

(MURPHY FCA FARM)

JAN 24 2003

PROPOSAL FOR THE SNAKE RIVER PILOT LEASING PROGRAM

Applicant Information

1. Name(s): FALCON BUTTE FARMS INC
ERROL CARLSEN - PRESIDENT
GEORGE GRANT - VICE-PRESIDENT
2. Mailing Address: ERROL CARLSEN
P.O. BOX 2006, HALLSV, ID 83333
208-788-3831
3. Daytime Phone Number: ERROL - 208-788-3831 GEORGE - 208-431-9911
208-563-702-1809
4. Fax: GEORGE - 208-436-4770
5. E-mail Address: _____
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:
JAY HULST, HL79, BOX 2020, MURPHY, ID 83650
 - 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.
8. Proposed price per acre: \$ _____ per acre. Note that you will only receive 90% of that rate.
2784.7 ACRES @ \$108⁰⁰/ACRE
480 ACRES @ 150⁰⁰/ACRE

Information about the water right

9. Water Right Number: 2-7001/2361

10. What is the basis of the water right?

 permit
 X license
 decree

11. Have you attached a copy of the permit, license, or decree? X yes

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.

13. Priority date: 7-15-1967 3264.7

14. Number of acres authorized for irrigation under this water right: ~~4123~~ acres

15. Is the number of acres authorized for irrigation limited within a total place of use in a single irrigation season? X yes no

16. How many acres authorized under this water right were irrigated during the 2002 season?
 320 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? X yes no

18. How many acres authorized under this water right will be irrigated during the 2003 irrigation season if your application is accepted into the Program? 0 acres

19. Do you propose to enter only a portion of the water right into the Program?
 yes X no

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

 X yes, please list the water rights: SOME SINKER CREEK WATER
 no

Information about the land that will be idled

21. Number of acres you are proposing for the Program: 3264.7 acres

22. Is each tract of land you are proposing composed of 40 contiguous 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? Y yes

24. Have you enclosed the attached grid? (See #24 on the application instructions for an explanation of what must be identified.) Y yes

25. Have you attached documentation of use during the year 2002? (See application instructions.) Y yes

26. Do you plan on a cover crop on the land? ___ yes ___ no HAVEN'T DECIDED YET

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.

X Jay H. Hulet
Applicant's Signature

Date: 1-24-03

(OWNER)

JAY H. HULET
Printed Name

Errol Carlson
Applicant's Signature

Date: 1-24-03

ERROL CARLSEN
Printed Name

PRESIDENT- FOR FALCON BUTL PLAINS INC and
GEORGE GRANT

(LESSEE)

Applicant's Signature

Date: _____

Printed Name

Applicant's Signature

Date: _____

Printed Name

EXHIBIT 1

LEASE BETWEEN GEORGE GRANT
AND JAY HULET

MURPHY FLAT FARM

RECEIVED

MAY 24 2002

DEPARTMENT OF WATER RESOURCES

FARM LEASE

THIS AGREEMENT, made and entered into this 2th day of April, 2002, by and between those individuals named on Exhibit "A" attached hereto and made a part hereof as though fully set forth herein, hereinafter referred to as "Lessor" and George Grant of 630 South Lane Road, Rupert, Idaho 83350, hereinafter referred to as "Lessee";

W I T N E S S E T H:

That Lessor, for and in consideration of the covenants and agreements hereinafter mentioned to be kept and performed by Lessee, does, by these presents, hereby lease, rent and demise to Lessee, the following described lands, hereinafter called "Leased Premises", situated in Owyhee County, Idaho, to-wit:

The real property more fully described on Exhibit "B" attached hereto and made a part hereof by reference;

Together with the right to irrigate said leased premises from the water rights appurtenant to the above-referenced property owned by the Lessor.

TO HAVE AND TO HOLD the same to Lessee, from the date of this agreement to the 1st day of May, 2003, and each year thereafter as hereinafter provided, subject to the terms, covenants, conditions and contingencies hereinafter set forth. This lease and the covenants herein contained shall be automatically renewed for the period of one (1) year from the 1st day of May of each year for a period of six (6) years, terminating in all events on the 1st day of May, 2009, unless notice of termination by Lessee, in writing, is delivered to Lessor prior to the date said lease would automatically be renewed.

Lessor and Lessee further covenant and agree:

1. The crops to be planted on the leased premises shall be solely at the discretion of the Lessee, subject to the provision that it be in keeping with the best practices of husbandry. Lessee may, at Lessee's sole discretion, farm only a portion of the leased premises in a given year. In such case, Lessee is solely responsible for weed control and soil preservation on the leased premises which is left fallow.

2. Lessee shall furnish all equipment, labor, seed, fertilizer, and other materials for the planting, seeding, cultivation, tending, irrigation, care, harvesting and delivery of

FARM LEASE

said crops, at Lessee's own cost and expense, except as hereinafter otherwise provided.

3. During the term of the lease, the Lessee shall pay all charges for utilities to the premises, if any, and any taxes, levies or assessments imposed on the premises during the term of the lease.

4. Lessee shall keep and maintain the premises, all improvements thereon, and all facilities appurtenant thereto in good order and repair and in as safe and clean condition as they were received by the Lessee from the Lessor, reasonable wear and tear excepted. Lessee shall pay all costs of maintenance, repair, and replacement of irrigation equipment components, provided that in the case of a catastrophic damage to pumps, motors, panels and pump stations resulting from accident or acts of God, Lessor will pay fifty percent (50%) of the repair or replacement of said equipment or may, by mutual agreement, share fifty percent (50%) of the cost of insurance premiums to cover such damage. Damage to said equipment due to negligence will be the sole responsibility of the Lessee. Lessor specifically warrants all pumps and motors to be in good, workable condition at the beginning of this lease.

5. All seed furnished by Lessee in connection with crops to be sown on the leased premises shall be of first-class quality and condition, and shall be free from any disease likely to affect the crops to be grown on the leased premises to the detriment of future crops; and Lessee shall be responsible and liable to Lessor for any injury or damage to said leased premises from inoculation or impregnation of the soil thereof by diseases or pests preventable through the exercise of due care or in the selection of the seed to be sown or planted.

6. Lessee will lease and become responsible for the planting of sugar beets required to be grown under the shares in the Snake River Sugar Company owned by Lessor for the year 2002. Subsequent to the year 2002, Lessor reserves the right to lease these shares to other growers or to Lessee at Lessor's option, the lease amount for the shares subject to negotiation for each year.

7. Lessee may elect to irrigate and harvest the alfalfa hay that currently exists on the property for the year 2002. Should Lessee elect to irrigate and harvest said alfalfa hay, Lessee will pay to Lessor ten percent (10%) of the net proceeds from the sale of said hay crop. Costs of irrigation and cost of rent will be included in the deductions from the gross sales of said hay crop.

10. The Lessee further covenants and agrees as follows:

(a) To farm the leased premises and the whole thereof throughout the said term in keeping with the best practices of husbandry and not to allow or suffer any damage or waste thereto;

(b) To maintain the farm ditches and laterals as used in the irrigation of the leased premises in good order. The Lessee shall not change any existing ditches, without prior written consent of the Lessor;

(c) To keep ditch banks, fence rows and roadsides and other land on the leased premises reasonably free of weeds and to constantly work towards the eradication of the noxious weeds on said premises and to supervise the spraying of weeds in the drain ditches on said leased premises;

(d) To use only such water as is required in keeping with the best practices of husbandry and not to allow unreasonable waste thereof;

(e) To permit the Lessor, its agents or employees to enter into and upon the leased premises and each and every portion thereof, at any reasonable time or times, for inspection thereof;

(f) To permit the Lessor, its agent or agents, to enter into and upon the leased premises at the end of the crop harvest in the last crop year hereunder to plow and do such other activities as are necessary for the following year;

(g) To quit and surrender possession of leased premises on the expiration of said lease or any sooner termination thereof in as good order and condition as said premises are now in, reasonable use excepted; and

(h) To keep and save harmless the leased premises and the crops grown thereon, and the Lessor herein from any liens against the same on account of bills, debts for labor, or materials incurred by the Lessee.

