any elements of the water right.
5. The right will be considered released from the bank on December 31, 2004.

PA BERGH
BERGH FARMS
August 3, 2004
Page 2

The Agreement and Contract specify that one half of the estimated payment will be paid on or around July 30, 2004, and the second half shall be issued after the irrigation season has ended and verification of compliance with the Agreement is complete. Payment to the individual lessors will be issued at a pay rate per acre identified in the individual Agreement between Reclamation and the lessors minus ten percent (10%) to be credited to the Water Administration Account as provided in the Water Supply Bank rules. The department has invoiced Reclamation for the funds associated with the first payment as required in the Contract. A state warrant will be issued in the amount of \$29,981.34 for the first payment for rental of water from the bank in accordance with the above referenced Agreement. The Controller's office will issue the warrant directly to the address identified on the Internal Revenue Service W-9 form submitted with the application to lease water rights to the bank.

If you have questions, please feel free to contact me.

Sincerely,



Cynthia Bridge Clark
Water Allocations Bureau

c: IDWR Regional Office

E. Gail McGarry
Program Manager, Water Rights & Acquisition
Bureau of Reclamation
1150 N Curtis, Suite 100
PN 3100
Boise ID 83706-1234

Before the Idaho Water Resource Board

RECEIVED
JUL 22 2004
DEPARTMENT OF
WATER RESOURCES

APPLICATION TO RENT WATER FROM THE WATER SUPPLY BANK

Applicant Idaho Power Company Phone 388-2905
Address P.O. Box 70
City Boise State ID Zip Code 83707

A. DESCRIPTION OF WATER SOUGHT TO RENT

1. Source of water Snake River tributary to
2. Maximum volume of water Estimated volume of 78,759.9 AF (based on a Total of 26,253.3 dried acres times 3 afa/yr).
3. Maximum rate of diversion Estimated diversion rate ranging from 62 cfs to 284.0 cfs.

B. DESCRIPTION OF USE PROPOSED

1. Nature of intended use Hydropower, Hells Canyon Complex
2. Location of point of diversion Brownlee, Oxbow and Hells Canyon Dam.
Township _____, Range _____, B.M. _____ County.
3. Season of use: From May 1, 2003⁴ to November 15, 2003⁴
4. Description of diverting works: N/A
Pump HP _____ Lift _____ Pump type _____
Canal name, if appropriate _____
5. Place of use:
a. If water is for irrigation, describe the number of acres to be irrigated by
40-acre tract, section, township and range.
N/A

b. If water is not for irrigation, describe the nature of the intended use and the place of use.

Power Generation Purposes at the Hells Canyon Complex

6. Describe any other water rights used for the same purposes as rental water sought under this application.

N/A

7. Who owns the property at the point of diversion?

N/A

Who owns the property at the place of use?

N/A

8. Are you seeking a rental for more than one (1) year? NO (yes or no)

If yes, for how many years? _____

9. Remarks: See Attached Table 1 for list of rights for rent.

7/21/04
Date

[Signature]
Signature of Applicant

Editha Power Company

FOR DEPARTMENT USE ONLY

Received by JP Date 7/22/04 Time _____

Published in _____ Pub. dates _____

Protests filed by _____

Hearing held by _____

Action recommended _____

TABLE I

LESSOR	Agreement No.¹	Contracted Idled Acres (ac)
Bell Rapids Mutual Irrigation Co.	1425-04-WL-10-00012	2405.9
Bergh Farms	1425-04-WL-10-0004	477.6
Clover Hollow LLC	1425-04-WL-10-0002	3122.4
Dirks, Robert	1425-04-WL-10-0007	185.7
Falcon Butte Farms, Inc.	1425-04-WL-10-0004	4072.2 197.0
Farm Development Corp.	1425-04-WL-10-00013	123.6
Grindstone Butte Mutual Canal CO	1425-04-WL-10-00011	5856.3
Huey Farms, Inc.	1425-04-WL-10-0006	589.9
Kitsos, Constantine	1425-04-WL-10-00018	52.3
Little Valley Mutual Irrigation Company	1425-04-WL-10-00016	814.6
Mills, James	1425-04-WL-10-00017	258.3
Montierth, Herbert, Edward & Susan	1425-04-WL-10-00018	729.7
Murphy Flats Water Company, Inc.	1425-04-WL-10-00018	537.9
Rosti, Martha	1425-04-WL-10-00010	111.4
Sailor Creek Water Company	1425-04-WL-10-0009	870.8
South Elmore Irrigation Company	1425-04-WL-10-0005	4883.9
Terry Ketterling (TLK Farms, Inc.)	1425-04-WL-10-0003	573.4
Young, Roger	1425-04-WL-10-00014	390.4
TOTALS:		26253.3

Conditions of Rental Application

1) The "Agreement" represents the Water Rental and Forbearance Agreement entered into between the United States Bureau of Reclamation (Reclamation) and the individual Lessors.

2) The acreages listed above were compiled from the Applications submitted by the corresponding entities to lease water to the Water Supply Bank in accordance with Contract no. 1425-04-WL-10-0023 between the U.S. Bureau of Reclamation and the Department of Water Resources. The lessors have agreed to leave these lands idle through the 2004 irrigation season, and the Snake River water rights appurtenant to these acres have been leased to the Water Supply Bank.

3) The volume of water available to lease is contingent upon the determination that the lessors have complied with the terms of the Agreements and that the acres associated with Agreements have valid Snake River water rights.

Before the Idaho Water Resource Board

WATER SUPPLY BANK RENTAL AGREEMENT

The Idaho Water Resource Board ("Board") being authorized to operate a Water Supply Bank ("bank") and to contract by and through the Director of the Idaho Department of Water Resources ("Director") for rental of water from the bank agrees to rent water as follows:

1. Renter: Idaho Power Company
2. Address: PO Box 70, Boise, ID 83707
3. Source of water: Snake River
4. Volume of water rented: Estimated volume of 78,759.9 af (based on total of 26,253.3 dried acres times 3.0 afa/yr).

Max rate: Estimated diversion rate of 62 cfs to 284 cfs

5. Diversion period: 2004 irrigation season
6. Use of water: Hydropower at Hells Canyon Complex
7. a) Renter's point of diversion:

Legal description: Brownlee, Oxbow, and Hells Canyon Projects

- b) Renter's place of use:

Legal description: NA

8. The right from which water will be rented is: See Attachment: Summary of Rentals

The U.S. Bureau of Reclamation (Reclamation) and Bonneville Power Administration agree to pay the Lessors identified on the attached list, a price per acre as specified in individual agreements between Reclamation and the Lessors (agreements). The agreements provide that one half of the estimated payment will be made on or about July 30, 2004, and one half will be after the irrigation season has ended and verification of compliance with the agreements is complete. The Idaho Department of Water Resources (IDWR) shall comply with the payment scheme specified in the individual agreements between Reclamation and the Lessors. Prior to making payment to the Lessors, IDWR will invoice Reclamation for the payment plus the associated ten percent (10%) for the Water Administration Account.

Reclamation and Bonneville Power Administration agree to use the water in compliance with the Water Supply Bank rules and in compliance with the conditions of water use shown below:

Conditions of water use under this agreement

1. The use of water under this agreement shall be subject to the provisions of Section 42-1766, Idaho Code.
2. Rental of the right(s) from the bank is contingent upon a determination that the acres associated with the rental application have a valid Snake River water right(s), and that they qualify for payment as provided in Contract number 1425-04-WL-10-0023 (Contract) between Reclamation and IDWR to implement the Rental of Water Rights Under the Pilot Program for Leasing of Snake River Natural Flow Water Rights for 2004 (Program).
3. Acceptance of a right into the bank does not confirm the validity of the right or any elements of the water right.
4. Rental of the right(s) from the bank shall be from May 1, 2004 to November 15, 2004, and the right(s) will be considered released from the bank on December 31, 2004.
5. Use of water under this agreement does not constitute a dedication of the water to renter's use and upon expiration of this agreement, the points of diversion and place of use of the water shall revert to its original points of diversion and place of use and/or again be available to rent from the bank.
6. Renter agrees to comply with Water Supply Bank Rules while using water under this agreement.
7. Renter agrees to hold the Board, the Director and the state of Idaho harmless from all liability on account of negligent acts of the renter while using water.

8. Renter acknowledges and agrees that the Director may terminate diversion of water if the Director determines there is not a sufficient water supply for the priority of the right or portion thereof being rented.
9. This rental does not grant any right-of-way or easement to use the diversion works or conveyance works of another party.

Dated this 21st day of July, 2004.

by [Signature]
for Idaho Power Company

Having determined that this agreement satisfies the provisions of Section 42-1763, Idaho Code, and, IDAPA 37.02.03030 (Water Supply Bank Rule 30), for the rental and use of water under the terms and conditions herein provided, and none other, I hereby execute this Rental Agreement on behalf of the Idaho Water Resource Board this 23rd day of July, 2004.

[Signature]
for KARL J. DREHER, Director
Department of Water Resources

**2004 PILOT LEASING PROGRAM FOR LEASING OF SNAKE RIVER
NATURAL FLOW WATER RIGHTS
RENTAL OF WATER FROM THE WATER SUPPLY BANK
SUMMARY OF RENTALS FROM THE WATER SUPPLY BANK**

LESSOR	AGREEMENT BETWEEN LESSORS AND USBOR ¹			Estimated Total Payment by Reclamation	RENTED WATER RIGHT(S)
	Agreement No.	Contracted Idled Acres (ac)	Payment Rate (price/ac)		
Bell Rapids Mutual Irrigation Co.	1425-04-WL-10-00012	2405.9	\$150.00	\$360,885.00	2-10205
Bergh Farms	1425-04-WL-10-0004	477.6	\$139.50	\$66,625.20	2-2159, 2-2354, 2-7184, 2-7229, 2-7284
Clover Hollow, L.L.C.	1425-04-WL-10-0002	3122.4	\$139.00	\$434,013.60	2-2386, 2-2387, 2-2388, 2-7148
Dirks, Robert	1425-04-WL-10-0007	185.7	\$149.00	\$27,669.30	2-2279, 2-7012
Falcon Butte Farms, Inc.	1425-04-WL-10-0004	4072.2 197.0	\$111.50 \$134.50	\$480,546.80	2-2249, 2-2250, 2-2251, 2-2252, 2-2253, 2-2254, 2-2255, 2-2256, 2-2361, 2-7001
Farm Development Corp.	1425-04-WL-10-00013	123.6	\$150.00	\$18,540.00	2-2371, 2-2372
Grindstone Butte Mutual Canal CO	1425-04-WL-10-00011	5856.3	\$150.00	\$878,445.00	2-2262
Huey Farms, Inc.	1425-04-WL-10-0006	589.9	\$149.00	\$87,895.10	2-2361, 2-7001
Kitsos, Constantine	1425-04-WL-10-00018	52.3	\$150.00	\$7,845.00	2-2145, 2-7144
Little Valley Mutual Irrigation Company	1425-04-WL-10-00016	814.6	\$150.00	\$122,190.00	2-2443, 2-7030, 2-7068
Mills, James	1425-04-WL-10-00017	258.3	\$150.00	\$38,745.00	2-7076, 2-7132
Montierth, Herbert, Edward Ray & Susan	1425-04-WL-10-00018	729.7	\$149.00	\$108,725.30	2-2198, 2-2191
Murphy Flats Water Company, Inc.	1425-04-WL-10-00018	537.9	\$150.00	\$80,685.00	2-2361, 2-2370, 2-7001
Rosti, Martha	1425-04-WL-10-00010	111.4	\$150.00	\$16,710.00	2-2194A, 2-2194B
Sailor Creek Water Company	1425-04-WL-10-0009	870.8	\$150.00	\$130,620.00	2-2186, 2-2204, 2-2206, 2-2214, 2-2215, 2-2217, 2-2218
South Elmore Irrigation Company	1425-04-WL-10-0005	4863.9	\$140.00	\$683,746.00	2-2210, 2-2269, 2-2367
TLK Farms, Inc.	1425-04-WL-10-0003	573.4	\$140.00	\$80,276.00	2-2379
Young, Roger	1425-04-WL-10-00014	390.4	\$150.00	\$58,560.00	2-2298, 2-2376, 2-7182
TOTALS:		26253.3		\$3,682,722.30	

¹ The "Agreement" represents the Water Rental and Forbearance Agreement entered into between the United States Bureau of Reclamation (Reclamation) and the individual Lessors. The **Contracted Acres Idled** and the **Payment Rate** represent the number of acres to be idled and the payment per acre agreed upon between the Lessors and Reclamation. The **Estimated Total Payment by Reclamation** is based on the Contracted Idled acres times the Payment Rate.

United States Department of the Interior
Bureau of Reclamation

RECEIVED

JUN 25 2004

DEPARTMENT OF WATER RESOURCES

Water Rental and Forbearance Agreement
with
Bergh Farms L.L.C.

Reclamation Agreement No. 1425-04-WL-10-0004

This Agreement is entered into pursuant to the Reclamation Act of 1902, as amended and supplemented, for the purpose of meeting commitments of the Bureau of Reclamation (Reclamation) under the Biological Opinions on the Operation of the Federal Columbia River Power System and the operation and maintenance of Reclamation Projects in the Snake River Basin above Brownlee Dam. This Agreement is by and between the United States of America, acting by and through the Department of the Interior, Bureau of Reclamation, represented by the officer executing this instrument on its behalf and Bergh Farms L.L.C., hereafter known as the Lessor.

RECITALS

- A. WHEREAS, Reclamation has commitments under Biological Opinions on the operation of the Federal Columbia River Power System and the operation and maintenance of Reclamation Projects in the Snake River Basin above Brownlee Dam to provide flow augmentation for delivery at Lower Granite Dam.
- B. WHEREAS, The Idaho Legislature authorized Reclamation to annually rent up to 427,000 acre-feet of storage water per year during the years 2002-2004 under the provisions of Idaho Code § 42-1763B.
- C. WHEREAS, In 2003, there was insufficient storage water available for rental by Reclamation to meet the 427,000 acre-feet rental target. Therefore, Reclamation conducted a pilot leasing program under which water right holders submitted proposals to idle land and place their water rights in the State Water Supply Bank, thereby increasing water flow downstream to Lower Granite Dam. Rules governing the Idaho State Water Supply Bank, IDAPA 37.02.03, provide that rentals shall be approved only for use in Idaho unless there is compliance with the provisions of Idaho Code § 42-401(3). In order to avoid the complexities of Reclamation seeking approval for out-of-state use, the water was rented by the Idaho Power Company and used for hydropower generation in Idaho with the result that additional water flowed to Lower Granite Dam for flow augmentation.
- D. WHEREAS, Similar to 2003, it is expected that insufficient storage water will be available this year for rental by Reclamation. Therefore, Reclamation is conducting another similar pilot program (Program). Under this Program, water right holders will forego irrigation of land and place their water right into the Idaho State Water Supply Bank. As a practical way of ensuring that Reclamation receives additional water, over and above the water flows that would otherwise be available, a qualification was added requiring that the land to which the water right is appurtenant was either irrigated last year or was in Reclamation's 2003 program explained in Recital C above. Again, it is intended for Idaho Power to rent the water from the State Water Supply Bank.

COPY

- E. Reclamation advertised a request for proposals to the public. In response, the Lessor submitted a proposal for participation in the Program. The proposal shows that the Lessor has a right to use water for irrigation purposes and absent this Program was intending to irrigate with the water proposed for the Program. Therefore, placing the Lessor's water in the Water Bank during 2004 will result in additional water in the Snake River at Lower Granite Dam, Oregon. This additional water will be counted towards Reclamation's obligation to provide 427,000 acre-feet of water at Lower Granite Dam.

AGREEMENT

NOW THEREFORE, in consideration of the mutual and dependent covenants herein contained, the parties agree as follows:

I. Land Accepted into the Program

- A. The land accepted into the Program and to be fallowed, hereinafter referred to as "The Land," is identified as "LL" on the map(s) in Attachment A. In addition to The Land shown in Attachment A, which totals 477.6 acres, a possible 5 additional acres may be determined to be Land in the program at a later date in the 2004 irrigation season as described in subsection B below.
- B. The Lessor has a mainline in Township 5 South, Range 6 East, Section 36 S1/2 N1/2 from which he irrigates. The Lessor intends to irrigate the land located to the south of his mainline in Section 36, while the land immediately north of the mainline shown on the attached map will be fallowed under this Agreement as part of the Program. The precise location of the mainline within the area described above is not known. The current approximate location is shown on attachment A and is estimated to be accurate within one or two acres. However, IDWR will make measurements during the irrigation season based upon infrared imagery taken during the 2004 irrigation season. These measurements will give a more accurate location of the mainline and the number of eligible acres fallowed that are immediately north of the mainline in Section 36 S1/2 N1/2. If the new measurements show more eligible fallowed acres in the above described area, the number of acres accepted into the Program will be adjusted to the new measurement up to a maximum of 5 additional acres. If the new measurement results in less fallowed acres, the total number will be adjusted downward to the new measurement.
- C. Reclamation recognizes the following conditions may exist: 1) additional acres may have been proposed in the Lessor's application, 2) the Lessor may have a right to irrigate additional acres, 3) the Lessor may intend to irrigate additional acres in 2004 and is willing to idle those acres, and 4) the Lessor may submit an application to the State Water Supply Bank to lease water rights appurtenant to acres other than the acres identified in this Agreement. Notwithstanding any of the conditions stated above or any other conditions, under this "willing seller, willing buyer" agreement, the number of acres covered by the Agreement is limited to the number and location stated in the preceding paragraph.
- D. If it is determined after the execution of this Agreement that certain acres are not eligible for the Program because of a mistake, error, or misrepresentation in the Lessor's application, the land covered under this Program will be reduced accordingly.

The Land may not be irrigated from any source, regardless of whether there is another valid water right appurtenant to the Land. Water authorized to be diverted under water rights, or portions of water rights, leased to the Water Supply Bank may not be applied to lands that are not identified in this Agreement. The Lessor may not water the Land for any reason; for example, testing equipment, irrigating a cover crop, or dust abatement.

- E. IDWR intends to monitor the Lessor's idled lands. The monitoring will include field visits, and the collection and analysis of satellite data and related pump and flow measurements collected at IDWR's discretion. The Lessor agrees to allow the collection of data and access for field visits.

II. Water Rights Appurtenant to the Leased Land

- A. The Lessor agrees that this Agreement shall be submitted to the Idaho State Water Supply Bank as an application to lease water to the bank, and that the Lessor is offering the water rights described in Attachment A to the bank by signing this Agreement. The Lessor agrees that any additional information or requirement IDWR may require to process or accept the application shall be furnished promptly to IDWR, including but not limited to, the submission of a separate application form if required. Failure to comply with IDWR requests for information or other requirements is cause for termination of this agreement.
- B. All rentals of the Lessor's water rights out of the water bank shall be subject to Reclamation's approval.
- C. With respect to the water rights covered by this Agreement, the Lessor warrants that the Lessor has the right, title, and interest necessary to enter into this Agreement; and that there are no agreements, leases, licenses, liens or encumbrances which would prohibit the Lessor from placing the Lessor's water rights into the Idaho State Water Bank; and that to the extent necessary, the Lessor has obtained any consent or approval necessary to authorize the execution of this contract.
- D. The Lessor shall immediately notify Reclamation if there are any changes in ownership, or any encumbrances or liens placed upon, any of the real property or water rights covered by this contract during the term of the Agreement.

III. Payment

- A. By signing this Agreement, the Lessor offers to the Idaho State Water Supply Bank the water rights described above at a price of **\$139.50 per acre** of land idled. The Lessor understands that the amount the Lessor will receive from the Idaho State Water Supply Bank is 90% of the total lease price. Ten percent will be retained by IDWR for administrative costs of operating the Water Supply Bank, pursuant to the Water Supply Bank Rules.
- B. Payment as shown in section III.A above is based upon a dollar amount per acre of land idled, regardless of the diversion rate or maximum diversion volume allowed under the water right, the historical diversion rate or consumptive use under the water right, or the diversion rate or diversion volume approved for lease by IDWR.

- C. Pursuant to the Water Supply Bank Rules, IDAPA 37.02.03, after the water rights are leased, payment is to be made by the Water Supply Bank to the Lessor. Lessor agrees to accept the following intended plan for payment by IDWR: One half of the estimated payment will be made on or about July 30, 2004, and the remainder will be paid after the irrigation season ends and final verification of program compliance is complete. Reclamation will enter into a separate contract with IDWR to make payment to the Water Supply Bank for this purpose.

IV. **Term, Termination of Agreement and Remedies**

- A. The Agreement shall become effective on the date of the last signature hereto and shall extend through December 31, 2004.
- B. At Reclamation's discretion, this Agreement may be terminated upon:
- (1) Failure of the Lessor to abide by the terms and conditions of this Agreement;
 - (2) Refusal of the Lessor to allow Reclamation or IDWR access to the Land to monitor compliance with the Agreement;
 - (3) Application of water by the Lessor to the Land during the period of this Agreement, except in emergency situations where the application of water is required for public safety reasons;
 - (4) Discovery of fraudulent information submitted in the Lessor's Application.
- C. If this Agreement is terminated for any other reason prior to its ending date, the Lessor shall reimburse Reclamation for a prorated portion of the amount stated in Section III.A of this Agreement, as determined by Reclamation.

V. **Miscellaneous**

- A. The Landowner or Lessor is responsible for all taxes, assessments, soil conservation measures such as weed and erosion control and other obligations related to any of the Land covered by this Agreement.
- B. The Landowner will indemnify and hold harmless Reclamation from any loss or damage and from any liability on account of personal injury, property damage, or claims for personal injury or death, or property damage of any nature caused by the Landowner or any person, firm or corporation acting on the Landowner's behalf related to or arising out of this Agreement.
- C. **Water Right Ownership**

This Agreement shall not be used as evidence of ownership of water rights in the Snake River Basin Adjudication.

D. Officials Not to Benefit

No member of or delegate to Congress or the Resident Commissioner shall be admitted to any share or part of this Agreement or to any benefit to arise therefrom, but this restriction shall not be construed to extend to this Agreement if made with a corporation or company for its general benefit.

E. Covenant Against Contingent Fees

The Lessor warrants that no person or agency has been employed or retained to solicit or secure this Agreement upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee except bona fide employees and bona fide commercial agencies maintained by the Lessor for the purpose of securing business. For breach or violation of this warranty, Reclamation shall have the right to revoke this Agreement without liability or in its discretion to require the Lessor to pay the full amount of such commission, percentage, brokerage, or contingency fee to the United States.

SIGNATURES

Lessor

Print name(s): BERGH FARMS LLC

Mailing address: 180 KINGS COURT

MTN. HOME, ID 83647

Phone: 208 587-8594

Signed BERGH FARMS LLC by David E. Bergh Date: 6/1/04

Signed P. A. Bergh Date: 6/1/04

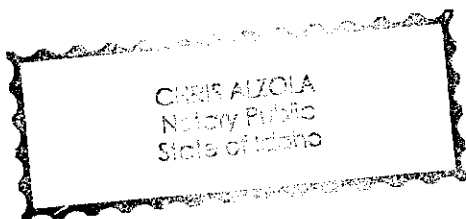
Title: MEMBERS

State of Idaho)

County of Elmore) S.S.
Ada

On this 1st day of June 2004, before me the undersigned Notary Public in and for said county and state, personally appeared David E. Bergh + P.A. Bergh, known to me to be the person whose name is subscribed to 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 written.



Chris Alzola
Notary Public in and for Idaho
Commission Expires: 5.21.05

Bureau of Reclamation

Signature: Kenneth R. Pedde
Regional Director, Pacific Northwest Region

Date: 5/25/04

State of Idaho)

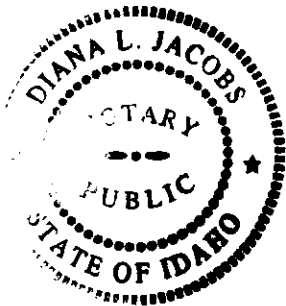
S.S.

County of Ada)

On this 25 day of MAY 2004, before me the undersigned Notary Public in and for said county and state, personally appeared KENNETH R. PEDDE, known to me to be the person whose name is subscribed to 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 written.

Diana L. Jacobs
Notary Public in and for Idaho
Commission Expires: 5-23-06



ATTACHMENT A **Agreement No.1425-04-WL-10-0004** **Bergh Farms L.L.C.**

Water Right Numbers for Lands in 2004 Snake River Pilot Leasing Program: 02-7284, 02-7229, 02-7184, 02-2159

Legal Description of Lands Approved for 2004 Snake River Pilot Leasing Program

T05S, R06E	Total acres in Section	NE				NW				SW				SE			
		NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE
Section 23	4.5	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4.5
Section 24	40.6	0	0	0	0	0	0	0	0	0	0	0	19.9	20.7	0	0	0
Section 25	295.9	38	40	38.8	37	0	0	0	0	0	0	0	0	0	37	36.7	31.8
Section 36	136.6	0	23.5	8.6	0	37.9	37	15.1	14.5	0	0	0	0	0	0	0	0
Total	477.6 acres																

Bergh Farms LLC by David E. Bergh 6/11/04 6/11/04
 Applicant Signature Date

Kenneth D. Padilla 5/28/04
 Regional Director, Pacific Northwest Region, Bureau of Reclamation Date

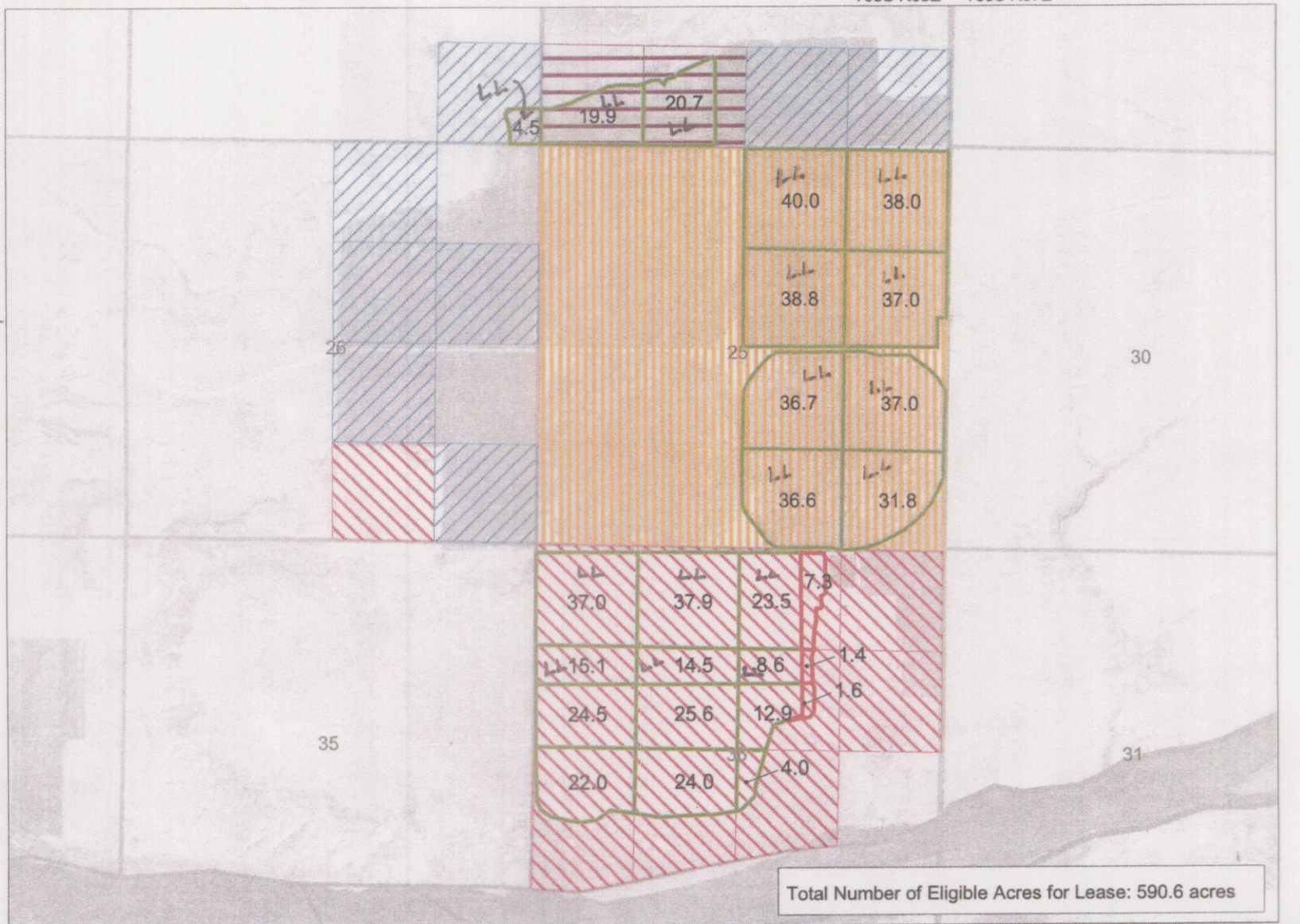


Prepared by: M. Wilkins
Idaho Department of Water Resources
1301 North Orchard Street
Boise, ID 83709
(208) 327-7900

Water right boundaries identify the quarter quarters within the licensed or permitted place of use, but do not represent the number of acres authorized.

- ELIGIBLE
- INELIGIBLE
- QUESTIONABLE
- Water Right 2-7284
- Water Right 2-7229
- Water Right 2-7184
- Water Right 2-2159
- Township/Range
- Section Lines
- Quarter/Quarter

SPOT Satellite Image: 08-20-2002



Total Number of Eligible Acres for Lease: 590.6 acres

Bergh Farms LLC by David E. Bergh 6/1/04
Applicant Signature Date

Kenneth L. Redde 5/25/04
USBOR Signature Date

Bergh Farms, LLC

**2004 Snake River Pilot Leasing Program
Rental of Water from the Water Supply Bank**

Prepared: May 14, 2004

COPY

APPLICATION FOR PROPOSAL FOR SNAKE RIVER PILOT LEASING PROGRAM 2004

A. GENERAL

- A1. Applicant name(s): BERGH FARMS LLC
- A2. Proposed price per acre: \$139.50 per acre. Note that you will only receive 90% of that rate.
- A3. Number of acres you propose to idle: 611.6 acres

B. INFORMATION ABOUT THE APPLICANT

B1. Type of applicant:

- ☐ Single individual
☐ Joint owners

- ☐ Partnership
☐ Corporation

- ☒ Limited liability co.
☐ Irrigation district

☐ Other _____

B2. Taxpayer identification number, if applicable: 82-0466973

B3. Mailing Address: 180 KINGS CT., MTN. HOME, ID 83647

B4. Daytime Phone Number: 573-3542 Additional cell phone number: 573-3544 Fax: 587-3561

B5. E-mail Address: DBERGH@STARBAND.NET

- B6. Do you ☐ own the land that is to be idled?
☒ lease the land that is to be idled?
☐ neither, you only hold the water rights, e.g. irrigation district, canal company.

B7. If you lease the land that is to be idled, complete the following:

- ☒ a. Provide a copy of your entire lease.
☐ b. Does your lease provide for authorization to put water into the water bank?
☒ Yes, on page 3 of my lease.
☐ No, but I have separate authorization, which is enclosed.

c. Name and address of the lessor landowner: SUNSET RIDGE LLC, P.O. Box 1207, MTN. HOME, ID 83647

C. INFORMATION ABOUT THE LAND THAT WILL BE IDLED

- C1. Does each tract of land you are proposing meet the eligibility criteria? ☒ Yes ☐ No
- C2. Were any of the proposed lands leased to the Idaho State Water Supply Bank under a 2003 contract with Reclamation? ☒ Yes ☐ No
- C3. Is a cover crop planned for the idled land? ☐ No ☒ Yes, my cover crop will be: WHEAT + ALFALFA
- C4. Have you completed and enclosed the attached grid? (See application instructions.) ☒ Yes
- C5. Have you attached an acceptable map with the proposed acres identified? (See application instructions.) ☒ Yes
- C6. Have you enclosed acceptable evidence of irrigation of the proposed lands during the 2003 irrigation season? (See instructions.) ☒ Yes

D. INFORMATION FOR EACH WATER RIGHT INCLUDED IN YOUR PROPOSAL

If you are proposing to lease more than one water right, copy this section and fill out a separate page for each water right.

- D1. Water Right Number: 02-2159
- D2. What is the basis of the water right? ☐ permit ☒ license ☐ decree
- D3. Have you attached a copy of the permit, license, or decree? ☒ Yes
- D4. Has a claim been made for the water right in the Snake River Basin Adjudication (SRBA)? ☒ Yes Attach a copy of this SRBA claim.
- D5. Priority date of the water right: 12/14/60
- D6. (a) What is the total number of acres described in the place of use for irrigation under this water right? 630 acres
- (b) Does this right have a permissible place of use? ☒ Yes ☐ No
- D7. Is the number of acres authorized for irrigation under this right limited within the place of use in a single irrigation season?
- ☒ Yes, it is limited to 630 acres.
☐ No
- D8. Are any other water rights appurtenant to the proposed lands that are not included in this proposal?
- ☐ Yes, the other water rights are: _____
☒ No
- D9. How many acres authorized under this water right were irrigated during the 2003 season? 153 acres
- D10. Were any acres under this water right leased to the Idaho Water Supply Bank under a 2003 Contract with Reclamation?
- ☒ Yes, 460 acres.
☐ No
- D11. Do you propose to enter only a portion of the water right into the Program? ☒ Yes ☐ No
- D12. If so, how many acres authorized under this water right will still be irrigated during the 2004 irrigation season if your proposal is accepted into the Program? 310 acres

D. INFORMATION FOR EACH WATER RIGHT INCLUDED IN YOUR PROPOSAL

If you are proposing to lease more than one water right, copy this section and fill out a separate page for each water right.

- D1. Water Right Number: 02-2354
- D2. What is the basis of the water right? ☐ permit ☒ license ☐ decree
- D3. Have you attached a copy of the permit, license, or decree? ☒ Yes
- D4. Has a claim been made for the water right in the Snake River Basin Adjudication (SRBA)? ☒ Yes Attach a copy of this SRBA claim.
- D5. Priority date of the water right: 7/10/64
- D6. (a) What is the total number of acres described in the place of use for irrigation under this water right? 630 acres
- (b) Does this right have a permissible place of use? ☒ Yes ☐ No
- D7. Is the number of acres authorized for irrigation under this right limited within the place of use in a single irrigation season?
- ☒ Yes, it is limited to 630 acres.
- ☐ No
- D8. Are any other water rights appurtenant to the proposed lands that are not included in this proposal?
- ☐ Yes, the other water rights are: _____
- ☒ No
- D9. How many acres authorized under this water right were irrigated during the 2003 season? 153 acres
- D10. Were any acres under this water right leased to the Idaho Water Supply Bank under a 2003 Contract with Reclamation?
- ☒ Yes, 460 acres.
- ☐ No
- D11. Do you propose to enter only a portion of the water right into the Program? ☒ Yes ☐ No
- D12. If so, how many acres authorized under this water right will still be irrigated during the 2004 irrigation season if your proposal is accepted into the Program? 310 acres

D. INFORMATION FOR EACH WATER RIGHT INCLUDED IN YOUR PROPOSAL

If you are proposing to lease more than one water right, copy this section and fill out a separate page for each water right.

- D1. Water Right Number: 02-7184
- D2. What is the basis of the water right? ☐ permit ☒ license ☐ decree
- D3. Have you attached a copy of the permit, license, or decree? ☒ Yes
- D4. Has a claim been made for the water right in the Snake River Basin Adjudication (SRBA)? ☒ Yes Attach a copy of this SRBA claim.
- D5. Priority date of the water right: 12-19-74
- D6. (a) What is the total number of acres described in the place of use for irrigation under this water right? 350 acres
- (b) Does this right have a permissible place of use? ☒ Yes ☐ No
- D7. Is the number of acres authorized for irrigation under this right limited within the place of use in a single irrigation season?
- ☒ Yes, it is limited to 350 acres.
- ☐ No
- D8. Are any other water rights appurtenant to the proposed lands that are not included in this proposal?
- ☐ Yes, the other water rights are: _____
- ☒ No
- D9. How many acres authorized under this water right were irrigated during the 2003 season? 270 acres
- D10. Were any acres under this water right leased to the Idaho Water Supply Bank under a 2003 Contract with Reclamation?
- ☒ Yes, 40 acres.
- ☐ No
- D11. Do you propose to enter only a portion of the water right into the Program? ☒ Yes ☐ No
- D12. If so, how many acres authorized under this water right will still be irrigated during the 2004 irrigation season if your proposal is accepted into the Program? 40 acres

D. INFORMATION FOR EACH WATER RIGHT INCLUDED IN YOUR PROPOSAL

If you are proposing to lease more than one water right, copy this section and fill out a separate page for each water right.

D1. Water Right Number: 02-7229

D2. What is the basis of the water right? ☐ permit ☒ license ☐ decree

D3. Have you attached a copy of the permit, license, or decree? ☒ Yes

D4. Has a claim been made for the water right in the Snake River Basin Adjudication (SRBA)? ☒ Yes Attach a copy of this SRBA claim.

D5. Priority date of the water right: 4-16-76

D6. (a) What is the total number of acres described in the place of use for irrigation under this water right? 50 acres

(b) Does this right have a permissible place of use? ☒ Yes ☐ No

D7. Is the number of acres authorized for irrigation under this right limited within the place of use in a single irrigation season?

☒ Yes, it is limited to 50 acres.
☐ No

D8. Are any other water rights appurtenant to the proposed lands that are not included in this proposal?

☐ Yes, the other water rights are: _____
☒ No

D9. How many acres authorized under this water right were irrigated during the 2003 season? 0 acres

D10. Were any acres under this water right leased to the Idaho Water Supply Bank under a 2003 Contract with Reclamation?

☒ Yes, 38 acres.
☐ No

D11. Do you propose to enter only a portion of the water right into the Program? ☐ Yes ☒ No

D12. If so, how many acres authorized under this water right will still be irrigated during the 2004 irrigation season if your proposal is accepted into the Program? NA acres

E. INFORMATION ABOUT OVERALL IRRIGATION PRACTICES

Answer E1 & E2 if you are a landholder, i.e. you own or lease land that was or will be irrigated, or you are a part owner of an entity that owns or leases land that was or will be irrigated.

E1. (a) If you are a landholder, how many acres did you irrigate in 2003, at any location from any water rights from, or tributary to, the Snake River? 1171 acres

(b) If you were a part owner of one or more entities that leased or owned land, how many acres did each entity irrigate in 2003, at any location from any water rights from, or tributary to, the Snake River? NA acres

E2. (a) How many acres do you intend to irrigate in 2004, at any location from any and all water sources from, or tributary to, the Snake River if your proposed acres are accepted? 668 acres

(b) If you are a part owner of one or more entities that holds land and intends to irrigate in 2004, at any location from any and all water sources from, or tributary to, the Snake River if your proposed acres are accepted? NA acres

Answer E3 if you are completing this application on behalf of an irrigation district or canal company or similar entity.

E3. Submit the following information for each landholder who is proposing to idle land under this application:

Landholder:

(a) Name: _____

(b) Number of acres the landholder proposes to idle: _____ acres

(c) Number of acres the landholder (either by him/herself, or as part of another entity, such as a partnership or limited liability company) irrigated in 2003 from any and all water sources from, or tributary to, the Snake River in any location: _____ acres

(d) Number of acres the landholder (either by him/herself, or as part of another entity) plans to irrigate in 2004: _____ acres

E3 (cont.) **Make copies of this page if you need additional space.**

Landholder #2

- a) Name: _____
- b) Number of acres the landholder proposes to idle: _____ acres
- c) Number of acres the landholder (either by him/herself, or as part of another entity, such as a partnership or limited liability company) irrigated in 2003 from any and all water sources from, or tributary to, the Snake River in any location: _____ acres
- d) Number of acres the landholder (either by him/herself, or as part of another entity) plans to irrigate in 2004: _____ acres

Landholder #3

- a) Name: _____
- b) Number of acres the landholder proposes to idle: _____ acres
- c) Number of acres the landholder (either by him/herself, or as part of another entity, such as a partnership or limited liability company) irrigated in 2003 from any and all water sources from, or tributary to, the Snake River in any location: _____ acres
- d) Number of acres the landholder (either by him/herself, or as part of another entity) plans to irrigate in 2004: _____ acres

Landholder #4

- a) Name: _____
- b) Number of acres the landholder proposes to idle: _____ acres
- c) Number of acres the landholder (either by him/herself, or as part of another entity, such as a partnership or limited liability company) irrigated in 2003 from any and all water sources from, or tributary to, the Snake River in any location: _____ acres
- d) Number of acres the landholder (either by him/herself, or as part of another entity) plans to irrigate in 2004: _____ acres

Landholder #5

- a) Name: _____
- b) Number of acres the landholder proposes to idle: _____ acres
- c) Number of acres the landholder (either by him/herself, or as part of another entity, such as a partnership or limited liability company) irrigated in 2003 from any and all water sources from, or tributary to, the Snake River in any location: _____ acres
- d) Number of acres the landholder (either by him/herself, or as part of another entity) plans to irrigate in 2004: _____ acres

SIGNATURES

By signing below, you certify that the information included in this proposal is accurate and true to the best of your knowledge.