11. The Lessee is fully informed as to the source of water to be used in irrigating the premises and, in the event that a shortage or failure of water should develop at any time from any cause whatsoever, the Lessee releases Lessor from any and all claims for damages or otherwise as a result thereof, including but not limited to damages to the Lessee's crops as a result of energy failure, damage to said pumping equipment caused by act, fault or neglect of the Lessee or Lessor, their agents or employees, or interruption by the elements or act of God. Lessee shall have all rights of Lessor as to the water rights appurtenant to the leased premises.

In the event the Lessee shall not utilize all of the water appurtenant to the leased premises for irrigation as allowed under paragraph 1 of this lease, Lessor does hereby agree and consent to a temporary transfer of the place of use of said water on lands owned by Lessee through appropriate transfer proceedings with the Idaho Department of Water Resources or the temporary assignment of said unused water to the water supply bank operated by the Water Resource Board of the State of Idaho pursuant to §42-1761, Idaho Code, to insure that no part of said water rights of the Lessor shall be lost by forfeiture or abandonment during the term of this lease. It is understood and agreed that any transfer in the place of use or assignment of unused water under the water rights appurtenant to the land being leased shall terminate upon the end of this lease, and Lessee shall execute such documents as are required to insure that such change in the place of use is changed back to the leased premises and the assignment to the Water Resource Board is terminated. Any such transfer or assignment shall be at the sole cost and expense of Lessee.

12. Lessee may at any time during the term of this lease make improvements to the irrigation system on the leased premises. Improvements do not include normal maintenance and replacement

which are the responsibilities of the Lessee under paragraph 4 above. Upon improvement by Lessee, Lessee may, at Lessee's option, use any non-attached irrigation equipment on any portion of the farm. Should Lessee choose not to use said equipment, Lessor may sell the existing non-attached irrigation equipment and may, at Lessor's election, retain the proceeds, or allow Lessee to use the proceeds in the installation of the irrigation system. Should Lessor elect to use said proceeds for the installation of a new system, Lessor will retain an ownership in the new system equal to the amount of its investment. In such an event, Lessor's ownership will apply first to "in-ground" improvements which are necessary to the installation of the improved irrigation system and are not removable from the land. Such "in-ground" improvements would include, but are not limited to, buried mainlines, buried electrical lines, and concrete pads, said ownership to be evidenced by a statement of ownership acknowledged by both parties, said statement to become a part of this agreement. Lessee will retain the balance of the ownership over and above that of Lessor and become responsible for all maintenance or replacement of the new system. Should Lessee quit the property for any reason prior to the expiration date of this lease, or fail to make Lessor's payments in a timely manner, then all of Lessee's ownership in the "in-ground" will be forfeited to Lessor. Lessor will have a right of first refusal to purchase all interest, including Lessee's, in any new irrigation system installed on the leased premises.

13. All of the covenants of this lease to be kept and performed by the Lessee shall be deemed to be conditions of this lease. Time is of the essence hereof, and in the event the Lessee shall fail, omit or neglect to plant the crops agreed upon or to properly cultivate the leased premises or to diligently proceed to keep such land free of weeds or to otherwise farm the same as hereinbefore provided, and such failure, omission, neglect or default shall continue for a period of five (5) days after written notice by Lessor to Lessee to cure said default, then the Lessor shall have the right immediately or at any time thereafter while such neglect or default shall continue, to enter upon the leased premises and to employ such person or persons and equipment as may be necessary to properly perform such work and to charge the expenses thereby incurred to Lessee, including the reasonable value of Lessor's personal services, out of Lessee's share of the crop.

It is understood and agreed that the various rights, powers, options, elections and remedies of Lessor, contained in this instrument shall be cumulative, and that no one of them shall be exclusive of any other rights or priorities allowed by law.

14. Notwithstanding the other provisions of this agreement, should either party fail, refuse or wilfully neglect to

carry out the material provisions of this agreement, the other party shall have the power to terminate this agreement. The non-breaching party shall deliver to the breaching party a written notice of termination, said notice to specify which provisions of this agreement have been breached. The breaching party will then have thirty (30) days within which to cure, to the satisfaction of both parties, the breach specified in the notice. Failure by the breaching party to cure the breach within the 30-day period will result in the termination of this agreement and the right to compensation for damages suffered by the non-breaching party by reason of said breach. Both parties may have the benefit of any proceedings provided by law for possession of the leasehold property upon termination under this paragraph, or at the end of the term of this agreement.

15. Lessee hereby agrees to indemnify and save harmless Lessor against any and all claims and liabilities for claims arising from the conduct of or from any work or thing whatsoever done in or about the leased premises, or any equipment used thereon, during the existence of this lease or any extension or renewal thereof, or arising from any act of negligence of Lessee, or of any of his agents, contractors, or employees, or any person, co-partnership, corporation or other organization, occurring in, on or about the leased premises, and from and against all costs, counsel fees, expenses, and other liabilities incurred as a result of any such claim or any action brought against Lessor by reason of any such claim, and Lessee, upon notice from Lessor, shall resist and defend any such action or proceeding on behalf of Lessor by counsel satisfactory to Lessor.

16. Lessee shall have the right at any time to assign this lease agreement or to sublet the whole or any part of the demised premises, PROVIDED THAT no such assignment or subletting shall relieve Lessee of any of Lessee's obligations, express or implied, under this lease agreement. Any assignee of this lease agreement or any sublessee of all or any part of the demised premises shall expressly assume, and by reason of such assignment or sublease shall be considered as having assumed or become bound by, all of Lessee's obligations under this lease agreement.

17. Lessee agrees that the failure by the Lessor at any time to require performance of any provision hereof shall in no way affect Lessor's right hereunder to enforce the same, nor shall any waiver by the Lessor of any breach of any provision hereof be held to be a waiver of any succeeding breach of any provision, or as a waiver of the provision itself.

18. This agreement is not intended to, nor shall it be deemed to, give rise to a partnership relationship between Lessor

and Lessee, and neither party shall have the authority to obligate the other without written consent, except as specifically provided for elsewhere in this agreement.

19. Lessor specifically reserves all rights for hunting on the leased premises. Said rights include that right of entry upon the property for the purpose of hunting at any time, provided that no activity allowed under this paragraph may interfere with or endanger any of Lessee's farming operations or employees, or cause damage to any crop.

20. Upon expiration of this agreement, Lessor must offer the property for sale to Lessee. Should Lessor and Lessee be unable to agree to the terms of sale, Lessee must offer Lessee's interest in the "in-ground" improvements and his "loss of opportunity" for sale to Lessor. Should Lessor and Lessee be unable to agree on a price and terms for the improvements and "loss of opportunity," this agreement will automatically renew for another seven-year period.

21. In the event any suit, action or proceeding is instituted by either of the parties to require performance of any provisions, terms and conditions of this agreement, the prevailing party shall be entitled to a reasonable allowance for attorney fees to be determined by the Court, together with the usual costs and disbursements allowed by statute.

22. Any modification of this lease agreement or additional obligations assumed by either party in connection with this agreement shall be binding only if evidenced in a writing signed by each party or an authorized representative of each party.

23. The covenants and agreements herein contained shall extend to and be binding upon the heirs, executors, administrators, successors and assigns of the parties to this lease.

24. Lessor and Lessee agree that all provisions in this agreement are contingent upon Lessee obtaining financing for the lease and farming of the leased premises set forth herein above. Failure by Lessee, after all good-faith efforts have been made, to obtain said financing shall render this agreement null and void.

PO3410

Exhibit "B"

TRACT 1:

PARCEL No. 1:

In Township 3 South, Range 1 West, Boise Meridian, Owyhee County, Idaho.

Section 7: ¹⁶⁰SE1/4, ⁴⁰SE1/4 SW1/4Section 18: ¹⁶⁰NE1/4, ⁸⁰E1/2 NW1/4, ⁴⁰NE1/4 SW1/4, ⁸⁰N1/2 SE1/4, ⁸⁰S1/2 SE1/4

PARCEL No. 2:

In Township 3 South, Range 1 West, Boise Meridian, Owyhee County, Idaho.

Section 2: ⁴⁰SW1/4 NW1/4, ⁴⁰SW1/4 NE1/4, ⁸⁰N1/2 SW1/4, ⁴⁰NW1/4 SE1/4, Lots 3 and 4, and the ⁴⁰SE1/4 NW1/4

PARCEL No. 3:

In Township 3 South, Range 1 West, Boise Meridian, Owyhee County, Idaho.

Section 3: ¹⁶⁰SE1/4

PARCEL No. 4:

In Township 3 South, Range 1 West, Boise Meridian, Owyhee County, Idaho.

Section 4: ⁸⁰S1/2 SE1/4, ⁴⁰NE1/4 SE1/4Section 5: ⁴⁰E1/4 SW1/4

PARCEL No. 5:

In Township 3 South, Range 1 West, Boise Meridian, Owyhee County, Idaho.

Section 11: ¹⁶⁰NW1/4, ⁸⁰N1/2 SW1/4

PARCEL No. 6:

In Township 3 South, Range 1 West, Boise Meridian, Owyhee County, Idaho.

Section 15: N1/2 NW1/4, NW1/4 NE1/4

PARCEL No. 7:

In Township 3 South, Range 1 West, Boise Meridian, Owyhee County, Idaho.

Section 17: S1/2 N1/2 NW1/4 NW1/4, S1/2 NW1/4 NW1/4, E1/2 NW1/4, SW1/4 NW1/4, NE1/4, NW1/4 SE1/4, N1/2 SW1/4, SE1/4 SW1/4

PARCEL No. 8:

In Township 3 South, Range 1 West, Boise Meridian, Owyhee County, Idaho.

Section 17: SW1/4 SW1/4

PARCEL No. 9:

In Township 3 South, Range 1 West, Boise Meridian, Owyhee County, Idaho.

Section 17: N1/2 N1/2 NW1/4 NW1/4, SW1/4 SE1/4

PARCEL No. 10:

In Township 3 South, Range 1 West, Boise Meridian, Owyhee County, Idaho.

Section 20: N1/2 NW1/4

PARCEL No. 11:

Section 19: N1/2 NE1/4

EXCEPTING THEREFROM a parcel of land in the North Half of the Northeast Quarter of Section 19 described as follows:

A parcel of land described as BEGINNING at the Northeast corner of Southeast Quarter of the Northeast Quarter of Section 19, Township 3 South, Range 1 West, Boise Meridian, Owyhee County, Idaho, a 1/2 inch iron pin set by the Idaho Department of Transportation; thence

West along the Northerly line of Southeast Quarter of the Northeast Quarter of Section 19, 660 feet to a 1/2 inch iron pin set by the Idaho Department of Transportation; thence continuing

West along the line 561.70 feet to corner No. 1, the REAL POINT OF BEGINNING; thence continuing

West along the line 564.91 feet to corner No. 2, a point on the Easterly right of way line of Idaho State Highway 78; thence

North 47° 38'25" West 287.25 feet to corner No. 3, a point from which a highway right of way monument with a brass cap marked P.T. Sta. 285+42.04, El. 3254.37 bears

North 47° 38'25" West, 498.08 feet; thence

North 89° 11'27" East 766.99 feet to corner No. 4; thence

South 2° 52'14" East 204.63 feet to corner No. 1 the REAL POINT OF BEGINNING.

TRACT II:**PARCEL No. 1a:**

In Township 3 South, Range 1 West, Boise Meridian, Owyhee County, Idaho.

Section 9: N1/2 NW1/4 NW1/4

EXCEPTING THEREFROM:

BEGINNING at the Intersection of Sections 4, 5, 8, and 9, Township 3 South, Range 1 West, Boise Meridian, Owyhee County, Idaho; thence

East along the section line between Sections 4 and 9 a distance of 208.7 feet; thence

South in a perpendicular line a distance of 208.7 feet; thence

West in a perpendicular line a distance of 208.7 feet to the section line between Sections 8 and 9; thence

North along the section line a distance of 208.7 feet to the REAL POINT OF BEGINNING.

PARCEL No. 1b:

In Township 3 South, Range 1 West, Boise Meridian, Owyhee County, Idaho.

Section 9: S1/2 NW1/4 NW1/4

PARCEL No. 1c:

In Township 3 South, Range 1 West, Boise Meridian, Owyhee County, Idaho.

Section 9: W1/2 SE1/4, E1/2 NW1/4, SW1/4, SW1/4 NW1/4

PARCEL No. 1d:

In Township 3 South, Range 1 West, Boise Meridian, Owyhee County, Idaho.

Section 9: NW1/4 NE1/4

PARCEL No. 1e:

In Township 3 South, Range 1 West, Boise Meridian, Owyhee County, Idaho.

Section 9: NE1/4 NE1/4

PARCEL No. 1f:

In Township 3 South, Range 1 West, Boise Meridian, Owyhee County, Idaho.

Section 9: SW1/4 NE1/4

PARCEL No. 1g:

In Township 3 South, Range 1 West, Boise Meridian, Owyhee County, Idaho.

Section 9: SE1/4 NE1/4

PARCEL No. 1h:

In Township 3 South, Range 1 West, Boise Meridian, Owyhee County, Idaho.

Section 9: NE1/4 SE1/4

PARCEL No. 1i:

In Township 3 South, Range 1 West, Boise Meridian, Owyhee County, Idaho.

Section 9: SE1/4 SE1/4

PARCEL No. 2a:

In Township 3 South, Range 1 West, Boise Meridian, Owyhee County, Idaho.

Section 8: N1/2 NW1/4, SW1/4 NW1/4

PARCEL No. 2b:

In Township 3 South, Range 1 West, Boise Meridian, Owyhee County, Idaho.

Section 8: SE1/4 NW1/4, SW1/4

PARCEL No. 2c:

In Township 3 South, Range 1 West, Boise Meridian, Owyhee County, Idaho.

Section 8: NE1/4 NE1/4

PARCEL No. 2d:

In Township 3 South, Range 1 West, Boise Meridian, Owyhee County, Idaho.

Section 8: SE1/4 NE1/4

PARCEL No. 2e:

In Township 3 South, Range 1 West, Boise Meridian, Owyhee County, Idaho.

Section 8: NW1/4 NE1/4

PARCEL No. 2f:

In Township 3 South, Range 1 West, Boise Meridian, Owyhee County, Idaho.

Section 8: SW1/4 NE1/4

PARCEL No. 2g:

In Township 3 South, Range 1 West, Boise Meridian, Owyhee County, Idaho.

Section 8: SE1/4

PARCEL No. 3:

In Township 3 South, Range 1 West, Boise Meridian, Owyhee County, Idaho.

Section 10: ALL

IN WITNESS WHEREOF, the said parties have hereunto set their hands and seals as of the day and year first above written.