NOTE: To support your proposal, you may be asked to provide additional information. We will notify the applicant shown above if additional information is necessary.

David E. Bergh
Applicant's Signature
DAVID E. BERGH
Printed Name

Palmer A. Bergh
Applicant's Signature
PALMER A. BERGH
Printed Name

Applicant's Signature

Printed Name

Applicant's Signature

Printed Name

Applicant's Signature

Printed Name

1-15-04
Date
MEMBER
Office held (if entity)

1-15-04
Date
MEMBER
Office held (if entity)

Date

Office held (if entity)

Date

Office held (if entity)

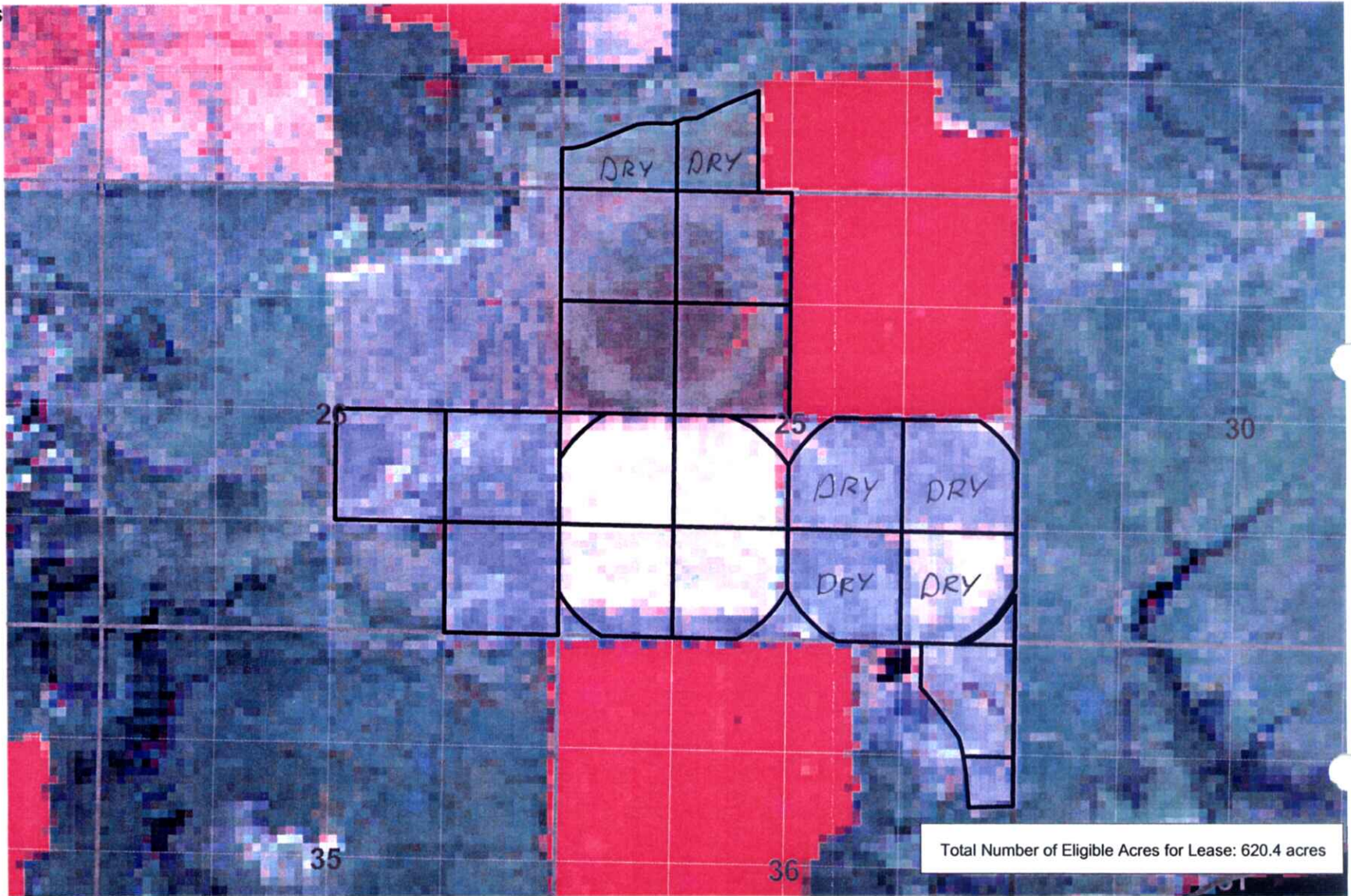
Date

Office held (if entity)



T05S

R06E R07E



Imagery: September 23, 2003

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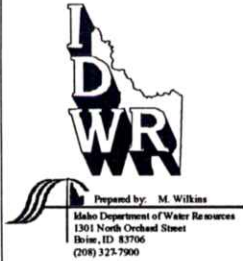
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PROOF of IRRIGATION DURING 2003 SEASON

Bergh Farms, LLC

**2003 Snake River Pilot Leasing Program
Rental of Water from the Water Supply Bank**

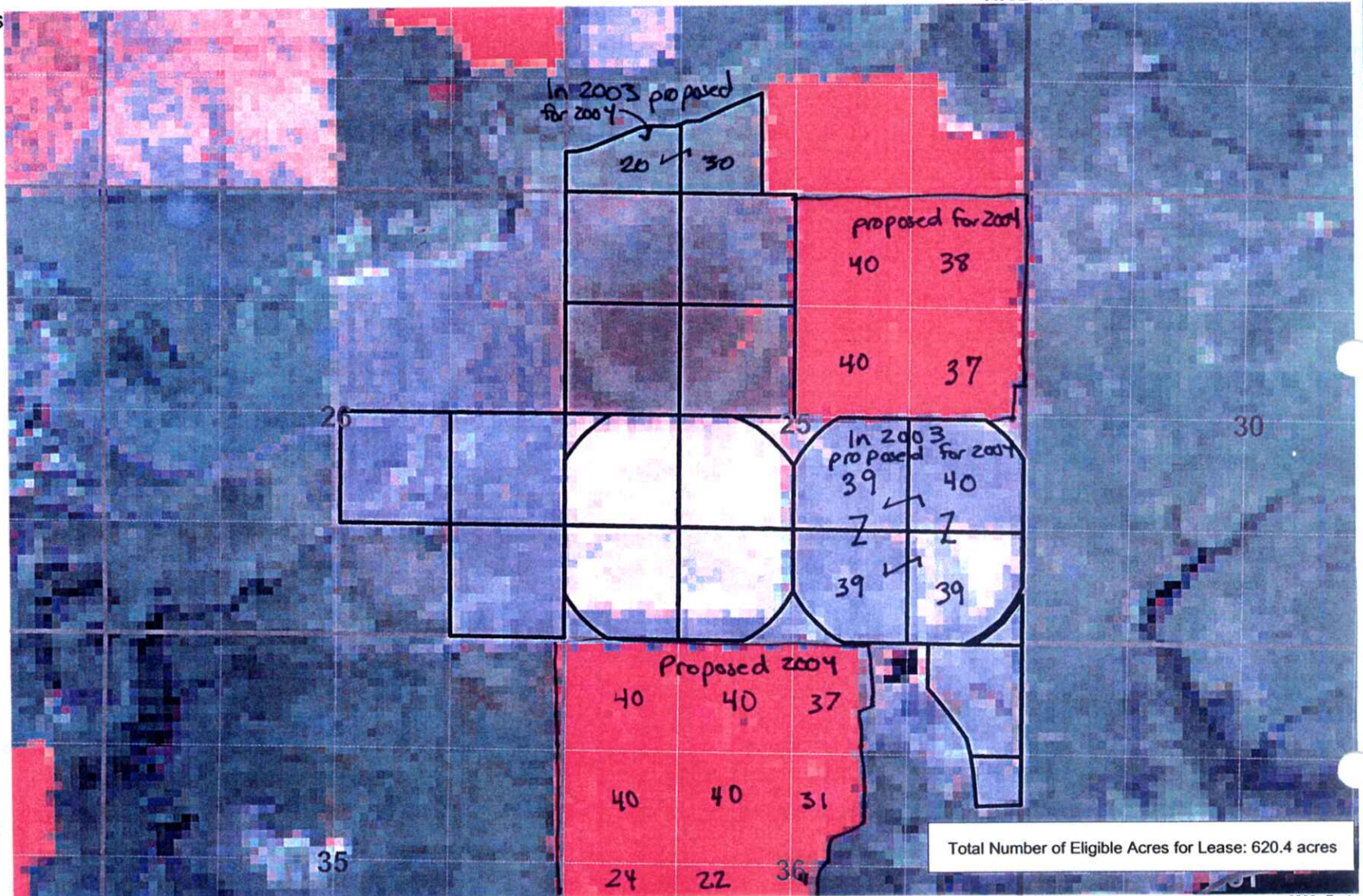
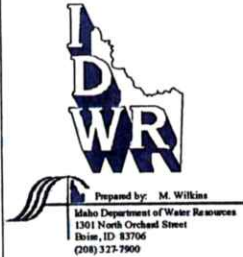
Prepared: December 2, 2003





T05S

R06E R07E



Imagery: September 23, 2003

3000

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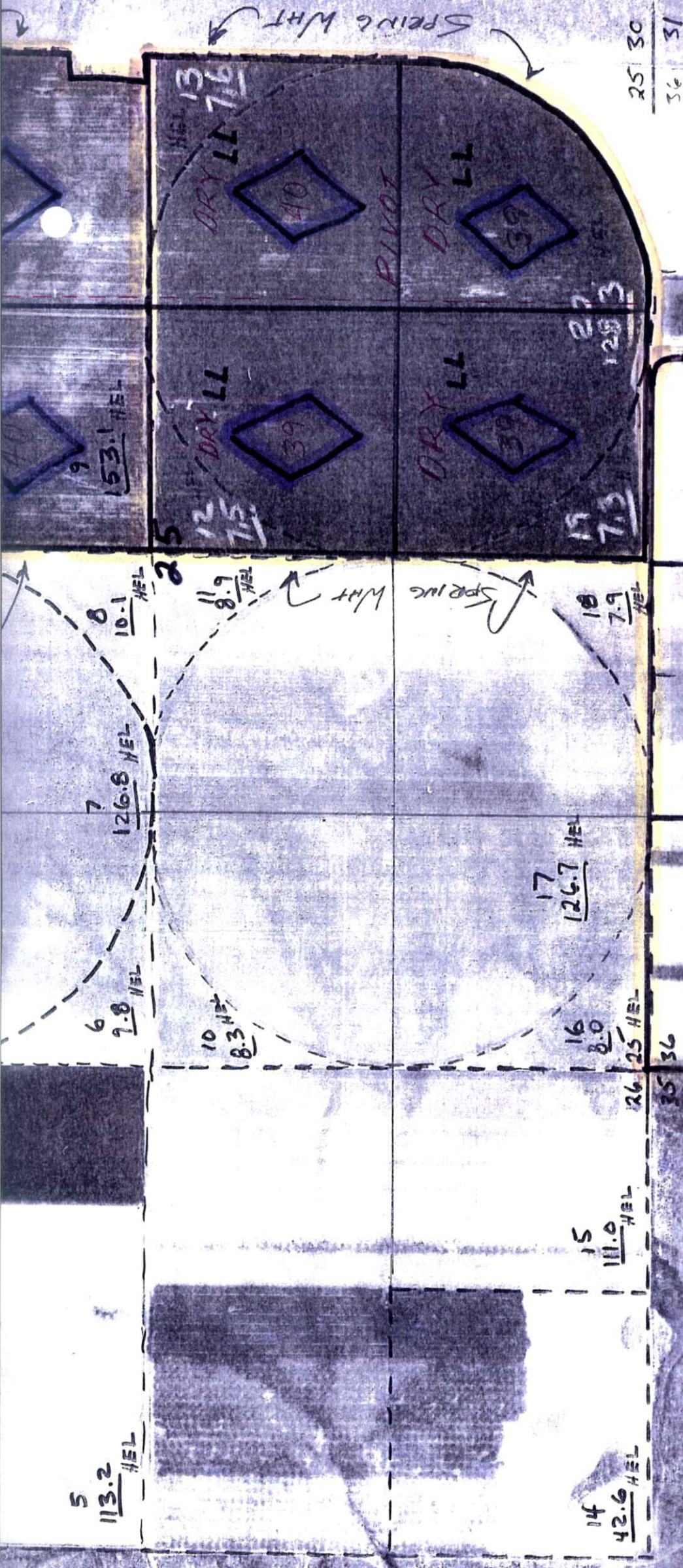
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Bergh Farms, LLC

2003 Snake River Pilot Leasing Program
Rental of Water from the Water Supply Bank

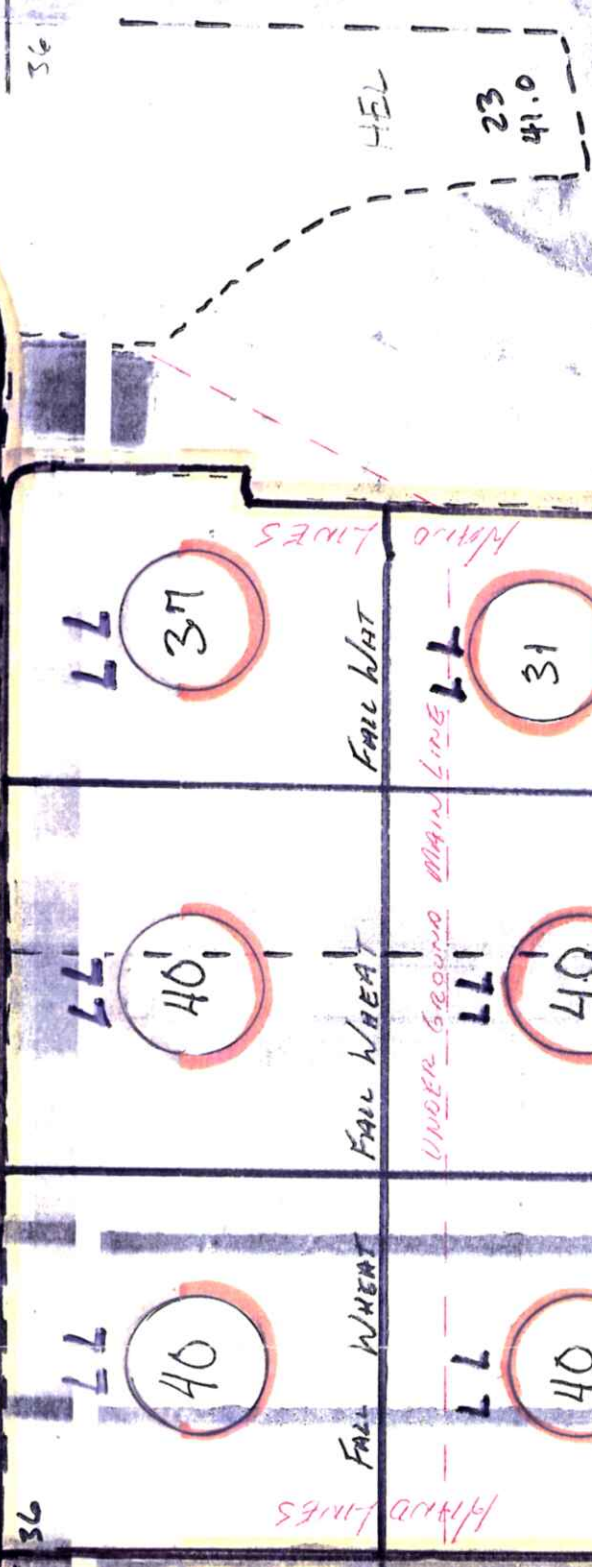
Prepared: December 2, 2003



BERGH FARMS LLC: PROPOSED -
2004 PILOT LEASING PROGRAM

LEGEND

- = WATER RIGHT 2-7184 (DECEMBER 19, 1974)
- = WATER RIGHT 2-2354 + (1960, 1964) 2-2159
- = WATER RIGHT 2-7229 (APRIL 16, 1976)



Close

IDAHO DEPARTMENT OF WATER RESOURCES
Adjudication Claim Report

01/16/2004

WATER RIGHT NO. 2-7229

<u>Owner Type</u>	<u>Name and Address</u>
Current Owner	THE TRAVELERS INSURANCE CO REAL ESTATE INVESTMENT DEPT ATTN JOE DANIELS PO BOX 17480 DENVER, CO 80217-0480 (303)740-1826
Original Owner	KEITH CHRISTINSEN , ID
Original Owner	CARLOS O CRANDALL
Original Owner	OLON F CRANDALL 150 N 18TH E MOUNTAIN HOME, ID 83647

Priority Date: 04/16/1976

Basis: License

Status: Active

<u>Source</u>	<u>Tributary</u>
SNAKE RIVER	COLUMBIA RIVER

<u>Beneficial Use</u>	<u>From</u>	<u>To</u>	<u>Diversion Rate</u>	<u>Volume</u>
IRRIGATION	3/15	11/15	1 CFS	
Total Diversion			1 CFS	

Location of Point(s) of Diversion:

SNAKE RIVER	NESE Lt 1	Sec. 36	Township 05S	Range 06E	ELMORE County
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Place(s) of use:

Place of Use Legal Description: IRRIGATION ELMORE County

Township	Range	Section	Lot	Tract	Acres	Lot	Tract	Acres	Lot	Tract	Acres	Lot	Tract	Acres
05S	06E	24		SWSW	20		SESW	30						

Total Acres: 50

Remarks:

1.	General	THIS RT. WHEN COMBINED WITH RTS. 02-2354, 02-7184, 02-2398 & 02-2159 SHALL NOT EXCEED 22.28 CFS.
----	---------	--

Dates:

Licensed Date: 08/15/1983

Claim Received Date:

Decreed Date:

Enlargement Use Priority Date:

Enlargement Statute Priority Date:

Other Information:

State or Federal: S

Owner Name Connector:

Water District Number:

Generic Max Rate per Acre:

Generic Max Volume per Acre:

Civil Case Number:

Old Case Number:

Decree Plaintiff:

Decree Defendant:

Swan Falls Trust or Nontrust:

Swan Falls Dismissed:

DLE Act Number:

Cary Act Number:

Mitigation Plan: False

Close

Close

IDAHO DEPARTMENT OF WATER RESOURCES
Adjudication Claim Report

01/16/2004

WATER RIGHT NO. 2-7184

Owner Type	Name and Address
Current Owner	THE TRAVELERS INSURANCE CO REAL ESTATE INVESTMENT DEPT ATTN JOE DANIELS PO BOX 17480 DENVER, CO 80217-0480 (303)740-1826
Original Owner	CARLOS O CRANDALL
Original Owner	OLON F CRANDALL 150 N 18TH E MOUNTAIN HOME, ID 83647
Original Owner	KEITH L CHRISTENSEN 1048 HWY 91 SHELLEY, ID 83247 (208)357-7156

Priority Date: 12/19/1974
Basis: License
Status: Active

Source	Tributary
SNAKE RIVER	COLUMBIA RIVER

Beneficial Use	From	To	Diversion Rate	Volume
IRRIGATION	4/01	10/31	8 CFS	
Total Diversion			8 CFS	

Location of Point(s) of Diversion:

SNAKE RIVER NESE Lt 1 Sec. 36 Township 05S Range 06E ELMORE County

Place(s) of use:

Place of Use Legal Description: IRRIGATION ELMORE County

Township	Range	Section	Lot	Tract	Acres	Lot	Tract	Acres	Lot	Tract	Acres	Lot	Tract	Acres
05S	06E	26		SWSE	34									
		36		NENE	29		NWNE	37		SWNE	31		SENE	9
				NENW	40		NWNW	40		SWNW	40		SENE	9
				NESW	24		NWSW	22					SENE	9
				NWSE	4								SENE	9

Total Acres: 350

Conditions of Approval:

1.	001	A measuring device of a type approved by the Department shall be permanently installed and maintained as part of the diverting works.
2.	016	See remarks for additional conditions of approval.

Remarks:

1.	General	CONFORMED ADDRESS TO D.E. STANDARDS 03/28/95 SS.
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Dates:

Licensed Date: 06/08/1982

Claim Received Date:

Decreed Date:

Enlargement Use Priority Date:

Enlargement Statute Priority Date:

Other Information:

State or Federal: S

Owner Name Connector:

Water District Number:

Generic Max Rate per Acre:

Generic Max Volume per Acre:

Civil Case Number:

Old Case Number:

Decree Plaintiff:

Decree Defendant:

Swan Falls Trust or Nontrust:

Swan Falls Dismissed:

Close

IDAHO DEPARTMENT OF WATER RESOURCES
Adjudication Claim Report

01/16/2004

WATER RIGHT NO. 2-2159

Owner Type	Name and Address
Current Owner	THE TRAVELERS INSURANCE CO REAL ESTATE INVESTMENT DEPT ATTN JOE DANIELS PO BOX 17480 DENVER, CO 80217-0480 (303)740-1826

Priority Date: 12/14/1960
Basis: License
Status: Active

Source	Tributary
SNAKE RIVER	COLUMBIA RIVER

Beneficial Use	From	To	Diversion Rate	Volume
IRRIGATION	3/15	11/15	12 CFS	
Total Diversion			12 CFS	

Location of Point(s) of Diversion:

SNAKE RIVER	NESE Lt 1	Sec. 36	Township 05S	Range 06E	ELMORE County
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Place(s) of use:

Place of Use Legal Description: IRRIGATION ELMORE County

Township	Range	Section	Lot	Tract	Acres	Lot	Tract	Acres	Lot	Tract	Acres	Lot	Tract	Acres
----------	-------	---------	-----	-------	-------	-----	-------	-------	-----	-------	-------	-----	-------	-------

05S	06E	25	NENE	38	NWNE	40	SWNE	40	SENE	37
			NENW	40	NWNW	38	SWNW	40	SENW	40
			NESW	40	NWSW	40	SWSW	40	SESW	40
			NESE	40	NWSE	39	SWSE	39	SESE	39

Total Acres: 630

Dates:

Licensed Date: 02/13/1979

Claim Received Date:

Decreed Date:

Enlargement Use Priority Date:

Enlargement Statute Priority Date:

Other Information:

State or Federal: S

Owner Name Connector:

Water District Number:

Generic Max Rate per Acre:

Generic Max Volume per Acre:

Civil Case Number:

Old Case Number:

Decree Plaintiff:

Decree Defendant:

Swan Falls Trust or Nontrust:

Swan Falls Dismissed:

DLE Act Number:

Cary Act Number:

Mitigation Plan: False

Close

Close

IDAHO DEPARTMENT OF WATER RESOURCES
Adjudication Claim Report

01/16/2004

WATER RIGHT NO. 2-2354

Owner Type	Name and Address
Current Owner	THE TRAVELERS INSURANCE CO REAL ESTATE INVESTMENT DEPT ATTN JOE DANIELS PO BOX 17480 DENVER, CO 80217-0480 (303)740-1826
Original Owner	JAMES BATT
Original Owner	VERNON W GOLDSMITH

Priority Date: 07/10/1964

Basis: License

Status: Active

Source	Tributary
SNAKE RIVER	COLUMBIA RIVER

Beneficial Use	From	To	Diversion Rate	Volume
IRRIGATION	3/15	11/15	0.6 CFS	
Total Diversion			0.6 CFS	

Location of Point(s) of Diversion:

SNAKE RIVER	NESE Lt 1	Sec. 36	Township 05S	Range 06E	OWYHEE County
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Place(s) of use:

Place of Use Legal Description: IRRIGATION OWYHEE County

Township	Range	Section	Lot	Tract	Acres	Lot	Tract	Acres	Lot	Tract	Acres	Lot	Tract	Acres
05S	06E	25		NENE	38		NWNE	40		SWNE	40		SENE	37
				NENW	40		NWNW	38		SWNW	40		SENW	40
				NESW	40		NWSW	40		SWSW	40		SESW	40
				NESE	40		NWSE	39		SWSE	39		SESE	39

Total Acres: 630

Dates:

Licensed Date: 02/13/1979

Claim Received Date:

Decreed Date:

Enlargement Use Priority Date:

Enlargement Statute Priority Date:

Other Information:

State or Federal: S

Owner Name Connector:

Water District Number:

Generic Max Rate per Acre:

Generic Max Volume per Acre:

Civil Case Number:

Old Case Number:

Decree Plaintiff:

Decree Defendant:

Swan Falls Trust or Nontrust:

Swan Falls Dismissed:

DLE Act Number:

Cary Act Number:

Mitigation Plan: False

[Close](#)

Close

IDAHO DEPARTMENT OF WATER RESOURCES
Adjudication Claim Report

01/16/2004

WATER RIGHT NO. 2-2398

Owner Type	Name and Address
Current Owner	THE TRAVELERS INSURANCE CO REAL ESTATE INVESTMENT DEPT ATTN JOE DANIELS PO BOX 17480 DENVER, CO 80217-0480 (303)740-1826
Original Owner	VERNON W GOLDSMITH

Priority Date: 10/01/1966
Basis: License
Status: Active

Source	Tributary
SNAKE RIVER	COLUMBIA RIVER

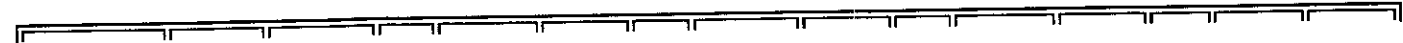
Beneficial Use	From	To	Diversion Rate	Volume
IRRIGATION	3/15	11/15	3.74 CFS	
Total Diversion			3.74 CFS	

Location of Point(s) of Diversion:

SNAKE RIVER	NESE Lt 1	Sec. 36	Township 05S	Range 06E	ELMORE County
-------------	-----------	---------	--------------	-----------	---------------

Place(s) of use:

Place of Use Legal Description: IRRIGATION ELMORE County



Township	Range	Section	Lot	Tract	Acres	Lot	Tract	Acres	Lot	Tract	Acres	Lot	Tract	Acres
05S	06E	26		NENE	20		NWNE	2		SWNE	36		SENE	34
				NESW	40		SWSW	5						
				NWSE	30		SESE	20						

Total Acres: 187

Dates:

Licensed Date: 02/16/1979

Claim Received Date:

Decreed Date:

Enlargement Use Priority Date:

Enlargement Statute Priority Date:

Other Information:

State or Federal: S

Owner Name Connector:

Water District Number:

Generic Max Rate per Acre:

Generic Max Volume per Acre:

Civil Case Number:

Old Case Number:

Decree Plaintiff:

Decree Defendant:

Swan Falls Trust or Nontrust:

Swan Falls Dismissed:

DLE Act Number:

Cary Act Number:

Mitigation Plan: False

Close

Close

IDAHO DEPARTMENT OF WATER RESOURCES
Adjudication Claim Report

01/16/2004

WATER RIGHT NO. 2-7284

<u>Owner Type</u>	<u>Name and Address</u>
Current Owner	THE TRAVELERS INSURANCE CO REAL ESTATE INVESTMENT DEPT ATTN JOE DANIELS PO BOX 17480 DENVER, CO 80217-0480 (303)740-1826
Original Owner	KEITH CHRISTENSEN , ID
Original Owner	VIRGIL JAHNKE RT 1 BOX 125 AMERICAN FALLS, ID 83211
Original Owner	CARLOS O CRANDALL
Original Owner	OLON F CRANDALL 150 N 18TH E MOUNTAIN HOME, ID 83647

Priority Date: 05/08/1979

Basis: License

Status: Active

<u>Source</u>	<u>Tributary</u>
SNAKE RIVER	COLUMBIA RIVER

<u>Beneficial Use</u>	<u>From</u>	<u>To</u>	<u>Diversion Rate</u>	<u>Volume</u>
IRRIGATION	3/15	11/15	2.42 CFS	
STOCKWATER	1/01	12/31	0.04 CFS	
Total Diversion			2.46 CFS	

Location of Point(s) of Diversion:

SNAKE RIVER	NESE Lt 1	Sec. 36	Township 05S	Range 06E	ELMORE County
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Place(s) of use:

Place of Use Legal Description: IRRIGATION ELMORE County

Township	Range	Section	Lot	Tract	Acres	Lot	Tract	Acres	Lot	Tract	Acres	Lot	Tract	Acres
05S	06E	23		SESE	5									
		24		SWSE	40		SESE	28						
		26		NWNE	8		SWNE	4		SENE	6			
				NWSE	10		SESE	20						

Place of Use Legal Description: STOCKWATER same as IRRIGATION

Total Acres: 121

Conditions of Approval:

1.	R35	See remarks for additional conditions of approval. This right when combined with all other rights shall provide no more than .02 cfs per acre nor more than 5.0 afa per acre for the lands above.
2.	016	
3.	R33	

Remarks:

1.	General	THIS RT. WHEN COMBINED WITH RTS. 02-2354/7184/2398/2159/7229 SHALL NOT EXCEED 22.28 CFS.
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Dates:

Licensed Date: 11/01/1985

Claim Received Date:

Decreed Date:

Enlargement Use Priority Date:

Enlargement Statute Priority Date:

Other Information:

State or Federal: S

Owner Name Connector:

Water District Number:

SEP 12 '90 10:04 FROM DENVER-REID

EXHIBIT C
(Water Rights)

<u>LICENSE #</u>	<u>WATER QUALITY</u>
02-2159	12.00 C.F.S.
02-2354	.60 C.F.S.
02-2398	3.74 C.F.S.
02-7184	7.00 C.F.S.
02-7229	1.00 C.F.S.
02-7284	2.46 C.F.S.
STOCKWATER	.04 C.F.S.
TOTAL	<u>26.80 C.F.S.</u>

Any and all additional water rights applicable to subject farm.

State of Idaho
Department of Water Resources
WATER RIGHT LICENSE

License of Water Right No. 02-7284 Priority May 8, 1979 Amount 2.46 cfs

THIS IS TO CERTIFY, that Virgil Jahnke
of American Falls, Idaho, has complied with the terms and conditions of Permit
No. 02-7284 issued pursuant to Application for Permit dated May 8, 1979,
and has submitted proof to the Department of Water Resources on April 10, 1984,
that he has applied water to a beneficial use; an examination by the Department indicates that the works have a
capacity for the diversion of 22.28 cfs of water from Snake River,
tributary to Columbia River, and that the permit holder has applied to a beneficial use and
established a right to use water as follows:

Beneficial Use	Period of Use	Rate of Diversion	Annual Volume
<u>Irrigation</u> from <u>March 15</u> to <u>November 15</u> at <u>2.42</u> cfs and			<u>605.0</u> acre feet
<u>Stockwater</u> from <u>January 1</u> to <u>December 31</u> at <u>0.04</u> cfs and			<u>2.7</u> acre feet
_____ from _____ to _____ at _____ cfs and			

(both dates inclusive)

Subject, however, to the condition that no more than 2.46 cfs of water be diverted at any one time, and
that the amount of water so diverted and to which such right is entitled and confirmed is for the purpose
aforementioned and is limited to the amount which can actually be beneficially used and shall not exceed
607.7 acre feet per year, said waters to be diverted within the NE 1/4 SE 1/4 (Gov. Lot 1)
Section 36, Twp 5S, Rge 6E in the County of Elmore

Description and location of place of use:

Twp.	Range	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	
5S	6E	23															5		5
		24															40	28	68
		26		8	4	6										10		20	48

Total number of acres irrigated 121

MICROFILMED

CONDITIONS OF APPROVAL

a. Modifications to or variance from this license must be made within the limits of Section 42-222, Idaho Code, or the applicable Idaho Law. This right may be forfeited by five years of non-use.

b. The right to the use of the water hereby confirmed is restricted and appurtenant to lands or place of use herein described, and is subject to all prior water rights, as provided by the laws of Idaho.

c. Any water right confirmed in this license for hydropower purposes shall be junior and subordinate to all rights to the use of water, other than hydropower, within the State of Idaho that are initiated later in time than the priority of this license and shall not give rise to any right or claim against any future rights to the use of water other than hydropower, within the State of Idaho initiated later in time than the priority of this license.

This right when combined with Right Nos. 02-2354, 02-7184, 02-2398, 02-2159 & 02-7229 shall not exceed 22.28 cfs.

This right when combined with all other rights shall provide no more than .02 cfs per acre nor more than 5.0 afa per acre for the lands above.

Water shall not be diverted under this right unless the flow of the Snake River exceeds established downstream minimum stream flows.

Witness the seal and signature of the Director, affixed at Boise, Idaho, this 1st day of NOVEMBER, 19 85.

Acting for the Director

Norman C Young

Department of Water Resources

WATER RIGHT LICENSE

License of Water Right No. 02-7229 Priority April 16, 1976 Amount 1.0 cfs

THIS IS TO CERTIFY, that Carlos &/or Olon Crandall &/or Keith Christinsen
of Mountain Home, ID, has complied with the terms and conditions of Permit
No. 02-7229 issued pursuant to Application for Permit dated April 16, 1976
and has submitted proof to the Department of Water Resources on March 2, 1982
that he has applied water to a beneficial use; an examination by the Department indicates that the works have a
capacity for the diversion of 22.28 cfs of water from Snake River
tributary to Columbia River, and that the permit holder has applied to a beneficial use and
established a right to use water as follows:

Beneficial Use	Period of Use	Rate of Diversion	Annual Volume
Irrigation	from <u>March 15</u> to <u>November 15</u>	<u>1.0</u> cfs and	<u>250.0</u> acre feet
	from _____ to _____	_____ cfs and	_____
	from _____ to _____	_____ cfs and	_____

(both dates inclusive)

Subject, however, to the condition that no more than 1.0 cfs of water be diverted at any one time, and
that the amount of water so diverted and to which such right is entitled and confirmed is for the purpose
aforementioned and is limited to the amount which can actually be beneficially used and shall not exceed
250.0 acre feet per year, said waters to be diverted within the Government Lot 1 (N&SE) Section 36, Twp 5S, Rge 6E
in the County of Elmore

Description and location of place of use:

Description and location of tract of land																			Totals
Twp.	Range	Sec.	NE 1/4				NW 1/4				SE 1/4				SW 1/4				
			NE 1/4	NW 1/4	SE 1/4	SW 1/4	NE 1/4	NW 1/4	SE 1/4	SW 1/4	NE 1/4	NW 1/4	SE 1/4	SW 1/4	NE 1/4	NW 1/4	SE 1/4	SW 1/4	
5S	6E	24																	50

Total number of acres irrigated

50

This right when combined with Right Nos. 02-2354, 02-7184, 02-2398 & 02-2159
shall not exceed 22.28 cfs.

Code, or the applicable Idaho Law. This right may be forfeited by five years of non-use.

The right to the use of the water hereby confirmed is restricted and appurtenant to the lands or place of use
herein described, and is subject to all prior water rights, as provided by the laws of Idaho.

Witness the seal and signature of the Director, affixed at Boise, Idaho, this 6TH day of

JUNE, 19 83

Acting for the Director

Norman C. Young

WATER RIGHT LICENSE

License of Water Right No. 02-7184 Flowing
THIS IS TO CERTIFY, that OLON F., CARLOS O. CRANDALL &/or KEITH L. CHRISTENSEN
of Mountain Home, Idaho, has complied with the terms and conditions of Permit
No. 02-7184 issued pursuant to Application for Permit dated December 19, 1974,
and has submitted proof to the Department of Water Resources on May 8, 1979,
that he has applied water to a beneficial use; an examination by the Department indicates that the works have a
capacity for the diversion of 16.3 cfs of water from Snake River,
tributary to Columbia River, and that the permit holder has applied to a beneficial use and
established a right to use water as follows:

Subject, however, to the condition that no more than 7.0 cfs of water be diverted at any one time, and that the amount of water so diverted and to which such right is entitled and conferred is for the purpose aforementioned and is limited to the amount which can actually be beneficially used and shall not exceed 1750 acre feet per year, said waters to be diverted within the Lot 1 (NE 1/4), Sec. 36,

Description and location of place of use:

Total number of acres irrigated 350

The maximum rate of diversion under this license when combined with License No.'s 02-2159, 02-2354, & 02-2398 shall not exceed 19.42 cfs.

The right to the use of the water hereby confirmed is restricted and appurtenant to the lands or place of use herein described, as provided by the laws of Idaho.

Deputy Director

MICROFILMED

State of Idaho
Department of Water Administration

LICENSE OF WATER RIGHT

License of Water Right No. 33337/02-2398 Priority Oct. 1, 1966 Amount 3.74 cfs

THIS IS TO CERTIFY, that The Travelers Insurance Company
of Portland, Oregon, has complied with the terms and conditions of Permit
No. 33337/02-2398 issued pursuant to Application for Permit dated October 1, 1966
and has submitted proof to the Department of Water Administration on August 21, 1970
that he has applied water to a beneficial use; an examination by the Department indicates that the
works have a capacity of 19.42 cfs, and that the water has in fact been applied to a
beneficial use; a right to the use of water from the Snake River
tributary of the Columbia River, is hereby confirmed in the following amounts:

Amount 3.74 cfs for irrigation from March 15 to Nov. 15 (both dates inclusive)

Amount _____ for _____ from _____ to _____ (both dates inclusive)

Amount _____ for _____ from _____ to _____ (both dates inclusive)

Subject, however, to the condition that no more than 3.74 cfs of water be diverted at
any one time, said waters to be diverted within the _____

Lot # 1 (NE1SE4), Sec. 36, Twp. 5 S, Rge. 6 E, B.M.

in the county of Elmore; and that the amount of water so diverted and to which such
right is entitled and confirmed is for the purposes aforesaid and is limited to the amount which can
actually be beneficially used and shall not exceed 935 acre feet per year or
5.0 acre feet per acre.

Description and location of place of use:

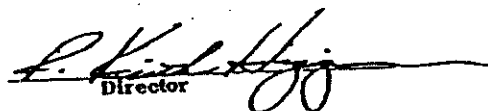
TWP.	RANGE	SEC.	NE1/4				NW1/4				SW1/4				SE1/4				TOTAL
			NE1/4	NW1/4	SW1/4	SE1/4	NE1/4	NW1/4	SW1/4	SE1/4	NE1/4	NW1/4	SW1/4	SE1/4	NE1/4	NW1/4	SW1/4	SE1/4	
58	6E	26	20	2	36	34									40	30	6	20	187

Total number of acres irrigated 187

The right to the use of the water hereby confirmed is restricted and appurtenant to the lands
or place of use herein described, as provided by the laws of Idaho.

Witness the seal and signature of the Director, affixed at Boise, Idaho, this 23 day of

March, 19 72.


Director

State of Idaho
Department of Water Administration

LICENSE OF WATER RIGHT

License of Water Right No. 31991/02-2354 Priority July 10, 1964 Amount 0.60 cfs

THIS IS TO CERTIFY, that The Travelers Insurance Company
of Portland, Oregon, has complied with the terms and conditions of Permit
No. 31991/02-2354 issued pursuant to Application for Permit dated July 10, 1964
and has submitted proof to the Department of Water Administration on August 21, 1970
that he has applied water to a beneficial use; an examination by the Department indicates that the
works have a capacity of 19.42 cfs, and that the water has in fact been applied to a
beneficial use; a right to the use of water from the Snake River
tributary of the Columbia River, is hereby confirmed in the following amounts:
Amount 0.60 cfs for irrigation from March 15 to Nov. 15 (both dates inclusive)
Amount _____ for _____ from _____ to _____ (both dates inclusive)
Amount _____ for _____ from _____ to _____ (both dates inclusive)
Subject, however, to the condition that no more than 0.60 cfs of water be diverted at
any one time, said waters to be diverted within the _____

Lot # 1 (NE1SE1), Sec. 36, Twp. 5 S, Rge. 6 E, B. M.
in the county of Elmore; and that the amount of water so diverted and to which such
right is entitled and confirmed is for the purposes aforesaid and is limited to the amount which can
actually be beneficially used and shall not exceed 388.7 acre feet per year or _____
5.0 acre feet per acre.

Description and location of place of use:

TWP.	RANGE	SEC.	NE1/4				NW1/4				SW1/4				SE1/4				TOTALS
			NE1/4	NW1/4	SW1/4	SE1/4	NE1/4	NW1/4	SW1/4	SE1/4	NE1/4	NW1/4	SW1/4	SE1/4	NE1/4	NW1/4	SW1/4	SE1/4	
5S	6E	25	38	40	40	37	40	38	40	40	40	40	40	40	40	39	39	39	630

Total number of acres irrigated 630

The right to the use of the water hereby confirmed is restricted and appurtenant to the lands
or place of use herein described, as provided by the laws of Idaho.

Witness the seal and signature of the Director, affixed at Boise, Idaho, this 23 day of

March, 19 72


Director
2-2354

State of Idaho
Department of Water Administration

LICENSE OF WATER RIGHT

License of Water Right No. 29214/02-2159 Priority Dec. 14, 1960 Amount 12.0 cfs

THIS IS TO CERTIFY, that The Travelers Insurance Company
of Portland, Oregon, has complied with the terms and conditions of Permit
No. 29214/02-2159 issued pursuant to Application for Permit dated December 14, 1960,
and has submitted proof to the Department of Water Administration on August 7, 1964,
that he has applied water to a beneficial use; an examination by the Department indicates that the
works have a capacity of 19.42 cfs, and that the water has in fact been applied to a
beneficial use; a right to the use of water from the Snake River
tributary of the Columbia River, is hereby confirmed in the following amounts:
Amount 12.0 cfs for irrigation from March 15 to Nov. 15 (both dates inclusive)
Amount _____ for _____ from _____ to _____ (both dates inclusive)
Amount _____ for _____ from _____ to _____ (both dates inclusive)
Subject, however, to the condition that no more than 12.0 cfs of water be diverted at
any one time, said waters to be diverted within the _____

Lot # 1 (NE1SE1), Sec. 36, Twp. 5 S, Rge. 6 E, B.M.

In the county of Elmore; and that the amount of water so diverted and to which such
right is entitled and confirmed is for the purposes aforesaid and is limited to the amount which can
actually be beneficially used and shall not exceed 3,150 acre feet per year or _____
5.0 acre feet per acre.

Description and location of place of use:

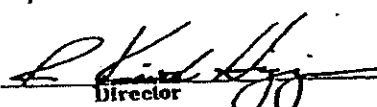
TWP.	RANGE	SEC.	NE1/4				NW1/4				SW1/4				SE1/4				TOTALS
			NE1/4	NW1/4	SW1/4	SE1/4	NE1/4	NW1/4	SW1/4	SE1/4	NE1/4	NW1/4	SW1/4	SE1/4	NE1/4	NW1/4	SW1/4	SE1/4	
5S	6E	25	38	40	40	37	40	38	40	40	40	40	40	40	40	39	39	39	630

Total number of acres irrigated 630

The right to the use of the water hereby confirmed is restricted and appurtenant to the lands
or place of use herein described, as provided by the laws of Idaho.

Witness the seal and signature of the Director, affixed at Boise, Idaho, this 23 day of

March, 19 72


Director

292159

AGREEMENT

Agreement entered into this 23 day of January, 2003, by and between SUNSET RIDGE, LLC, an Idaho Limited Liability Company, hereinafter designated as the "Owner", and BERGH FARMS, LLC, hereinafter referred to as "Lessee".

WITNESSETH: That the Owner, for and in consideration of the covenants, conditions, agreements and stipulations herein contained, to be kept and performed by the Lessee, does hereby lease, let and demise unto the Lessee certain real and personal property located in the County of Elmore, State of Idaho, more particularly described as follows:

REAL PROPERTY: Real property listed and described upon Exhibit "A" and depicted on Exhibit "B" that are attached hereto and incorporated herein and made a part hereof, consisting of approximately one thousand two hundred fifty (1,250) farmable acres.

PERSONAL PROPERTY: Personal property consisting of the irrigation equipment listed and described upon the Schedule attached hereto as Exhibit "C" and incorporated herein and made a part hereof.

S.W.
This Lease shall commence in the fall and winter of 2002 by Lessee taking possession on a field by field basis after Owner completes harvest of existing crops and shall terminate on the ^{15th} day of November, 2004, ~~or after completion of the 2004 harvest by Lessee, whichever occurs first.~~

1. RENT PAYMENT. Lessee agrees to pay to Owner for rent of said premises a cash lease of \$75.00 per acre, for a total sum of [REDACTED] per crop year. One-half of each year's payment shall be due the 15th day of February of each year, and one-half of each year's payment shall be due the 15th day of August of each year, with the first payment to be made the 15th day of February, 2003, the second payment to be made the 15th day of August, 2003. Rent

for the year 2004 shall be paid one-half on the 15th day of February, 2004, and one-half on the 15th day of August, 2004.

2. TAXES. The Owner shall pay all taxes and assessments levied or assessed against the real property which is the subject of this Lease during the term of this Lease.

3. RETURN OF PROPERTY. At the termination of this Lease as provided above, or earlier in the event of default, Lessee agrees to peacefully surrender all of the real and personal property subject to this Lease as in as good a condition as when accepted by Lessee, normal wear and tear from the ordinary use thereof excepted. Further, Lessee at the termination of the Lease will have all of its property removed from the property subject to this Lease.

4. INSPECTION AND ACCEPTANCE OF PERSONAL PROPERTY. The Parties hereto hereby agree that they shall, no later than the 10th day of January, 2003, inspect all personal property listed in Exhibit "C". The Lessee accepts the personal property in its present condition. Lessee releases and holds harmless Owner from any claim for loss due to non-functioning or under-functioning of the irrigation equipment, including but not necessarily limited to hand line, pivots and pumps.

5. MAINTENANCE AND REPAIR OF IRRIGATION EQUIPMENT. Lessee shall provide drip oil for all electric motors and shall check all of said motors and pumps at least daily and shall maintain a proper oil supply in said pumps. Lessee shall provide for all routine maintenance for the irrigation equipment, including the pumps, motors and electrical panels. If any irrigation equipment, other than pumps, motors and electrical panels, is damaged or destroyed during the Lease, the Lessee shall replace the same at its own cost and expense. If any pump, motor or panel is damaged or destroyed during the Lease, the Owner and Lessee shall each pay one-half of the cost to repair or replace the pump, motor or electrical panel. At the termination of this Lease as provided above, or earlier in the event of default, Lessee shall return

the irrigation equipment subject to this Lease in as good a condition as when accepted by Lessee, normal wear and tear from the ordinary use thereof excepted.

6. WATER. Lessee is leasing from Owner as a part of this Lease the water rights listed and described in Exhibit "D" that is attached hereto and by this reference made a part hereof. Lessee acknowledges that the water rights described in Exhibit D to be used to irrigate the farm come from the Snake River. Lessee hereby acknowledges and accepts the fact that Owner does not guarantee the availability of any certain quantity of water or sufficient water to provide the growing of crops. Lessee assumes the risks of the availability of adequate water. Lessee may at its option rent, lease or participate in a "buy back" program concerning the water rights that are appurtenant to the farm hereby leased and receive any income therefrom during the term of this Lease. ? }

7. LESSEE'S COSTS. Lessee shall be responsible for all costs associated with growing crops on the property. Said costs include but are not necessarily limited to, power costs, cost of seed, fertilizer, labor, chemicals and repair of equipment. Further, Lessee shall be responsible and shall control noxious weeds in the manner required or approved by law. Lessee acknowledges that there is housing for laborers located on the property. Lessee shall be fully responsible to maintain and repair the housing in as good a condition as the same now are, normal wear and tear from the ordinary use thereof excepted. Further, Lessee shall provide liability insurance, with Owner as an additional named insured, to protect Owner from any claim of liability for injury or loss arising out of Lessee's farming of the property, use of the housing for laborers, use of the equipment, or any act related to Lessee's farming operation. Further, Lessee shall be responsible for insuring its own property used on the farm or in its farming operation.

8. PROPER FARM PRACTICE. Lessee shall apply accepted farming practices and care of the land. Lessee shall use appropriate crop rotation practices to enhance the vitality of the crops and proper care of the land. Lessee shall apply chemicals and fertilizers according to the existing labels, laws and regulations, in a manner so as not to cause harm to the land, water or adjoining lands. Lessee will not store on the property any hazardous substances as so defined by Federal, State or local laws and regulations. Lessee shall use all products on the farm in a manner in compliance with all local, State and Federal laws and regulations. Lessee will use the property for farming only and for no other purpose. Lessee shall have the option to not farm the land so long as the rent is paid as agreed and Lessee controls the weeds on the land that it allows to lie fallow.

9. POSTING OF THE PROPERTY. Lessee shall post and maintain "No Hunting" and "No Fishing" signs in compliance with the request of Owner and with the law. Lessee shall not, without the prior written permission of Owner, allow hunting on or fishing from the property.

10. PROPERTY SUBJECT TO SALE. Lessee acknowledges that the property that is the subject of this Lease is presently for sale. Owner shall have access to and upon the property at all reasonable times for the purpose of showing the farm and equipment to potential buyers. Owner acknowledges that if the property is sold during the term of this Lease, the new buyer shall take the property subject to the rights of Lessee under the Lease.

11. SUBLEASING. Lessee may sublease the property to grow potatoes on not more than 160 acres of the property without the prior approval of Owner. Any other sublease of the property shall not be made without the prior written approval of Owner, which approval shall not be unreasonably withheld.

12. GOVERNMENT PAYMENTS. All Federal farm program payments shall be assigned each year to the Owner. Lessee shall cooperate with the Owner in executing any necessary documents to allow the Owner to claim any Federal farm program payments.

13. DEFAULT OR BREACH. Each of the following events shall constitute a default or breach of the Lease by Lessee:

- a) If Lessee shall file a petition in bankruptcy court for insolvency or for reorganization under any bankruptcy act, or shall voluntarily take advantage of any such act or shall make an assignment for the benefit of creditors;
- b) If an involuntarily proceeding under any bankruptcy law or insolvency act shall be instituted against Lessee, if a receiver or trustee shall be appointed of all or part of the property of Lessee, and such proceeding shall not be dismissed or the receivership of trustee shall be vacated within ten (10) days after the institution of appointments.
- c) If Lessee fails to pay Owner any rent or additional rent when the same shall become due;
- d) If Lessee shall fail to perform or comply with any of the conditions and terms of this Lease;
- e) If Lessee shall vacate or abandon the demised premises;
- f) If Lessee fails to take possession of the demised premises at the time set forth herein or within ten (10) days after notice the demised premise is available for occupancy; and
- g) If Lessee fails to comply with any law, ordinance, regulation or restrictions applicable to use of the land and farming on the property that is subject to this Lease, after notice as provided below.

14. REMEDIES FOR DEFAULT. If default be made in the payment of the rent above reserved or any part thereof or in the performance of any of the other terms and conditions hereof to be kept and performed by the Lessee, the Owner or its assigns shall first give the Lessee thirty days' notice in writing specifying wherein the Lessee has failed to comply with the terms hereof and which said notice shall be delivered to the Lessee personally or may be sent to the Lessee by registered or certified mail, addressed to the Lessee at the address provided herein.

If sent by mail, said notice shall be deemed served upon the Lessee upon the date it is deposited in the United States mails with postage prepaid, certified or registered and addressed as above mentioned. If Lessee fails to correct such default within said thirty-day period then the Owner or its assigns may without further notice declare this Lease terminated and reenter and retake possession of the leased property, with or without process of law, and may remove the Lessee or any other persons occupying said premises, and Lessee agrees that in case of such default it will immediately deliver up peaceable possession of the leased property to the Owner or its assigns upon demand. If the Owner retakes possession of said premises for default of the Lessee in complying with the terms hereof after notice as mentioned above, then the Owner may do or perform all things agreed to be done by the Lessee remaining undone, and the Owner may retain or sell sufficient of the crops produced upon said premises that would have otherwise belonged to the Lessee if it had performed the conditions hereof, to pay for all costs and expenses of every kind incurred by the Owner in performing the things left undone by the Lessee, and the residue remaining, if any, of such crops shall belong to the Lessee after all conditions are fulfilled. The remedies herein mentioned shall be construed as cumulative and not as alternative or exclusive.

15. ATTORNEY'S FEES. In the event it becomes necessary for either of the parties hereto to place this Lease in the hands of an attorney for enforcement of their rights hereunder after default of the other party, or to institute suit for enforcement of their rights hereunder after such default, then the defaulting party agrees, in either case, to pay a reasonable attorney's fee, including paralegal fees, incurred by the other party, in addition to other damages allowed by law. The defaulting party further agrees to pay the non-defaulting party any fees incurred by the non-defaulting party to send notice of default to the defaulting party in the sum of \$200.00. The payment of such cost shall be made before the notice of default is incurred.

16. GOVERNING LAW. This Lease shall be governed by the laws of the State of Idaho regardless of the forum or venue of any dispute hereunder.

17. PARAGRAPH HEADING. Paragraph headings in this Lease are for the convenience of the Parties only, and are not to be construed as a part of this Lease or any way limiting or amplifying the provisions thereof.

18. HEIRS, SUCCESSORS AND ASSIGNS. The terms and conditions of this Lease shall extend to and be binding upon the heirs, administrators, successors, executors and assigns of the respective Parties hereto.

DATED this 23 day of January, 2003.

OWNER:

SUNSET RIDGE, LLC,
an Idaho limited liability company,

By Julene D. Wong

LESSEE:

BERGH FARMS, L.L.C.,
an Idaho limited liability company

By David E. Bergh

STATE OF IDAHO.)
) ss.
COUNTY OF ELMORE,)

On this _____ day of _____, 2003, before me, the undersigned, a Notary Public in and for said state, personally appeared _____, known to me to be the _____ of SUNSET RIDGE, LLC, the limited liability company that executed the instrument or the person who executed the instrument on behalf of said limited liability company, and acknowledged to me that such limited liability company 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 for Idaho,
Residing at:
My Commission Expires:

STATE OF IDAHO.)
) ss.
COUNTY OF ELMORE,)

On this _____ day of _____, 2003, before me, the undersigned, a Notary Public in and for said state, personally appeared _____, known to me to be the _____ of BERGH FARMS, LLC, the limited liability company that executed the instrument or the persons who executed the instrument on behalf of said limited liability company, and acknowledged to me that such limited liability company 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
Residing at:
My Commission Expires:

LEGAL DESCRIPTION

TRACT I;

Township 5 South, Range 6 East, Boise Meridian, Elmore County,
Idaho

Section 23: A portion of the SE1/4SE1/4 being more particularly
described as follows:

Commencing at the Southeast Corner of Section 23 Township 5
South, Range 6 East, Elmore Count, Boise Meridian, and running
thence N0°03' E a distance of 512.16 feet, running thence S
89°07' W a distance of 421.74 feet, running thence S2°17' E
511.5 feet, thence N 89°12'E 401.28 feet to the POINT OF
BEGINNING.

Section 25: All

Section 26: E1/2 SAVE AND EXCEPT the following described parcel

Commencing at the North Quarter Corner of Section 26, Township 5
South, Range 6 East, Elmore County, Boise Meridian, and running
thence S 0°52' East a distance of 1022.34 feet on the North and
South Centerline, thence N72°03' E 822.36 feet, thence north
87°04'E 501.60 feet, thence North 71°57' E 383.46 feet, thence
North 67°51' East a distance of 560.34 feet, thence North 17°02'
East 338.58 feet, thence North 2°17' West 121.44 feet, thence
South 89°12' West 2278.32 feet to the POINT OF BEGINNING.

Section 36: N1/2, Lots 1, 2, 3, and 4

Section 24: A portion on the S1/2 SW1/4 and the E1/2 SAVE AND
EXCEPT the following two parcels:

SAVE AND EXCEPT:

Tract 38, Township 5 South, Range 6 East, Boise Meridian, Idaho,
described on the official plat of survey accepted January 20,
1993, on file at the Bureau of Land Management, Idaho State
office, in Boise, Idaho, having the following boundaries:

Beginning at the 1/4 section corner of Sec. 13 and 24, T5S, R6E,
B.M., Idaho, which is identical with Angle Point 1, Tract 38,
T5S, R6E, thence
South 0°02' W., on the N. and S. centerline of Sec. 24, 2,628.78
feet to the center 1/4 section corner of sec. 24, identical with
Angle Point 2, Tract 38; thence
South 0°01' W., 1,172.82 feet on the N. and S. center line of

(See Attached)

EXHIBIT A

LEGAL DESCRIPTION

Sec. 24 to Angle point 3, Tract 38; thence
North 87°32' E., 1,231.56 feet to Angle Point 4, Tract 38;
thence

North 88°04' E., 939.84 feet to Angle point 5, Tract 38; thence
South 9°26' E., 196.68 feet to Angle point 6, Tract 38; thence
South 24°54' E., 139.92 feet to Angle point 7, Tract 38; thence
South 47°50' E., 157.74 feet to Angle point 8, Tract 38; thence
South 57°16' E., 211.20 feet to Angle Point 9, Tract 38; thence
South 50°26' E., 162.36 feet to Angle Point 10, on the E.
boundary of Sec. 24 thence

North 0°18' E., 1,724.58 feet on the east boundary of sec. 24,
to the E. 1/4 sec. cor. of Sec. 24 only, identical with Angle
Point 11, Tract 38; thence

North 58°37' W., 889.68 feet to Angle Point 12, Tract 38; thence
North 24°15' W., 970.20 feet to Angle point 13, Tract 38; thence
North 20°41' W., 1,304.82 feet to Angle point 14, Tract 38;
thence

North 57°33' W., 578.16 feet to Angle Point 15, Tract 38; thence
South 67°21' W., 628.98 feet to the 1/4 section corner of Secs.
13 and 24 and POINT OF BEGINNING.

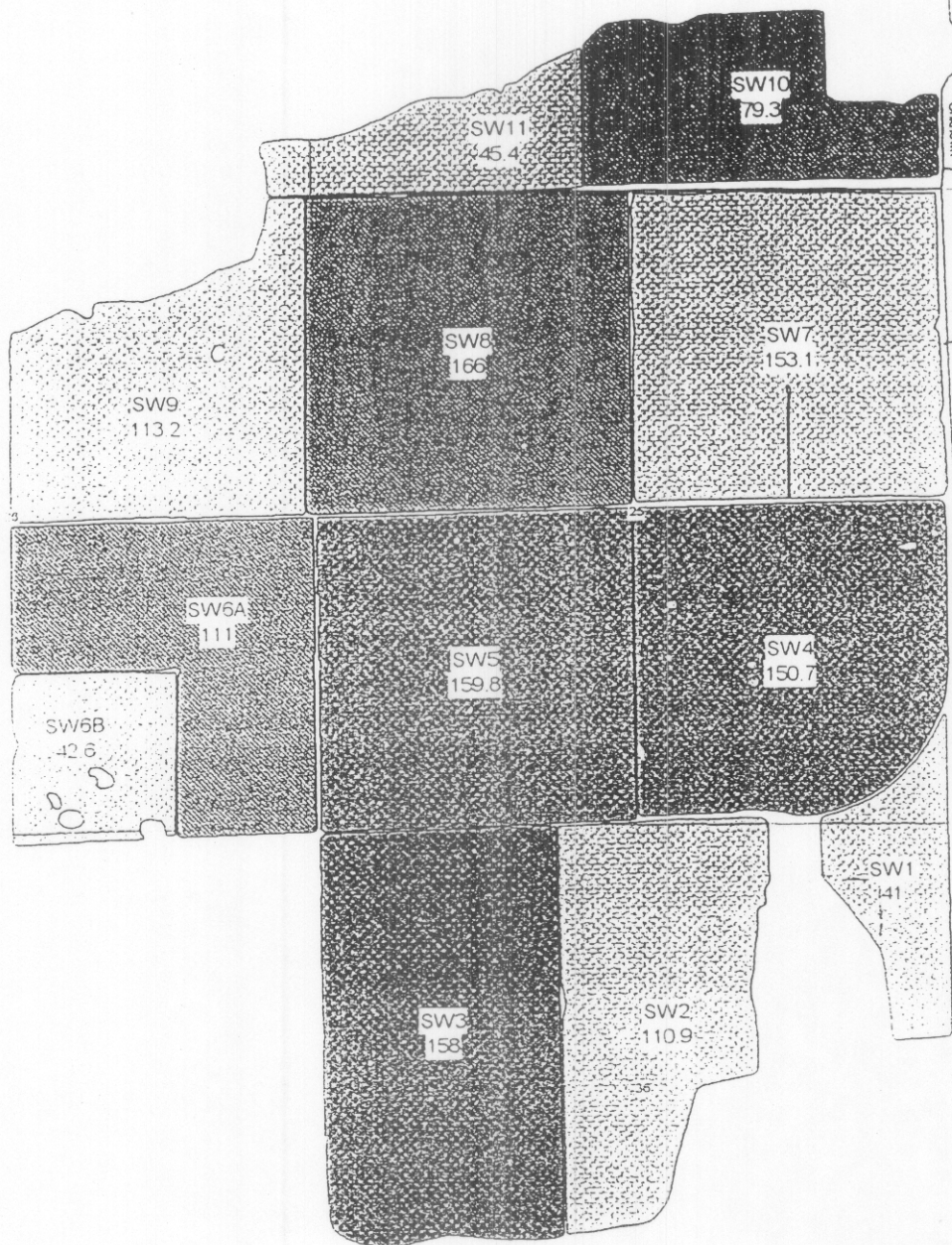
AND ALSO SAVE AND EXCEPT

Commencing at the Southwest Corner of Section 24, Township 5
South, Range 6 East, Elmore County, Boise Meridian, and running
thence N 0°03' E a distance of 512.16 feet to the point of
beginning, thence running N 89°07' E a distance of 128.04 feet,
thence N 68°20' E 721.38 feet, thence N 82°27' E 487.74 feet,
thence N 72°20' E 548.46 feet, thence N 61°16' E 618.42 feet,
thence N 89°47' W 2346.96 feet to the S 1/16 section corner,
thence S 0°03' W 804.54 feet to the Point of Beginning.

TRACT II:

Township 5 South, Range 6 East, Boise Meridian, Elmore County,
Idaho.

Section 6: U.S. Government Lots 3 and 4



T5S R6E

T5S R7E



T6S R6E

T6S R7E

- Alfalfa (6)
- Soft White Winter (3)
- Sugar Beets (3)

Squaw Creek

Sid's Place

CHAPMAN
LAMPSON
1-800-497-2727

2000-00-01

As of 1-16-03

BALL + SOCK
258

BALL + SOCKET
500

BALL + SOCK
282

BALL + SOCK
227

BALL + SOCK

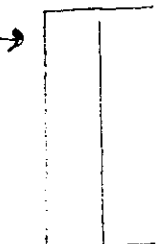
APPROX. 120 BROKEN

30

SHOP

SHOP

MAIN LINE



31 @ 6"

77 @ 10"

BALL + SOCKET
134

BALL + SOCKET
291

✓ 455 TOTAL
BALL + SOCKET 31
PIECE 253
RECO 116
→ A + M 55
(mostly bad)

BALL & SOCKET: 1753

PIECE: 253

RECO: 116

TOTAL USEABLE = $2122 \div 32 = 66.3$ LINES

TOTAL BROKEN = $120 + 65 = 185 \div 32 = 5.8$ LINES

TOTAL LINES ON FARM = $66.3 + 5.8 = 72.1$ (2,307 JOINTS)

MAINLINE: 31 of 6", 77 of 10" IN YARD

ESTIMATE 60+ JOINTS STILL IN FIELD for TOTAL of

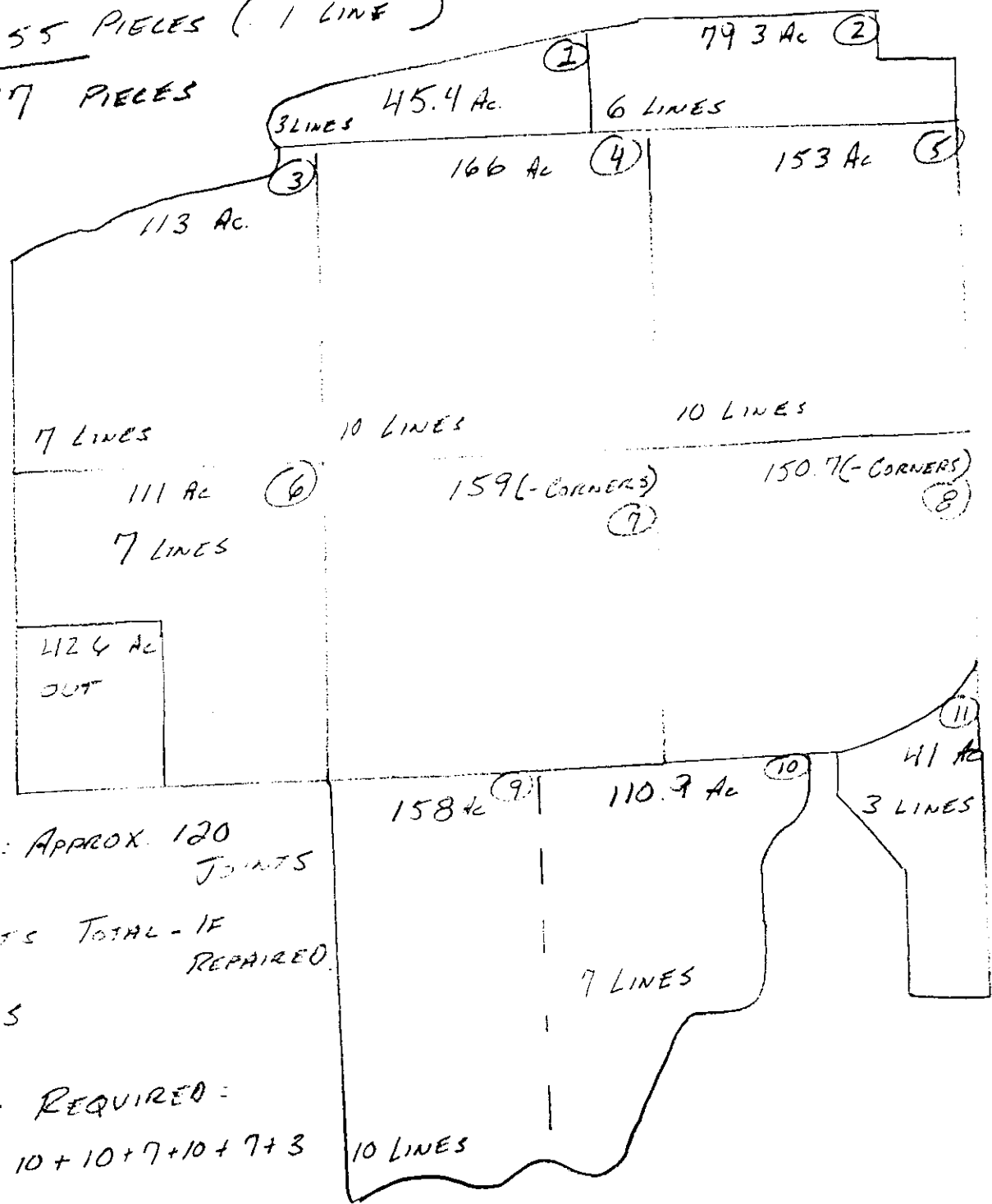
EXHIBIT C

HAND LINE COUNT: 1753

SINS PLACE

BALL + SOCKET: 1753 PILES (54 LINES)
PIERCE: 253 PIECES (8 LINES)
RECD(?): 116 PIECES (3 LINES)
A+M: 55 PIECES (1 LINE)

5177 PIECES



PRESS PILE: APPROX. 120 JOINTS

2297 JOINTS TOTAL - IF REPAIRED

= 71 LINES

TOTAL LINES REQUIRED:

3 + 6 + 7 + 10 + 10 + 7 + 10 + 7 + 3

= 63 LINES

PARTS REQUIRED: 2300 NOZZLES @ 1/8"
250 BIRDS (ESTIMATED)

? GASKETS + SPRINGS

? STAND APES (FOR BROKEN PILE)

QUIT CLAIM DEED

FOR VALUE RECEIVED

Squaw Creek Farms, L.L.C.

HEREINAFTER "GRANTOR" DOES RELEASE AND FOREVER QUITCLAIM UNTO
Sunset Ridge, L.L.C.

WHOSE ADDRESS IS: P.O. Box 1207 Mountain Home, Id 83647
HEREINAFTER "GRANTEE," AND TO HIS HEIRS AND ASSIGNS, ALL RIGHT, TITLE AND INTERE
GRANTOR HAS OR MAY HEREAFTER AQUIRE IN THE FOLLOWING DESCRIBED REAL PROPERT

Township 5 South, Range 7 East, Boise Meridian, Elmore County, Idaho.

Section 6: U.S. Government Lots 3 and 4

Instrument # 354086
Elmore County, Idaho
11:30am Feb. 11, 2004
For: SID WING
No. of Pages: 1 Fee: \$3.00
GAIL L. BEST, Recorder
Deputy: DLE

TO HAVE AND TO HOLD, ALL AND SINGULAR THE SAID PREMISES, TOGETHER WITH THEIR
APPURTENANCES, UNTO GRANTEE, AND TO HIS HEIRS AND ASSIGNS FOREVER.

DATED: February 11, 2004

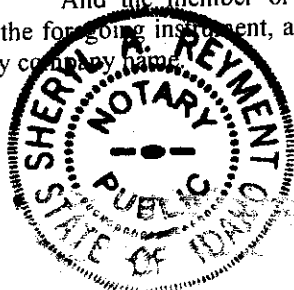
Squaw Creek Farms L.L.C.,
Sidney Wing, member

STATE OF IDAHO

COUNTY OF *Elmore*

On this *11th* day of *February*
In the year *2004*, before me a Notary Public, personally appeared

Sidney Wing
Known or identified to me to be one of the members in the limited liability company of *Squaw Creek Farms, LLC*
And the member or one of the members who subscribed said limited liability company name to the foregoing instrument, and acknowledged to me that he/she/they executed the same in said limited liability company name



Signature *Sheri A. Reymond*
Residing at *Mountain Home*
Comm Exp: *12-27-05*

RC0010 2/11/04
11:31:11

Elmore County

Receipt #: 94-35410

Received From: SID WING

Received On: 2-11-2004

Received For

Deed Quitclaim

In the form of Cash

<u>Cost Each</u>	<u>Qty</u>	<u>Instrument</u>
------------------	------------	-------------------

3.00	1	
------	---	--

Cost

3.00

=====
\$3.00

Receipt Amount

Received by: _____

for

Gail L. Best
County clerk, Auditor

2/09/04

PMO100 - PARCEL MASTER INQUIRY

15:17:00

F12=RC

PARCEL: RP 05S07E062410 A

F17=DD

LEGAL DESCRIPTION

SQUAW CREEK FARMS LLC

*NEWCN - LOTS 3 & 4
SEC 6
T5S R7E

P O BOX 1207

CODE AREA 8-0000 OWNER CD

PARC TYPE LOC CODE 300

MTN HOME ID 83647

EFFDATE 3312000 EXPDATE

PREV PARCEL SR05S07E062410A

CAT	RY	QUANTITY	UN	VALUE	HO MRKT	HO EXMP	CB MRKT	OTHER
5	2003	69780	AC	2093				
12	2003	1000	AC	15000				
32	2003			59587				

TOTALS

70780

76680

ENTER NEXT PARCEL NUMBER RP A

FKeys: F2=TX F3=Exit F5=SS F6=Nm F7=LG
F8=CT F13=TM F18=HS F20=Srch F22=EU

51d
89-1005

QUITCLAIM DEED

FOR VALUE RECEIVED

Squaw Creek Farms, L.L.C.

Instrument # 338529
Elmore County, Idaho
03:17pm Aug. 06, 2002
For: GUARANTY TITLE INC
No. of Pages: 6 Fee: \$18.00
GAIL L. BEST, Recorder
Deputy: DAC

DO HEREBY CONVEY, RELEASE, REMISE AND FOREVER QUITCLAIM
UNTO Sunset Ridge, L.L.C.

WHOSE ADDRESS IS: P.O. Box 1207

Mountain Home, Id 83647

THE FOLLOWING DESCRIBED PREMISES, TO-WIT:

(See Attached)

TOGETHER WITH THEIR APPURTENANCES.

DATED: August 6, 2002

Sidney D. Wing
Squaw Creek Farms, L.L.C.

a member of Squaw Creek Farms, L.L.C.

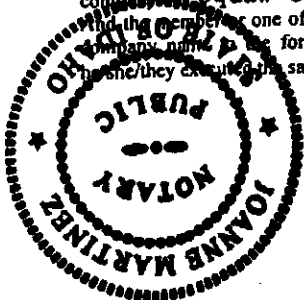
STATE OF IDAHO)
COUNTY OF Elmore)

On this 6th day of August
In the year 2002, before me a Notary Public, personally appeared

Sidney D. Wing

Known or identified to me to be one of the members in the limited liability
company of Squaw Creek Farms, L.L.C.

and the member or one of the members who subscribed said limited liability
company name in the foregoing instrument, and acknowledged to me that
he/she/they executed the same in said limited liability company name.



Signature *Sidney D. Wing*

Residing at Glenns Ferry, Idaho
Comm Exp: 09/28/07

LEGAL DESCRIPTION

TRACT I;

Township 5 South, Range 6 East, Boise Meridian, Elmore County,
Idaho

Section 23: A portion of the SE1/4SE1/4 being more particularly
described as follows:

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89°07' W a distance of 421.74 feet, running thence S2°17' E
511.5 feet, thence N 89°12' E 401.28 feet to the POINT OF
BEGINNING.

Section 25: All

Section 26: E1/2 SAVE AND EXCEPT the following described parcel

Commencing at the North Quarter Corner of Section 26, Township 5
South, Range 6 East, Elmore County, Boise Meridian, and running
thence S 0°52' East a distance of 1022.34 feet on the North and
South Centerline, thence N72°03' E 822.36 feet, thence north
87°04' E 501.60 feet, thence North 71°57' E 383.46 feet, thence
North 67°51' East a distance of 560.34 feet, thence North 17°02'
East 338.58 feet, thence North 2°17' West 121.44 feet, thence
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Section 36: N1/2, Lots 1, 2, 3, and 4

Section 24: A portion on the S1/2 SW1/4 and the E1/2 SAVE AND
EXCEPT the following two parcels:

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office, in Boise, Idaho, having the following boundaries:

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B.M., Idaho, which is identical with Angle Point 1, Tract 38,
T5S, R6E, thence
South 0°02' W., on the N. and S. centerline of Sec. 24, 2,628.78
feet to the center 1/4 section corner of sec. 24, identical with
Angle Point 2, Tract 38; thence
South 0°01' W., 1,172.82 feet on the N. and S. center line of

(See Attached)

LEGAL DESCRIPTION

Sec. 24 to Angle point 3, Tract 38; thence
North 87°32' E., 1,231.56 feet to Angle Point 4, Tract 38;
thence
North 88°04' E., 939.84 feet to Angle point 5, Tract 38; thence
South 9°26' E., 196.68 feet to Angle point 6, Tract 38; thence
South 24°54' E., 139.92 feet to Angle point 7, Tract 38; thence
South 47°50' E., 157.74 feet to Angle point 8, Tract 38; thence
South 57°16' E., 211.20 feet to Angle Point 9, Tract 38; thence
South 50°26' E., 162.36 feet to Angle Point 10, on the E.
boundary of Sec. 24 thence
North 0°18' E., 1,724.58 feet on the east boundary of sec. 24,
to the E. 1/4 sec. cor. of Sec. 24 only, identical with Angle
Point 11, Tract 38; thence
North 58°37' W., 889.68 feet to Angle Point 12, Tract 38; thence
North 24°15' W., 970.20 feet to Angle point 13, Tract 38; thence
North 20°41' W., 1,304.82 feet to Angle point 14, Tract 38;
thence
North 57°33' W., 578.16 feet to Angle Point 15, Tract 38; thence
South 67°21' W., 628.98 feet to the 1/4 section corner of Secs.
13 and 24 and POINT OF BEGINNING.

AND ALSO SAVE AND EXCEPT

Commencing at the Southwest Corner of Section 24, Township 5
South, Range 6 East, Elmore County, Boise Meridian, and running
thence N 0°03' E a distance of 512.16 feet to the point of
beginning, thence running N 89°07' E a distance of 128.04 feet,
thence N 68°20' E 721.38 feet, thence N 82°27' E 487.74 feet,
thence N 72°20' E 548.46 feet, thence N 61°16' E 618.42 feet,
thence N 89°47' W 2346.96 feet to the S 1/16 section corner,
thence S 0°03' W 804.54 feet to the Point of Beginning.

TRACT II:

Township 5 South, Range 6 East, Boise Meridian, Elmore County,
Idaho.

Section 6: U.S. Government Lots 3 and 4

TRACT III:

Lot 1, Block 1, Thunderbird Estates No. 1, Mountain Home,
Elmore County, Idaho, according to the official plat thereof on
file and of record in the office of the County Recorder of
Elmore County, Idaho.

TRACT IV:

(See Attached)

LEGAL DESCRIPTION

Lot 7, Block 1, Golden Wing Subdivision No. 1, Mountain Home, Elmore County, Idaho, according to the official plat thereof on file and of record in the office of the County Recorder of Elmore County, Idaho.

TRACT IV:

Township 4 South, Range 6 East, Boise Meridian, Elmore County, Idaho.

Section 26: E1/2SE1/4

Section 35: E1/2

Section 36: NW1/4, S1/2NE1/4, SW1/4, SE1/4, SAVE AND EXCEPT the following three parcels of land:

A parcel of land being a portion of the SE1/4SE1/4 of Section 36, Township 4 South, Range 6 East, Boise Meridian, Elmore County, Idaho, said parcel being more particularly described as follows:

Commencing at the iron pin marking the 1/4 corner common to Section 36, T.4S., R.6E., and Section 1, T.5S., R.6E., B.M., Elmore County, Idaho; thence S. 89°12'00" E. 2649.15 feet to an iron pin marking the corner common to said Sections 1 and 36 and Section 31, T.4S., R.7E., and Section 6, T.5S., R.7E., thence N. 0°04'20" W. 311.07 feet along the line common to said Sections 36 and 31; thence S. 89°55'40" W. 30.00 feet to an iron pin, said point being the REAL POINT OF BEGINNING; thence N. 89°12'00" W. 260.00 feet to an iron pin; thence N. 0°04'20" W. 186.00 feet to an iron pin; thence S. 89°12'00" E. 260.00 feet to an iron pin; thence S. 0°04'20" E. 186.00 feet to the REAL POINT OF BEGINNING

AND ALSO SAVE AND EXCEPT

A parcel of land being a portion of the SE1/4 of the SE1/4 of Section 36, T.4S., R.6E., B.M. Elmore County, Idaho, said parcel being more particularly described as follows:

Commencing at the iron pin marking the 1/4 corner common to Section 36, T.4S., R. 6E., and Section 1 T.5S, R6E., B.M., Elmore County, Idaho; thence South 89°12'00" East, 2649.15 Feet to an iron pin marking the corner common to said Sections 1 and 36 and Section 31, T4S, R7E, and Section 6, T5S, R7E;

(See Attached)

LEGAL DESCRIPTION

Thence North 00°04'20" West, 311.07 feet along the line common to said Sections 36 and 31; thence South 89°55'40" West, 30.00 feet to an iron pin; thence South 00°04'20" East 66.26 feet to an iron pin said point being the REAL POINT OF BEGINNING; thence North 89°12'00" West, 327.14 feet to an iron pin; thence South 00°26'37" East, 214.38 feet to an iron pin; thence South 89°12'00" East, 325.75 feet to an iron pin; thence North 00°04'20" West, 214.35 feet to the REAL POINT OF BEGINNING

AND ALSO SAVE AND EXCEPT

A parcel of land being a portion of the E1/2 of the SE1/4 of Section 36, T4S, R6E, B.M., Elmore County, Idaho said parcel being more particularly described as follows:

Commencing at the iron pin marking the 1/4 corner common to Section 36, T4S, R6E, and Section 1 T5S, R6E, B.M., Elmore County, Idaho;

Thence South 89°12'00" East 2649.15 feet to an iron pin marking the corner common to said Section 1 and 36 and Section 31, T4S, R7E, and Section 6, T5S, R7E; thence

North 00°04'20" West, 311.07 feet along the line common to said Sections 36 and 31; thence

South 89°55'40" West, 30.00 feet to an iron pin, said point being the REAL POINT OF BEGINNING;

thence South 00°04'20" East, 66.26 feet to an iron pin;

Thence North 89°12'00" West, 327.14 feet to an iron pin;

thence North 00°26'37" West, 1133.60 feet to an iron pin

Thence South 89°33'56" East, 334.46 feet to an iron pin;

thence South 00°04'20" East, 883.34 feet to an iron pin;

thence North 89°12'00" West 260.00 feet to an iron pin;

thence South 00°04'20" East 186.00 feet to an iron pin;

thence South 89°12'00" East, 260.00 feet to the REAL POINT OF BEGINNING.