LESSOR:

HFM MURPHY FLAT, LLC

Jay H. Hulet
JAY H. HULET, Operating Manager

THE JAY AND GERTRUDE HULET LIVING TRUST

Jay Hulet
JAY HULET, Trustee

SIDNEY E. ALLEN and MARILYN J. ALLEN, husband and wife

Michael B. Ihli
By: MICHAEL B. IHLI, their attorney-in-fact

KRISTIN J. WINDER

Michael B. Ihli
By: MICHAEL B. IHLI, her attorney-in-fact

SEAN E. ALLEN

Michael B. Ihli
By: MICHAEL B. IHLI, his attorney-in-fact

DUSTIN G. ALLEN

Michael B. Ihli
By: MICHAEL B. IHLI, his attorney-in-fact

JANICE M. RUDEEN

Michael B. Ihli
By: MICHAEL B. IHLI, her attorney-in-fact

ROBYN C RUDEEN

Michael B. Ihli

By: MICHAEL B. IHLI, her attorney-in-fact

Michael B. Ihli

MICHAEL B. IHLI

Linda M. Ihli

LINDA M. IHLI

Alexis A. Ihli

ALEXIS A. IHLI

NICHOLAS J. IHLI

Linda M. Ihli

By: LINDA M. IHLI, his attorney-in-fact

NATHAN M. IHLI

Linda M. Ihli

By: LINDA M. IHLI, as custodian for Nathan M. Ihli under the Idaho Uniform Transfers to Minors Act.

MARCIA C. HULET

Jay H. Hulet

By: JAY H. HULET, her attorney-in-fact

LESSEE:

George R. Grant

GEORGE R. GRANT

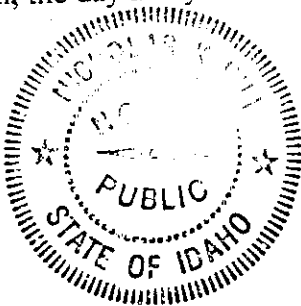
STATE OF IDAHO)

County of Owyhee)

SS.

On this 7th day of April, 2002, before me, the undersigned, a Notary Public in and for said State, personally appeared JAY H. HULET, individually and as Operating Manager for HFM MURPHY FLAT, LLC and as Attorney-In-Fact for MARCIA C. HULET, known to me to be the person whose name is subscribed to the within instrument, and acknowledged to me that he executed the same.

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



Nicholas K. Shli
Notary Public for Idaho

Residing at: Murphy, Id

My commission expires: 1/31/06

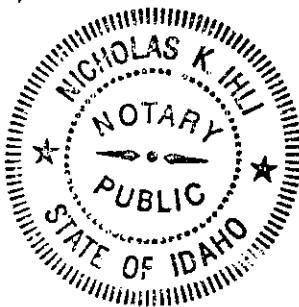
STATE OF IDAHO)

County of Owyhee)

SS.

On this 7th day of April, 2002, before me, the undersigned, a Notary Public in and for said State, personally appeared JAY HULET, as TRUSTEE for THE JAY AND GERTRUDE HULET LIVING TRUST known to me to be the person whose name is subscribed to the within instrument, and acknowledged to me that he executed the same

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



Nicholas K. Shli
Notary Public for Idaho

Residing at: Murphy, Id

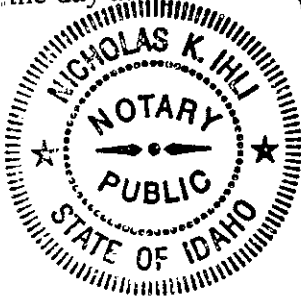
My Commission expires: 1/31/06

STATE OF IDAHO)
)
County of Oneida)

ss.

On this 7th day of April, 2002, before me, the undersigned, a Notary Public in and for said State, personally appeared MICHAEL B. IHLI, individually and as Attorney-In-Fact for SIDNEY E. ALLEN, MARILYN J. ALLEN, KRISTIN J. WINDER, SEAN E. ALLEN, DUSTIN G. ALLEN, JANICE M. RUDEEN, and ROBYN C. RUDEEN known to me to be the person whose name is subscribed to the within instrument, and acknowledged to me that he executed the same

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



Nicholas K. Ihli
Notary Public for Idaho

Residing at: Murphy, ID

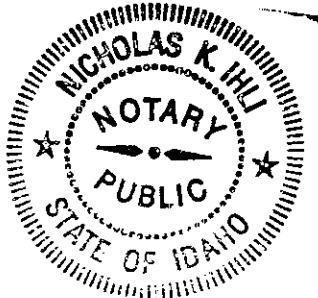
My commission expires: 1/31/06

STATE OF IDAHO)
)
County of Oneida)

ss.

On this 7th day of April, 2002, before me, the undersigned, a Notary Public in and for said State, personally appeared LINDA M. IHLI, individually, and as Attorney-In-Fact for NICHOLAS J. IHLI, and as custodian for NATHAN M. IHLI under the Idaho Uniform Transfers to Minors Act, known to me to be the person whose name is subscribed to the within instrument, and acknowledged to me that she executed the same.

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



Nicholas K. Ihli
Notary Public for Idaho

Residing at: Murphy, ID

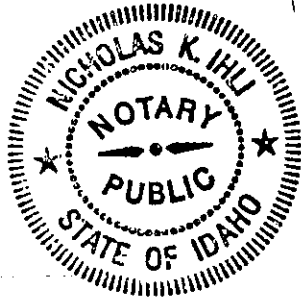
My Commission expires: 1/31/06

STATE OF IDAHO)
County of Owyhee)

ss.

On this 7th day of April, 2002, before me, the undersigned, a Notary Public in and for said State, personally appeared ALEXIS A. IHLI, known to be the person whose name is subscribed to the within instrument, and acknowledged to me that she executed the same

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



Nicholas K. IHLI
Notary Public for Idaho

Residing at: Murphy, ID

My commission expires: 1/31/06

STATE OF IDAHO)
County of Owyhee)

ss.

On this 7th day of April, 2002, before me, the undersigned, a Notary Public in and for said State, personally appeared GEORGE R. GRANT, known to me to be the person whose name is subscribed to the within instrument, and acknowledged to me that he executed the same

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

George R. Grant
Notary Public for Idaho

Residing at:

My Commission expires:

"Exhibit A"

HFM MURPHY FLAT, LLC, an Idaho Limited Liability Company

THE JAY AND GERTRUDE HULET LIVING TRUST

SIDNEY E. ALLEN, a married man

MARILYN J. ALLEN, a married woman

KRISTIN J. WINDER, a married woman

SEAN E. ALLEN, a married man

DUSTIN G. ALLEN, a married man

JANICE M. RUDEEN, an unmarried woman

ROBYN C. RUDEEN, an unmarried woman

MICHAEL B. IHLLI, a married man

LINDA M. IHLLI, a married woman

ALEXIS A. IHLLI, an unmarried woman

NICHOLAS J. IHLLI, an unmarried man

NATHAN M. IHLLI, a minor

MARCIA C. HULET, an unmarried woman

"EXHIBIT B"

The following described tract of land in OWYHEE County, State of IDAHO.

In Township 2 South, Range 1 West, Boise Meridian, Owyhee County, Idaho
Section 35: The S1/2SW1/4

In Township 3 South, Range 1 West, Boise, Meridian, Owyhee County, Idaho
Section 2: The SW1/4NW1/4, the SW1/4NE1/4, the N1/2SW1/4, the
NW1/4SE1/4, Lots 3 and 4, and the SE1/4NW1/4

Section 3: The SE1/4

Section 7: The SE1/4, and the SE1/4SW1/4

Section 8: All

Section 9: The NW1/4NE1/4, and the N1/2NW1/4NW1/4

EXCEPTING THEREFROM A PARCEL OF LAND DESCRIBED
AS FOLLOWS:

BEGINNING at the intersection of Sections 4, 5, 8, and 9,
Township 3 South, Range 1 West, Boise Meridian, Owyhee
County, Idaho; thence
East along the section line between Sections 4 and 9 a distance of
208.7 feet; thence
South in a perpendicular line a distance of 208.7 feet; thence
West in a perpendicular line a distance of 208.7 feet to the section
line between Sections 8 and 9; thence
North along the section line a distance of 208.7 feet to the REAL
POINT OF BEGINNING.

Section 10: All

Section 11: The NW1/4, and the N1/2SW1/4

Section 15: The N1/2NW1/4 and the NW1/4NE1/4

Section 17: The NE1/4, the W1/2SE1/4, and the W1/2

Section 18: The NE1/4, the E1/2NW1/4, the NE1/4SW1/4, and the SE1/4

Section 19: The N1/2NE1/4 lying North and East of Idaho State Highway 78 EXCEPTING THEREFROM a parcel of land in the North Half of the Northeast Quarter of Section 19 described as follows:

A parcel of land described as BEGINNING at the Northeast corner of the Southeast Quarter of the Northeast Quarter of Section 19, Township 3 South, Range 1 West, Boise Meridian, Owyhee County, Idaho, a 1/2 inch iron pin set by the Idaho Department of Transportation;thence

West along the Northerly line of Southeast Quarter of the Northeast Quarter of Section 19, 660 feet to a 1/2 inch iron pin set by the Idaho Department of Transportation;thence continuing

West along the line 561 70 feet to corner No. 1, the REAL POINT OF BEGINNING; thence continuing

West along the line 564 91 feet to corner No. 2, a point on the Easterly right of way line of Idaho State Highway 78; thence

North 47 degrees 38'25" West 287.25 feet to corner No. 3, a point from which a highway right of way monument with a brass cap marked P.T. Sta. 285+42.04, El 3254.37 bears

North 47 degrees 38'25" West, 498.08 feet; thence

North 89 degrees 11'27" East 766.99 feet to corner No. 4;

thence

South 2 degrees 52'14" East 204.63 feet to corner No. 1 the REAL POINT OF BEGINNING.

Section 20: The N1/2NW1/4

EXHIBIT

DOCUMENTATION OF 2002 USE

MURRAY FLAT FARM

① ACCEPTANCE OF 2900 ACRES
INTO 2002 WATER BANK
1425-02-MA-10-3460

② 320 ACRES FARMED

MAP SHOWS - YELLOW - WATER BANK
- PINK OUTLINE - CROPPED



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, 2002

GEORGE GRANT
MURPHY FLATS FARM
PO BOX 119
PAUL ID 83347

**RE: APPLICATION TO LEASE PORTIONS OF WATER RIGHTS 2-2361, 2-2370,
AND 2-7001 TO THE WATER SUPPLY BANK**

Dear Mr Grant:

The department has conducted an initial review of the Application to Sell or Lease a Water Right to the Water Supply Bank ("bank") that you submitted to this office in the name of George Grant for Murphy Flats Farm. The application was submitted in connection with the lease of water rights ("rights") from high-lift pumpers on the Snake River.

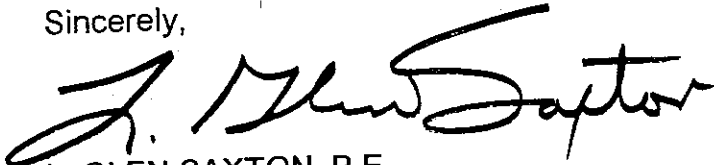
Please consider that the offered part(s) of the water rights are accepted into the bank under the following terms:

1. Payment for 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 Memorandum of Agreement ("MOA") No. 1425-02-MA-10-3460 between the U.S. Bureau of Reclamation and the Idaho Department of Water Resources regarding Rental of Water From High-Lift Pumpers on the Snake River, said agreement dated May 10, 2002.
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. As specified in the MOA, however, a lessor who did not divert water prior to the acceptance of the lease may give notice that the lessor requires the use of water on and after September 1, 2002 for land or crop preparation purposes for the 2003 irrigation season.
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, 2002

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

Sincerely,

A handwritten signature in black ink, appearing to read "L. Glen Saxton". The signature is fluid and cursive, with the first name "L." being small and the last name "Saxton" being larger and more prominent.

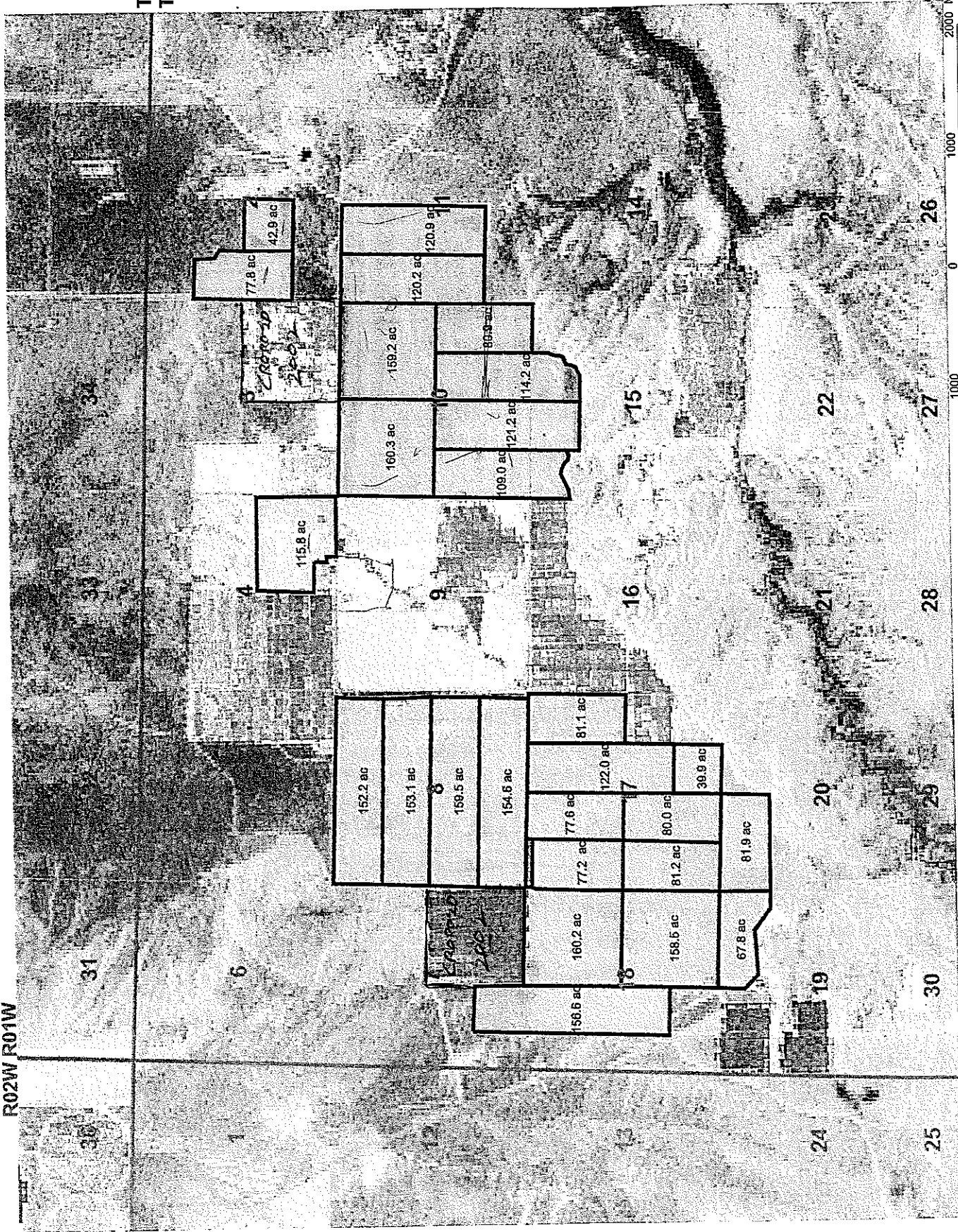
L. GLEN SAXTON, P.E.
Chief, Water Allocation Bureau