TRACT V:

A tract of land located in the W1/2SW1/4SW1/4, Section 11, Township 4 South, Range 6 East, Boise Meridian, Elmore County, Idaho; bounded and described as follows:

Commencing at the Southwest corner of the SW1/4SW1/4, Section 11, township 4 South, Range 6 East, Boise Meridian; and running thence North along the section line a distance of 198 feet; running thence East parallel with the South boundary line of said Section 11, a distance of 660 feet to the East boundary

(See Attached)

CASE NO.: 00-000

LEGAL DESCRIPTION

line of the W1/2SW1/4SW1/4 of said Section 11; running thence South 198 feet up to the South boundary of said Section 11; running thence West along the section line a distance of 660 feet to the POINT OF BEGINNING.

SAVE AND EXCEPT that portion deeded to the State of Idaho for highway purposes in Right of Way Deed recorded November 5, 1951, in Book 2 of Deeds to Public Highways at Page 255, records of Elmore County, Idaho.

2/09/04

PMO100 - PARCEL MASTER INQUIRY

15:16:17

PARCEL: RP 05S06E150010 A

F12=RC

SQUAW CREEK FARMS LLC

F17=DD

LEGAL DESCRIPTION

N2NE4

SEC 15

T5S R6E

P O BOX 1207

CODE AREA 8-0000

OWNER CD

PARC TYPE

LOC CODE 300

MTN HOME ID 83647

EFFDATE 1201994

EXPDATE 3012004

83647

PREV PARCEL

x for parcel comments

CAT	RY	QUANTITY	UN	VALUE	HO MRKT	HO EXMP	CB MRKT	OTHER
5	1999	57000	AC	1710				
10	1999	1000	AC	13000				
19	1999	22000	AC					
32	1999			60415				
TOTALS		80000		75125				

ENTER NEXT PARCEL NUMBER RP A

FKeys: F2=TX F3=Exit F5=SS F6=Nm F7=LG
 F8=CT F13=TM F18=HS F20=SrcH F22=EU

2/09/04

PMO100 - PARCEL MASTER INQUIRY

15:16:25

PARCEL: RP 05S06E151810 A

F17=DD

LEGAL DESCRIPTION

SQUAW CREEK FARMS LLC

S2NE4 SE4
SEC 15 T5S R6E

P O BOX 1207

CODE AREA 8-0000

OWNER CD

PARC TYPE

LOC CODE 300

MTN HOME ID 83647

EFFDATE 1201994

EXPDATE 3012004

PREV PARCEL

x for parcel comments

CAT	RY	QUANTITY	UN	VALUE	HO MRKT	HO EXMP	CB MRKT	OTHER
1	1999	240000	AC	29040				

TOTALS

240000

29040

ENTER NEXT PARCEL NUMBER RP _____ A

FKeys: F2=TX F3=Exit F5=SS F6=Nm F7=LG
F8=CT F13=TM F18=HS F20=SrcH F22=EU

2/09/04

PMO100 - PARCEL MASTER INQUIRY

15:16:30

PARCEL: RP 05S06E152400 A

F10=SW

F12=RC F14=HO

F17=DD F19=SP

LEGAL DESCRIPTION

SQUAW CREEK FARMS LLC

NW4

SEC 15

T5S R6E

P O BOX 1207

CODE AREA 8-0000 OWNER CD

PARC TYPE LOC CODE 300

EFFDATE 5151996 EXPDATE 3012004

PREV PARCEL SCE5S06E152400T

MTN HOME ID 83647

FLYING H RD 83647

x for parcel comments

CAT	RY	QUANTITY	UN	VALUE	HO MRKT	HO EXMP	CB MRKT	OTHER
1	1999	15000	AC	3300				
5	1999	144000	AC	4320				
10	1999	1000	AC	13500				
31	1999			95399	95399	47700		
TOTALS		160000		116519	95399	47700		

ENTER NEXT PARCEL NUMBER RP A

FKeys: F2=TX F3=Exit F5=SS F6=Nm F7=LG
 F8=CT F13=TM F18=HS F20=Srch F22=EU

2/09/04

PMO100 - PARCEL MASTER INQUIRY

15:16:34

PARCEL: RP 05S06E154800 A

F9=MS
F17=DD

F12=RC

SQUAW CREEK FARMS LLC

LEGAL DESCRIPTION

SW4
SEC 15
T5S R6E

P O BOX 1207

MTN HOME ID 83647

83647

CODE AREA 8-0000 OWNER CD
PARC TYPE LOC CODE 300
EFFDATE 5151996 EXPDATE 3012004
PREV PARCEL SCE5S06E154800T

x for parcel comments

CAT	RY	QUANTITY	UN	VALUE	HO MRKT	HO EXMP	CB MRKT	OTHER
1	2003	124000	AC	15004				
5	2003	35000	AC	1050				
10	2003	1000	AC	13500				
32	2003			65352				
TOTALS		160000		94906				

ENTER NEXT PARCEL NUMBER RP A

FKeys: F2=TX F3=Exit F5=SS F6=Nm F7=LG
F8=CT F13=TM F18=HS F20=SrcH F22=EU

2/09/04

PMO100 - PARCEL MASTER INQUIRY

15:16:40

PARCEL: RP 05S06E160040 A

F17=DD

LEGAL DESCRIPTION

SQUAW CREEK FARMS LLC

TAX 1
SEC 16
T5S R6E

P O BOX 1207

CODE AREA 8-0000 OWNER CD
PARC TYPE LOC CODE 300
EFFDATE 1201994 EXPDATE 3012004
PREV PARCEL

MTN HOME ID 83647

X for parcel comments

CAT	RY	QUANTITY	UN	VALUE	HO MRKT	HO EXMP	CB MRKT	OTHER
1	1999	387030	AC	46831				
5	1999	17600	AC	528				

TOTALS 404630

47359

ENTER NEXT PARCEL NUMBER RP A

FKeys: F2=TX F3=Exit F5=SS F6=Nm F7=LG
F8=CT F13=TM F18=HS F20=Srch F22=EU

2/09/04

PMO100 - PARCEL MASTER INQUIRY

15:16:44

PARCEL: RP 05S06E167300 A

F17=DD

LEGAL DESCRIPTION

SQUAW CREEK FARMS LLC

SOUTH 2000 FT OF S2
SEC 16
T5S R6E

P O BOX 1207

CODE AREA 8-0000 OWNER CD
PARC TYPE LOC CODE 300
EFFDATE 5151996 EXPDATE 3012004
PREV PARCEL SCE5S06E167300T

MTN HOME ID 83647

X for parcel comments

CAT	RY	QUANTITY	UN	VALUE	HO MRKT	HO EXMP	CB MRKT	OTHER
1	1999	240000	AC	29040				

TOTALS

240000

29040

ENTER NEXT PARCEL NUMBER RP A

FKeys: F2=TX F3=Exit F5=SS F6=NM F7=LG
F8=CT F13=TM F18=HS F20=SrcH F22=EU

2/09/04

PMO100 - PARCEL MASTER INQUIRY

15:16:49

PARCEL: RP 05S06E220010 A

SQUAW CREEK FARMS LLC

P O BOX 1207

MTN HOME ID 83647

F17=DD

LEGAL DESCRIPTION

E2
SEC 22
T5S R6E

CODE AREA 8-0000 OWNER CD
PARC TYPE LOC CODE 300
EFFDATE 1201994 EXPDATE 3012004
PREV PARCEL

x for parcel comments				VALUE	HO MRKT	HO EXMP	CB MRKT	OTHER
CAT	RY	QUANTITY	UN					
1	1999	320000	AC	38720				

TOTALS 320000 38720
ENTER NEXT PARCEL NUMBER RP A

FKeys: F2=TX F3=Exit F5=SS F6=Nm F7=LG
F8=CT F13=TM F18=HS F20=SrcH F22=EU

2/09/04

PMO100 - PARCEL MASTER INQUIRY

15:16:57

PARCEL: RP 05S06E222400 A

F17=DD

LEGAL DESCRIPTION

SQUAW CREEK FARMS LLC

W2
SEC 22
T5S R6E

P O BOX 1207

CODE AREA 8-0000 OWNER CD
PARC TYPE LOC CODE 300
EFFDATE 5151996 EXPDATE 3012004
PREV PARCEL SCE5S06E222400T

MTN HOME ID 83647

x for parcel comments

CAT	RY	QUANTITY	UN	VALUE	HO MRKT	HO EXMP	CB MRKT	OTHER
1	1999	305000	AC	36905				
5	1999	15000	AC	450				

TOTALS 320000 37355
ENTER NEXT PARCEL NUMBER RP A

FKeys: F2=TX F3=Exit F5=SS F6=Nm F7=LG
F8=CT F13=TM F18=HS F20=Srch F22=EU

ELMORE COUNTY ASSESSOR
JAMES HAYDON
150 S 4TH E, STE 2
MTN HOME, ID 83647

2003

THIS IS NOT A BILL.
DO NOT PAY.

ASSESSMENT NOTICE

& ESTIMATE OF TAX

PARCEL DESCRIPTION:

ALL SEC. 36
T5S R6E

For any questions, please notify the Assessor's Office immediately.

Assessor's Telephone Number: 208-587-2126 EXT 507

PARCEL ADDRESS:

83647

SUNSET RIDGE LLC

P O BOX 1207
MTN HOME

ID 83647

Appeals of your property value must be filed in writing, on a form provided by the County, by:

JUNE 23, 2003

Tax Code Area: 8-0000

Parcel Number: RP 05S06E360010 A

ASSESSED VALUE OF YOUR PROPERTY

CURRENT CATEGORY AND DESCRIPTION	LOTS/ACRES		LAST YEAR'S VALUE	CURRENT YEAR'S VALUE
1 IRR AG	300.000	AC	76,500	36,300
5 DRY GRAZING	214.650	AC	6,440	6,440
10 RURAL AG HOMESITE	1.000	AC	9,000	11,000
32 RURAL NON RES BLDG			50,245	48,690
SUBTOTAL:	515.650		142,185	102,430
LESS HOMEOWNERS EXEMPTION:				
NET TAXABLE PROPERTY VALUE:			142,185	102,430

These values may not include personal property values. Taxes are based on the values shown on this Notice and on the Budgets of the taxing districts.

ESTIMATED PROPERTY TAXES

TAXING DISTRICTS	LAST YEAR'S TAXES	CURRENT YEAR'S ESTIMATED TAXES	PHONE NUMBER	DATE OF PUBLIC BUDGET HEARING
COUNTY	479.94	345.76	208-587-2130	09/02/2003
SCHOOL #193	781.04	562.68	208-587-2580	06/17/2003
GLENNS FERRY HW	192.50	138.68	208-366-7744	09/04/2003
HOSPITAL DIST	163.18	117.56	208-587-8401	Not Required
SUBTOTAL:	1,616.66	1,164.68		
FEES:				
TOTAL PROPERTY TAXES & FEES:	1,616.66	1,164.68		

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See the back of this Notice for details.

ELMORE COUNTY ASSESSOR
JAMES HAYDON
150 S 4TH E, STE 2
MTN HOME, ID 83647

2003

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DO NOT PAY.

ASSESSMENT NOTICE

& ESTIMATE OF TAX

PARCEL DESCRIPTION:

ALL SEC 25
T5S R6E

For any questions, please notify the Assessor's Office immediately.

Assessor's Telephone Number: 208-587-2126 EXT 507

PARCEL ADDRESS:

SUNSET RIDGE LLC

BOX 1207
MTN HOME

ID 83647

Appeals of your property value must be filed in writing, on a form provided by the County, by:

JUNE 23, 2003

Tax Code Area: 8-0000

Parcel Number: RP 05S06E250010 A

ASSESSED VALUE OF YOUR PROPERTY

CURRENT CATEGORY AND DESCRIPTION	LOTS/ACRES	LAST YEAR'S VALUE	CURRENT YEAR'S VALUE
1 IRR AG	627.410 AC	159,990	75,917
10 RURAL AG HOMESITE	1.000 AC	10,500	11,500
19 WASTE	11.590 AC		
32 RURAL NON RES BLDG		32,805	32,670
SUBTOTAL:	640.000	203,295	120,097
LESS HOMEOWNERS EXEMPTION:			
NET TAXABLE PROPERTY VALUE:		203,295	120,097

These values may not include personal property values. Taxes are based on the values shown on this Notice and on the Budgets of the taxing districts.

ESTIMATED PROPERTY TAXES

TAXING DISTRICTS	LAST YEAR'S TAXES	CURRENT YEAR'S ESTIMATED TAXES	PHONE NUMBER	DATE OF PUBLIC BUDGET HEARING
COUNTY	686.22	405.38	208-587-2130	09/02/2003
SCHOOL #193	1,116.72	659.68	208-587-2580	06/17/2003
GLENN'S FERRY HW	275.24	162.60	208-366-7744	09/04/2003
HOSPITAL DIST	233.30	137.82	208-587-8401	Not Required
SUBTOTAL:	2,311.48	1,365.48		
FEES:	54.34	54.34		
TOTAL PROPERTY TAXES & FEES:	2,365.82	1,419.82		

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See the back of this Notice for details.

ELMORE COUNTY ASSESSOR
JAMES HAYDON
150 S 4TH E, STE 2
MTN HOME, ID 83647

2003

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ASSESSMENT NOTICE

& ESTIMATE OF TAX

PARCEL DESCRIPTION:

E2 LESS TAX 1 SEC 26 T5S R6E

For any questions, please notify the Assessor's Office immediately.

Assessor's Telephone Number: 208-587-2126 EXT 507

PARCEL ADDRESS:

SUNSET RIDGE LLC

P O BOX 1207
MTN HOME

ID 83647

Appeals of your property value must be filed in
writing, on a form provided by the County, by:

JUNE 23, 2003

Tax Code Area: B-0000

Parcel Number: RP 05S06E260040 A

ASSESSED VALUE OF YOUR PROPERTY

CURRENT CATEGORY AND DESCRIPTION	LOTS/ACRES	LAST YEAR'S VALUE	CURRENT YEAR'S VALUE
1 IRR AG	241.360 AC	61,547	29,20
5 DRY GRAZING	36.730 AC	1,102	1,10
19 WASTE	3.640 AC		
SUBTOTAL:	281.730	62,649	30,30
LESS HOMEOWNERS EXEMPTION:		62,649	30,30
NET TAXABLE PROPERTY VALUE:			

These values may not include personal property values. Taxes are based on the values shown on this Notice and on the Budgets of the taxing districts.

ESTIMATED PROPERTY TAXES

TAXING DISTRICTS	LAST YEAR'S TAXES	CURRENT YEAR'S ESTIMATED TAXES	PHONE NUMBER	DATE OF PUBLIC BUDGET HEARING
COUNTY	211.46	102.30	208-587-2130	09/02/2003
SCHOOL #193	344.14	166.48	208-587-2580	06/17/2003
GLENNS FERRY HW	84.82	41.02	208-366-7744	09/04/2003
HOSPITAL DIST	71.90	34.78	208-587-8401	Not Require
SUBTOTAL:	712.32	344.58		
FEES:				
TOTAL PROPERTY TAXES & FEES:	712.32	344.58		

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ELMORE COUNTY ASSESSOR
JAMES HAYDON
150 S 4TH E, STE 2
MTN HOME, ID 83647

2003

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ASSESSMENT NOTICE

& ESTIMATE OF TAX

PARCEL DESCRIPTION:

SE4 LESS PT TAX 2, S2SW4 LESS
PT TAX 3
SEC 24 T5S R6E

For any questions, please notify the Assessor's Office immediately.

Assessor's Telephone Number: 208-587-2126 EXT 507

PARCEL ADDRESS:

83647

SUNSET RIDGE LLC

P O BOX 1207
MTN HOME

ID 83647

Appeals of your property value must be filed in
writing, on a form provided by the County, by:

JUNE 23, 2003

Tax Code Area: 8-0000

Parcel Number: RP 05506E249010 A

ASSESSED VALUE OF YOUR PROPERTY

CURRENT CATEGORY AND DESCRIPTION	LOTS/ACRES	LAST YEAR'S VALUE	CURRENT YEAR'S VALUE
1 IRR AG	79.000 AC	20,145	9,551
5 DRY GRAZING	64.170 AC	1,925	1,921
32 RURAL NON RES BLDG		22,256	19,351
SUBTOTAL:	143.170	44,326	30,831
LESS HOMEOWNERS EXEMPTION:			
NET TAXABLE PROPERTY VALUE:		44,326	30,831

These values may not include personal property values. Taxes are based on the values shown on this Notice and on the Budgets of the taxing districts.

ESTIMATED PROPERTY TAXES

TAXING DISTRICTS	LAST YEAR'S TAXES	CURRENT YEAR'S ESTIMATED TAXES	PHONE NUMBER	DATE OF PUBLIC BUDGET HEARING
COUNTY	149.62	104.08	208-587-2130	09/02/2003
SCHOOL #193	243.48	169.38	208-587-2580	06/17/2003
GLENNS FERRY HW	60.02	41.74	208-366-7744	09/04/2003
HOSPITAL DIST	50.86	35.38	208-587-8401	Not Required
SUBTOTAL:	503.98	350.58		
FEES:				
TOTAL PROPERTY TAXES & FEES:	503.98	350.58		

THIS IS NOT A BILL. DO NOT PAY.

See the back of this Notice for details.

ELMORE COUNTY ASSESSOR
JAMES HAYDON
150 S 4TH E, STE 2
MTN HOME, ID 83647

2003

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DO NOT PAY.

ASSESSMENT NOTICE

& ESTIMATE OF TAX

PARCEL DESCRIPTION:

TAX 3 SEC 23 T5S R6E

For any questions, please notify the Assessor's Office immediately.

Assessor's Telephone Number: 208-587-2126 EXT 507

PARCEL ADDRESS:

SUNSET RIDGE LLC

P O BOX 1207
MTN HOME

ID 83647

Appeals of your property value must be filed in writing, on a form provided by the County, by:

JUNE 23, 2003

Tax Code Area: 8-0000

Parcel Number: RP 05506E239040 A

ASSESSED VALUE OF YOUR PROPERTY

CURRENT CATEGORY AND DESCRIPTION	LOTS/ACRES	LAST YEAR'S VALUE	CURRENT YEAR'S VALUE
1 IRR AG	4.830 AC	1,232	58.
SUBTOTAL:	4.830	1,232	58.
LESS HOMEOWNERS EXEMPTION:		1,232	58.
NET TAXABLE PROPERTY VALUE:			

These values may not include personal property values. Taxes are based on the values shown on this Notice and on the Budgets of the taxing districts.

ESTIMATED PROPERTY TAXES

TAXING DISTRICTS	LAST YEAR'S TAXES	CURRENT YEAR'S ESTIMATED TAXES	PHONE NUMBER	DATE OF PUBLIC BUDGET HEARING
COUNTY	4.16	1.98	208-587-2130	09/02/2003
SCHOOL #173	6.76	3.20	208-587-2560	06/17/2003
GLENNS FERRY HW	1.66	.78	208-366-7744	09/04/2003
HOSPITAL DIST	1.40	.66	208-587-8401	Not Require
SUBTOTAL:	13.98	6.60		
FEES:		6.60		
TOTAL PROPERTY TAXES & FEES:	13.98			

THIS IS NOT A BILL. DO NOT PAY.

See the back of this Notice for details.

5/10/04

CYNTHIA.

This original copy of the
Farm Service Agency measurement of
acres is forwarded by Bugh Farms LLC
per our telicon of 7 May 04. The
area of concern is as indicated, north
of the mainline in fields 21 and 22.
The ^{original} FSA imagery clearly indicates the
entire main line (more clearly than the
enclosed copy). This is the only
information we have concerning this
partial field acreage. We provide you this
information simply as background,
realizing imagery that will be available
later will show the exact size of
non irrigated acres.

RECEIVED
MAY 11 2004
Department of Water Resources

PART A - SERVICE REQUEST AND COST

16. PERSON MAKING REQUEST

PART B - RECORD OF MEASUREMENT SERVICE PERFORMED

REPORTERDATE _____PRODUCER'S INITIALSDATE _____

OPERATORS COPY OF SERVICE PERFORMED

TSS R6

S-25

26 25
35 34

main line

21
150.0

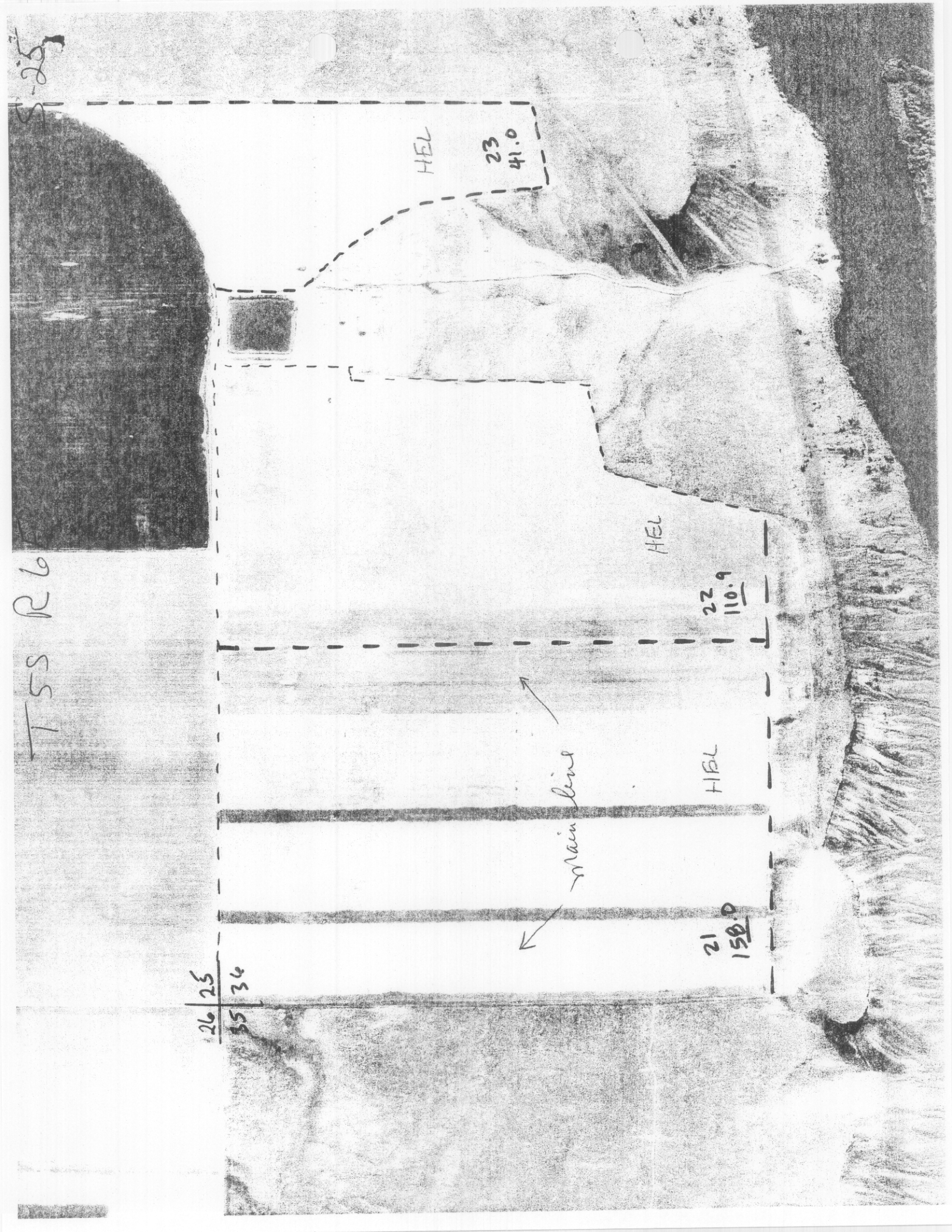
HBL

22
110.9

HEL

23
41.0

HEL



26 25
35 34

21
158.0

HEL

22
110.9

HEL

HEL

23
41.0

Before the Idaho Water Resource Board

WATER SUPPLY BANK RENTAL AGREEMENT

The Idaho Water Resource Board ("Board") being authorized to operate a Water Supply Bank ("bank") and to contract by and through the Director of the Idaho Department of Water Resources ("Director") for rental of water from the bank agrees to rent water as follows:

1. Renter: Idaho Power Company
2. Address: PO Box 70, Boise, ID 83707
3. Source of water: Snake River
4. Volume of water rented: Water diversions associated with 14,394 acres fallowed, currently estimated to be 43,182 af based on 3.0 afa/yr).

Max rate: To be determined

5. Diversion period: 2003 irrigation season
6. Use of water: Hydropower at Hells Canyon Complex
7. a) Renter's point of diversion:

Legal description: Brownlee, Oxbow, and Hells Canyon Projects

- b) Renter's place of use:

Legal description: NA

8. The right from which water will be rented is: See Attachment to Water Supply Bank Rental Agreement.

The U.S. Bureau of Reclamation ("Reclamation") and Bonneville Power Administration agree to pay the Lessors identified on the attached list, a price per acre as specified in individual agreements between Reclamation and the Lessors ("agreements"). The agreements provide that one half of the estimated payment will be made on or about July 1, 2003, and one half will be after the irrigation season has ended. The Idaho Department of Water Resources ("IDWR") shall comply with the payment scheme specified in the individual agreements between Reclamation and the Lessors. Prior to making payment to the Lessors, IDWR will invoice Reclamation for the payment plus the associated ten percent (10%) for the Water Administration Account.

Reclamation and Bonneville Power Administration agree to use the water in compliance with the Water Supply Bank rules and in compliance with the conditions of water use shown below:

Conditions of water use under this agreement:

1. The use of water under this agreement shall be subject to the provisions of Section 42-1766, Idaho Code.
2. Rental of the right(s) from the bank is contingent upon a determination that the acres associated with the rental application have a valid Snake River water right(s), and that they qualify for payment as provided in the Agreement between the U.S. Bureau of Reclamation and the Idaho Department of Water Resources for Water Leasing Program of Natural Flow Snake River Water Rights for 2003.
3. Acceptance of a right into the bank does not confirm the validity of the right or any elements of the water right.
4. Rental of the right(s) from the bank shall be from May 1, 2003 to November 15, 2003, and the right(s) will be considered released from the bank on December 31, 2003.
5. Use of water under this agreement does not constitute a dedication of the water to renter's use and upon expiration of this agreement, the points of diversion and place of use of the water shall revert to its original points of diversion and place of use and/or again be available to rent from the bank.
6. Renter agrees to comply with Water Supply Bank Rules while using water under this agreement.
7. Renter agrees to hold the Board, the Director and the state of Idaho harmless from all liability on account of negligent acts of the renter while using water.
8. Renter acknowledges and agrees that the Director may terminate diversion of

water if the Director determines there is not a sufficient water supply for the priority of the right or portion thereof being rented.

9. This rental does not grant any right-of-way or easement to use the diversion works or conveyance works of another party.

Dated this 18th day of June, 2003.

by Jonathan C. Bowling

Having determined that this agreement satisfies the provisions of Section 42-1763, Idaho Code, and, IDAPA 37.02.03030 (Water Supply Bank Rule 30), for the rental and use of water under the terms and conditions herein provided, and none other, I hereby execute this Rental Agreement on behalf of the Idaho Water Resource Board this 23rd day of June, 2003.

Karl J. Dreher

for
KARL J. DREHER, Director
Department of Water Resources

Before the Idaho Water Resource Board

**APPLICATION TO RENT WATER
FROM THE WATER SUPPLY BANK**

Applicant Idaho Power Company Phone 388-2905
Address P.O. Box 70
City Boise State ID Zip Code 83707

A. DESCRIPTION OF WATER SOUGHT TO RENT

1. Source of water Snake River tributary to _____.
2. Maximum volume of water Volume associated with beneficial use of irrigation on 14,394 dried acres, which is currently estimated to be 3 acre-ft per acre per year.).
3. Maximum rate of diversion 7 gallons per minute per acre.

B. DESCRIPTION OF USE PROPOSED

1. Nature of intended use Hydropower, Hells Canyon Complex
2. Location of point of diversion Brownlee, Oxbow and Hells Canyon Dam.
Township _____, Range _____, B.M. _____ County.
3. Season of use: From May 1, 2003 to November 15, 2003.
4. Description of diverting works: N/A
Pump HP _____ Lift _____ Pump type _____
Canal name, if appropriate _____
5. Place of use:
 - a. If water is for irrigation, describe the number of acres to be irrigated by 40-acre tract, section, township and range.

N/A

MICROFILMED

JUL 15 2003

b. If water is not for irrigation, describe the nature of the intended use and the place of use.

Power Generation Purposes at the Hells Canyon Complex

6. Describe any other water rights used for the same purposes as rental water sought under this application.

N/A

7. Who owns the property at the point of diversion?

N/A

Who owns the property at the place of use?

N/A

8. Are you seeking a rental for more than one (1) year? NO (yes or no)
If yes, for how many years? _____

9. Remarks: See Attached.

6/18/03
Date

Jonathan C. Bowling
Signature of Applicant

FOR DEPARTMENT USE ONLY

Received by VZ Date 6-19-03 Time _____

Published in _____ Pub. dates _____

Protests filed by _____

Hearing held by _____

Action recommended _____

MICROFILMED

JUL 15 2003

Attachment

Table 1

	Latest number (in acres)	Agreement No.
Bergh Farms	620.4	1425-03-MA-10-3870
Clover Hollow LLC	2406.2	1425-03-MA-10-3880
Falcon Butte Farms, Inc.	3,756.8	1425-03-MA-10-3960
Farm Development Corp	159.5	1425-03-MA-10-3900
Good, Jeff & Vivienne	482.0	1425-03-MA-10-3890
Grindstone Butte	3605.1	1425-03-MA-10-3980
Hartley, Don	245.4	1425-03-MA-10-3860
Hulet, Blaine & Yvonne	357.9	1425-03-MA-10-3950
Rosti, Martha	62.0	1425-03-MA-10-3840
Sailor Creek	331.4	1425-03-MA-10-3910
South Elmore	1791.7	1425-03-MA-10-3920
TLK Farms, Inc.	575.6	1425-03-MA-10-3930
TOTALS	14,394.0	

Conditions of application

1. Idaho Power will not be responsible for any payment for these water rights. Payment is covered by the Agreements cited above.
2. Water rented from the Water Supply Bank ("bank") under this application is based on the above-cited agreements. It shall only include water leased to the bank by the entities listed above.
2. The acreages and volumes listed above were compiled from the Applications submitted by the corresponding entities to lease water to the Water Supply Bank.
3. The volume of water available for lease is contingent upon the determination that the acres associated with the rental applications have a valid Snake River water right(s).

MICROFILMED

JUL 15 2003

United State Department of the Interior
Bureau of Reclamation

Water Rental and Forbearance Agreement

With Bergh Farms LLC by David Bergh
(Lessor's name)

Reclamation agreement number # 1425-03-MA-10-3870

This Agreement is entered into pursuant to the Reclamation Act of 1902, as amended and supplemented, for the purpose of meeting commitments of the Bureau of Reclamation (Reclamation) under the Biological Opinions on the Operation of the Federal Columbia River Power System and the operation and maintenance of Reclamation Projects in the Snake River Basin above Brownlee Dam. This Agreement is by and between the United States of America, acting by and through the Department of the Interior, Bureau of Reclamation, represented by the officer executing this instrument on its behalf and the Lessor.

RECITALS

- A. WHEREAS, Reclamation has commitments under Biological Opinions on the operation of the Federal Columbia River Power System and the operation and maintenance of Reclamation Projects in the Snake River Basin above Brownlee Dam to provide flow augmentation for delivery at Lower Granite Dam.
- B. WHEREAS, The Idaho Legislature authorized Reclamation to annually rent up to 427,000 acre-feet of storage water per year during the years 2002-2004 under the provisions of Idaho Code § 42-1763B.
- C. WHEREAS, In 2002, there was insufficient storage water available for rental by Reclamation to meet the 427,000 acre-feet rental target. Therefore, Reclamation worked with the Idaho Department of Water Resources (IDWR) under Memorandum of Agreement No. 1425-02-MA-10-3460 to have certain water right holders idle land and place their water rights in the State Water Supply Bank, thereby increasing water flow downstream to Lower Granite Dam. Rules governing the Idaho State Water Supply Bank, IDAPA 37.02.03, provide that rentals shall be approved only for use in Idaho unless there is compliance with the provisions of Idaho Code § 42-401(3). In order to avoid the complexities of Reclamation seeking approval for out-of-state use, the water was rented by the Idaho Power Company and used for hydropower generation in Idaho with the result that additional water flowed to Lower Granite Dam for flow augmentation.

- D. WHEREAS, Similar to 2002, it is expected that insufficient storage water will be available this year for rental by Reclamation. Therefore, Reclamation has initiated a similar pilot Snake River Leasing Program (Program), although this year it was advertised to the public and a request for proposals was sent to eligible water right holders. Under this Program, water right holders will forego irrigation of land and place their water right into the Idaho State Water Supply Bank. As a practical way of ensuring that Reclamation receives additional water, over and above the water flows that would otherwise be available, a qualification was added requiring that the land to which the water right is appurtenant was either irrigated last year or was in Reclamation's 2002 program explained in Recital C above. Again, it is intended for Idaho Power to renting the water from the State Water Supply Bank.
- E. The Lessor submitted a proposal for participation in the Program. The proposal shows that the Lessor has a right to use water for irrigation purposes and absent this Program was intending to irrigate with the water proposed for the Program. Therefore, placing the Lessor's water in the Water Bank during 2003 will result in additional water in the Snake River at Lower Granite Dam, Oregon. This additional water will be counted towards Reclamation's obligation to provide 427,000 acre-feet of water at Lower Granite Dam.

AGREEMENT

NOW THEREFORE, in consideration of the mutual and dependent covenants herein contained, the parties agree as follows:

I. Land Accepted into the Program

- A. The total number of acres accepted into the Program is 620.4 acres. The land, hereinafter referred to as the Land, accepted into the Program is identified as "LL" on the map(s) included in Attachment A. This is the maximum number of acres eligible for payment under this Agreement. Reclamation recognizes the following conditions may exist: 1) additional acres may have been proposed in the Lessor's application, 2) the Lessor may have a right to irrigate additional acres, 3) the Lessor may intend to irrigate additional acres in 2003 and is willing to idle those acres, and 4) the Lessor may submit an application to the State Water Supply Bank to lease water rights appurtenant to acres other than the acres identified in this Agreement. Notwithstanding any of the conditions stated above or any other conditions, under this "willing seller, willing buyer" Agreement, the number of acres covered by the Agreement is limited to the number and location stated in this section I.A. of the Agreement.
- B. If it is determined after the execution of this Agreement that certain acres are not eligible for the Program because of a mistake, error, or misrepresentation in the Lessor's application, the land covered under this Program will be reduced accordingly.

C. The Land may not be irrigated from any source, regardless of whether there is another valid water right appurtenant to the Land. Water authorized to be diverted under water rights, or portions of water rights, leased to the Water Supply Bank may not be applied to lands that are not identified in this Agreement. The Lessor may not water the Land for any reason; for example, testing equipment, irrigating a cover crop, or dust abatement.

D. IDWR intends to monitor the Lessor's idled lands. The monitoring will include field visits, and the collection and analysis of satellite data and related pump and flow measurements collected at IDWR's discretion. The Lessor agrees to allow the collection of data and access for field visits.

II. Water Rights Appurtenant to the Leased Land

A. The Lessor agrees that this Agreement shall be submitted to the Idaho State Water Supply Bank as an application to lease water to the bank, and that the Lessor is offering the water rights described in Attachment A to the bank by signing this Agreement. The Lessor agrees that any additional information or requirement IDWR may require to process or accept the application shall be furnished promptly to IDWR, including but not limited to, the submission of a separate application form if required. Failure to comply and IDWR requirements is cause for termination of this agreement.

B. All rentals of the Lessor's water rights out of the water bank shall be subject to Reclamation's approval.

III. Payment

A. By signing this Agreement the Lessor offers to the Idaho State Water Supply Bank the water rights described above for a total lease price of \$ 93,000⁰⁰. This amount is based on \$ 150⁰⁰ per acre of land idled. The Lessor understands that the amount the Lessor will receive from the Idaho State Water Supply Bank is 90% of the total lease price. Ten percent will be retained by IDWR for administrative costs of operating the Water Supply Bank, pursuant to the Water Supply Bank Rules.

B. Payment as shown in section III.A above is based upon a dollar amount per acre of land idled, regardless of the diversion rate or maximum diversion volume allowed under the water right, the historical diversion rate or consumptive use under the water right, or the diversion rate or diversion volume approved for lease by IDWR.

C. Pursuant to the Water Supply Bank Rules, IDAPA 37.02.03, after the water rights are leased, payment is to be made by the Water Supply Bank to the Lessor. Lessor agrees to accept the following intended plan for payment by IDWR: one

half of the estimated payment will be made on or about July 1, 2003, and the remainder will be paid after the irrigation season ends and final verification of program compliance is complete. Reclamation will enter into a separate contract with IDWR to make payment to the Water Supply Bank for this purpose.

IV. Term, Termination of Agreement and Remedies

- A. The Agreement shall become effective on the date of the last signature hereto and shall extend through December 31, 2003.
- B. At Reclamation's discretion, this Agreement may be terminated upon:
 - (1) Failure of the Lessor to abide by the terms and conditions of this Agreement;
 - (2) Refusal of the Lessor to allow Reclamation or IDWR access to the Land to monitor compliance with the Agreement.
 - (3) Application of water by the Lessor to the Land during the period of this Agreement, except in emergency situations where the application of water is required for public safety reasons.
 - (4) Discovery of fraudulent information submitted in the Lessor's Application.
- C. If this Agreement is terminated for any other reason prior to its ending date, the Lessor shall reimburse Reclamation for a prorated portion of the amount stated in Section III.A of this Agreement, as determined by Reclamation.

V. Miscellaneous

- A. The Landowner or Lessor is responsible for all taxes, assessments, soil conservation measures such as weed and erosion control and other obligations related to any of the Land covered by this Agreement.
- B. The Landowner will indemnify and hold harmless Reclamation from any loss or damage and from any liability on account of personal injury, property damage, or claims for personal injury or death, or property damage of any nature caused by the Landowner or any person, firm or corporation acting on the Landowner's behalf related to or arising out this Agreement.
- C. Water Right Ownership

This Agreement shall not be used as evidence of ownership of water rights in the Snake River Basin Adjudication.

D. Officials Not to Benefit

No member of or delegate to Congress or the Resident Commissioner shall be admitted to any share or part of this Agreement or to any benefit to arise therefrom, but this restriction shall not be construed to extend to this Agreement if made with a corporation or company for its general benefit.

E. Covenant Against Contingent Fees

The Lessor warrants that no person or agency has been employed or retained to solicit or secure this Agreement upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee except bona fide employees and bona fide commercial agencies maintained by the Lessor for the purpose of securing business. For breach or violation of this warranty, Reclamation shall have the right to revoke this Agreement without liability or in its discretion to require the Lessor to pay the full amount of such commission, percentage, brokerage, or contingency fee to the United States.

Signatures

Print name: BERGH FARMS LLC by DAVID F. BERGH

Mailing address: 180 KINGS CT.

Mt. Home, ID 83647

Phone: (208) 573-3542

Signed David E. Bergh

Title: MEMBER

Date: 4/03/03

For the Bureau of Reclamation

Signature: J. William McDonald
Regional Director, Pacific Northwest Region

Date: April 16, 2003

02-7229, 02-7181, 02-2398, 02-2159, 02-2354

[illegible]

4/03/03

Applicant initials *D.K.B.*

Applicant initials

Applicant initials _____

Applicant initials _____

T055



Prepared by: M. Williams
Idaho Department of Water Resources
1301 North Orchard Street
Boise, ID 83706
(208) 327-7900

Water right boundaries identify the quarter quarters within the licensed or permitted place of use, but do not represent the number of acres authorized.