- c: IDWR Regional Office
Water right nos. 2-2361, 2-2370, 2-7001

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

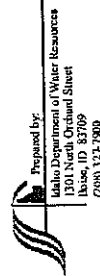
R02W R01W

T03S
T04S



0 1000 2000 Meters

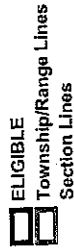
Imagery, July 26, 2002



Murphy Flats Farms

Payment No.1 Acreage Estimates for Rental of Water from
High-Lift Pumps from the Snake River to the Water Supply Bank

Prepared: October 1, 2002



EXHIBIT

LICENSE DOCUMENTATION

MURPHY FLAT FARM

Water Right Report 2-7001

[illegible]

Total Acres: 4540

Remarks:

Comments:

Dates and Other Information:

Licensed Date: 2/20/1974
Decreed Date:
Water Supply Bank Enrollment Accepted:
Water Supply Bank Enrollment Removed:
Enlargement Use Priority Date:
Enlargement Statute Priority Date:
State or Federal:
Owner Name Connector:
Water District Number:
Generic Max Rate Per Acre:
Generic Max Volume Per Acre:
Decree Defendant:
Decree Plaintiff:
Civil Case Number:
Judicial District:
Swan Falls Trust or Nontrust:
Swan Falls Dismissed:
DLE Act Number:
Carey Act Number:
Mitigation Plan: False

EXHIBIT

SRBA CLAIM

MURPHY FLAT FARM

CONVERSATION MEMORANDUM

SUBJECT: Irrigation evidence for N1/2NW1/4, section 17, T03S, R01W

WHOM WITH: Mike Ehley representative for Jay Hulet

WATER RIGHTS: 02-7001

SENIOR AGENT: RON HOWERTON

DATE: August 19, 2002

NARRATIVE:

Mike submitted evidence today that irrigation occurred prior to 5 years of claim file date of 1989.

IRRIGATION EVIDENCE:

1) Three crop reports dated:

1987

1986 (Misabeled 1996) per Mike, he said it was an error because all crop reports are computerized after 1987. This was handwritten.

1985

2) Affidavit:

Jay Hulet added his testament dated August 12, 2002, that Snake River water had been used each and every one of the years since 1967 on the property listed above.

The 1987 NAPP photo was questionable for the above listed tracts. The information was needed, as Cynthia Clark from the Allocation Section at 1301 IDWR office is gathering and preparing information for putting portions of Hulet's Farm Management CO. water from the Snake River into the water bank.

The claim was amended and sent back with Mike to have Jay sign it.

This preliminary claim review is not intended for making a recommendation. It will serve now to provide the Allocations Section with enough evidence to do the water bank request.

The storage claim is 63 acres larger than the license. This is not considered an enlargement claim. Copied from IC 42-222 page 54:

The transfer of the right to the use of stored water for irrigation purposes shall not constitute an enlargement in use of the original right even though more acres may be irrigated, if no other water rights are injured thereby.

This storage claim will be reviewed later for any injury prior to any recommendation.

IN THE DISTRICT COURT OF THE FIFTH JUDICIAL DISTRICT OF THE STATE OF IDAHO,
IN AND FOR THE COUNTY OF TWIN FALLS

IN RE THE GENERAL ADJUDICATION
OF RIGHTS TO THE USE OF WATER FROM
THE SNAKE RIVER BASIN WATER SYSTEM

CIVIL CASE NUMBER: 39576

Ident Number 2-7001
Date Received: 6/6/1989
Receipt No: W003113
Received By:

AMENDED

**NOTICE OF CLAIM TO A WATER RIGHT
ACQUIRED UNDER STATE LAW**

1. Name of Claimant(s)

HULET FARM MANAGEMENT CO Phone: (208)834-2738
C/O JAY HULET
HC 79 BOX 2020
MURPHY ID USA 83650

2. Date of Priority: 07/15/1967

3 Source: SNAKE RIVER Trib to: COLUMBIA RIVER

4. Point of Diversion:

Township	Range	Section	1/4 of 1/4 of 1/4	Lot	County	Type	
03S	01E	6		NW	NW	3	OWYHEE

5 Description of diverting works:

PUMP TO PENSTOCK TO CANAL TO 368AF RESERVOIR

6. Water is used for the following purposes:

Purpose	From	To	C F S.	(or) A F A
IRRIGATION STORAGE	4/01	10/15		235
IRRIGATION FROM STORAGE	4/01	10/15		235
DIVERSION TO STORAGE	4/01	10/15	66.04	

7. Total Quantity Appropriated is:
66 04 C F S. and/or 235 A F A.

8 Total consumptive use:

9. Non-irrigation uses:

10. Place of use:

Township	Range	Section	1/4 of 1/4 Lot	Use	Acres
03S	01W	2	SW NE	IRRIGATION FROM STORAGE	5
			SW NW	IRRIGATION FROM STORAGE	37
			NE SW	IRRIGATION FROM STORAGE	40
			NW SW	IRRIGATION FROM STORAGE	40
			NW SE	IRRIGATION FROM STORAGE	22

Section Acres 144

03S	01W	3	SW NW	IRRIGATION FROM STORAGE	40
			NW SW	IRRIGATION FROM STORAGE	40
			SW SW	IRRIGATION FROM STORAGE	40
			NE SE	IRRIGATION FROM STORAGE	40
			NW SE	IRRIGATION FROM STORAGE	40
			SW SE	IRRIGATION FROM STORAGE	40
			SE SE	IRRIGATION FROM STORAGE	40

Section Acres 280

03S	01W	4	SW NE	IRRIGATION FROM STORAGE	40
			SE NE	IRRIGATION FROM STORAGE	40
			SW NW	IRRIGATION FROM STORAGE	40
			SE NW	IRRIGATION FROM STORAGE	40
			NE SW	IRRIGATION FROM STORAGE	40
			NW SW	IRRIGATION FROM STORAGE	40
			SW SW	IRRIGATION FROM STORAGE	40
			SE SW	IRRIGATION FROM STORAGE	40
			NE SE	IRRIGATION FROM STORAGE	40
			NW SE	IRRIGATION FROM STORAGE	40
			SW SE	IRRIGATION FROM STORAGE	27
			SE SE	IRRIGATION FROM STORAGE	40

Section Acres 467

03S	01W	5	SE NE	IRRIGATION FROM STORAGE	39
			NE SE	IRRIGATION FROM STORAGE	40
			SE SE	IRRIGATION FROM STORAGE	40

Section Acres 119

03S	01W	7	SE SW	IRRIGATION FROM STORAGE	40
			NE SE	IRRIGATION FROM STORAGE	40
			NW SE	IRRIGATION FROM STORAGE	40
			SW SE	IRRIGATION FROM STORAGE	40
			SE SE	IRRIGATION FROM STORAGE	40

Section Acres 200

03S	01W	8	NE NE	IRRIGATION FROM STORAGE	34
			NW NE	IRRIGATION FROM STORAGE	40
			SW NE	IRRIGATION FROM STORAGE	40
			SE NE	IRRIGATION FROM STORAGE	35
			NE NW	IRRIGATION FROM STORAGE	40
			NW NW	IRRIGATION FROM STORAGE	40
			SW NW	IRRIGATION FROM STORAGE	40
			SE NW	IRRIGATION FROM STORAGE	40
			NE SW	IRRIGATION FROM STORAGE	40
			NW SW	IRRIGATION FROM STORAGE	40
			SW SW	IRRIGATION FROM STORAGE	40
			SE SW	IRRIGATION FROM STORAGE	40
			NE SE	IRRIGATION FROM STORAGE	36
			NW SE	IRRIGATION FROM STORAGE	40
			SW SE	IRRIGATION FROM STORAGE	40
			SE SE	IRRIGATION FROM STORAGE	36