- | | |
|---|-----------------------|
|  | ELIGIBLE |
|  | INELIGIBLE |
|  | QUESTIONABLE |
|  | Township/Range Lines |
|  | Section Lines |
|  | Quarter/Quarter Lines |
|  | Water Right 2-7229 |
|  | Water Right 2-7184 |
|  | Water Right 2-2398 |
|  | Water Right 2-2159 |
|  | Water Right 2-2354 |

magery: July 26, 2002

Beach Room: LLC by David E. Byrd 4/03/03

Applicant Signature

Date _____

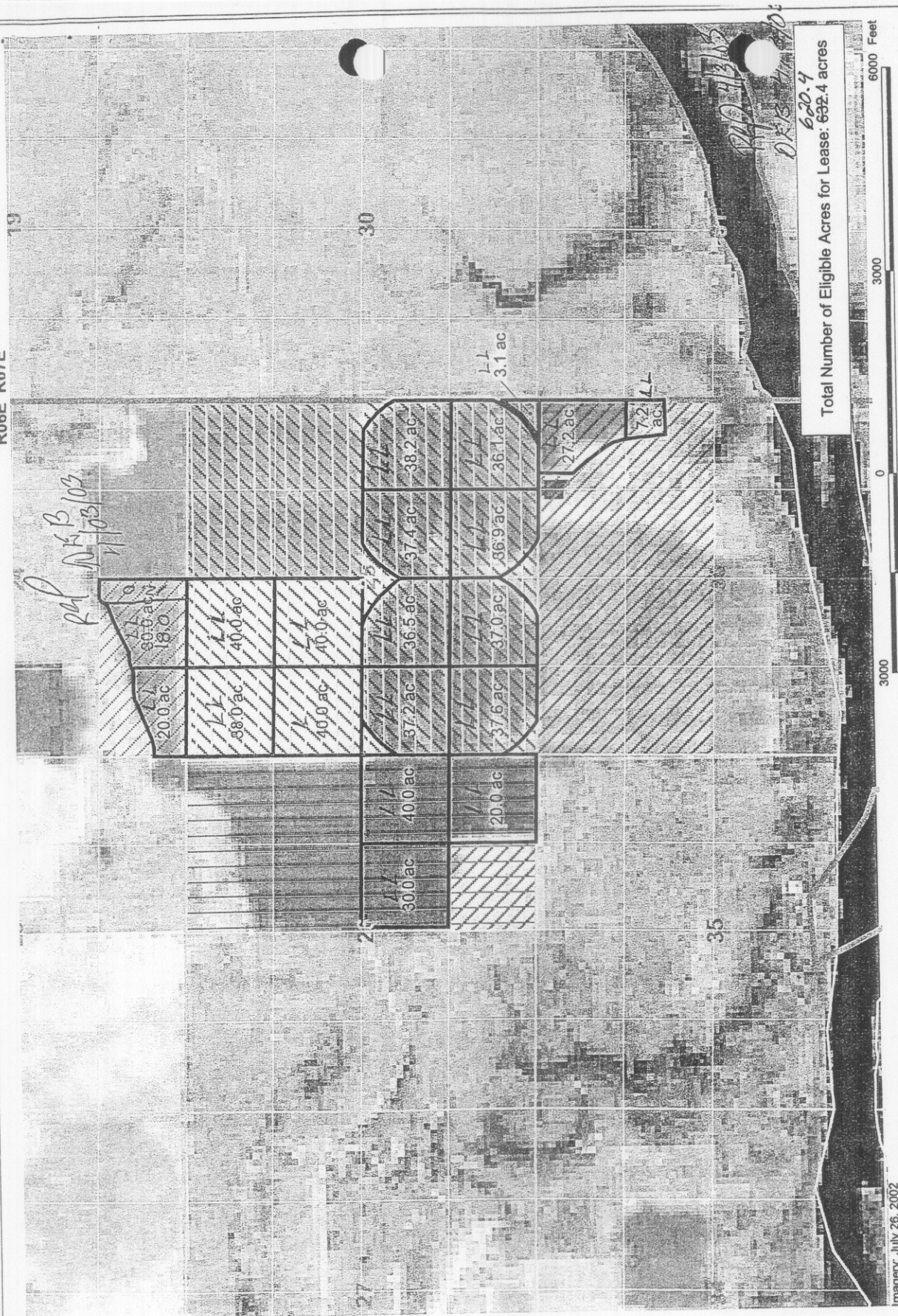
Rob A Lee 4/3/03

Date _____

COPY

Bergh Farms, LLC
2003 Snake River Pilot Leasing Program
Rental of Water from the Water Supply Bank

Prepared: April 2, 2003



Total Number of Eligible Acres for Lease: ~~632.4~~ 632.4 acres

PROPOSAL FOR THE SNAKE RIVER PILOT LEASING PROGRAM

JAN 24 2003

Applicant Information

1. Name(s): BERGH FARMS LLC

2. Mailing Address: 180 KINGS COURT
MTN. HOME, ID 83647

3. Daytime Phone Number: 208-587-8594 or 208-573-3544

4. Fax: ~~208-587-6730~~

5. E-mail Address: pa.bergh@earthlink.net

6. Do you own all of the land you propose for the program?

yes ☒ no

7. If not, do you lease the land you do not own? ☒ yes no

a) If yes, attach documentation showing that you have a valid lease for the land.

b) Name and address of the land owner:

SUNSET RIDGE LLC, P.O. Box 1207, MTN. HOME, ID 83647

c) Do you have the landowner's permission to lease the water into the Idaho State Water Bank? ☒ yes no

d) If yes, attach documentation showing permission. included as part of lease (176)

8. Proposed price per acre: \$ 150.00 per acre. Note that you will only receive 90% of that rate.

Information about the water right

9. Water Right Number: →

(Also ATTACHED)

	PRIORITY DATE		ACRES
2-2159	12/14/60	LICENSE	SAME LOCATION
"-2354	7/10/64	✓	16204
"-2398	10/1/66	✓	187
"-7184	12/19/74	✓	350
"-7229	4/16/76	✓	50
7284	5/8/79	✓	121
Tot			13.32

- permit
 X license
 decree

12. Have you made a claim for the water right in the Snake River Basin Adjudication (SRBA)?
X yes. Attach a copy of this SRBA claim.

14. Number of acres authorized for irrigation under this water right: 1338 acres

16. How many acres authorized under this water right were irrigated during the 2002 season? 650,000 Acres

17. Were any of the proposed lands leased to the Idaho State Water Bank under Memorandum of Agreement #1425-02-MA-10-3460 between IDWR and Reclamation? ☐ yes ☒ no

19. Do you propose to enter only a portion of the water right into the Program?

20. Are any other water rights appurtenant to the proposed lands?

~~no~~

21. Number of acres you are proposing for the Program: 621 acres

X yes no

23. Have you attached an acceptable map with the acres identified (see application instructions for types that are acceptable) with proposed lands and fields identified? X yes
24. Have you enclosed the attached grid? (See #24 on the application instructions for an explanation of what must be identified.) X yes
25. Have you attached documentation of use during the year 2002? (See application instructions.) X yes
26. Do you plan on a cover crop on the land? X yes ___ no

By signing below, you certify that the information included in this proposal is accurate and true to the best of your knowledge.

NOTE: To support your proposal, you may be asked to provide additional information. We will notify the applicant shown above if additional information is necessary.

BERGH FARMS LLC by David E. Bergh
Applicant's Signature

Date: 1/23/03

DAVID E. BERGH
Printed Name

Applicant's Signature

Date: _____

Printed Name

Applicant's Signature

Date: _____

Printed Name

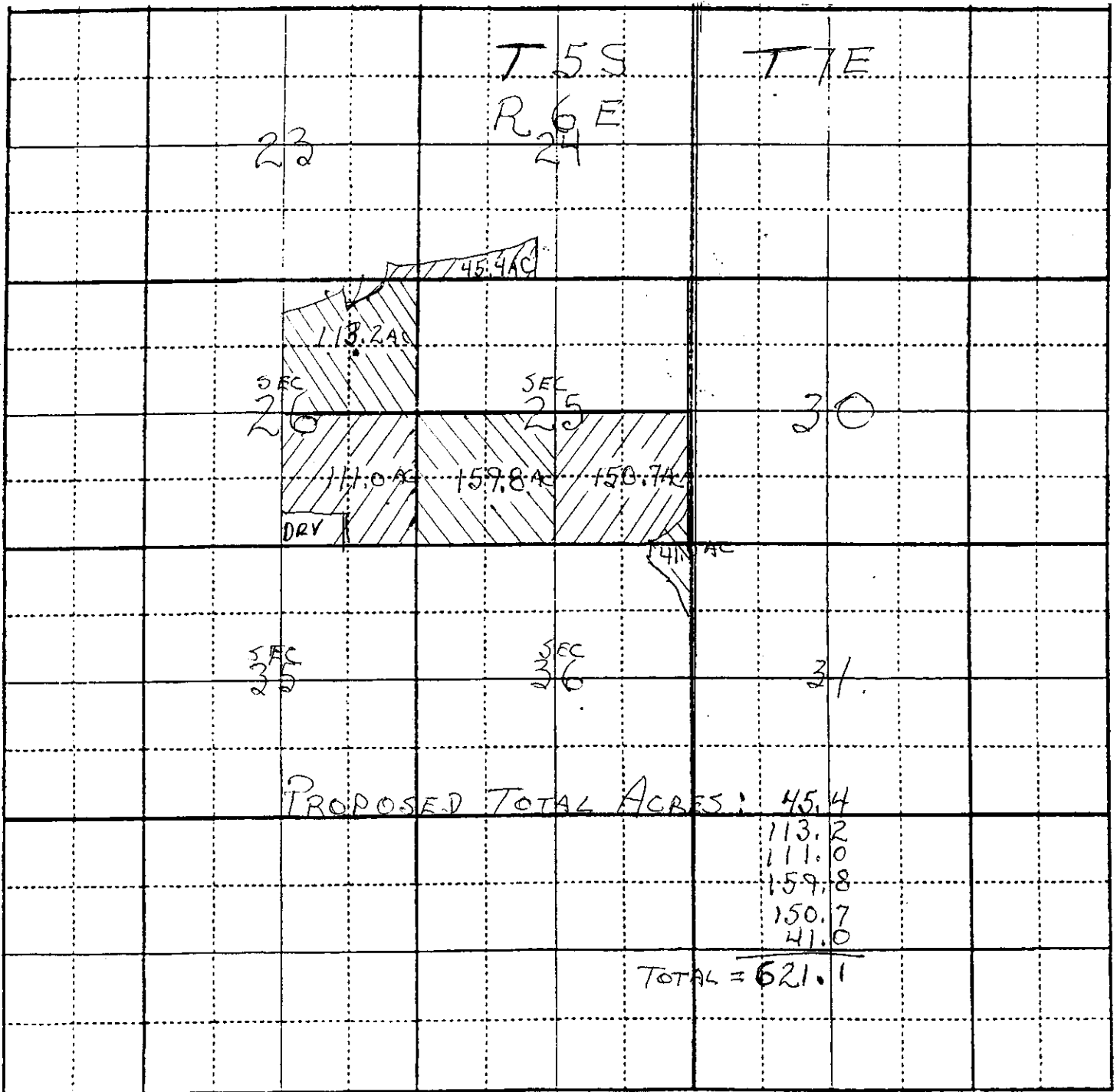
Applicant's Signature

Date: _____

Printed Name

Legal Description Grid

Document the legal description for each proposed field clearly depicting the land by section, township, range, and quarter-quarter. Indicate any proposed fields that were not irrigated last year by placing the word "dry" in each corresponding quarter-quarter.



Rattlesnake

R6E

R7E

T55

14

13

18

2003 SNAKE RIVER LEASING PROGRAM
BERGH FARMS LLC
TOTAL ACRES PROPOSED: 621 AC

3050

3034

3041

3047

3050

3027

19

23

24

45.4 AC

113.2 AC

111.0 AC

159.8 AC

150.7 AC

41.0 AC

30

2800

2838

2810

2810

36

2822

31

BM 2468

SNAKE

2458

Barber

2465

2465

2770

J-STRIKE RESERVOIR

and

2457

MCT 2457

2463

Close

IDAHO DEPARTMENT OF WATER RESOURCES
Adjudication Claim Report

01/23/2003

WATER RIGHT NO. 2-2159

Owner Type	Name and Address
Current Owner	THE TRAVELERS INSURANCE CO REAL ESTATE INVESTMENT DEPT ATTN JOE DANIELS PO BOX 17480 DENVER, CO 80217-0480 (303)740-1826

Priority Date: 12/14/1960

Basis: License

Status: Active

Source	Tributary
SNAKE RIVER	COLUMBIA RIVER

Beneficial Use	From	To	Diversion Rate	Volume
IRRIGATION	3/15	11/15	12 CFS	
Total Diversion			12 CFS	

Location of Point(s) of Diversion:

SNAKE RIVER	NESE Lt 1	Sec. 36	Township 05S	Range 06E	ELMORE County
-------------	-----------	---------	--------------	-----------	---------------

Place(s) of use:

Place of Use Legal Description: IRRIGATION ELMORE County

Township	Range	Section	Lot	Tract	Acres	Lot	Tract	Acres	Lot	Tract	Acres	Lot	Tract	Acres
05S	06E	25		NENE	38		NWNE	40		SWNE	40		SENE	39
				NENW	40		NWNW	38		SWNW	40		SENW	40
				NESW	40		NWSW	40		SWSW	40		SESW	40
				NESE	40		NWSE	39		SWSE	39		SESE	39

Total Acres: 630

Dates:

Licensed Date: 02/13/1979

Claim Received Date:

Decreed Date:

Enlargement Use Priority Date:

Enlargement Statute Priority Date:

Other Information:

State or Federal: S

Owner Name Connector:

Water District Number:

Generic Max Rate per Acre:

Generic Max Volume per Acre:

Civil Case Number:

Old Case Number:

Decree Plaintiff:

Decree Defendant:

Swan Falls Trust or Nontrust:

Swan Falls Dismissed:

DLE Act Number:

Cary Act Number:

Mitigation Plan: False

Close

Close

IDAHO DEPARTMENT OF WATER RESOURCES
Adjudication Claim Report

01/23/2003

WATER RIGHT NO. 2-7184

<u>Owner Type</u>	<u>Name and Address</u>
Current Owner	THE TRAVELERS INSURANCE CO REAL ESTATE INVESTMENT DEPT ATTN JOE DANIELS PO BOX 17480 DENVER, CO 80217-0480 (303)740-1826
Original Owner	CARLOS O CRANDALL
Original Owner	OLON F CRANDALL 150 N 18TH E MOUNTAIN HOME, ID 83647
Original Owner	KEITH L CHRISTENSEN 1048 HWY 91 SHELLEY, ID 83247 (208)357-7156

Priority Date: 12/19/1974

Basis: License

Status: Active

<u>Source</u>	<u>Tributary</u>
SNAKE RIVER	COLUMBIA RIVER

<u>Beneficial Use</u>	<u>From</u>	<u>To</u>	<u>Diversion Rate</u>	<u>Volume</u>
IRRIGATION	4/01	10/31	8 CFS	
Total Diversion			8 CFS	

Location of Point(s) of Diversion:

SNAKE RIVER	NESE Lt 1	Sec. 36	Township 05S	Range 06E	ELMORE County
-------------	-----------	---------	--------------	-----------	---------------

Place(s) of use:

Place of Use Legal Description: IRRIGATION ELMORE County

Township	Range	Section	Lot	Tract	Acres	Lot	Tract	Acres	Lot	Tract	Acres	Lot	Tract	A
05S	06E	26		SWSE	34									
		36		NENE	29		NWNE	37		SWNE	31		SENE	9
				NENW	40		NWNW	40		SWNW	40		SENW	40
				NESW	24		NWSW	22						
				NWSE	4									

Total Acres: 350

Conditions of Approval:

1.	001	A measuring device of a type approved by the Department shall be permanently installed and maintained as part of the diverting works.
2.	016	See remarks for additional conditions of approval.

Remarks:

1.	General	CONFORMED ADDRESS TO D.E. STANDARDS 03/28/95 SS.
----	---------	--

Dates:

Licensed Date: 06/08/1982

Claim Received Date:

Decreed Date:

Enlargement Use Priority Date:

Enlargement Statute Priority Date:

Other Information:

State or Federal: S

Owner Name Connector:
Water District Number:
Generic Max Rate per Acre:
Generic Max Volume per Acre:
Civil Case Number:
Old Case Number:
Decree Plaintiff:
Decree Defendant:
Swan Falls Trust or Nontrust:
Swan Falls Dismissed:
DLE Act Number:
Cary Act Number:
Mitigation Plan: False

Close

Close

IDAHO DEPARTMENT OF WATER RESOURCES
Adjudication Claim Report

01/23/2003

WATER RIGHT NO. 2-2398

<u>Owner Type</u>	<u>Name and Address</u>
Current Owner	THE TRAVELERS INSURANCE CO REAL ESTATE INVESTMENT DEPT ATTN JOE DANIELS PO BOX 17480 DENVER, CO 80217-0480 (303)740-1826
Original Owner	VERNON W GOLDSMITH

Priority Date: 10/01/1966

Basis: License

Status: Active

<u>Source</u>	<u>Tributary</u>
SNAKE RIVER	COLUMBIA RIVER

<u>Beneficial Use</u>	<u>From</u>	<u>To</u>	<u>Diversion Rate</u>	<u>Volume</u>
IRRIGATION	3/15	11/15	3.74 CFS	
Total Diversion			3.74 CFS	

Location of Point(s) of Diversion:

SNAKE RIVER	NESE Lt 1	Sec. 36	Township 05S	Range 06E	ELMORE County
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Place(s) of use:

Place of Use Legal Description: IRRIGATION ELMORE County

Township	Range	Section	Lot	Tract	Acres	Lot	Tract	Acres	Lot	Tract	Acres	Lot	Tract	Acres
05S	06E	26		NENE	20		NWNE	2		SWNE	36		SENE	34
				NESW	40		SWSW	5						
				NWSE	30		SESE	20						

Total Acres: 187

Dates:

Licensed Date: 02/16/1979

Claim Received Date:

Decreed Date:

Enlargement Use Priority Date:

Enlargement Statute Priority Date:

Other Information:

State or Federal: S

Owner Name Connector:

Water District Number:

Generic Max Rate per Acre:

Generic Max Volume per Acre:

Civil Case Number:

Old Case Number:

Decree Plaintiff:

Decree Defendant:

Swan Falls Trust or Nontrust:

Swan Falls Dismissed:

DLE Act Number:

Cary Act Number:

Mitigation Plan: False

Close

Close

IDAHO DEPARTMENT OF WATER RESOURCES
Adjudication Claim Report

01/23/2003

WATER RIGHT NO. 2-2354

<u>Owner Type</u>	<u>Name and Address</u>
Current Owner	THE TRAVELERS INSURANCE CO REAL ESTATE INVESTMENT DEPT ATTN JOE DANIELS PO BOX 17480 DENVER, CO 80217-0480 (303)740-1826
Original Owner	JAMES BATT
Original Owner	VERNON W GOLDSMITH

Priority Date: 07/10/1964

Basis: License

Status: Active

<u>Source</u>	<u>Tributary</u>
SNAKE RIVER	COLUMBIA RIVER

<u>Beneficial Use</u>	<u>From</u>	<u>To</u>	<u>Diversion Rate</u>	<u>Volume</u>
IRRIGATION	3/15	11/15	0.6 CFS	
Total Diversion			0.6 CFS	

Location of Point(s) of Diversion:

SNAKE RIVER	NESE Lt 1	Sec. 36	Township 05S	Range 06E	OWYHEE County
-------------	-----------	---------	--------------	-----------	---------------

Place(s) of use:

Place of Use Legal Description: IRRIGATION OWYHEE County

Township	Range	Section	Lot	Tract	Acres	Lot	Tract	Acres	Lot	Tract	Acres	Lot	Tract	Acres
05S	06E	25		NENE	38		NWNE	40		SWNE	40		SENE	39
				NENW	40		NWNW	38		SWNW	40		SENW	40
				NESW	40		NWSW	40		SWSW	40		SESW	40
				NESE	40		NWSE	39		SWSE	39		SESE	39

Total Acres: 630

Dates:

Licensed Date: 02/13/1979

Claim Received Date:

Decreed Date:

Enlargement Use Priority Date:

Enlargement Statute Priority Date:

Other Information:

State or Federal: S

Owner Name Connector:

Water District Number:

Generic Max Rate per Acre:

Generic Max Volume per Acre:

Civil Case Number:

Old Case Number:

Decree Plaintiff:

Decree Defendant:

Swan Falls Trust or Nontrust:

Swan Falls Dismissed:

DLE Act Number:

Cary Act Number:

Mitigation Plan: False

Close

Close

IDAHO DEPARTMENT OF WATER RESOURCES
Adjudication Claim Report

01/23/2003

WATER RIGHT NO. 2-7229

<u>Owner Type</u>	<u>Name and Address</u>
Current Owner	THE TRAVELERS INSURANCE CO REAL ESTATE INVESTMENT DEPT ATTN JOE DANIELS PO BOX 17480 DENVER, CO 80217-0480 (303)740-1826
Original Owner	KEITH CHRISTINSEN , ID
Original Owner	CARLOS CRANDALL
Original Owner	OLON CRANDALL 150 N 18TH E MOUNTAIN HOME, ID 83647

Priority Date: 04/16/1976

Basis: License

Status: Active

<u>Source</u>	<u>Tributary</u>
SNAKE RIVER	COLUMBIA RIVER

<u>Beneficial Use</u>	<u>From</u>	<u>To</u>	<u>Diversion Rate</u>	<u>Volume</u>
IRRIGATION	3/15	11/15	1 CFS	
Total Diversion			1 CFS	

Location of Point(s) of Diversion:

<http://www.idwr.state.id.us/apps/ExtSearch/RightReportAJ.asp?BasinNumber=2&SequenceN...> 1/23/03

Snake River	NESE Lt 1	Sec. 36	Township 05S	Range 06E	ELMORE County
-------------	-----------	---------	--------------	-----------	---------------

Place(s) of use:

Place of Use Legal Description: IRRIGATION ELMORE County

Township	Range	Section	Lot	Tract	Acres	Lot	Tract	Acres	Lot	Tract	Acres	Lot	Tract	Acres
05S	06E	24		SWSW	20		SESW	30						

Total Acres: 50

Remarks:

1.	General	THIS RT. WHEN COMBINED WITH RTS. 02-2354, 02-7184, 02-2398 & 02-2159 SHALL NOT EXCEED 22.28 CFS.
----	---------	--

Dates:

Licensed Date: 08/15/1983

Claim Received Date:

Decreed Date:

Enlargement Use Priority Date:

Enlargement Statute Priority Date:

Other Information:

State or Federal: S

Owner Name Connector:

Water District Number:

Generic Max Rate per Acre:

Generic Max Volume per Acre:

Civil Case Number:

Old Case Number:

Decree Plaintiff:

Decree Defendant:

Swan Falls Trust or Nontrust:

Swan Falls Dismissed:

DLE Act Number:

Cary Act Number:

Mitigation Plan: False

Close

Close

IDAHO DEPARTMENT OF WATER RESOURCES
Water Right Report

01/23/2003

WATER RIGHT NO. 2-7284

<u>Owner Type</u>	<u>Name and Address</u>
Current Owner	VIRGIL JAHNKE RT 1 BOX 125 AMERICAN FALLS, ID 83211
Original Owner	KEITH CHRISTENSEN
Original Owner	CARLOS CRANDALL
Original Owner	OLON CRANDALL

Priority Date: 05/08/1979

Basis: License

Status: Active

<u>Source</u>	<u>Tributary</u>
SNAKE RIVER	COLUMBIA RIVER

<u>Beneficial Use</u>	<u>From</u>	<u>To</u>	<u>Diversion Rate</u>	<u>Volume</u>
IRRIGATION	3/15	11/15	2.42 CFS	605 AFA
STOCKWATER	1/01	12/31	0.04 CFS	2.7 AFA
Total Diversion			2.46 CFS	607.7 AFA

Location of Point(s) of Diversion:

SNAKE RIVER	NESE Lt 1	Sec. 36	Township 05S	Range 06E	ELMORE County
-------------	-----------	---------	--------------	-----------	---------------

Licensed Diversion Capacity: 22.28

<http://www.idwr.state.id.us/apps/ExtSearch/RightReportAJ.asp?BasinNumber=2&SequenceN...> 1/23/03

Place(s) of use:

Place of Use Legal Description: IRRIGATION ELMORE County

Township	Range	Section	Lot	Tract	Acres	Lot	Tract	Acres	Lot	Tract	Acres	Lot	Tract	Acres
05S	06E	23		SESE	5									
		24		SWSE	40		SESE	28						
		26		NWNE	8		SWNE	4		SENE	6			
				NWSE	10		SESE	20						

Place of Use Legal Description: STOCKWATER same as IRRIGATION

Total Acres: 121

Conditions of Approval:

1.	016	See remarks for additional conditions of approval.
2.	031	Water shall not be diverted under this right unless the flow of the Snake River exceeds established downstream minimum stream flows.
3.	R33	This right when combined with all other rights shall provide no more than .02 cfs per acre nor more than 5.0 afa per acre for the lands above.

Remarks:

1.	General	THIS RT. WHEN COMBINED WITH RTS. 02-2354/7184/2398/2159/7229 SHALL NOT EXCEED 22.28 CFS.
----	---------	--

Dates:

Licensed Date: 11/01/1985

Decreed Date:

Permit Proof Due Date: 6/1/1984

Permit Proof Made Date: 1/1/1900

Permit Approved Date: 6/20/1979

Permit Moratorium Expiration Date:

Enlargement Use Priority Date:

Enlargement Statute Priority Date:

Water Supply Bank Enrollment Date Accepted:

Water Supply Bank Enrollment Date Removed:

<http://www.idwr.state.id.us/apps/ExtSearch/RightReportAJ.asp?BasinNumber=2&SequenceN...> 1/23/03

Application Received Date:
Protest Deadline Date:
Number of Protests: 0

Other Information:
State or Federal:
Owner Name Connector:
Water District Number:
Generic Max Rate per Acre:
Generic Max Volume per Acre:
Civil Case Number:
Old Case Number:
Decree Plaintiff:
Decree Defendant:
Swan Falls Trust or Nontrust:
Swan Falls Dismissed:
DLE Act Number:
Cary Act Number:
Mitigation Plan: False

Close

FSA-578 (02-01-91)

FARM NUMBER: 763

Operator Name and Address

SQUAW CREEK FARMS LLC
PO BOX 1207
MOUNTAIN HOME, ID 83647-1207

REPORT OF ACREAGE

FARM AND TRACT DETAIL LISTING

PROGRAM YEAR 2002

DATE: 11-25-2002

Original:

Revision:

Cropland:

Farmland:

2.869.6
3,419.0

2002

CROPREPORT

SQUAW CREEK FARMS LLC
New SUNSET RIDGE LLC

Converted
Field

Tract Number	Field Num	Field ID	Irr Prc	Crop Type	Var/Type	Int Use	Ind Use	Reported Acreage	Determined Acreage	O/M	Crop Stat	Prod Share	Prod ID	RMA Unit	Opt Unit
321	1		Ir	ALFAL		Forage		45.40			I	1.0000	5432		
	3		Ir	ALFAL		Forage		10.20			I	1.0000	5432		
	4		Ir	ALFAL		Forage		9.10			I	1.0000	5432		
	5		Ir	ALFAL		Forage		113.20			I	1.0000	5432		
	6		Ir	ALFAL		Forage		9.80			I	1.0000	5432		
	7		Ir	ALFAL		Forage		126.80			I	1.0000	5432		
	8		Ir	ALFAL		Forage		10.10			I	1.0000	5432		
	10		Ir	SBEET		Proces		8.30			I	1.0000	5432		
	11		Ir	SBEET		Proces		8.90			I	1.0000	5432		
	12		Ir	SBEET		Proces		7.50			I	1.0000	5432		
	13		Ir	SBEET		Proces		7.60			I	1.0000	5432		
	14		Ir	ALFAL		Forage		42.60			I	1.0000	5432		
	15		Ir	SBEET		Proces		111.00			I	1.0000	5432		
	16		Ir	SBEET		Proces		8.00			I	1.0000	5432		
	17		Ir	SBEET		Proces		126.70			I	1.0000	5432		
	18		Ir	SBEET		Proces		7.90			I	1.0000	5432		
	19		Ir	SBEET		Proces		7.30			I	1.0000	5432		
	20		Ir	SBEET		Proces		128.30			I	1.0000	5432		
	21		Ir	WHEAT	SWS	Grain		158.00			I	1.0000	5432		
	22		Ir	WHEAT	SWS	Grain		110.90			I	1.0000	5432		
	23		Ir	SBEET		Proces		41.00			I	1.0000	5432		
	2		Ir	PTATO	RUS	Proces	F FAV	79.30			I	1.0000	5432		
	9		Ir	PTATO	RUS	Proces	F FAV	153.10			I	1.0000	5432		
Crop Type	Prac IU	Non-Irrig	Irrigated	Crop Type	Prac IU	Non-Irrig	Irrigated	Crop Type	Prac IU	Non-Irrig	Irrigated	Crop Type	Prac IU	Non-Irrig	Irrigated
ALFAL	1		387.2	ALFAL	1		238.4	PTATO	1		232.4	PTATO	1		232.4
SBEET	1		402.5	WHEAT	SWS	1	265.9								
Photo Number/Legal Description: S24HI, S25HI, T24HI R6E T5S SEC 23-26. 36															
Cropland:	1.331.0	Reported:	1.331.0	Difference:											

SUNSET RIDGE LLC 2002
CROP REPORT
(KNOWN AS
SQUAW CREEK FARMS IN THIS REPORT)

T53

R6E

6

T321
763

2
79.3
HEL

1
45.4
HEL

23 24
25

3
10.2
HEL

4
9.1
HEL

24 19

30

5
113.2
HEL

6
7.8
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7
126.8
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10.1
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8.3
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11
8.9
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7.9
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19
7.3
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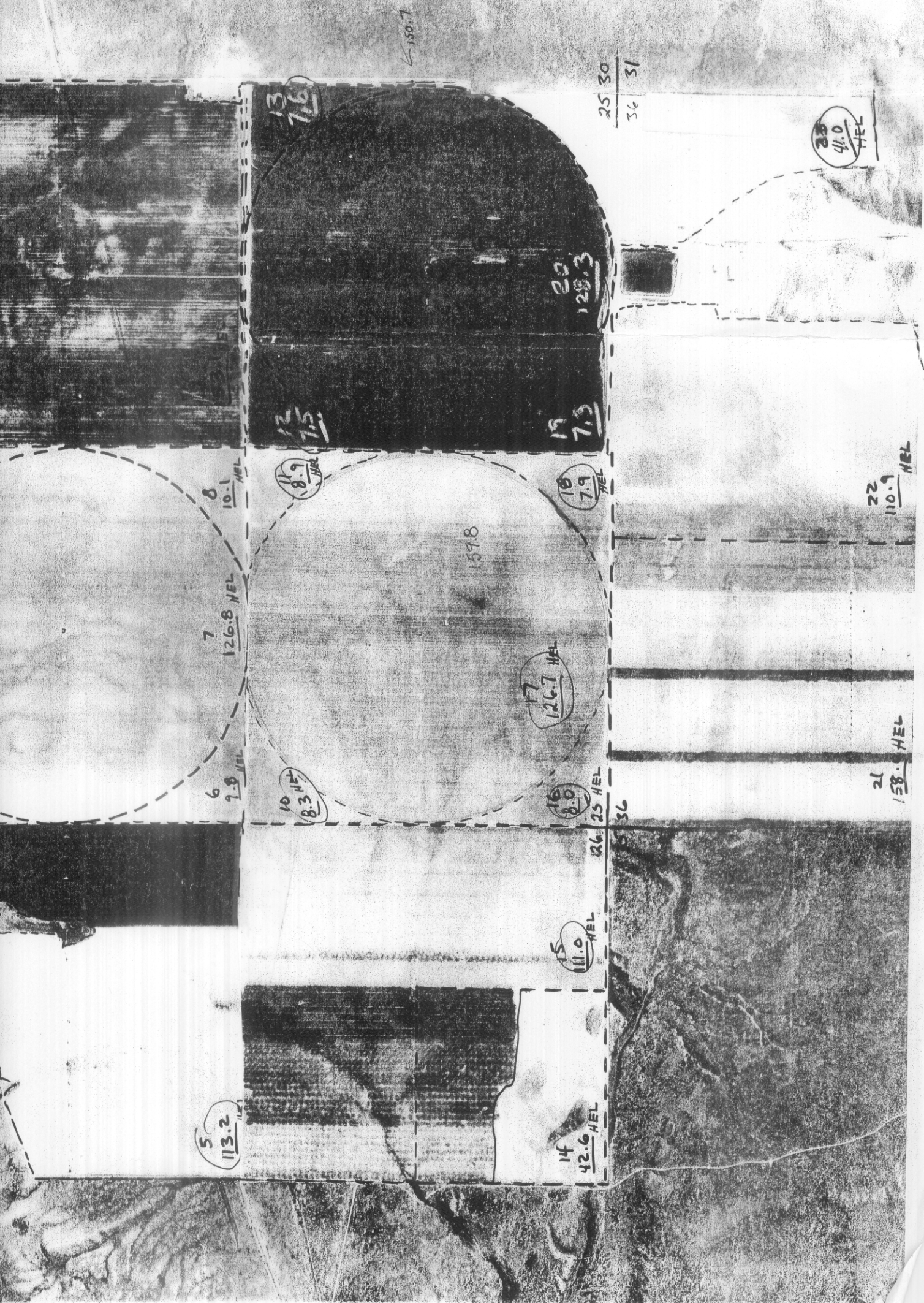
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TRIPLE C WATER RIGHTS

SEP 12 '90 10:04 FROM DENVER-REID

EXHIBIT C (Water Rights)

<u>LICENSE #</u>	<u>WATER QUALITY</u>
02-2159 ✓	12.00 C.F.S.
02-2354 ✓	.60 C.F.S.
02-2398 ✓	3.74 C.F.S.
02-7184 ✓	7.00 C.F.S.
02-7229 ✓	1.00 C.F.S.
02-7284 ✓	2.46 C.F.S.
STOCKWATER	.04 C.F.S.
TOTAL	<u>26.80 C.F.S.</u>

Any and all additional water rights applicable to subject farm.

State of Idaho
Department of Water Resources

WATER RIGHT LICENSE

License of Water Right No. 02-7284 Priority May 8, 1979 Amount 2.46 cfs

THIS IS TO CERTIFY, that Virgil Jahnke
of American Falls, Idaho, has complied with the terms and conditions of Permit
No. 02-7284 issued pursuant to Application for Permit dated May 8, 1979
and has submitted proof to the Department of Water Resources on April 10, 1984
that he has applied water to a beneficial use; an examination by the Department indicates that the works have a
capacity for the diversion of 22.28 cfs of water from Snake River
tributary to Columbia River and that the permit holder has applied to a beneficial use and
established a right to use water as follows:

Beneficial Use	Period of Use	Rate of Diversion	Annual Volume
Irrigation	from <u>March 15</u> to <u>November 15</u>	at <u>2.42</u> cfs and	<u>605.0</u> acre feet
Stockwater	from <u>January 1</u> to <u>December 31</u>	at <u>0.04</u> cfs and	<u>2.7</u> acre feet
	from _____ to _____	at _____ cfs and	
(both dates inclusive)			

Subject, however, to the condition that no more than 2.46 cfs of water be diverted at any one time, and
that the amount of water so diverted and to which such right is entitled and confirmed is for the purpose
aforementioned and is limited to the amount which can actually be beneficially used and shall not exceed
607.7 acre feet per year, said waters to be diverted within the NE1SE1 (Gov. Lot 1)
Section 36, Twp 5S, Rge 6E in the County of Elmore

Description and location of place of use:

Twp.	Range	Sec.	NE1/4				NW1/4				SW1/4				SE1/4				Totals
			NE1/4	NW1/4	SW1/4	SE1/4	NE1/4	NW1/4	SW1/4	SE1/4	NE1/4	NW1/4	SW1/4	SE1/4	NE1/4	NW1/4	SW1/4	SE1/4	
5S	6E	23																5	5
		24															40	28	68
		26		8	4	6										10		20	48

Total number of acres irrigated 121

MICROFILMED

CONDITIONS OF APPROVAL

- a. Modifications to or variance from this license must be made within the limits of Section 42-222, Idaho Code, or the applicable Idaho Law. This right may be forfeited by five years of non-use.
- b. The right to the use of the water hereby confirmed is restricted and appurtenant to lands or place of use herein described, and is subject to all prior water rights, as provided by the laws of Idaho.
- c. Any water right confirmed in this license for hydropower purposes shall be junior and subordinate to all rights to the use of water, other than hydropower, within the State of Idaho that are initiated later in time than the priority of this license and shall not give rise to any right or claim against any future rights to the use of water other than hydropower, within the State of Idaho initiated later in time than the priority of this license.

This right when combined with Right Nos. 02-2354, 02-7184, 02-2398, 02-2159 & 02-7229 shall not exceed 22.28 cfs.

This right when combined with all other rights shall provide no more than .02 cfs per acre nor more than 5.0 afa per acre for the lands above.

Water shall not be diverted under this right unless the flow of the Snake River exceeds established downstream minimum stream flows.

Witness the seal and signature of the Director, affixed at Boise, Idaho, this 1st day of

NOVEMBER, 1985.

Acting for the Director

Norman C Young

Department of Water Resources

WATER RIGHT LICENSE

License of Water Right No. 02-7229 Priority April 16, 1976 Amount 1.0 cfs

THIS IS TO CERTIFY, that Carlos &/or Olon Crandall &/or Keith Christinsen
of Mountain Home, ID, has complied with the terms and conditions of Permit
No. 02-7229 issued pursuant to Application for Permit dated April 16, 1976
and has submitted proof to the Department of Water Resources on March 2, 1982
that he has applied water to a beneficial use; an examination by the Department indicates that the works have a
capacity for the diversion of 22.28 cfs of water from Snake River
tributary to Columbia River, and that the permit holder has applied to a beneficial use and
established a right to use water as follows:

Beneficial Use	Period of Use	Rate of Diversion	Annual Volume
Irrigation	from March 15 to November 15	1.0 cfs and	250.0 acre feet
	from _____ to _____	cfs and	
	from _____ to _____	cfs and	

(both dates inclusive)

Subject, however, to the condition that no more than 1.0 cfs of water be diverted at any one time, and that the amount of water so diverted and to which such right is entitled and confirmed is for the purpose aforementioned and is limited to the amount which can actually be beneficially used and shall not exceed 250.0 acre feet per year, said waters to be diverted within the Government Lot 1 (NE 1/4) Section 36, Twp 5S, Rge 6E in the County of Elmore

Description and location of place of use:

[illegible]Total number of acres irrigated 50

This right when combined with Right Nos. 02-2354, 02-7184, 02-2398 & 02-2159 shall not exceed 22.28 cfs.

Code, or the applicable Idaho Law. This right may be forfeited by five years of non-use.

The right to the use of the water hereby confirmed is restricted and appurtenant to the lands or place of use herein described, and is subject to all prior water rights, as provided by the laws of Idaho. *TH*

Witness the seal and signature of the Director, affixed at Boise, Idaho, this 6th day of

Acting for the

Director

WATER RIGHT LICENSE

License of Water Right No. 02-7184 Priority 02-0000
THIS IS TO CERTIFY, that OLON F., CARLOS O. CRANDALL &/or KEITH L. CHRISTENSEN
of Mountain Home, Idaho, has complied with the terms and conditions of Permit
No. 02-7184 issued pursuant to Application for Permit dated December 19, 1974,
and has submitted proof to the Department of Water Resources on May 8, 1979,
that he has applied water to a beneficial use; an examination by the Department indicates that the works have a
capacity for the diversion of 16.3 cfs of water from Snake River,
tributary to Columbia River, and that the permit holder has applied to a beneficial use and
established a right to use water as follows:

Subject, however, to the condition that no more than 7.0 cfs of water be diverted at any one time, and that the amount of water so diverted and to which such right is entitled and conferred is for the purpose aforementioned and is limited to the amount which can actually be beneficially used and shall not exceed 1750 acre feet per year, said waters to be diverted within the Lot 1 (NE 1/4), Sec. 36, Twp. 5S, Rge. 6E, B.M. in the County of E more

[illegible]

Condition:

The maximum rate of diversion under this license when combined with License No.'s 02-2159, 02-2354, & 02-2398 shall not exceed 19.42 cfs.