Section Acres 621

03S	01W	9	NE NE	IRRIGATION FROM STORAGE	40
			NW NE	IRRIGATION FROM STORAGE	40
			SW NE	IRRIGATION FROM STORAGE	40
			SE NE	IRRIGATION FROM STORAGE	40
			NE NW	IRRIGATION FROM STORAGE	40
			NW NW	IRRIGATION FROM STORAGE	39
			SW NW	IRRIGATION FROM STORAGE	40
			SE NW	IRRIGATION FROM STORAGE	40
			NE SW	IRRIGATION FROM STORAGE	40
			NW SW	IRRIGATION FROM STORAGE	40
			SW SW	IRRIGATION FROM STORAGE	40

			SE SW	IRRIGATION FROM STORAGE	40
			NE SE	IRRIGATION FROM STORAGE	40
			NW SE	IRRIGATION FROM STORAGE	40
			SW SE	IRRIGATION FROM STORAGE	40
			SE SE	IRRIGATION FROM STORAGE	40
			Section Acres 639		
03S	01W	10	NE NE	IRRIGATION FROM STORAGE	40
			NW NE	IRRIGATION FROM STORAGE	40
			SW NE	IRRIGATION FROM STORAGE	40
			SE NE	IRRIGATION FROM STORAGE	40
			NE NW	IRRIGATION FROM STORAGE	40
			NW NW	IRRIGATION FROM STORAGE	40
			SW NW	IRRIGATION FROM STORAGE	40
			SE NW	IRRIGATION FROM STORAGE	40
			NE SW	IRRIGATION FROM STORAGE	40
			NW SW	IRRIGATION FROM STORAGE	40
			SW SW	IRRIGATION FROM STORAGE	40
			SE SW	IRRIGATION FROM STORAGE	40
			NE SE	IRRIGATION FROM STORAGE	40
			NW SE	IRRIGATION FROM STORAGE	40
			SW SE	IRRIGATION FROM STORAGE	40
			SE SE	IRRIGATION FROM STORAGE	40
			Section Acres 640		
03S	01W	11	NE NW	IRRIGATION FROM STORAGE	40
			NW NW	IRRIGATION FROM STORAGE	40
			SW NW	IRRIGATION FROM STORAGE	40
			SE NW	IRRIGATION FROM STORAGE	40
			NE SW	IRRIGATION FROM STORAGE	40
			NW SW	IRRIGATION FROM STORAGE	40
			Section Acres 240		
03S	01W	15	NW NE	IRRIGATION FROM STORAGE	36
			NE NW	IRRIGATION FROM STORAGE	40
			NW NW	IRRIGATION FROM STORAGE	29
			Section Acres 105		
03S	01W	17	NE NE	IRRIGATION FROM STORAGE	40
			NW NE	IRRIGATION FROM STORAGE	40
			SW NE	IRRIGATION FROM STORAGE	40
			SE NE	IRRIGATION FROM STORAGE	40
			NE NW	IRRIGATION FROM STORAGE	40
			NW NW	IRRIGATION FROM STORAGE	35
			SW NW	IRRIGATION FROM STORAGE	40
			SE NW	IRRIGATION FROM STORAGE	40
			NE SW	IRRIGATION FROM STORAGE	40
			NW SW	IRRIGATION FROM STORAGE	40
			SW SW	IRRIGATION FROM STORAGE	40
			SE SW	IRRIGATION FROM STORAGE	40
			NW SE	IRRIGATION FROM STORAGE	40
			SW SE	IRRIGATION FROM STORAGE	40
			Section Acres 555		
03S	01W	18	NE NE	IRRIGATION FROM STORAGE	40
			NW NE	IRRIGATION FROM STORAGE	40
			SW NE	IRRIGATION FROM STORAGE	40
			SE NE	IRRIGATION FROM STORAGE	40
			NE NW	IRRIGATION FROM STORAGE	40
			SE NW	IRRIGATION FROM STORAGE	40
			NE SW	IRRIGATION FROM STORAGE	40
			NE SE	IRRIGATION FROM STORAGE	40
			NW SE	IRRIGATION FROM STORAGE	40
			SW SE	IRRIGATION FROM STORAGE	40
			SE SE	IRRIGATION FROM STORAGE	40

				Section Acres	440	
03S	01W	19	NE NE	IRRIGATION FROM STORAGE		40
			NW NE	IRRIGATION FROM STORAGE		33
				Section Acres	73	
03S	01W	20	NE NW	IRRIGATION FROM STORAGE		40
			NW NW	IRRIGATION FROM STORAGE		40
				Section Acres	80	
				Total Acres	4603	

11. Place of use in counties: OWYHEE

12. Do you own the property listed above as place of use? Yes

13. Other Water Rights Used:

14. Remarks:

15. Basis of Claim: License

16. Signature(s)

(a.) By signing below, I/We acknowledge that I/We have received, read and understand the form entitled "How you will receive notice in the Snake River Basin Adjudication" (b) I/We do _____ do not _____ wish to receive and pay a small annual fee for monthly copies of the docket sheet

Number of attachments: _____

For Organizations:

I do solemnly swear or affirm that I am _____ of
Title

_____, that I have signed the foregoing
Organization

document in the space below as _____ of
Title

_____, and that the statements contained in the
Organization

foregoing document are true and correct.

Signature of Authorized Agent

Title and Organization

Date

State of Idaho)
) SS.

County of _____)