NOTE: Modifications to or variance from this license must be made within the limits of Section 42-222, Idaho Code, or the applicable Idaho Law. This right may be forfeited by five years of non-use.

The right to the use of the water hereby confirmed is restricted and appurtenant to the lands or place of use herein described, as provided by the laws of Idaho.

Witness the seal and signature of the Director, affixed at Boise, Idaho, this 29th day of February, 19 80.

Deputy Director

MICROFILMED

State of Idaho
Department of Water Administration

LICENSE OF WATER RIGHT

License of Water Right No. 33337/02-2398 Priority Oct. 1, 1966 Amount 3.74 cfs

THIS IS TO CERTIFY, that The Travelers Insurance Company
of Portland, Oregon, has complied with the terms and conditions of Permit
No. 33337/02-2398 issued pursuant to Application for Permit dated October 1, 1966
and has submitted proof to the Department of Water Administration on August 21, 1970
that he has applied water to a beneficial use; an examination by the Department indicates that the
works have a capacity of 19.42 cfs, and that the water has in fact been applied to a
beneficial use; a right to the use of water from the Snake River
tributary of the Columbia River, is hereby confirmed in the following amounts:
Amount 3.74 cfs for irrigation from March 15 to Nov. 15 (both dates inclusive)
Amount _____ for _____ from _____ to _____ (both dates inclusive)
Amount _____ for _____ from _____ to _____ (both dates inclusive)
Subject, however, to the condition that no more than 3.74 cfs of water be diverted at
any one time, said waters to be diverted within the _____

Lot # 1 (NE1/4SE1/4), Sec. 36, Twp. 5 S, Rge. 6 E, B. M.
in the county of Elmore; and that the amount of water so diverted and to which such
right is entitled and confirmed is for the purposes aforesaid and is limited to the amount which can
actually be beneficially used and shall not exceed 935 acre feet per year or
5.0 acre feet per acre.

Description and location of place of use:

TWP.	RANGE	SEC.	NE1/4				NW1/4				SW1/4				SE1/4				TOTALS
			NE1/4	NW1/4	SW1/4	SE1/4	NE1/4	NW1/4	SW1/4	SE1/4	NE1/4	NW1/4	SW1/4	SE1/4	NE1/4	NW1/4	SW1/4	SE1/4	
5 S	6 E	26	20	2	36	34									40	30	5	20	187

Total number of acres irrigated 187

The right to the use of the water hereby confirmed is restricted and appurtenant to the lands
or place of use herein described, as provided by the laws of Idaho.

Witness the seal and signature of the Director, affixed at Boise, Idaho, this 23 day of

March, 19 72.


Director

State of Idaho
Department of Water Administration
LICENSE OF WATER RIGHT

License of Water Right No. 31991/02-2354 Priority July 10, 1964 Amount 0.60 cfs

THIS IS TO CERTIFY, that The Travelers Insurance Company
of Portland, Oregon, has complied with the terms and conditions of Permit
No. 31991/02-2354 issued pursuant to Application for Permit dated July 10, 1964
and has submitted proof to the Department of Water Administration on August 21, 1970
that he has applied water to a beneficial use; an examination by the Department indicates that the
works have a capacity of 19.42 cfs and that the water has in fact been applied to a
beneficial use; a right to the use of water from the Snake River
tributary of the Columbia River is hereby confirmed in the following amounts:
Amount 0.60 cfs for irrigation from March 15 to Nov. 15 (both dates inclusive)
Amount _____ for _____ from _____ to _____ (both dates inclusive)
Amount _____ for _____ from _____ to _____ (both dates inclusive)
Subject, however, to the condition that no more than 0.60 cfs of water be diverted at
any one time, said waters to be diverted within the

Lot # 1 (NE1/4SE1), Sec. 36, Twp. 5 S, Rge. 6 E, B.M.

in the county of Elmore; and that the amount of water so diverted and to which such
right is entitled and confirmed is for the purposes aforesaid and is limited to the amount which can
actually be beneficially used and shall not exceed 388.7 acre feet per year or
5.0 acre feet per acre.

Description and location of place of use:

TWP.	RANGE	SEC.	NE1/4				NW1/4				SW1/4				SE1/4				TOTALS
			NE1/4	NW1/4	SW1/4	SE1/4	NE1/4	NW1/4	SW1/4	SE1/4	NE1/4	NW1/4	SW1/4	SE1/4	NE1/4	NW1/4	SW1/4	SE1/4	
5 S	6 E	25	38	40	40	37	40	38	40	40	40	40	40	40	40	39	39	39	630

Total number of acres irrigated 630

The right to the use of the water hereby confirmed is restricted and appurtenant to the lands
or place of use herein described, as provided by the laws of Idaho.

Witness the seal and signature of the Director, affixed at Boise, Idaho, this 23 day of
March, 19 72.


Director
2-23-72

State of Idaho
Department of Water Administration

LICENSE OF WATER RIGHT

License of Water Right No. 29214/02-2159 Priority Dec. 14, 1960 Amount 12.0 cfs

THIS IS TO CERTIFY, that The Travelers Insurance Company
of Portland, Oregon, has complied with the terms and conditions of Permit
No. 29214/02-2159 issued pursuant to Application for Permit dated December 14, 1960,
and has submitted proof to the Department of Water Administration on August 7, 1964
that he has applied water to a beneficial use; an examination by the Department indicates that the
works have a capacity of 19.42 cfs, and that the water has in fact been applied to a
beneficial use; a right to the use of water from the Snake River
tributary of the Columbia River, is hereby confirmed in the following amounts:
Amount 12.0 cfs for irrigation from March 15 to Nov. 15 (both dates inclusive)
Amount _____ for _____ from _____ to _____ (both dates inclusive)
Amount _____ for _____ from _____ to _____ (both dates inclusive)
Subject, however, to the condition that no more than 12.0 cfs of water be diverted at
any one time, said waters to be diverted within the _____

Lot # 1 (NE1SE1), Sec. 36, Twp. 5 S, Rge. 6 E, B.M.

in the county of Elmore; and that the amount of water so diverted and to which such
right is entitled and confirmed is for the purposes aforesaid and is limited to the amount which can
actually be beneficially used and shall not exceed 3,150 acre feet per year or _____
5.0 acre feet per acre.

Description and location of place of use:

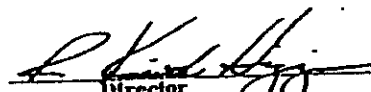
TWP.	RANGE	SEC.	NE1/4				NW1/4				SW1/4				SE1/4				TOTALS
			NE1/4	NW1/4	SW1/4	SE1/4	NE1/4	NW1/4	SW1/4	SE1/4	NE1/4	NW1/4	SW1/4	SE1/4	NE1/4	NW1/4	SW1/4	SE1/4	
5S	6E	25	38	40	40	37	40	38	40	40	40	40	40	40	40	39	39	39	630

Total number of acres irrigated 630

The right to the use of the water hereby confirmed is restricted and appurtenant to the lands
or place of use herein described, as provided by the laws of Idaho.

Witness the seal and signature of the Director, affixed at Boise, Idaho, this 23 day of

March, 19 72


Director
292159

Copy - PA

AGREEMENT

Agreement entered into this 23 day of January, 2003, by and between SUNSET RIDGE, LLC, an Idaho Limited Liability Company, hereinafter designated as the "Owner", and BERGH FARMS, LLC, hereinafter referred to as "Lessee".

WITNESSETH: That the Owner, for and in consideration of the covenants, conditions, agreements and stipulations herein contained, to be kept and performed by the Lessee, does hereby lease, let and demise unto the Lessee certain real and personal property located in the County of Elmore, State of Idaho, more particularly described as follows:

REAL PROPERTY: Real property listed and described upon Exhibit "A" and depicted on Exhibit "B" that are attached hereto and incorporated herein and made a part hereof, consisting of approximately one thousand two hundred fifty (1,250) farmable acres.

PERSONAL PROPERTY: Personal property consisting of the irrigation equipment listed and described upon the Schedule attached hereto as Exhibit "C" and incorporated herein and made a part hereof.

This Lease shall commence in the fall and winter of 2002 by Lessee taking possession on a field by field basis after Owner completes harvest of existing crops and shall terminate on the 1st day of November, 2004, or after completion of the 2004 harvest by Lessee, whichever occurs first.

1. RENT PAYMENT. Lessee agrees to pay to Owner for rent of said premises a cash lease of \$75.00 per acre, for a total sum of \$93,750.00, per crop year. One-half of each year's payment shall be due the 15th day of February of each year, and one-half of each year's payment shall be due the 15th day of August of each year, with the first payment to be made the 15th day of February, 2003, the second payment to be made the 15th day of August, 2003. Rent

for the year 2004 shall be paid one-half on the 15th day of February, 2004, and one-half on the 15th day of August, 2004.

2. TAXES. The Owner shall pay all taxes and assessments levied or assessed against the real property which is the subject of this Lease during the term of this Lease.

3. RETURN OF PROPERTY. At the termination of this Lease as provided above, or earlier in the event of default, Lessee agrees to peacefully surrender all of the real and personal property subject to this Lease as in as good a condition as when accepted by Lessee, normal wear and tear from the ordinary use thereof excepted. Further, Lessee at the termination of the Lease will have all of its property removed from the property subject to this Lease.

4. INSPECTION AND ACCEPTANCE OF PERSONAL PROPERTY. The Parties hereto hereby agree that they shall, no later than the 10th day of January, 2003, inspect all personal property listed in Exhibit "C". The Lessee accepts the personal property in its present condition. Lessee releases and holds harmless Owner from any claim for loss due to non-functioning or under-functioning of the irrigation equipment, including but not necessarily limited to hand line, pivots and pumps.

5. MAINTENANCE AND REPAIR OF IRRIGATION EQUIPMENT. Lessee shall provide drip oil for all electric motors and shall check all of said motors and pumps at least daily and shall maintain a proper oil supply in said pumps. Lessee shall provide for all routine maintenance for the irrigation equipment, including the pumps, motors and electrical panels. If any irrigation equipment, other than pumps, motors and electrical panels, is damaged or destroyed during the Lease, the Lessee shall replace the same at its own cost and expense. If any pump, motor or panel is damaged or destroyed during the Lease, the Owner and Lessee shall each pay one-half of the cost to repair or replace the pump, motor or electrical panel. At the termination of this Lease as provided above, or earlier in the event of default, Lessee shall return

the irrigation equipment subject to this Lease in as good a condition as when accepted by Lessee, normal wear and tear from the ordinary use thereof excepted.

6. WATER. Lessee is leasing from Owner as a part of this Lease the water rights listed and described in Exhibit "D" that is attached hereto and by this reference made a part hereof. Lessee acknowledges that the water rights described in Exhibit D to be used to irrigate the farm come from the Snake River. Lessee hereby acknowledges and accepts the fact that Owner does not guarantee the availability of any certain quantity of water or sufficient water to provide the growing of crops. Lessee assumes the risks of the availability of adequate water. Lessee may at its option rent, lease or participate in a "buy back" program concerning the water rights that are appurtenant to the farm hereby leased and receive any income therefrom during the term of this Lease.

7. LESSEE'S COSTS. Lessee shall be responsible for all costs associated with growing crops on the property. Said costs include but are not necessarily limited to, power costs, cost of seed, fertilizer, labor, chemicals and repair of equipment. Further, Lessee shall be responsible and shall control noxious weeds in the manner required or approved by law. Lessee acknowledges that there is housing for laborers located on the property. Lessee shall be fully responsible to maintain and repair the housing in as good a condition as the same now are, normal wear and tear from the ordinary use thereof excepted. Further, Lessee shall provide liability insurance, with Owner as an additional named insured, to protect Owner from any claim of liability for injury or loss arising out of Lessee's farming of the property, use of the housing for laborers, use of the equipment, or any act related to Lessee's farming operation. Further, Lessee shall be responsible for insuring its own property used on the farm or in its farming operation.

8. PROPER FARM PRACTICE. Lessee shall apply accepted farming practices and care of the land. Lessee shall use appropriate crop rotation practices to enhance the vitality of the crops and proper care of the land. Lessee shall apply chemicals and fertilizers according to the existing labels, laws and regulations, in a manner so as not to cause harm to the land, water or adjoining lands. Lessee will not store on the property any hazardous substances as so defined by Federal, State or local laws and regulations. Lessee shall use all products on the farm in a manner in compliance with all local, State and Federal laws and regulations. Lessee will use the property for farming only and for no other purpose. Lessee shall have the option to not farm the land so long as the rent is paid as agreed and Lessee controls the weeds on the land that it allows to lie fallow.

9. POSTING OF THE PROPERTY. Lessee shall post and maintain "No Hunting" and "No Fishing" signs in compliance with the request of Owner and with the law. Lessee shall not, without the prior written permission of Owner, allow hunting on or fishing from the property.

10. PROPERTY SUBJECT TO SALE. Lessee acknowledges that the property that is the subject of this Lease is presently for sale. Owner shall have access to and upon the property at all reasonable times for the purpose of showing the farm and equipment to potential buyers. Owner acknowledges that if the property is sold during the term of this Lease, the new buyer shall take the property subject to the rights of Lessee under the Lease.

11. SUBLEASING. Lessee may sublease the property to grow potatoes on not more than 160 acres of the property without the prior approval of Owner. Any other sublease of the property shall not be made without the prior written approval of Owner, which approval shall not be unreasonably withheld.

12. GOVERNMENT PAYMENTS. All Federal farm program payments shall be assigned each year to the Owner. Lessee shall cooperate with the Owner in executing any necessary documents to allow the Owner to claim any Federal farm program payments.

13. DEFAULT OR BREACH. Each of the following events shall constitute a default or breach of the Lease by Lessee:

- a) If Lessee shall file a petition in bankruptcy court for insolvency or for reorganization under any bankruptcy act, or shall voluntarily take advantage of any such act or shall make an assignment for the benefit of creditors;
- b) If an involuntarily proceeding under any bankruptcy law or insolvency act shall be instituted against Lessee, if a receiver or trustee shall be appointed of all or part of the property of Lessee, and such proceeding shall not be dismissed or the receivership of trustee shall be vacated within ten (10) days after the institution of appointments.
- c) If Lessee fails to pay Owner any rent or additional rent when the same shall become due;
- d) If Lessee shall fail to perform or comply with any of the conditions and terms of this Lease;
- e) If Lessee shall vacate or abandon the demised premises;
- f) If Lessee fails to take possession of the demised premises at the time set forth herein or within ten (10) days after notice the demised premise is available for occupancy; and
- g) If Lessee fails to comply with any law, ordinance, regulation or restrictions applicable to use of the land and farming on the property that is subject to this Lease, after notice as provided below.

14. REMEDIES FOR DEFAULT. If default be made in the payment of the rent above reserved or any part thereof or in the performance of any of the other terms and conditions hereof to be kept and performed by the Lessee, the Owner or its assigns shall first give the Lessee thirty days' notice in writing specifying wherein the Lessee has failed to comply with the terms hereof and which said notice shall be delivered to the Lessee personally or may be sent to the Lessee by registered or certified mail, addressed to the Lessee at the address provided herein.

If sent by mail, said notice shall be deemed served upon the Lessee upon the date it is deposited in the United States mails with postage prepaid, certified or registered and addressed as above mentioned. If Lessee fails to correct such default within said thirty-day period then the Owner or its assigns may without further notice declare this Lease terminated and reenter and retake possession of the leased property, with or without process of law, and may remove the Lessee or any other persons occupying said premises, and Lessee agrees that in case of such default it will immediately deliver up peaceable possession of the leased property to the Owner or its assigns upon demand. If the Owner retakes possession of said premises for default of the Lessee in complying with the terms hereof after notice as mentioned above, then the Owner may do or perform all things agreed to be done by the Lessee remaining undone, and the Owner may retain or sell sufficient of the crops produced upon said premises that would have otherwise belonged to the Lessee if it had performed the conditions hereof, to pay for all costs and expenses of every kind incurred by the Owner in performing the things left undone by the Lessee, and the residue remaining, if any, of such crops shall belong to the Lessee after all conditions are fulfilled. The remedies herein mentioned shall be construed as cumulative and not as alternative or exclusive.

15. ATTORNEY'S FEES. In the event it becomes necessary for either of the parties hereto to place this Lease in the hands of an attorney for enforcement of their rights hereunder after default of the other party, or to institute suit for enforcement of their rights hereunder after such default, then the defaulting party agrees, in either case, to pay a reasonable attorney's fee, including paralegal fees, incurred by the other party, in addition to other damages allowed by law. The defaulting party further agrees to pay the non-defaulting party any fees incurred by the non-defaulting party to send notice of default to the defaulting party in the sum of \$200.00. The payment of such cost shall be made before the notice of default is incurred.

16. GOVERNING LAW. This Lease shall be governed by the laws of the State of Idaho regardless of the forum or venue of any dispute hereunder.

17. PARAGRAPH HEADING. Paragraph headings in this Lease are for the convenience of the Parties only, and are not to be construed as a part of this Lease or any way limiting or amplifying the provisions thereof.

18. HEIRS, SUCCESSORS AND ASSIGNS. The terms and conditions of this Lease shall extend to and be binding upon the heirs, administrators, successors, executors and assigns of the respective Parties hereto.

DATED this 23 day of January, 2003.

OWNER:

SUNSET RIDGE, LLC,
an Idaho limited liability company,

By Julie D. Wong

LESSEE:

BERGH FARMS, L.L.C.,
an Idaho limited liability company

By David E. Bergh

STATE OF IDAHO.)
) ss.
COUNTY OF ELMORE,)

On this _____ day of _____, 2003, before me, the undersigned, a Notary Public in and for said state, personally appeared _____, known to me to be the _____ of SUNSET RIDGE, LLC, the limited liability company that executed the instrument or the person who executed the instrument on behalf of said limited liability company, and acknowledged to me that such limited liability company 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 for Idaho,
Residing at:
My Commission Expires:

STATE OF IDAHO.)
) ss.
COUNTY OF ELMORE,)

On this _____ day of _____, 2003, before me, the undersigned, a Notary Public in and for said state, personally appeared _____, known to me to be the _____ of BERGH FARMS, LLC, the limited liability company that executed the instrument or the persons who executed the instrument on behalf of said limited liability company, and acknowledged to me that such limited liability company 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
Residing at:
My Commission Expires:

LEGAL DESCRIPTION

TRACT 1.

Township 5 South, Range 6 East, Boise Meridian, Elmore County, Idaho

Section 23: A portion of the SE1/4SE1/4 being more particularly described as follows:

Commencing at the Southeast Corner of Section 23 Township 5 South, Range 6 East, Elmore Count, Boise Meridian, and running thence N0°03' E a distance of 512.16 feet, running thence S 89°07' W a distance of 421.74 feet, running thence S2°17' E 511.5 feet, thence N 89°12' E 401.28 feet to the POINT OF BEGINNING.

Section 25: All

Section 26: E1/2 SAVE AND EXCEPT the following described parcel

Commencing at the North Quarter Corner of Section 26, Township 5 South, Range 6 East, Elmore County, Boise Meridian, and running thence S 0°52' East a distance of 1022.34 feet on the North and South Centerline, thence N72°03' E 822.36 feet, thence north 87°04' E 501.60 feet, thence North 71°57' E 383.46 feet, thence North 67°51' East a distance of 560.34 feet, thence North 17°02' East 338.58 feet, thence North 2°17' West 121.44 feet, thence South 89°12' West 2278.32 feet to the POINT OF BEGINNING.

Section 36: N1/2, Lots 1, 2, 3, and 4

Section 24: A portion on the S1/2 SW1/4 and the E1/2 SAVE AND EXCEPT the following two parcels:

SAVE AND EXCEPT:

Tract 38, Township 5 South, Range 6 East, Boise Meridian, Idaho, described on the official plat of survey accepted January 20, 1993, on file at the Bureau of Land Management, Idaho State office, in Boise, Idaho, having the following boundaries:

Beginning at the 1/4 section corner of Sec. 13 and 24, T5S, R6E, B.M., Idaho, which is identical with Angle Point 1, Tract 38, T5S, R6E, thence South 0°02' W., on the N. and S. centerline of Sec. 24, 2,628.78 feet to the center 1/4 section corner of sec. 24, identical with Angle Point 2, Tract 38; thence South 0°01' W., 1,172.82 feet on the N. and S. center line of

(See Attached)

EXHIBIT A

LEGAL DESCRIPTION

Sec. 24 to Angle point 3, Tract 38; thence
North 87°32' E., 1,231.56 feet to Angle Point 4, Tract 38;
thence
North 88°04' E., 939.84 feet to Angle point 5, Tract 38; thence
South 9°26' E., 196.68 feet to Angle point 6, Tract 38; thence
South 24°54' E., 139.92 feet to Angle point 7, Tract 38; thence
South 47°50' E., 157.74 feet to Angle point 8, Tract 38; thence
South 57°16' E., 211.20 feet to Angle Point 9, Tract 38; thence
South 50°26' E., 162.36 feet to Angle Point 10, on the E.
boundary of Sec. 24 thence
North 0°18' E., 1,724.58 feet on the east boundary of sec. 24,
to the E. 1/4 sec. cor. of Sec. 24 only, identical with Angle
Point 11, Tract 38; thence
North 58°37' W., 889.68 feet to Angle Point 12, Tract 38; thence
North 24°15' W., 970.20 feet to Angle point 13, Tract 38; thence
North 20°41' W., 1,304.82 feet to Angle point 14, Tract 38;
thence
North 57°33' W., 578.16 feet to Angle Point 15, Tract 38; thence
South 67°21' W., 628.98 feet to the 1/4 section corner of Secs.
13 and 24 and POINT OF BEGINNING.

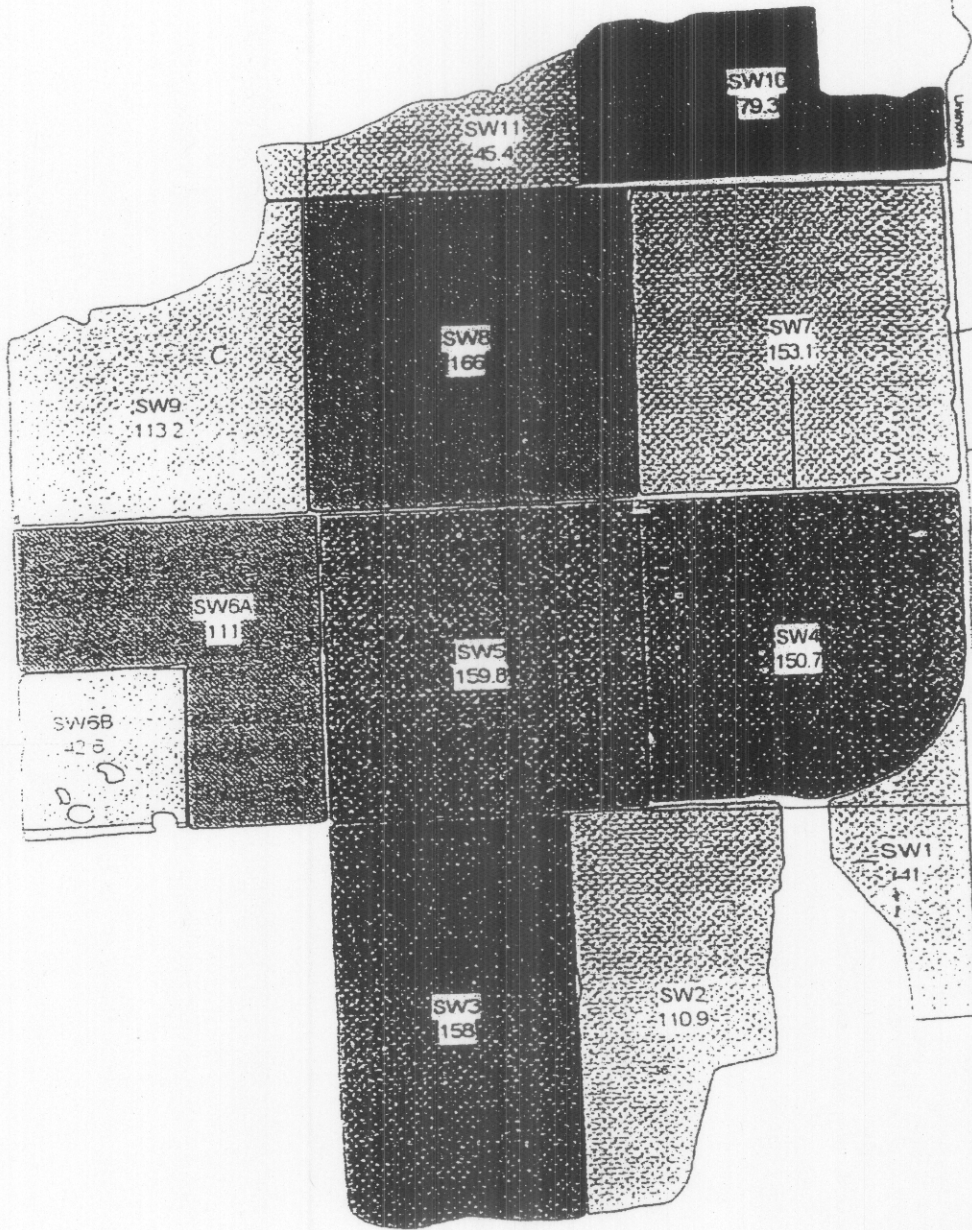
AND ALSO SAVE AND EXCEPT

Commencing at the Southwest Corner of Section 24, Township 5
South, Range 6 East, Elmore County, Boise Meridian, and running
thence N 0°03' E a distance of 512.16 feet to the point of
beginning, thence running N 89°07' E a distance of 128.04 feet,
thence N 68°20' E 721.38 feet, thence N 82°27' E 487.74 feet,
thence N 72°20' E 548.46 feet, thence N 61°16' E 618.42 feet,
thence N 89°47' W 2346.96 feet to the S 1/16 section corner,
thence S 0°03' W 804.54 feet to the Point of Beginning.

TRACT II:

Township 5 South, Range 6 East, Boise Meridian, Elmore County,
Idaho.

Section 6: U.S. Government Lots 3 and 4



T5S R6E

T5S R7E



T6S R6E

T6S R7E

-  Alfalfa (6)
-  Soft White Winter (3)
-  Sugar Beets (3)

Squaw Creek

Sid's Place

 **CHAPMAN**
LAMPSON

HAND LINE

As of 1-16-03

BALL + SOCK

958

BALL + SOCKET

500

BALL + SOCK

282

BALL + SOCK

227

BALL + SOCK

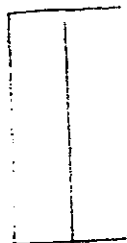
31

APPROX. 120 BROKEN

SHOP

SHOP

MAIN LINE



31 @ 6"

77 @ 10"

BALL + SOCKET

134

BALL + SOCKET

291

455 TOTAL

BALL + SOCKET 31

PIERCE 253

RECD 116

APPROX. 120 BROKEN (MAYBE)

BALL + SOCKET: 1753

PIERCE: 253

RECD: 116

TOTAL USEABLE = $2122 \div 32 = 66.3$ LINES

TOTAL BROKEN = $120 + 65 = 185 \div 32 = 5.8$ LINES

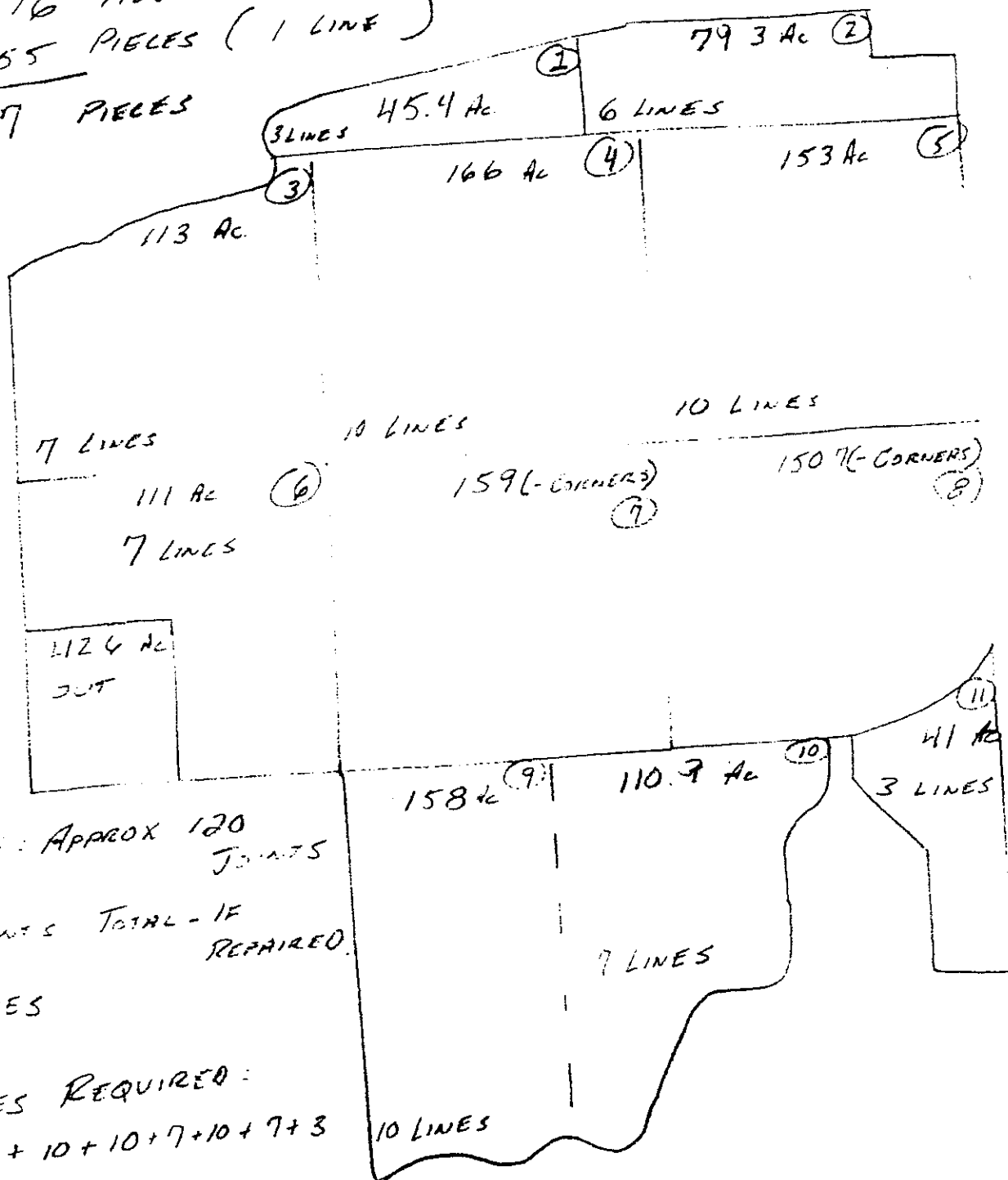
TOTAL LINES ON FARM = $66.3 + 5.8 = 72.1$ (2,307 JOINTS)

MAIN LINE: 31 of 6", 77 of 10" IN YARD

ESTIMATE 60+ JOINTS STILL IN FIELD FOR TOTAL

END

AND LINE
 RAIL + SECRET: 1753 PIECES (54 LINES)
 PERCE: 253 PIECES (8 LINES)
 ECD(?): 116 PIECES (3 LINES)
 7+M: 55 PIECES (1 LINE)
 3177 PIECES



PRESS PILE: APPROX 120 JOINTS
 2297 JOINTS TOTAL - IF REPAIRED.
 = 71 LINES

TOTAL LINES REQUIRED:
 3 + 6 + 7 + 10 + 10 + 7 + 10 + 7 + 3
 = 63 LINES

PARTS REQUIRED: 2300 NOZZLES @ 1/8"
 250 BIRDS (ESTIMATED)
 ? GASKETS + SPRINGS
 ? STAND PIPES (FOR BROKEN PILE)

**NOW
STARTING
RIGHT
SIDE OF
FILE**



State of Idaho

DEPARTMENT OF WATER RESOURCES

322 East Front Street, P.O. Box 83720, Boise, ID 83720-0098

Phone: (208) 287-4800 Fax: (208) 287-6700 Web Site: www.idwr.idaho.gov

DIRK KEMPTHORNE
Governor

KARL J. DREHER
Director

December 20, 2004

PA BERGH
BERGH FARMS
180 KINGS COURT
MOUNTAIN HOME ID 83647

**RE: FINAL PAYMENT FOR RENTAL OF WATER FROM SNAKE RIVER THROUGH
THE WATER SUPPLY BANK. WATER RIGHT NO(S). 2-2159, 2-2354, 2-7184,
2-7229 AND 2-7284**

Dear Lessor,

All or portions of the water rights referenced above were leased to the Water Supply Bank ("bank") during the 2004 irrigation season in accordance with Agreement No. 1425-04-WL-10-0004 ("Agreement") between you and the United States Bureau of Reclamation ("Reclamation"). The Idaho Department of Water Resources ("department") has invoiced Reclamation for the funds associated with the second and final payment. Upon receipt, the Controller's office will issue a state warrant in the amount of **\$29,981.34** to be sent directly to the address identified on the Internal Revenue Service W-9 form submitted with the application to lease water rights to the bank.

Payment for rental of the right(s) from the bank was contingent upon the determination that the acres associated with the rental application had a valid Snake River water right(s), and that they qualified for payment as provided in Contract No. 1425-04-WL-10-0023 between Reclamation and the Department of Water Resources to Implement the Rental of Water Rights Under the Pilot Program for Leasing of Snake River Natural Flow Water Rights for 2004 ("Contract").

The Agreement and Contract specify that one half of the estimated payment will be paid on or around July 30, 2004, and the balance shall be issued after the irrigation season has ended and verification of compliance with the Agreement is complete. The total payment was calculated based on the total number of acres determined to be eligible for payment times \$139.50 per acre idled minus a ten percent (10%) administrative fee as provided in the Water Supply Bank rules. The first payment was calculated based on fifty percent (50%) of the estimated final payment. The second payment includes the remainder of the total payment based on the number of acres determined to be eligible.

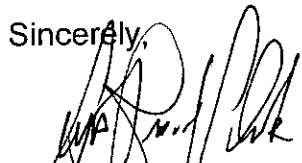
The enclosed map identifies the eligibility status of the lands as evaluated by the

The enclosed map identifies the eligibility status of the lands as evaluated by the department. It indicates whether the lands were determined to be eligible or ineligible for payment. Below is a summary of the payments to Bergh Farms for the rental of the referenced water rights from the bank:

Contracted Idled Acres (ac)	Eligible Idled Acres (End of irr season)	Acres Ineligible for Payment	Payment Rate (price/ac)	Payment(s) to Lessor		
				Payment 1 (50%)	Payment 2 (remainder)	Total Payment
477.6	477.6	0.0	\$139.50	\$29,981.34	\$29,981.34	\$59,962.68

This payment, in the amount of \$29,981.34, is considered to be the final payment for the rental of water rights for the 2004 irrigation season. If you have questions, please feel free to contact the department.

Sincerely,



Cynthia Bridge Clark
Associate Engineer
Water Allocations Bureau

Enclosure

c: IDWR Regional Office

E. Gail McGarry
Program Manager, Water Rights & Acquisition
Bureau of Reclamation
1150 N Curtis, Suite 100
PN 3100
Boise ID 83706-1234

T05S R06E T05S R07E



Water right boundaries identify the quarter quarters within the licensed or permitted place of use, but do not represent the number of acres authorized.

- ELIGIBLE
- INELIGIBLE
- Water Right 2-7284
- Water Right 2-7229
- Water Right 2-7184
- Water Rights 2-2159 and 2-2354
- Township/Range
- Section Lines
- Quarter/Quarter

Landsat 5 Satellite Image: 09-09-2004

3000 0 3000 6000 Feet

Total Number of Eligible Acres for Lease: 477.6 acres



GIS/Remote Sensing
Idaho Department of Water Resources
322 East Front Street
Boise, Idaho 83702
208.287.4800
www.idwr.idaho.gov
prepared by: M. Willms

Final Determination of Eligible Acres

Bergh Farms, LLC

**2004 Snake River Pilot Leasing Program
Rental of Water from the Water Supply Bank**

Prepared: December 14, 2004

MEMORANDUM

To: Debbie Allen

From: Cynthia Bridge Clark

Date: December 15, 2004

Re: INVOICE TO USBOR AND PAYMENT OF LESSORS PARTICIPATING IN THE 2004 SNAKE RIVER PILOT LEASING PROGRAM FOR RENTAL OF WATER FROM THE WATER SUPPLY BANK. WATER RIGHT NOS. 2-10205, 2-2159, 2-2354, 2-7184, 2-7229, 2-7284, 2-2386, 2-2387, 2-2388, 2-7148, 2-2279, 2-7012, 2-2249, 2-2250, 2-2251, 2-2252, 2-2253, 2-2254, 2-2255, 2-2256, 2-2361, 2-7001, 2-2371, 2-2372, 2-2262, 2-2145, 2-7144, 2-2443, 2-7030, 2-7068, 2-7076, 2-7132, 2-2198, 2-2191, 2-2370, 2-2194A, 2-2194B, 2-2186, 2-2204, 2-2206, 2-2214, 2-2215, 2-2217, 2-2218, 2-2210, 2-2269, 2-2367, 2-2379, 2-2298, 2-2376, AND 2-7182

The following information is provided in order to invoice the United States Bureau of Reclamation (Reclamation) for the rental of water rights from the State Water Supply Bank (bank) in accordance with the Contract No. 1425-04-WL-10-0023 between the United States Bureau of Reclamation and the Idaho Department of Water Resources to Implement the Rental of Water Rights Under the Pilot Program for Leasing of Snake River Natural Flow Water Rights for 2004 (Contract).

Under section II.C.1, the Contract specifies that payment to the individual lessors will be issued at a pay rate per acre identified in the individual agreements (Agreements) between Reclamation and the lessors minus ten percent (10%) to be credited to the Water Administration Account as provided in the Water Supply Bank rules (*IDAPA 37.02.035.01*). The individual Agreements provide that one half of the estimated payment will be paid on or around July 30, 2004, and balance shall be issued after the irrigation season has ended and verification of the Program compliance is complete. The Contract specifies that the department shall invoice Reclamation for each payment to the lessors plus the associated 10% for the Water Administration Account.

Reclamation issued an amendment to the Contract to authorize a payment date later than the schedule identified in the individual Agreements. The following are lessors have requested special payment considerations:

1. Farm Development Corp. and Sail Creek Water Co. requested a single payment after the end of the irrigation season. The full payment for these entities should be invoiced with the final payment.
2. Grindstone Butte Mutual Canal Co. requested a single payment on or after January 3, 2005 and before January 7, 2005.

3. The Montierth's (listed below) own the rights leased to the bank jointly, and have requested that fifty percent of the payment be issued to Herbert and the remaining fifty percent to Edward Ray Montierth. The payment is split accordingly in the table below (the first payment was also split).

Please let me know if the state is unable to issue a warrant on the specified dates and I will notify the entities.

The first payment was invoiced in mid-July, 2004, and calculated based on 50% of the estimated final payment in accordance with the Contract. All of the entities were issued this first payment with the exception of the three entities who requested that a single payment be issued after the end of the irrigation season. All of the lessors will be issued the remainder of the total payment in accordance with the amounts listed below.

The attached tables (Table I & II) identify the participating lessors, contract numbers, acres idled, and summarize the total payment amounts.

Summary

The following lessors will be issued warrants for the second and/or final payment in the amounts listed below. The corresponding administrative fees are referenced, as well as the total amount to be requested from Reclamation for Payment 2.

LESSOR	Payment 2 To Lessor (90% Payment 2)	Administrative Fee (10% Payment 2)
Bell Rapids Mutual Irrigation Co.	\$157,119.75	\$17,457.75
Bergh Farms	\$29,981.34	\$3,331.26
Clover Hollow LLC	\$194,955.84	\$21,661.76
Dirks, Robert	\$12,451.19	\$1,383.47
Falcon Butte Farms, Inc.	\$216,246.06	\$24,027.34
Farm Development Corp.	\$16,686.00	\$1,854.00
Grindstone Butte Mutual Canal CO	\$790,600.50	\$87,844.50
Huey Farms, Inc.	\$39,552.80	\$4,394.76
Kitsos, Constantine	\$3,530.25	\$392.25
Little Valley Mutual Irrigation Company	\$54,985.50	\$6,109.50
Mills, James	\$17,435.25	\$1,937.25
Montierth, Herbert	\$24,463.19	\$2,718.13
Montierth, Edward Ray	\$24,463.19	\$2,718.13
Murphy Flats Water Company, Inc.	\$36,308.25	\$4,034.25
Rosti, Martha	\$7,519.50	\$835.50
Sailor Creek Water Company	\$117,558.00	\$13,062.00
South Elmore Irrigation Company	\$307,685.70	\$34,187.30
Terry Ketterling (TLK Farms, Inc.)	\$36,124.20	\$4,013.80
Young, Roger	\$26,352.00	\$2,928.00

TOTALS: \$2,114,018.51 \$234,890.95

Total Invoice to Reclamation for Payment 2: \$2,348,909.45

**2004 SNAKE RIVER PILOT LEASING PROGRAM
RENTAL OF WATER FROM THE WATER SUPPLY BANK**

**INVOICE TO U.S. BUREAU OF RECLAMATION
FOR FINAL LESSOR PAYMENT**

TABLE I: CONTRACT & FINAL ACREAGE SUMMARY

TABLE I: CONTRACT & FINAL ACREAGE SUMMARY							
	AGREEMENT BETWEEN LESSORS AND USBOR ¹				TOTAL IDLED ACRES ²		RENTED WATER RIGHT(S)
	Agreement No.	Contracted Idled Acres (ac)	Payment Rate (price/ac)	Estimated Total Payment by Reclamation	Eligible Idled Acres (End of Irr. Season)	Ineligible for Payment	
LESSOR							
Bell Rapids Mutual Irrigation Co.	1425-04-WL-10-00012	2405.9	\$150.00	\$360,885.00	2366.8	39.1	2-10205
Bergh Farms	1425-04-WL-10-0004	477.6	\$139.50	\$66,625.20	477.6	0.0	2-2159, 2-2354, 2-7184, 2-7229, 2-7284
Clover Hollow, LLC.	1425-04-WL-10-0002	3122.4	\$139.00	\$434,013.60	3119.6	2.8	2-2386, 2-2387, 2-2388, 2-7148
Dirks, Robert	1425-04-WL-10-0007	185.7	\$149.00	\$27,669.30	185.7	0.0	2-2279, 2-7012
Falcon Butte Farms, Inc.	1425-04-WL-10-0001	4072.2	\$111.50	\$454,050.30	4072.2	0.0	2-2249, 2-2250, 2-2251, 2-2252, 2-2253, 2-2254, 2-2255, 2-2256, 2-2361, 2-7001
Falcon Butte Farms, Inc.	1425-04-WL-10-0001	197.0	\$134.50	\$26,496.50	197.0	0.0	
Farm Development Corp.	1425-04-WL-10-00013	123.6	\$150.00	\$18,540.00	123.6	0.0	2-2371, 2-2372
Grindstone Butte Mutual Canal CO	1425-04-WL-10-00011	5856.3	\$150.00	\$878,445.00	5856.3	0.0	2-2262
Huey Farms, Inc.	1425-04-WL-10-0006	589.9	\$149.00	\$87,895.10	589.9	0.0	2-2361, 2-7001
Klitos, Constantine	1425-04-WL-10-00018	52.3	\$150.00	\$7,845.00	52.3	0.0	2-2145, 2-7144
Little Valley Mutual Irrigation Company	1425-04-WL-10-00016	814.6	\$150.00	\$122,190.00	814.6	0.0	2-2443, 2-7030, 2-7068
Mills, James	1425-04-WL-10-00017	258.3	\$150.00	\$38,745.00	258.3	0.0	2-7076, 2-7132
Monieth, Herbert, Edward Ray & Susan	1425-04-WL-10-0008	729.7	\$149.00	\$108,725.30	729.7	0.0	2-2198, 2-2191
Murphy Flats Water Company, Inc.	1425-04-WL-10-00015	537.9	\$150.00	\$80,685.00	537.9	0.0	2-2361, 2-2370, 2-7001
Rosti, Martha	1425-04-WL-10-00010	111.4	\$150.00	\$16,710.00	111.4	0.0	2-2194A, 2-2194B
Sailor Creek Water Company	1425-04-WL-10-0009	870.8	\$150.00	\$130,620.00	870.8	0.0	2-2186, 2-2204, 2-2206, 2-2214, 2-2215, 2-2217, 2-2218
South Elmore Irrigation Company	1425-04-WL-10-0005	4883.9	\$140.00	\$683,746.00	4883.9	0.0	2-2210, 2-2269, 2-2367
TLK Farms, Inc.	1425-04-WL-10-0003	573.4	\$140.00	\$80,276.00	573.4	0.0	2-2379
Young, Roger	1425-04-WL-10-00014	390.4	\$150.00	\$58,560.00	390.4	0.0	2-2298, 2-2376, 2-7182

¹ The "Agreement" represents the Water Rental and Forbearance Agreement entered into between the United States Bureau of Reclamation ("Reclamation") and the individual Lessors. The Contracted Acres Idled and the Payment Rate represent the number of acres to be idled and the payment per acre agreed upon between the Lessors and Reclamation. The Estimated Total Payment by Reclamation is based on the Contracted Idled acres times the Payment Rate.

² The Eligible Idled Acres represent the total number of acres determined to be eligible for payment at the end of the irrigation season based on the criteria set forth in the Contract between Reclamation and the Department of Water Resources ("IDWR") to implement the rental of water rights from the Snake River ("Contract"). Acres determined to be ineligible for payment were observed to have been irrigated during the 2004 irrigation season, or did not meet the original eligibility criteria defined in the Lessor's Agreements and IDWR's Contract.

TABLE II: PAYMENT SUMMARY¹

	PAYMENT 1 ²		PAYMENT 2 ³		TOTAL PAYMENTS	
	Total Payment 1 by Reclamation (50% of Estimated Total)	Administrative Fee (10% Payment 1)	Total Payment 2 by Reclamation (Remainder of Total)	Administrative Fee (10% Payment 2)	Total Payment to Lessor	Total Payment by Reclamation
LESSOR						
Bell Rapids Mutual Irrigation Co.	\$180,442.50	\$162,398.25	\$174,577.50	\$157,119.75	\$319,518.00	\$355,020.00
Bergh Farms	\$33,312.60	\$3,331.26	\$33,312.60	\$3,331.26	\$59,962.68	\$66,625.20
Clover Hollow LLC	\$217,006.80	\$195,306.12	\$216,617.60	\$194,955.84	\$390,261.96	\$433,624.40
Dirks, Robert	\$13,834.65	\$1,383.47	\$13,834.65	\$1,383.47	\$24,902.37	\$27,669.30
Falcon Butte Farms, Inc.	\$240,273.40	\$24,027.34	\$240,273.40	\$24,027.34	\$432,492.12	\$480,548.80
Farm Development Corp.	\$0.00	\$0.00	\$18,540.00	\$1,854.00	\$16,686.00	\$18,540.00
Grindstone Butte Mutual Canal CO	\$0.00	\$0.00	\$878,445.00	\$87,844.50	\$790,600.50	\$878,445.00
Huey Farms, Inc.	\$43,947.55	\$4,394.76	\$43,947.55	\$4,394.76	\$79,105.59	\$87,895.10
Kitsos, Constanline	\$3,922.50	\$392.25	\$3,922.50	\$392.25	\$7,060.50	\$7,845.00
Little Valley Mutual Irrigation Company	\$61,095.00	\$6,109.50	\$61,095.00	\$6,109.50	\$109,971.00	\$122,190.00
Mills, James	\$19,372.50	\$1,937.25	\$19,372.50	\$1,937.25	\$34,870.50	\$38,745.00
Montierth, Herbert, Edward & Susan	\$54,362.65	\$5,436.27	\$54,362.65	\$5,436.27	\$97,852.77	\$108,725.30
Murphy Flats Water Company, Inc.	\$40,342.50	\$4,034.25	\$40,342.50	\$4,034.25	\$72,616.50	\$80,685.00
Rosti, Martha	\$8,355.00	\$835.50	\$8,355.00	\$835.50	\$15,039.00	\$16,710.00
Sailor Creek Water Company	\$0.00	\$0.00	\$130,620.00	\$13,062.00	\$117,558.00	\$130,620.00
South Elmore Irrigation Company	\$341,873.00	\$34,187.30	\$341,873.00	\$34,187.30	\$615,371.40	\$683,746.00
Terry Ketterling (TLK Farms, Inc.)	\$40,138.00	\$4,013.80	\$40,138.00	\$4,013.80	\$72,248.40	\$80,276.00
Young, Roger	\$29,280.00	\$2,928.00	\$29,280.00	\$2,928.00	\$52,704.00	\$58,560.00
	\$1,327,558.65	\$132,755.87	\$2,346,909.45	\$234,890.95	\$3,308,821.29	\$3,676,468.10

¹ As stipulated in the Contract between Reclamation and the Department of Water Resources, two payments will be issued to all of the lessors unless otherwise requested by the lessor. The first payment shall include one half of the Total Payment to Lessor on or around July 1, 2003, and the second payment will be issued after the irrigation season has ended for the remainder of the Total Payment to Lessor. Prior to making the payments to the lessors, IDWR will invoice Reclamation for the payment including the associated 10% for state Administrative Fees. Three of the lessors requested in writing that a single payment be issued after the end of the irrigation season. These include Farm Development Corporation, Grindstone Butte Mutual Canal Company, and Sailor Creek Water Company. These entities were not issued a first payment. The Total Payment to Lessor is based on ninety percent (90%) of the Eligible Idled Acres times the individual Payment Rate. The remaining ten percent (10%) is retained for Administrative Fees.

² Total Payment 1 by Reclamation was calculated based on one half (50%) of the Estimated Total Payment by Reclamation. (For the purposes of the first payment, all of the contracted acres were considered to have been left idle in accordance with criteria set forth in the Lessor Agreements. This was based in part on satellite imagery collected on May 4, 2004.) Payment 1 to Lessor represents ninety percent (90%) of the Total Payment 1, while the Administrative Fee represents remaining ten percent (10%). Total Payment 1 = (Estimated Idled Acres) x (Payment Rate per Acre) x (50%); Payment 1 to Lessor = (Total Payment 1) x (90%)

³ Total Payment 2 by Reclamation was calculated based on the remainder of the total payment due from Reclamation: Eligible Idled Acres times the Payment Rate minus Total Payment 1. Total Payment 2 = (Eligible Idled Acres) x (Payment Rate) - (Total Payment 1); Payment 2 to Lessor = (Total Payment 2) x (90%)

MEMORANDUM

To: Glen Saxton, Hal Anderson, Jeff Peppersack

From: Cynthia Bridge Clark

Date: December 15, 2004

Re: INVOICE TO USBOR FOR SECOND PAYMENT TO LESSORS PARTICIPATING IN THE 2004 SNAKE RIVER PILOT LEASING PROGRAM FOR RENTAL OF WATER FROM THE WATER SUPPLY BANK. WATER RIGHT NOS. 2-10205, 2-2159, 2-2354, 2-7184, 2-7229, 2-7284, 2-2386, 2-2387, 2-2388, 2-7148, 2-2279, 2-7012, 2-2249, 2-2250, 2-2251, 2-2252, 2-2253, 2-2254, 2-2255, 2-2256, 2-2361, 2-7001, 2-2371, 2-2372, 2-2262, 2-2145, 2-7144, 2-2443, 2-7030, 2-7068, 2-7076, 2-7132, 2-2198, 2-2191, 2-2370, 2-2194A, 2-2194B, 2-2186, 2-2204, 2-2206, 2-2214, 2-2215, 2-2217, 2-2218, 2-2210, 2-2269, 2-2367, 2-2379, 2-2298, 2-2376, AND 2-7182

The following is a summary of the number of acres eligible for the second and final payment from the Water Supply Bank (bank) under the Snake River Pilot Leasing Program for 2004. Payments will be issued in accordance with the Contract number 1425-04-WL-10-0023 (Contract) between the United States Bureau of Reclamation (Reclamation) and the Idaho Department of Water Resources (IDWR) to Implement the Rental of Water Rights Under the Pilot Program for Leasing of Snake River Natural Flow Water Rights for 2004 (Program).

Payment

Under section II.C.1, the Contract specifies that payment to the individual lessors will be issued at a pay rate per acre identified in the individual agreements (Agreements) between Reclamation and the lessors minus ten percent (10%) to be credited to the Water Administration Account as provided in the Water Supply Bank rules (*IDAPA 37.02.035.01*). The individual Agreements provide that one half of the estimated payment will be paid on or around July 30, 2004, and balance shall be issued after the irrigation season has ended and verification of the Program compliance is complete. The Contract specifies that IDWR shall invoice Reclamation for each payment to the lessors plus the associated 10% for the Water Administration Account.

Grindstone Butte Mutual Canal Company, Farm Development Corp., and Sailor Creek Water Company provided written requests to receive a single payment after the end of the irrigation season. Reclamation issued a contract amendment in a letter to the department, PN-3100, WTR-4.10, to authorize the change in payment schedule. Additionally, Grindstone Butte Mutual Canal Company specified in their request that the single payment be issued on or after January 3 and before January 7, 2004. Bergh Farms and Clover Hollow, LLC requested the final payment be issued on or about December 28 or 29, 2004.

Reclamation was invoiced for the first payment in mid-July, 2004. The payment was calculated based on 50% of the estimated total payment in accordance with the Contract. All of the lessors were issued this first payment with the exception of the three entities described

above, and the remainder will be issued in this second and final payment in accordance with the amounts listed on the attached Payment Summary (Table II).

Monitoring and Compliance

Section II.D.2 of the Contract indicates that monitoring compliance with the Agreements, will include review of satellite data and field visits to confirm the leased lands are not being irrigated. The department visited all of the fields identified on the contracts between June 8 and June 22, 2004, and four infrared satellite images, flown May 4, June 21, July 23, and September 9, 2004, were ordered for review of compliance. A large percentage of the lands had cover crops this year, and some of the crops were well developed due to rain in the early part of the season. Assessment of water use was difficult in some cases, particularly on lands benefiting from drainage from other fields. Site visits were used to verify whether water use was evident, field terrain, the presence of irrigation equipment, and to observe the difference between the dry land cover crops and those being irrigated. In most cases vegetative growth on the idled lands were less developed, varied, stressed, or experiencing heavy weed growth and volunteer crops from previous years including alfalfa, wheat/grain and kochia. Many of the fields had been recently cut for weed control.

Watering was not observed on any of the contracted lands during the field visits. However, the following acres were determined to be either ineligible for payment or required additional review to establish compliance:

1. A bean crop was observed on a 39.1-acre field in the Bell Rapids Irrigation Company. Though the field appeared to be dry during the site visit, detached hand lines were positioned across the field. The company confirmed the field was being irrigated and that the field was identified incorrectly on the original application and final contract. Upon request by the company to swap the acres for other idled lands, Reclamation stated by e-mail (July 19, 2004, see attached) that the acres should be declared ineligible for payment since the deadline for submittal of proposed lands had passed and the Agreement was executed. The ineligible acres were included in the first payment to Bell Rapids, but have been subtracted from the final payment (original contract for \$360,885.00, reduced by \$5,865.00 to \$355,020.00).
2. As part of the application review process, the department provided acreage measurements for the proposed fields to Reclamation (see signed maps attached to Agreements between the lessors and Reclamation). Clover Hollow, LLC removed a couple of fields from the program during the signing of the Agreement and estimated the revised size of a field in the southwest quarter of section 5, T5S, R7E, B.M. The field was estimated to be 135.9 acres. The idled lands were later measured by the department using available imagery to be 133.1 acres. In accordance with part IB. of the Agreement, the total number of eligible acres was reduced by 2.8 acres.
3. Potential irrigation activity on a field owned by Roger Young in the northeast and southeast quarters of section 35, T5S, R5E, B.M. was identified upon review of the four available satellite images. Mr. Young contracted with Reclamation to idle lands associated with a total of five adjacent pivots. Imagery indicated that vegetation growth on the western most pivot progressed significantly by the September 9, 2004 image.

A cover crop of wheat and some weeds were observed on this pivot during the field visit on June 9, 2004. A pivot was in place on the field running southwest from the center point, but was not in operation. The other fields were also dry with cut grain and alfalfa.

Mr. Young was contacted for information regarding activity on the western most pivot. He stated that the field was planted in potatoes during the 2003 irrigation season. The crop was cleared by late September and watered heavily in the fall to prepare a wheat crop. Mr. Young noted that he had not planned to participate in the leasing program at that point in time. The field was seeded with forty pounds of wheat per acre, and the crop was left uncut and unsprayed during the 2004 season because he intended to obtain a grazing contract. The grazing did not take place, and weeds such as, Russian thistle and possibly Kochia, spread heavily. He also stated that the pivot had been left at approximately 200 degrees from true North after preparing the field for the wheat crop, but was moved around July to about 90 to 100 degrees to protect against winds coming from the northwest.

Mr. Young stated that a hay crop was harvested from some of the other fields seeded in new alfalfa in 2003 that was crowded out by volunteer wheat. The southwestern pivot was left with grain stubble. He agreed to provide an affidavit or map describing the crop and harvest activity on all of the pivots in the 2003 and 2004.

The department reviewed other available photography of the fields, including high resolution NAIP Imagery flown in July of 2004. There is no indication of pivot tire tracks on the western most pivot. The location of the pivot during the field visit is consistent with Mr. Young's description (approximately 200 degrees from north), and appears to have moved by the time the NAIP Image was flown. Pictures from the original field visit in June show what appear to be Russian thistle and Kochia growing within the wheat crop. Kochia is known for being a very drought tolerant plant with a deep taproot. It spreads rapidly and is effective in competing for light, nutrients and soil moisture, and can be a problem for late-maturing crops or fallow lands. Russian thistle has similar characteristics. The presence of such weeds and lack of herbicide may explain the appearance of vegetative growth in the late season infrared image.

Available data suggests that heavy weed growth and spring precipitation could account for the activity highlighted in the infrared imagery. There isn't any other information available to indicate the lands were irrigated during the 2004 irrigation season. Gail McGarry was notified by telephone on December 14, 2004 that the department intends to recommend payment for the identified lands.

Summary

The attached tables (Table I & II) identify the participating lessors, contract numbers, acres idled, and summarizes the total payment amounts.

Reclamation should be invoiced, and the lessors issued warrants for the second and/or final payment in the amounts listed in the Payment Summary, Table II. The corresponding administrative fees are referenced, as well as the total amount to be requested from Reclamation for Payment 2.

**2004 SNAKE RIVER PILOT LEASING PROGRAM
RENTAL OF WATER FROM THE WATER SUPPLY BANK**

**INVOICE TO U.S. BUREAU OF RECLAMATION
FOR FINAL LESSOR PAYMENT**

TABLE 1: CONTRACT & FINAL ACREAGE SUMMARY

LESSOR	AGREEMENT BETWEEN LESSORS AND USBOR ¹					TOTAL IDLED ACRES ²		RENTED WATER RIGHT(S)
	Agreement No.	Contracted Idled Acres (ac)	Payment Rate (price/ac)	Estimated Total Payment by Reclamation	Idled Acres (End of Irr. Season)	Eligible Acres	Ineligible for Payment	
Bell Rapids Mutual Irrigation Co.	1425-04-WL-10-00012	2405.9	\$150.00	\$360,865.00	2366.8	39.1		2-10205
Bergh Farms	1425-04-WL-10-00004	477.6	\$139.50	\$66,625.20	477.6	0.0		2-2159, 2-2354, 2-7184, 2-7229, 2-7284
Clover Hollow, LLC.	1425-04-WL-10-00002	3122.4	\$139.00	\$434,013.60	3119.6	2.8		2-2386, 2-2387, 2-2388, 2-7148
Dirks, Robert	1425-04-WL-10-00007	185.7	\$149.00	\$27,669.30	185.7	0.0		2-2279, 2-7012
Falcon Butte Farms, Inc.	1425-04-WL-10-00001	4072.2	\$111.50	\$454,050.30	4072.2	0.0		2-2249, 2-2250, 2-2251, 2-2252, 2-2253, 2-2254, 2-2255, 2-2256, 2-2361, 2-7001
Falcon Butte Farms, Inc.	1425-04-WL-10-00001	197.0	\$134.50	\$26,496.50	197.0	0.0		2-2371, 2-2372
Farm Development Corp.	1425-04-WL-10-00013	123.6	\$150.00	\$18,540.00	123.6	0.0		2-2262
Grindstone Butte Mutual Canal CO	1425-04-WL-10-00011	5856.3	\$150.00	\$878,445.00	5856.3	0.0		2-2361, 2-7001
Huey Farms, Inc.	1425-04-WL-10-00006	589.9	\$149.00	\$87,895.10	589.9	0.0		2-2145, 2-7144
Kitsos, Constantine	1425-04-WL-10-00018	52.3	\$150.00	\$7,845.00	52.3	0.0		2-2443, 2-7030, 2-7068
Little Valley Mutual Irrigation Company	1425-04-WL-10-00016	814.6	\$150.00	\$122,190.00	814.6	0.0		2-7076, 2-7132
Mills, James	1425-04-WL-10-00017	258.3	\$150.00	\$38,745.00	258.3	0.0		2-2198, 2-2191
Monterth, Herbert, Edward Ray & Susan	1425-04-WL-10-00008	729.7	\$149.00	\$108,725.30	729.7	0.0		2-2361, 2-2370, 2-7001
Murphy Flats Water Company, Inc.	1425-04-WL-10-00015	537.9	\$150.00	\$80,685.00	537.9	0.0		2-2194A, 2-2194B
Rosti, Martha	1425-04-WL-10-00010	111.4	\$150.00	\$16,710.00	111.4	0.0		2-2186, 2-2204, 2-2206, 2-2214, 2-2215, 2-2217, 2-2218
Sailor Creek Water Company	1425-04-WL-10-00009	870.8	\$150.00	\$130,620.00	870.8	0.0		2-2210, 2-2269, 2-2367
South Elmore Irrigation Company	1425-04-WL-10-00005	4883.9	\$140.00	\$683,746.00	4883.9	0.0		2-2379
TLK Farms, Inc.	1425-04-WL-10-00003	573.4	\$140.00	\$80,276.00	573.4	0.0		
Young, Roger	1425-04-WL-10-00014	390.4	\$150.00	\$58,560.00	390.4	0.0		2-2298, 2-2376, 2-7182
TOTALS:		26253.3		\$3,682,722.30	26211.4	41.9		

¹ The "Agreement" represents the Water Rental and Forbearance Agreement entered into between the United States Bureau of Reclamation ("Reclamation") and the individual Lessors. The Contracted Acres Idled and the Payment Rate represent the number of acres to be idled and the payment per acre agreed upon between the Lessors and Reclamation. The Estimated Total Payment by Reclamation is based on the Contracted Idled acres times the Payment Rate.

² The Eligible Idled Acres represent the total number of acres determined to be eligible for payment at the end of the irrigation season based on the criteria set forth in the Contract between Reclamation and the Department of Water Resources ("IDWR") to implement the rental of water rights from the Snake River ("Contract"). Acres determined to be ineligible for payment were observed to have been irrigated during the 2004 irrigation season, or did not meet the original eligibility criteria defined in the Lessor's Agreements and IDWR's Contract.

TABLE II: PAYMENT SUMMARY¹

LESSOR	PAYMENT 1 ²		PAYMENT 2 ³		TOTAL PAYMENTS		
	Total Payment 1 by Reclamation (50% of Estimated Total)	Payment 1 To Lessor (90% Payment 1)	Administrative Fee (10% Payment 1)	Total Payment 2 by Reclamation (Remainder of Total)	Payment 2 To Lessor (90% Payment 2)	Administrative Fee (10% Payment 2)	Total Payment to Lessor
Bell Rapids Mutual Irrigation Co.	\$180,442.50	\$162,398.25	\$18,044.25	\$174,577.50	\$157,119.75	\$17,457.75	\$319,518.00
Bergh Farms	\$33,312.60	\$29,981.34	\$3,331.26	\$33,312.60	\$29,981.34	\$3,331.26	\$59,962.68
Clover Hollow LLC	\$217,006.80	\$195,306.12	\$21,700.68	\$216,617.60	\$194,955.84	\$21,661.76	\$390,261.96
Dirks, Robert	\$13,834.65	\$12,451.19	\$1,383.47	\$13,834.65	\$12,451.19	\$1,383.47	\$24,902.37
Falcon Butte Farms, Inc.	\$240,273.40	\$216,246.06	\$24,027.34	\$240,273.40	\$216,246.06	\$24,027.34	\$432,492.12
Farm Development Corp.	\$0.00	\$0.00	\$0.00	\$18,540.00	\$16,686.00	\$1,854.00	\$16,686.00
Grindstone Butte Mutual Canal CO	\$0.00	\$0.00	\$0.00	\$878,445.00	\$790,600.50	\$87,844.50	\$790,600.50
Huey Farms, Inc.	\$43,947.55	\$39,552.80	\$4,394.76	\$43,947.55	\$39,552.80	\$4,394.76	\$79,105.59
Kikos, Constantine	\$3,922.50	\$3,530.25	\$392.25	\$3,922.50	\$3,530.25	\$392.25	\$7,060.50
Little Valley Mutual Irrigation Company	\$61,095.00	\$54,985.50	\$6,109.50	\$61,095.00	\$54,985.50	\$6,109.50	\$109,971.00
Mills, James	\$19,372.50	\$17,435.25	\$1,937.25	\$19,372.50	\$17,435.25	\$1,937.25	\$34,870.50
Monterth, Herbert, Edward & Susan	\$54,362.65	\$48,926.39	\$5,436.27	\$54,362.65	\$48,926.39	\$5,436.27	\$97,852.77
Murphy Flats Water Company, Inc.	\$40,342.50	\$36,308.25	\$4,034.25	\$40,342.50	\$36,308.25	\$4,034.25	\$72,616.50
Rosti, Mantha	\$8,355.00	\$7,519.50	\$835.50	\$8,355.00	\$7,519.50	\$835.50	\$15,039.00
Sailor Creek Water Company	\$0.00	\$0.00	\$0.00	\$130,620.00	\$117,558.00	\$13,062.00	\$117,558.00
South Elmore Irrigation Company	\$341,873.00	\$307,685.70	\$34,187.30	\$341,873.00	\$307,685.70	\$34,187.30	\$615,371.40
Terry Ketterling (TLK Farms, Inc.)	\$40,138.00	\$36,124.20	\$4,013.80	\$40,138.00	\$36,124.20	\$4,013.80	\$72,248.40
Young, Roger	\$29,280.00	\$26,352.00	\$2,928.00	\$29,280.00	\$26,352.00	\$2,928.00	\$52,704.00
	\$1,327,558.65	\$1,194,802.79	\$132,755.87	\$2,348,909.45	\$2,114,018.51	\$234,890.95	\$3,308,821.29
							\$367,646.81
							\$3,676,468.10

¹ As stipulated in the Contract between Reclamation and the Department of Water Resources, two payments will be issued to all of the lessors unless otherwise requested by the lessor. The first payment shall include one half of the Total Payment to Lessor on or around July 1, 2003, and the second payment will be issued after the irrigation season has ended for the remainder of the Total Payment to Lessor. Prior to making the payments to the lessors, IDWR will invoice Reclamation for the payment including the associated 10% for state Administrative Fees. Three of the lessors requested in writing that a single payment be issued after the end of the irrigation season. These include Farm Development Corporation, Grindstone Butte Mutual Canal Company, and Sailor Creek Water Company. These entities were not issued a first payment. The Total Payment to Lessor is based on ninety percent (90%) of the Eligible Idled Acres times the individual Payment Rate. The remaining ten percent (10%) is retained for Administrative Fees.

² Total Payment 1 by Reclamation was calculated based on one half (50%) of the Estimated Total Payment by Reclamation. (For the purposes of the first payment, all of the contracted acres were considered to have been left idle in accordance with criteria set forth in the Lessor Agreements. This was based in part on satellite imagery collected on May 4, 2004.) Payment 1 to Lessor represents ninety percent (90%) of the Total Payment 1, while the Administrative Fee represents remaining ten percent (10%). Total Payment 1 = (Estimated Idled Acres) x (Payment Rate per Acre) x (60%); Payment 1 to Lessor = (Total Payment 1) x (90%)

³ Total Payment 2 by Reclamation was calculated based on the remainder of the total payment due from Reclamation: Eligible Idled Acres times the Payment Rate minus Total Payment 1. Total Payment 2 = (Eligible Idled Acres) x (Payment Rate) - (Total Payment 1); Payment 2 to Lessor = (Total Payment 2) x (90%)

Clark, Cynthia (Bridge)

From: Ruth Page [RPAGE@pn.usbr.gov]
Sent: Monday, July 19, 2004 11:14 AM
To: cclark@idwr.state.id.us
Subject: Re: Bells Rapids ineligible field

Hey, welcome back and I hope your vacation was wonderful!

I spoke with Diane and then verified my answer with Gail, but it is to late in the game to be swapping lands. It is very important for the applicants to check, check and recheck the maps. But, mainly it is important to submit the potential eligible lands by the deadline and by allowing them to swap lands now it would be extending the deadline for just them. Also they lands are tied to the contract and the contract has been executed. Gail thought that maybe they could include the lands they want to swap into the exchange. They will lose the 150 on the 39.1 acres since they farmed it, but at least they will make 15 on the other 39.1.

Call me if you want to discuss further.

>>> "Clark, Cynthia (Bridge)" <cclark@idwr.state.id.us> 07/16/04
10:13AM >>>
Gail and Page,

I just got a call from Diane at Bell Rapids regarding the field of beans. They identified the wrong field on the contract and would like to substitute a different 39.1 acres. I to told her she should make a request to change the fields with you because it may require a change or amendment to the contract. I also noted that we would have to verify that the new field meets the eligibility criteria. I assume they would not be able to enter a field that increases the total acres. I will also want to verify that the field they propose to substitute is not in the latest exchange proposal. I told her she should see what you might require, but that I would like to see a request in writing to document the change.

I will plan to pay them in full for all of their acres in the first payment. If the field is not changed, I will deduct the full amount from the final payment.

Gail, Jeff Peppersack will act as a contact if you have any questions about the invoice while I am away.

See you all when I get back.
Thanks,
Cynthia

Cynthia Bridge Clark
Idaho Department of Water Resources
Water Allocation Bureau
(208) 327-7898

644
T735

ROGER G. YOUNG FARM T.5S., R.5E. B.M.
Roger & Young 12-17-04

50 1/4

NORTH 0°

103.8 2003 CROP POTATOES

HARVESTED MID SEPT. 2003
IRRIGATED FOLLOWING HARVEST
UNTIL WATER WAS TURNED OFF
FOR THE SEASON AROUND 10-26-03.
03-12 & 13-04 SPUD ROWS LEVELED
BY SHALLOW DISCING & HARROWING
SAVED MOISTURE. 03-19-04 SEEDING
OF WHEAT COVER CROP FINISHED.
PIVOT WAS MOVED BACK & FORTH
180° & 210° FOR BOTH DISCING &
SEEDING. IN AUGUST PIVOT WAS
4 MOVED CCW TO 135°, NOTHING
228.3 WAS HARVESTED IN 2004.
AS OF 12-16-04 THIS FIELD COVER
IS HEADED STANDING WHEAT
& WEEDS. NO 2004
IRRIGATION.

58.5 1/4

100.5

2003 CROP - OLD STAND OF
ESTABLISHED ALFALFA &
IRRIGATED IN THE FALL OF 2003.
06-01-04 THRU 06-11-04 HARVESTED
DRYLAND ALFALFA INCLUDING SOUTH CORNER
2003 CROP - WHEAT W/ ALFALFA
AFTER HARVEST FIELD WAS IRRIGATED
IN THE FALL OF 2003.
2004 COVER - ALFALFA
06-01-04 THRU 06-11-04 HARVESTED
DRYLAND ALFALFA INCLUDING
SOUTH CORNER.
NO 2004 IRRIGATION

2003 CROP WHEAT W/ ALFALFA

AFTER HARVEST FIELD WAS
IRRIGATED IN THE FALL OF 2003.
2004 COVER - ALFALFA
06-01-04 THRU 06-11-04 HARVESTED
DRYLAND ALFALFA INCLUDING
SOUTH CORNERS.
NO 2004 IRRIGATION

2003 CROP - WHEAT

AFTER HARVEST FIELD WAS
IRRIGATED IN THE FALL OF 2003.
2004 COVER - WHEAT STUBBLE.
NOTHING HARVESTED IN 2004.
NO 2004 IRRIGATION

10

104.5

1290

HEL

3536

2003 CROP - WHEAT W/ ALFALFA

AFTER HARVEST FIELD WAS
IRRIGATED IN THE FALL OF 2003.
2004 COVER - WHEAT STUBBLE
& SPOTTY ALFALFA.
NOTHING HARVESTED IN 2004
NO 2004 IRRIGATION

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RECEIVED
DEC 19 2004

DEPARTMENT OF WATER RESOURCES

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State of Idaho

DEPARTMENT OF WATER RESOURCES

1301 North Orchard Street, Boise, ID 83706 - P.O. Box 83720, Boise, ID 83720-0098
Phone: (208) 327-7900 Fax: (208) 327-7866 Web Site: www.idwr.state.id.us

DIRK KEMPTHORNE
Governor

KARL J. DREHER
Director

July 23, 2004

JONATHON C BOWLING
IDAHO POWER COMPANY
PO BOX 70
BOISE ID 83707

RE: APPLICATION TO RENT WATER FROM THE WATER SUPPLY BANK UNDER
WATER RIGHT NOS. 2-10205, 2-2159, 2-2354, 2-7184, 2-7229, 2-7284, 2-2386, 2-
2387, 2-2388, 2-7148, 2-2279, 2-7012, 2-2249, 2-2250, 2-2251, 2-2252, 2-2253, 2-2254,
2-2255, 2-2256, 2-2361, 2-7001, 2-2371, 2-2372, 2-2262, 2-2145, 2-7144, 2-2443, 2-
7030, 2-7068, 2-7076, 2-7132, 2-2198, 2-2191, 2-2370, 2-2194A, 2-2194B, 2-2186, 2-
2204, 2-2206, 2-2214, 2-2215, 2-2217, 2-2218, 2-2210, 2-2269, 2-2367, 2-2379, 2-2298,
2-2376, AND 2-7182

Dear Mr. Bowling:

The Department of Water Resources acknowledges receipt of the Application to Rent Water from the Water Supply Bank and the corresponding Rental Agreement in the name of Idaho Power Company, Inc. Enclosed is a copy of a fully executed Rental Agreement in connection with the rental of an estimated 78,759.9 acre-feet of water from the Snake River during the 2004 irrigation season. Idaho Power Company, Inc. is authorized to divert water in compliance with the conditions of water use described in the fully executed agreement.

Contract No. 1425-04-WL-10-0023 between the United States Bureau of Reclamation and the Idaho Department of Water Resources to Implement the Rental of Water Under the Pilot Program for Leasing of Snake River Natural Flow Water Rights for 2004, specifies that the U.S. Bureau of Reclamation will make the required payments to the State Water Supply Bank for the rental of the water rights identified in the Rental Agreement.

If you have questions, please feel free to contact me.

Sincerely,


Cynthia Bridge Clark
Water Allocations Bureau

Encl: 1

c: IDWR Western Regional Office

E. Gail McGarry – Bureau of Reclamation



RECEIVED

JUL 22 2004

DEPARTMENT OF
WATER RESOURCES

Jonathon C. Bowling, P.E.
Engineering Leader
Water Management Department

(208) 388-2905
(208) 388-6495 FAX
jbowlings@idahopower.com

July 21, 2004

Jeff Peppersack
State of Idaho
Department of Water Resources
1301 N. Orchard St.
Boise, ID 83720

Dear Jeff,

Enclosed please find signed copies of the Application to Rent Water From the Water Supply Bank and the Water Supply Bank Rental Agreement for the USBR natural flow rental program for 2004 for 78,759.9 acre feet of water.

Please return to IPC copies of the signed documents.

Please let me know if you have any questions or comments.

Sincerely,

Jonathon C. Bowling, P.E.
Engineering Leader

MEMORANDUM

To: Debbie Allen

From: Cynthia Bridge Clark

Date: July 16, 2004

Re: **INVOICE TO USBOR FOR FIRST PAYMENT TO LESSORS PARTICIPATING IN THE 2004 SNAKE RIVER PILOT LEASING PROGRAM FOR RENTAL OF WATER FROM THE WATER SUPPLY BANK. WATER RIGHT NOS. 2-10205, 2-2159, 2-2354, 2-7184, 2-7229, 2-7284, 2-2386, 2-2387, 2-2388, 2-7148, 2-2279, 2-7012, 2-2249, 2-2250, 2-2251, 2-2252, 2-2253, 2-2254, 2-2255, 2-2256, 2-2361, 2-7001, 2-2371, 2-2372, 2-2262, 2-2145, 2-7144, 2-2443, 2-7030, 2-7068, 2-7076, 2-7132, 2-2198, 2-2191, 2-2370, 2-2194A, 2-2194B, 2-2186, 2-2204, 2-2206, 2-2214, 2-2215, 2-2217, 2-2218, 2-2210, 2-2269, 2-2367, 2-2379, 2-2298, 2-2376, AND 2-7182**

The following information is provided in order to invoice the United States Bureau of Reclamation for the rental of water rights from the State Water Supply Bank in accordance with the Contract No. 1425-04-WL-10-0023 between the United States Bureau of Reclamation and the Idaho Department of Water Resources to Implement the Rental of Water Rights Under the Pilot Program for Leasing of Snake River Natural Flow Water Rights for 2003 ("Contract").

Under section II.C.1, the Contract specifies that payment to the individual lessors will be issued at a pay rate per acre identified in the individual agreements (Agreements) between Reclamation and the lessors minus ten percent (10%) to be credited to the Water Administration Account as provided in the Water Supply Bank rules (*IDAPA 37.02.035.01*). The individual Agreements provide that one half of the estimated payment will be paid on or around July 30, 2004, and one half shall be issued after the irrigation season has ended and verification of the Program compliance is complete. The Contract specifies that IDWR shall invoice Reclamation for each payment to the lessors plus the associated 10% for the Water Administration Account.

The attached table identifies the participating lessors, contract amounts, the total amount of payment no. 1 by Reclamation, the payment to be issued to each lessor and the corresponding administrative fee. Payment no. 1 was calculated based on one half of the estimated total payment (contracted idled acres times the payment rate) minus the ten percent administrative fee: (contracted idled acres) x (payment rate) x 50% x 90%.

Farm Development Corp. and Sail Creek Water Co. requested a single payment after the end of the irrigation season, and Grindstone Butte Mutual Canal Co. requested a single payment on or after January 3, 2005 and before January 7, 2005. I will invoice the full payment for each of these entities with the second and final payment. I will notify the entities if the state is unable to issue a warrant on a specific date (e.g. on January 3, 2005).

Additionally, the Montierth's (listed below) own the rights leased to the bank jointly, and have requested that fifty percent of the payment be issued to Herbert and the remaining fifty percent to Edward Ray Montierth. The payment is split accordingly in the table below.

Summary

I have attached W-9 forms submitted by the lessors. Farm Development Corp., Sail Creek Water Co., and Grindstone Butte Mutual Canal Co. did not submit new W-9 forms as they have provided this information in the past. State warrants should be prepared for the following lessors for the first payment (Payment no. 1) in the amounts listed below and can be sent directly to the lessors based on the information on the W-9 forms. The corresponding administrative fees are referenced, as well as the total amount Reclamation should be invoiced (Payment 1 + Administrative Fee).

LESSOR	Payment 1 To Lessor (90% Payment 1)	Administrative Fee (10% Payment 1)
Bell Rapids Mutual Irrigation Co.	\$162,398.25	\$18,044.25
Bergh Farms	\$29,981.34	\$3,331.26
Clover Hollow, LLC.	\$195,306.12	\$21,700.68
Dirks, Robert	\$12,451.19	\$1,383.47
Falcon Butte Farms, Inc.	\$216,246.06	\$24,027.34
Farm Development Corp.	\$0.00	\$0.00
Grindstone Butte Mutual Canal CO	\$0.00	\$0.00
Huey Farms, Inc.	\$39,552.80	\$4,394.76
Kitsos, Constantine	\$3,530.25	\$392.25
Little Valley Mutual Irrigation Company	\$54,985.50	\$6,109.50
Mills, James	\$17,435.25	\$1,937.25
Montierth, Herbert	\$24,463.19	\$2,718.13
Montierth, Edward Ray	\$24,463.19	\$2,718.13
Murphy Flats Water Company, Inc.	\$36,308.25	\$4,034.25
Rosti, Martha	\$7,519.50	\$835.50
Sailor Creek Water Company	\$0.00	\$0.00
South Elmore Irrigation Company	\$307,685.70	\$34,187.30
TLK Farms, Inc.	\$36,124.20	\$4,013.80
Young, Roger	\$26,352.00	\$2,928.00
TOTALS:	\$1,194,802.79	\$132,755.87

TOTAL Invoice to Reclamation for Payment No. 1: \$1,327,558.66

**2004 PILOT LEASING PROGRAM FOR LEASING OF SNAKE RIVER
NATURAL FLOW WATER RIGHTS
RENTAL OF WATER FROM THE WATER SUPPLY BANK**

**INVOICE TO U.S. BUREAU OF RECLAMATION
FOR LESSOR PAYMENT NO. 1**

LESSOR	AGREEMENT BETWEEN LESSORS AND USBOR ¹			PAYMENT ²			Estimated Total Program Payment by Reclamation	RENTED WATER RIGHT(S)
	Agreement No.	Contracted Idled Acres (ac)	Payment Rate (price/ac)	Total Payment 1 by Reclamation (90% of Estimated Total)	Payment 1 To Lessor (90% Payment 1)	Administrative Fee (10% Payment 1)		
Bell Rapids Mutual Irrigation Co.	1425-04-WL-10-00012	2405.9	\$150.00	\$180,442.50	\$162,398.25	\$18,044.25	\$360,885.00	2-10205
Bergh Farms	1425-04-WL-10-00004	477.6	\$139.50	\$33,312.60	\$29,881.34	\$3,331.26	\$66,625.20	2-2159, 2-2354, 2-7184, 2-7229, 2-7284
Clover Hollow, LLC.	1425-04-WL-10-00002	3122.4	\$139.00	\$217,006.80	\$195,306.12	\$21,700.68	\$434,013.60	2-2386, 2-2387, 2-2388, 2-7148
Dirks, Robert	1425-04-WL-10-00007	185.7	\$149.00	\$13,834.65	\$12,451.19	\$1,383.47	\$27,669.30	2-2279, 2-7012
Falcon Butte Farms, Inc.	1425-04-WL-10-00004	4072.2 197.0	\$111.50 \$134.50	\$240,273.40	\$216,246.06	\$24,027.34	\$480,546.80	2-2249, 2-2250, 2-2251, 2-2252, 2-2253, 2-2254, 2-2255, 2-2256, 2-2361, 2-7001
Farm Development Corp.	1425-04-WL-10-00013	123.6	\$150.00	\$0.00	\$0.00	\$0.00	\$18,540.00	2-2371, 2-2372
Grindstone Butte Mutual Canal CO	1425-04-WL-10-00011	5856.3	\$150.00	\$0.00	\$0.00	\$0.00	\$878,445.00	2-2262
Huey Farms, Inc.	1425-04-WL-10-00006	589.9	\$149.00	\$43,947.55	\$39,552.80	\$4,394.76	\$87,895.10	2-2361, 2-7001
Kitsons, Constantine	1425-04-WL-10-00018	52.3	\$150.00	\$3,922.50	\$3,530.25	\$392.25	\$7,845.00	2-2145, 2-7144
Little Valley Mutual Irrigation Company	1425-04-WL-10-00016	814.6	\$150.00	\$61,095.00	\$54,985.50	\$6,109.50	\$122,190.00	2-2443, 2-7030, 2-7068
Mills, James	1425-04-WL-10-00017	258.3	\$150.00	\$19,372.50	\$17,435.25	\$1,937.25	\$38,745.00	2-7076, 2-7132
Monterth, Herbert, Edward Ray & Susan	1425-04-WL-10-00018	729.7	\$149.00	\$54,362.65	\$48,926.39	\$5,436.27	\$108,725.30	2-2198, 2-2191
Murphy Flats Water Company, Inc.	1425-04-WL-10-00018	537.9	\$150.00	\$40,342.50	\$36,308.25	\$4,034.25	\$80,685.00	2-2361, 2-2370, 2-7001
Rosti, Martha	1425-04-WL-10-00010	111.4	\$150.00	\$8,355.00	\$7,519.50	\$835.50	\$16,710.00	2-2194A, 2-2194B
Sailor Creek Water Company	1425-04-WL-10-00009	870.8	\$150.00	\$0.00	\$0.00	\$0.00	\$130,620.00	2-2186, 2-2204, 2-2206, 2-2214, 2-2215, 2-2217, 2-2218
South Elmore Irrigation Company	1425-04-WL-10-00005	4883.9	\$140.00	\$341,873.00	\$307,685.70	\$34,187.30	\$683,746.00	2-2210, 2-2269, 2-2367
TLK Farms, Inc.	1425-04-WL-10-00003	573.4	\$140.00	\$40,138.00	\$36,124.20	\$4,013.80	\$80,276.00	2-2379
Young, Roger	1425-04-WL-10-00014	390.4	\$150.00	\$29,280.00	\$26,352.00	\$2,928.00	\$58,560.00	2-2298, 2-2376, 2-7182
TOTALS:				\$1,327,558.65	\$1,194,802.79	\$132,755.87	\$3,682,722.30	

¹ The "Agreement" represents the Water Rental and Forbearance Agreement entered into between the United States Bureau of Reclamation (Reclamation) and the individual Lessors. The Contracted Acres Idled and the Payment Rate represent the number of acres to be idled and the payment per acre agreed upon between the Lessors and Reclamation. The Estimated Total Payment by Reclamation is based on the Contracted Idled acres times the Payment Rate.

² Total Payment 1 by Reclamation was calculated based on one half (50%) of the Estimated Total Payment by Reclamation. For the purposes of the first payment, all of the contracted acres were considered to have been left idle in accordance with criteria set forth in the Lessor Agreements. This was based in part on site visits made to the leased lands by department staff prior to issuance of the first payment. Compliance with the Agreement will be monitored further throughout the irrigation season. Payment 1 to Lessor represents ninety percent (90%) of the Total Payment 1, while the Administrative Fee represents remaining ten percent (10%). Total Payment 1 = (Contracted Acres Idled) x (Payment Rate per Acre) x (50%); Payment 1 to Lessor = (Total Payment 1) x (90%)

ms *HNA* **MEMORANDUM**

To: Glen Saxton, Hal Anderson, Jeff Peppersack

From: Cynthia Bridge Clark

Date: July 15, 2004

Re: INVOICE TO USBOR FOR FIRST PAYMENT TO LESSORS PARTICIPATING IN THE 2004 SNAKE RIVER PILOT LEASING PROGRAM FOR RENTAL OF WATER FROM THE WATER SUPPLY BANK. WATER RIGHT NOS. 2-10205, 2-2159, 2-2354, 2-7184, 2-7229, 2-7284, 2-2386, 2-2387, 2-2388, 2-7148, 2-2279, 2-7012, 2-2249, 2-2250, 2-2251, 2-2252, 2-2253, 2-2254, 2-2255, 2-2256, 2-2361, 2-7001, 2-2371, 2-2372, 2-2262, 2-2145, 2-7144, 2-2443, 2-7030, 2-7068, 2-7076, 2-7132, 2-2198, 2-2191, 2-2370, 2-2194A, 2-2194B, 2-2186, 2-2204, 2-2206, 2-2214, 2-2215, 2-2217, 2-2218, 2-2210, 2-2269, 2-2367, 2-2379, 2-2298, 2-2376, AND 2-7182

The following is a summary of the estimated number of acres eligible for the first payment from the Water Supply Bank (bank) under the Snake River Pilot Leasing Program for 2004. Payments will be issued in accordance with the Contract number 1425-04-WL-10-0023 (Contract) between the United States Bureau of Reclamation (Reclamation) and the Idaho Department of Water Resources (IDWR) to Implement the Rental of Water Rights Under the Pilot Program for Leasing of Snake River Natural Flow Water Rights for 2004 (Program).

Under section II.C.1, the Contract specifies that payment to the individual lessors will be issued at a pay rate per acre identified in the individual agreements (Agreements) between Reclamation and the lessors minus ten percent (10%) to be credited to the Water Administration Account as provided in the Water Supply Bank rules (IDAPA 37.02.035.01). The individual Agreements provide that one half of the estimated payment will be paid on or around July 30, 2004, and one half shall be issued after the irrigation season has ended and verification of the Program compliance is complete. The Contract specifies that IDWR shall invoice Reclamation for each payment to the lessors plus the associated 10% for the Water Administration Account.

Three of the lessors provided a written request to receive a single payment after the end of the irrigation season. As per a telephone conversation on July 15, 2004, Gail McGarry agreed that a single payment could be issued after the end of the irrigation season, and plans to document this option in a letter to the department.

Section II.D.2 of the Contract indicates that monitoring compliance with the Agreements, will include review of satellite data and field visits to confirm the leased lands are not being irrigated. The department has visited all of the fields identified on the contracts, and has ordered two satellite images flown May 4 and June 21, 2004. A large percentage of the lands have a cover crop but do not appear to have been irrigated, though rain in the early part of the irrigation season supplemented crop growth. A number of other fields were

covered heavily by weeds, or were cut recently to control weed growth. A bean crop was observed on a 39.1-acre field in the Bell Rapids Irrigation Company. Though the field appeared to be dry during the site visit, detached hand lines were positioned across the field. Information has been requested from the company. They have been informed that the first payment will be issued for all of the contracted acres. However, the full payment for the field will be withheld from the final payment if the lands are determined to be ineligible.

Based on the data available and the review completed to date, all of the lands leased to the bank will be considered for payment. Withholding 50% of the estimated final payment as specified in the Contract, should be sufficient to cover payment reductions needed for unauthorized use of water during the irrigation season.

The attached table identifies the participating lessors, the contract amounts, the total estimated payments as specified in the individual Agreements, the amounts to be issued for the first payment to the lessors and the corresponding administrative fee. Reclamation should be invoiced for the total amount of the first payment, and state warrants should be issued to each lessor for amounts identified.

**2004 PILOT LEASING PROGRAM FOR LEASING OF SNAKE RIVER
NATURAL FLOW WATER RIGHTS
RENTAL OF WATER FROM THE WATER SUPPLY BANK**

**INVOICE TO U.S. BUREAU OF RECLAMATION
FOR LESSOR PAYMENT NO. 1**

LESSOR	AGREEMENT BETWEEN LESSORS AND USBOR ¹			PAYMENT 1 ²			Estimated Total Program Payment by Reclamation	RENTED WATER RIGHT(S)
	Agreement No.	Contracted Idled Acres (ac)	Payment Rate (price/ac)	Total Payment 1 by Reclamation (50% of Estimated Total)	Payment 1 To Lessor (90% Payment 1)	Administrative Fee (10% Payment 1)		
Bell Rapids Mutual Irrigation Co.	1425-04-WL-10-00012	2405.9	\$150.00	\$180,442.50	\$162,398.25	\$18,044.25	\$360,885.00	2-10205
Bergh Farms	1425-04-WL-10-0004	477.6	\$139.50	\$33,312.60	\$29,881.34	\$3,331.26	\$66,625.20	2-2159, 2-2354, 2-7184, 2-7229, 2-7284
Clover Hollow, LLC	1425-04-WL-10-0002	3122.4	\$139.00	\$217,006.80	\$195,306.12	\$21,700.68	\$434,013.60	2-2386, 2-2387, 2-2388, 2-7148
Dirks, Robert	1425-04-WL-10-0007	185.7	\$149.00	\$13,834.65	\$12,451.19	\$1,383.47	\$27,669.30	2-2278, 2-7012
Falcon Butte Farms, Inc.	1425-04-WL-10-0004	4072.2 197.0	\$111.50 \$134.50	\$240,273.40	\$216,246.06	\$24,027.34	\$480,546.80	2-2249, 2-2250, 2-2251, 2-2252, 2-2253, 2-2254, 2-2255, 2-2256, 2-2381, 2-7001
Farm Development Corp.	1425-04-WL-10-00013	123.6	\$150.00	\$0.00	\$0.00	\$0.00	\$18,540.00	2-2371, 2-2372
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Martha Rosti	1425-04-WL-10-00010	111.4	\$150.00	\$8,355.00	\$7,519.50	\$835.50	\$16,710.00	2-2194A, 2-2194B
Sailor Creek Water Company	1425-04-WL-10-0009	870.8	\$150.00	\$0.00	\$0.00	\$0.00	\$130,620.00	2-2186, 2-2204, 2-2206, 2-2214, 2-2215, 2-2217, 2-2218
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TOTALS:				\$1,327,558.65	\$1,194,802.79	\$132,755.87	\$3,682,722.30	

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Total Payment 1 = (Contracted Acres Idled) x (Payment Rate per Acre) x (50%); Payment 1 to Lessor = (Total Payment 1) x (90%)



IN REPLY
REFER TO:

PN-3100
WTR-4.10

United States Department of the Interior

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

JUN 25 2004

RECEIVED

JUN 25 2004

DEPARTMENT OF WATER RESOURCES

Mr. Karl Dreher
Director
Idaho Department of Water Resources
1301 N. Orchard Street
Boise, ID 83720

Subject: Transmittal of the Contract to Implement the Rental of Water Under the Pilot Program for Leasing of Snake River Natural Flow Water Rights for 2004

Dear Mr. Dreher:

Please find enclosed three copies of the Contract Between the United States Bureau of Reclamation and the Idaho Department of Water Resources to Implement the Rental of Water Under the Pilot Program for Leasing of Snake River Natural Flow Water Rights for 2004 (BOR Contract No. 1425-04-WL-10-0023). Please sign all three copies and return two copies to our office at the address above, Attention: PN-3100.

If you have any questions, please contact me or Ms. Gail McGarry at 208-378-5306.

Sincerely,

J. William McDonald
Regional Director

Enclosure – 1 (In triplicate)

CONTRACT
Between
The United States Bureau of Reclamation
and
The Idaho Department of Water Resources
to
Implement the Rental of Water Under the
Pilot Program for Leasing of Snake River Natural Flow Water Rights for 2004
(BOR Contract No. 1425-04-WL-10-0023)

This Contract to Implement the Rental of Water Under the Bureau of Reclamation's Pilot Program for Leasing of Snake River Natural Flow Water Rights for 2004 (Contract) is entered into by and between the United States Bureau of Reclamation (Reclamation) and the Idaho Department of Water Resources (IDWR), and shall be effective as of the date of execution and shall remain in force until December 31, 2004. The purpose of this Contract is to provide for the implementation of the lease and rental of certain irrigation water rights held by pumpers on the Snake River. Reclamation enters into this Contract pursuant to the authority of the Act of June 17, 1902 (32 Stat. 388) and acts amendatory and supplementary thereto and the Act of December 28, 1973 (87 Stat. 884) and acts amendatory or supplementary thereto.

I. BACKGROUND

Reclamation has commitments under Biological Opinions on the operation of the Federal Columbia River power system and the operation and maintenance of Reclamation Projects in the Snake River Basin above Brownlee Dam to provide flow augmentation for delivery at Lower Granite Dam.

The Idaho Legislature authorized Reclamation to annually rent up to 427,000 acre-feet of storage water per year during the years 2002-2004 under the provisions of Idaho Code § 42-1763B.

In 2003, there was insufficient storage water available for lease by Reclamation to meet the 427,000 acre-feet target. Therefore, Reclamation worked with IDWR pursuant to a Contract between the United States Bureau of Reclamation and the Idaho Department of Water Resources to Implement the Rental of Water Under the Pilot Program for Leasing of Snake River Natural Flow Water Rights for 2003 to have certain water right holders idle land and place their water rights in the State Water Supply Bank, thereby increasing water flow downstream to Lower Granite Dam. Rules governing the Idaho State Water Supply Bank, IDAPA 37.02.03, provide that rentals shall be approved only for use in Idaho unless there is compliance with the provisions of Idaho Code § 42-401(3). In order to avoid the complexities of Reclamation seeking approval for out-of-state use, Reclamation worked with the Governor's Office and the Idaho Power Company for the Idaho Power Company to lease the water out of the State Water Supply Bank for hydropower generation in Idaho resulting in additional water flowing to Lower Granite Dam for flow augmentation.

Again this year, it is expected that there will not be sufficient storage water available for lease for Reclamation to meet its 427,000 acre-feet rental target. Therefore, Reclamation initiated a pilot Snake River Leasing Program (Program) under which a request for proposals was publicly

advertised and copies were sent to eligible water right holders. Under this Program, water right holders forego irrigation of land and place their water rights into the State Water Supply Bank. The applicants to the Program offered a price per acre that they were willing to accept for forgoing irrigation. Reclamation signed individual agreements with the applicants selected.

As a practical way of ensuring that there is additional water in the river, over and above the water that would otherwise be available if there were no Program, Reclamation limited acceptable land to that which was irrigated last year or that which had been in Reclamation's 2003 program.

II. IMPLEMENTING ACTIONS

A. Acceptance of Water Rentals into the Idaho Water Supply Bank

1. Individual Agreements between Reclamation and the Lessors

Reclamation entered into agreements with certain water right holders, hereafter known as the Lessors, whereby the Lessors agree to idle land and lease the associated water right(s) into the State Water Supply Bank. There are 18 individual agreements totaling 26,253.3 idled acres at a total cost of \$3,682,722.30. If Reclamation accepts another one to five idled acres into the Program pursuant to an individual agreement between Reclamation and a Lessor, the total cost may be adjusted upward by \$697.50 for a total cost not to exceed \$3,683,419.80. The individual agreements entered into between Reclamation and the Lessors are appended as Attachment A to this Contract.

2. Land to be Idled

The individual agreements between Reclamation and the Lessors specify the exact location of the land. In section I.B. of the individual agreements between Reclamation and the Lessors, the Lessors agree that "If it is determined after the execution of this Agreement that certain acres are not eligible for the Program because of a mistake, error, or misrepresentation in the Lessor's application, the land covered under this Program will be reduced accordingly." If, at any time, IDWR finds that any land is not eligible, IDWR will promptly notify Reclamation.

3. Water Rights to be Leased to the State Water Supply Bank

Under the Program, the Lessors' water rights appurtenant to the land idled will be leased to the State Water Supply Bank. Under section II.A. of the individual agreements between Reclamation and the Lessors, the Lessors agree that the individual agreements will be submitted by Reclamation as applications to the bank. The Lessors also agree that any additional information or requirements IDWR may require to process or accept the application shall be furnished promptly to IDWR including, but not limited to, the submission of a separate application form if required. IDWR will work with each Lessor to accept the water rights into the State Water Supply Bank.

B. Rental of Water Rights from the State Water Supply Bank

1. Idaho Power Will Rent Water Rights from the State Water Supply Bank

Idaho Power has agreed to rent the water rights from the bank under its Hell's Canyon Complex water right. It is intended that Idaho Power rent the water at no cost to Idaho Power. IDWR will contact and work with Idaho Power for Idaho Power to rent the water rights or portions thereof from the State Water Supply Bank as shown in the attached Individual Agreements between Reclamation and the Lessors. IDWR will submit copies of the rental application made by Idaho Power Company to Reclamation.

2. Reclamation's Approval Required for Rentals out of the Bank

IDWR shall not approve rentals of the water rights associated with this Contract from the State Water Supply Bank without the prior consent of Reclamation to ensure the rentals are compatible with Reclamation's intent of the Program. Section II.B. of the individual agreements between Reclamation and the Lessors provides that "All rentals of the Lessor's water rights out of the water bank shall be subject to Reclamation's approval." The rental period shall be for the entire 2004 irrigation season.

C. Payment For the Water Leases

1. Payment by IDWR to Individual Lessors

Payment to the individual Lessors will be for the price that was stated in the individual agreements between Reclamation and the Lessors minus 10% which shall be credited to the Water Administration Account as required by IDAPA 37.02.035.01. The individual agreements between Reclamation and the Lessors provide that one half of the estimated payment will be made on or about July 30, 2004, and one half will be after the irrigation season has ended and verification of Program compliance is complete. IDWR shall comply with the payment scheme specified in the individual agreements between Reclamation and the Lessors. Prior to making payment to the Lessors, IDWR will invoice Reclamation for the payment plus the associated 10% for the Water Administration Account.

2. Payment by Reclamation to IDWR

It is not intended that Idaho Power will pay for any water leased by the Idaho Power Company under this Contract. The payments to the State Water Supply Bank shall be made by Reclamation and shall be the price agreed to in each individual agreement between Reclamation and each Lessor. Reclamation shall pay the invoices described in subsection II.C.1. above, prior to IDWR making payment to the Lessors. The total amount paid under this Contract to IDWR will not exceed \$3,683,419.80. Payment will be made under Reclamation Cost Authority No. A30-1678-6926-100-00-0-0.

3. Potential Reduction of Payments to Individual Lessors

a. Payments will be reduced if there are any acres identified by IDWR that are not eligible to be placed into the State Water Supply Bank. The reduction shall be pro rata based on the per acre cost identified in section III.A. of the individual agreement between Reclamation and the Lessor.

b. Payments will be reduced as described in section II.C.3.a. of this Contract for any unauthorized use of water on any of the land identified as land to be idled in the individual agreements between Reclamation and the Lessors or for any unauthorized use of the water rights leased under the agreements between Reclamation and the Lessors, although other legal remedies remain available to IDWR or to Reclamation including, but not limited to, immediate termination of the lease.

c. Any part of the payment by Reclamation not used for the purposes authorized under this Contract will be reimbursed by IDWR to Reclamation by December 1, 2004.

D. Administration by IDWR

1. Protection of Water Right if Regulation is Required

IDWR will protect the water rented under this Program by the Idaho Power Company. The water will be protected to the Hells Canyon Complex.

2. Verification of Compliance with the Lease Agreements

In accordance with the provisions in this Contract, IDWR will periodically confirm, through satellite data and field visits, that the land from which the water rights are leased is not being irrigated.

3. Summary of Program Results

At the end of the irrigation season, IDWR will summarize findings regarding monitoring of compliance with the lease agreement. IDWR will work with Reclamation to estimate flow increases resulting from these Water Supply Bank rentals based on crop water requirement data, the number of acres dried up in accordance with the lease agreements and other pertinent information. Payments to the Lessors will not be affected by this data gathering.

III. GENERAL PROVISIONS

A. Officials Not To Benefit

No member of or delegate to Congress, or Resident Commissioner, shall be admitted to any share or part of this Contract or to any benefit that may arise out of it.

B. Covenant Against Contingent Fees

The recipient warrants that no person or agency has been employed or retained to solicit or secure this Contract upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide offices established and maintained by the recipient for the purpose of securing agreements or business. For breach or violation of this warranty, the Government shall have the right to annul this Contract without liability or, in its discretion, to deduct from the Contract amount, or otherwise recover, the full amount of such commission, percentage, brokerage, or contingent fee.

3. Triplicate Originals

This Contract is executed in triplicate. Each of the documents with an original signature of each party shall be an original.

IV. SIGNATURES

IN WITNESS WHEREOF, the parties have executed this Contract on the date following their respective signatures.

**STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES**

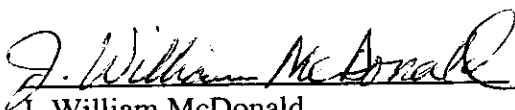


Karl V. Dreher
Director

June 30, 2004

Date

**UNITED STATES
BUREAU OF RECLAMATION**



J. William McDonald
Regional Director

June 25, 2004

Date

ATTACHMENT A

**To Contract to Implement the Rental of Water Under the Pilot
Program for Leasing of Snake River Natural Flow Water Rights for
2004 (BOR Contract No. 1425-04-WL-10-0023)**



State of Idaho

DEPARTMENT OF WATER RESOURCES

1301 North Orchard Street, Boise, ID 83706 - P.O. Box 83720, Boise, ID 83720-0098
Phone: (208) 327-7900 Fax: (208) 327-7866 Web Site: www.idwr.state.id.us

DIRK KEMPTHORNE
Governor

KARL J. DREHER
Director

December 17, 2003

PA BERGH
BERGH FARMS
180 KINGS COURT
MOUNTAIN HOME ID 83647

**RE: FINAL PAYMENT FOR RENTAL OF WATER FROM SNAKE RIVER THROUGH
THE WATER SUPPLY BANK. WATER RIGHT NOS. 2-2159, 2-2354, 2-2398,
2-7184, 2-7229**

Dear Mr. Bergh,

All or portions of the water rights referenced above were leased to the Water Supply Bank ("bank") during the 2003 irrigation season in accordance with Agreement No. 1425-03-MA-10-3870 ("Agreement") between you and the United States Bureau of Reclamation ("Reclamation"). The Idaho Department of Water Resources ("department") has invoiced Reclamation for the funds associated with the second and final payment. Upon receipt, the Controller's office will issue a state warrant in the amount of **\$41,877.00** to be sent directly to the address listed above.

The enclosed map identifies the eligibility status of the lands as evaluated by the department. It indicates whether the lands were determined to be eligible or ineligible for payment.

Payment for rental of the right(s) from the bank was contingent upon the determination that the acres associated with the rental application had a valid Snake River water right(s), and that they qualified for payment as provided in Contract no. 1425-03-WL-10-2003 between Reclamation and the Department of Water Resources to Implement the Rental of Water Rights Under the Pilot Program for Leasing of Snake River Natural Flow Water Rights for 2003, said agreement dated June 25, 2003 ("Contract").

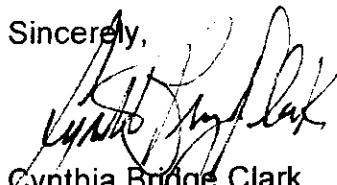
The Agreement and Contract specify that one half of the estimated payment will be paid on or around July 1, 2003, and the second half shall be issued after the irrigation season has ended. The total payment to Bergh Farms was calculated based on the total number of acres determined to be eligible for payment times \$150.00 per acre idled minus a ten percent (10%) administrative fee as provided in the Water Supply Bank rules. The first payment was calculated based on fifty percent (50%) of the estimated final payment. The second payment includes the remainder of the total payment based on the number of acres determined to be eligible.

Below is a summary of the payments to Bergh Farms for the rental of the referenced water rights from the bank:

Contracted Idled Acres (ac)	Eligible Idled Acres (End of irr season)	Acres Ineligible for Payment	Payment Rate (price/ac)	Payment(s) to Lessor		
				Payment 1 (50%)	Payment 2 (remainder)	Total Payment
620.4	620.4	0.0	\$150.00	\$41,877.00	\$41,877.00	\$83,754.00

This payment, in the amount of \$41,877.00, is considered to be the final payment for the rental of water rights for the 2003 irrigation season. If you have questions, please feel free to contact the department.

Sincerely,



Cynthia Bridge Clark
Associate Engineer
Water Allocations Bureau

Enclosure

c: IDWR Western Region

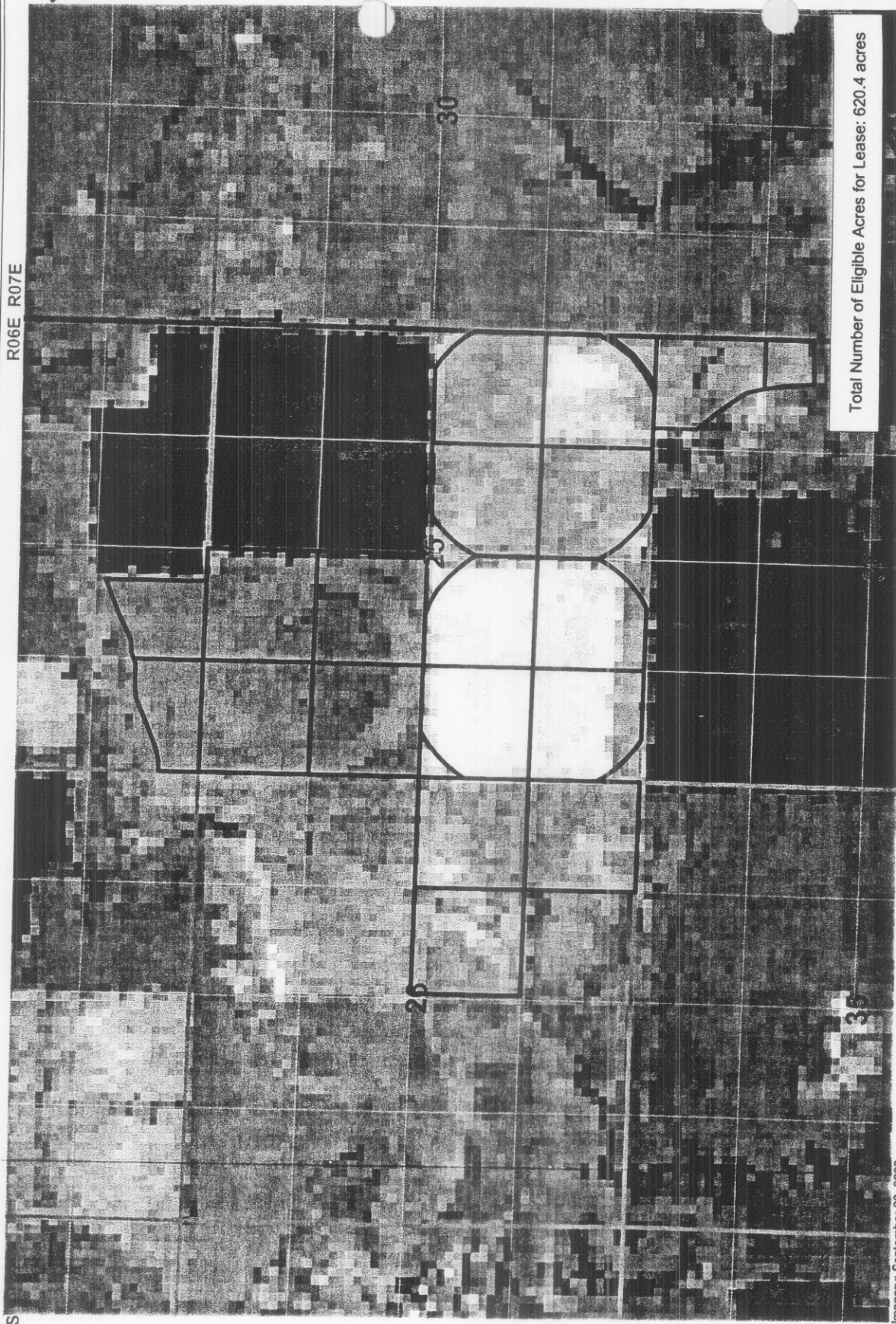
E. Gail McGarry
Program Manager, Water Rights & Acquisition
Bureau of Reclamation
1150 N Curtis, Suite 100
PN 3100
Boise ID 83706-1234



Prepared by: M. Williams
Idaho Department of Water Resources
1301 North Orchard Street
Boise, ID 83706
(208) 372-7900

- ☐ ELIGIBLE
- ☐ INELIGIBLE
- ☐ QUESTIONABLE
- ☐ Township/Range Lines
- ☐ Section Lines
- ☐ Quarter/Quarter Lines

T05S



Imagery: September 23, 2003

Bergh Farms, LLC

2003 Snake River Pilot Leasing Program
Rental of Water from the Water Supply Bank

Prepared: December 2, 2003



State of Idaho

DEPARTMENT OF WATER RESOURCES

1301 North Orchard Street, Boise, ID 83706 - P.O. Box 83720, Boise, ID 83720-0098
Phone: (208) 327-7900 Fax: (208) 327-7866 Web Site: www.idwr.state.id.us

DIRK KEMPTHORNE
Governor

KARL J. DREHER
Director

July 25, 2003

PA BERGH
CLOVER HOLLOW LLC & BERGH FARMS
180 KINGS COURT
MOUNTAIN HOME ID 83647

RE: TAX IDENTIFICATION NUMBER. WATER RIGHT NOS. ~~2-2459~~, 2-2354, 2-2398, 2-7184, 2-7229, 2-2386, 2-2387, 2-2388, AND 2-7148

Dear Mr. Bergh:

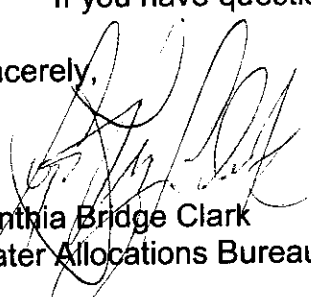
Clover Hollow, LLC and Bergh Farms have leased water rights to the State Water Supply Bank in conjunction with an agreement between the U.S. Bureau of Reclamation and the Idaho Department of Water Resources to implement the rental of water rights under a pilot program to secure natural flow in the Snake River during the 2003 irrigation season. As we discussed over the telephone, a Tax Identification Number is required for the State of Idaho to issue a payment to an applicant leasing rights to the Water Supply Bank through this pilot program.

Please find enclosed two Request for Taxpayer Identification Number and Certification, or W-9 Forms, from the Department of the Treasury, Internal Revenue Service. The forms should be completed for both entities and returned to:

Idaho Department of Water Resources
1301 North Orchard
Boise, Idaho 83706-2237
Attn: Cynthia Bridge Clark

If you have questions, please feel free to contact the Department.

Sincerely,


Cynthia Bridge Clark
Water Allocations Bureau

Encl: 2

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JUL 15 2003



State of Idaho

DEPARTMENT OF WATER RESOURCES

1301 North Orchard Street, Boise, ID 83706 - P.O. Box 83720, Boise, ID 83720-0098
Phone: (208) 327-7900 Fax: (208) 327-7866 Web Site: www.idwr.state.id.us

DIRK KEMPTHORNE
Governor

KARL J. DREHER
Director

July 1, 2003

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JUL 1 2003

Department of Water Resources

PA BERGH
BERGH FARMS
180 KINGS COURT
MOUNTAIN HOME ID 83647

RE: APPLICATION TO LEASE PART OF WATER RIGHT NOS. 2-2159, 2-2354, 2-2398, 2-7184, 2-7229 TO THE WATER SUPPLY BANK

Dear Mr. Bergh,

The department has conducted an initial review of Agreement No. 1425-03-MA-10-3870 ("Agreement") between you and the United States Bureau of Reclamation ("Reclamation") submitted to this office as an Application to Sell or Lease a Water Right to the Water Supply Bank ("bank"). The application was submitted in connection with the 2003 Snake River Pilot Leasing Program initiated by Reclamation.

Please consider that the offered part(s) of the water rights ("rights") are accepted into the bank under the following terms:

1. Payment for rental of the right(s) from the bank is contingent upon the determination that the acres associated with the rental application have a valid Snake River water right(s), and that they qualify for payment as provided in Contract no. 1425-03-WL-10-2003 between the United States Bureau of Reclamation and the Idaho Department of Water Resources to Implement the Rental of Water Rights Under the Pilot Program for Leasing of Snake River Natural Flow Water Rights for 2003, said agreement dated June 25, 2003 ("Contract").
2. While part(s) of a right(s) is in the bank, the owner of the right may not use that part of the right.
3. While a right is in the bank, forfeiture provisions are stayed.
4. Acceptance of a right into the bank does not confirm the validity of the right or any elements of the water right.
5. The right(s) will be considered released from the bank on December 31, 2003.

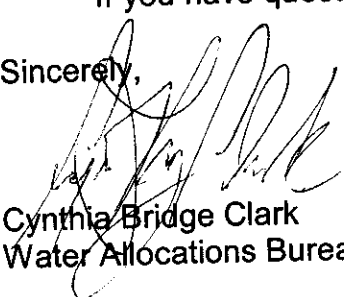
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JUL 15 2003

The Agreement and Contract specify that one half of the estimated payment will be paid on or around July 1, 2003, and the second half shall be issued after the irrigation season has ended. Payment to the individual lessors will be issued at a pay rate per acre identified in the individual Agreement between Reclamation and the lessors minus a ten percent (10%) administrative fee as provided in the Water Supply Bank rules. The department has invoiced Reclamation for the funds associated with the first payment as required in the Contract. A state warrant will be issued in the amount of \$41,877.00 for the first payment for rental of water from the bank in accordance with the above referenced Agreement. The Controller's office will issue the warrant directly to the address identified above.

If you have questions, please feel free to contact me.

Sincerely,



Cynthia Bridge Clark
Water Allocations Bureau

c: IDWR - W. Region
2-2159, 2-2354, 2-2398, 2-7184, 2-7229

E. Gail McGarry
Program Manager, Water Rights & Acquisition
Bureau of Reclamation
1150 N Curtis, Suite 100
PN 3100
Boise ID 83706-1234

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JUL 15 2003



State of Idaho

DEPARTMENT OF WATER RESOURCES

1301 North Orchard Street, Boise, ID 83706 - P.O. Box 83720, Boise, ID 83720-0098
Phone: (208) 327-7900 Fax: (208) 327-7866 Web Site: www.idwr.state.id.us

DIRK KEMPTHORNE
Governor

KARL J. DREHER
Director

June 25, 2003

JONATHON C BOWLING
IDAHO POWER COMPANY
PO BOX 70
BOISE ID 83707

**RE: APPLICATION TO RENT WATER FROM THE WATER SUPPLY BANK UNDER
WATER RIGHT NOS. 2-2159, 2-2354, 2-2398, 2-7184, 2-7229, 2-2386, 2-2387,
2-2388, 2-7148, 2-2249, 2-2250, 2-2251, 2-2252, 2-2253, 2-2254, 2-2255, 2-
2256, 2-2361, 2-7001, 2-2371, 2-7053, 2-2262, 2-2194A, 2-2194B, 2-2206, 2-
2217, 2-2218, 2-2269, 2-2345, 2-2367, AND 2-2379**

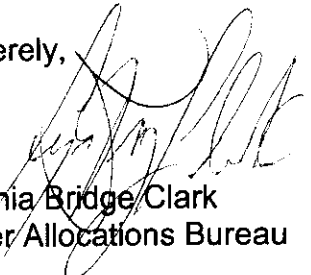
Dear Mr. Bowling:

The Department of Water Resources acknowledges receipt of the Application to Rent Water from the Water Supply Bank and the corresponding Rental Agreement in the name of Idaho Power Company, Inc. Enclosed is a copy of a fully executed Rental Agreement in connection with the rental of an estimated 42,182 acre-feet of water from the Snake River during the 2003 irrigation season. Idaho Power Company, Inc. is authorized to divert water in compliance with the conditions of water use described in the fully executed agreement.

The Contract between the United States Bureau of Reclamation and the Idaho Department of Water Resources to Implement the Rental of Water Rights Under the Pilot Program for Leasing of Snake River Natural Flow Water Rights for 2003, specifies that the U.S. Bureau of Reclamation will make the required payments to the State Water Supply Bank for the rental of the water rights identified in the Rental Agreement.

If you have questions, please feel free to contact me.

Sincerely,


Cynthia Bridge Clark
Water Allocations Bureau

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JUL 15 2003

Encl: 1

c: IDWR Western Regional Office

Rich Rigby
ESA Coordinator, Bureau of Reclamation
1150 N Curtis, PN 3030
Boise ID 83706-1234

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JUL 15 2003



RECEIVED

JUN 19 2003

Department of Water Resources

Jonathon C. Bowling, P.E.
Engineering Leader
Water Management Department

(208) 388-2905
(208) 388-6495 FAX
jbowlings@idahopower.com

June 17, 2003

Hal Anderson
State of Idaho
Department of Water Resources
1301 N. Orchard St.
Boise, ID 83720

Dear Hal,

Attached please find signed copies of the Water Bank Rental Application and Rental Agreement pursuant to the agreement between the State of Idaho, Department of Water Resources and the U.S. Bureau of Reclamation for the rental of water in the Middle Snake River for augmentation purposes.

Idaho Power Company has agreed to facilitate this agreement between the above-mentioned parties and is under no financial obligation. As agreed, the U.S. Bureau of Reclamation will be financially responsible for the leased water.

If you have any questions or comments, please feel free to contact me.

Sincerely,

Jonathon C. Bowling, P.E.

c: John P. Prescott
James C. Tucker

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JUL 15 2003