Subscribed and sworn (or affirmed) before me this

of _____ 20__

Notary Public

Residing at _____

My commission Expires _____

EXHIBIT

GRID OF MURPHY FLAG FARM

EXHIBIT

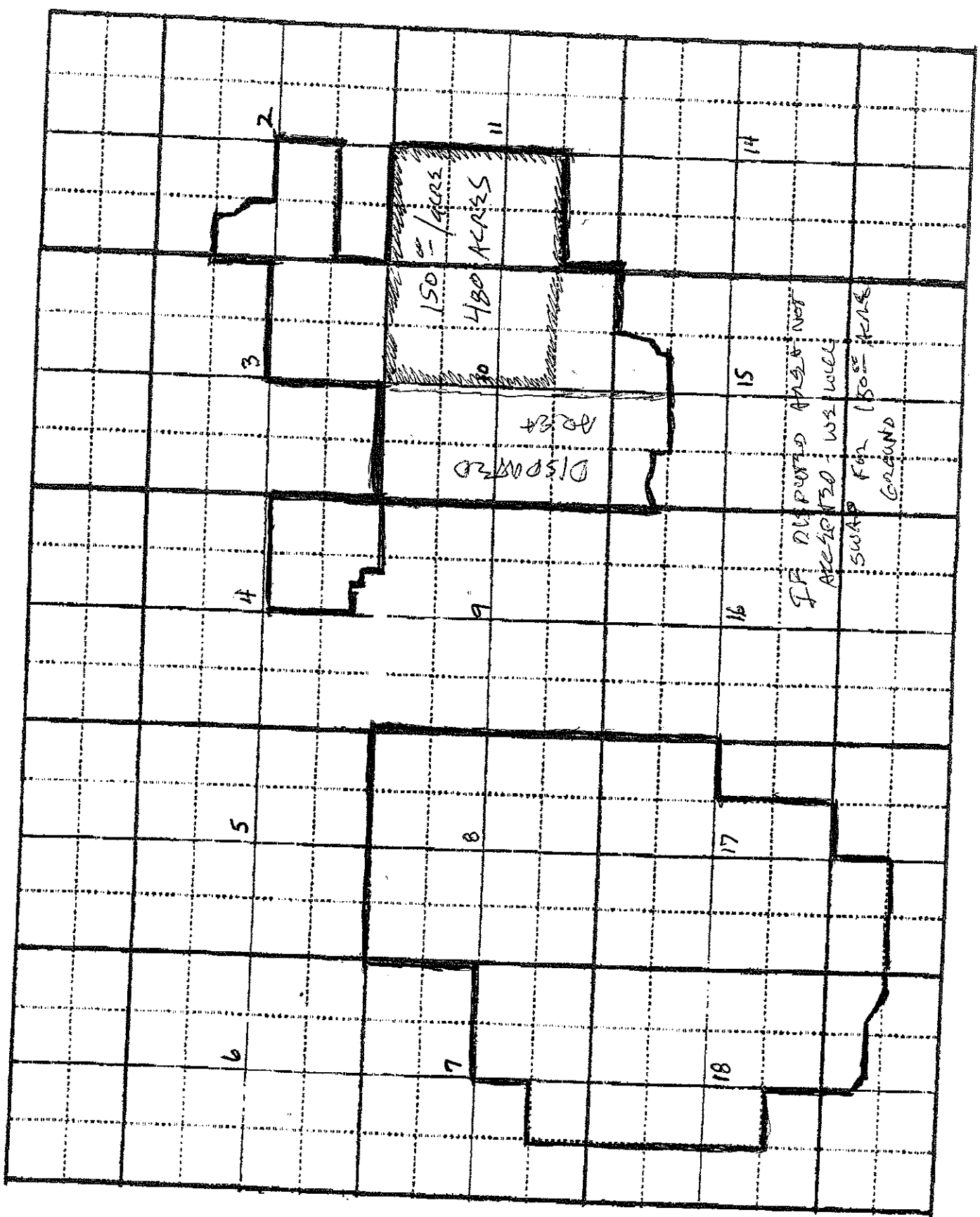
EXTRA MAP

(IT MIGHT BE HELPFUL)

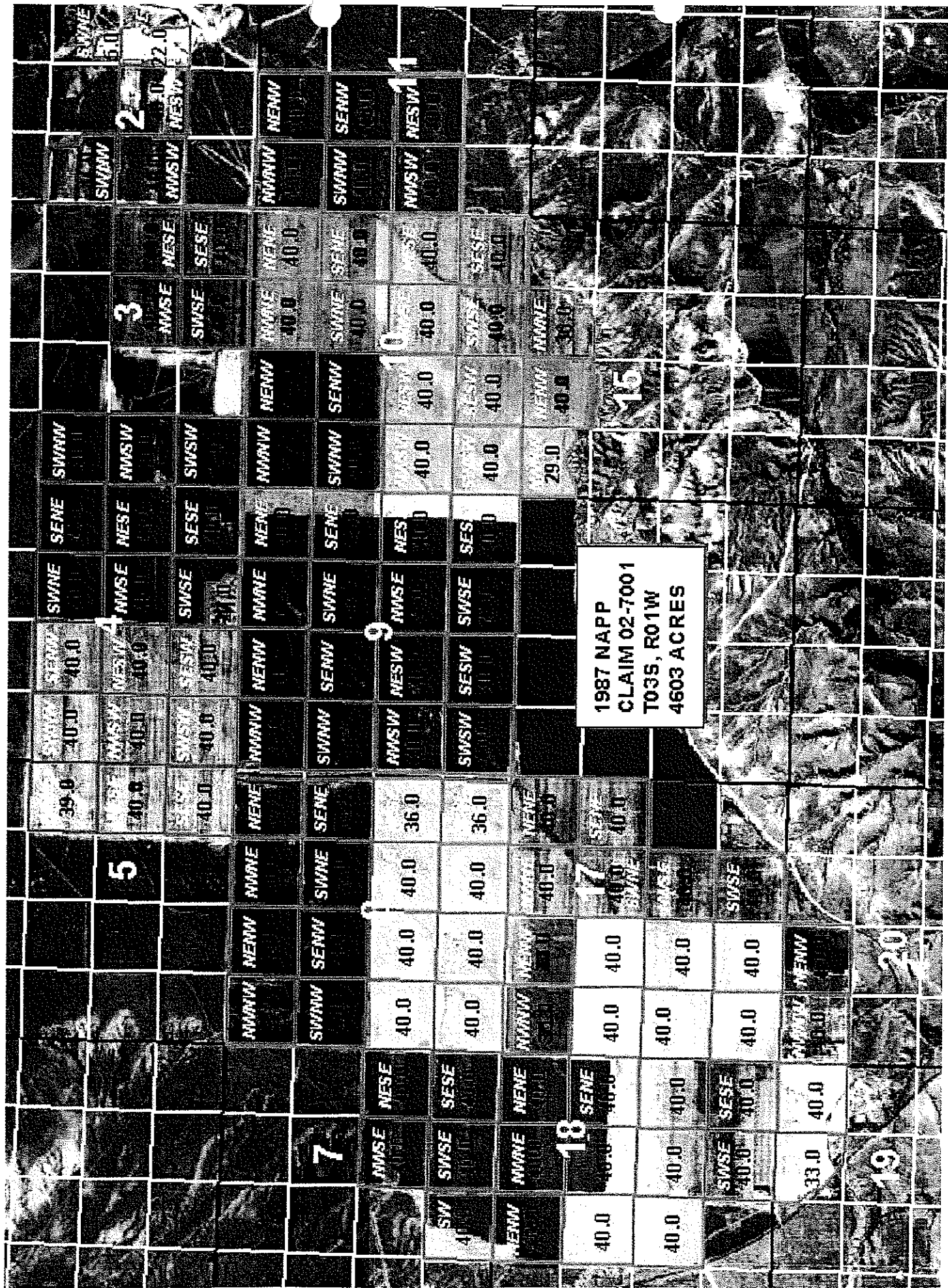
TOWNSHIP 1 N RANGE 1 W2S1
 SECTIONS 2, 3, 4, 7, 8, 10, 11, 15, 17, 18



SCALE: 2 inches equal 1 mile. Draw plan in 1/4"



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.



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 Memorandum of Agreement ("MOA") No. 1425-02-MA-10-3460 between the U.S. Bureau of Reclamation and the Idaho Department of Water Resources regarding Rental of Water From High-Lift Pumps on the Snake River, said agreement dated May 10, 2002.
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, 2002 to November 15, 2002, and the right(s) will be considered released from the bank on December 31, 2002.
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 place of use of the water shall revert to its original 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.

Dated this 8th day of August, 2002.

Jonathan C. Bowling
Renter

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 7th day of August, 2002.

Karl J. Dreher
for KARL J. DREHER, Director
Department of Water Resources



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

August 7, 2002

JONATHON C BOWLING
IDAHO POWER COMPANY
1221 W IDAHO STREET
BOISE ID 83702

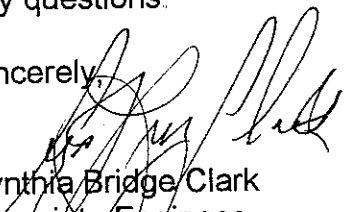
RE: Revised Water Supply Bank Rental Agreement between the Idaho Department of
Water Resources and Idaho Power Company

Dear Mr. Bowling:

Copies of the Water Supply Bank Rental Application and Rental Agreement, signed on August 6, 2002, have been received at the State office of the Department of Water Resources. As we discussed on the telephone earlier today, the Department has recommended a few changes to the conditions set forth on the Rental Agreement. The revised version of the Agreement is attached for your review and signature. The Rental Application will remain unchanged, and the Rental Agreement signed on August 6, 2002 will be superseded by the attached version, dated August 7, 2002.

Thank you for the additional review. Please contact me at (208) 327-7898 if you have any questions.

Sincerely,



Cynthia Bridge Clark
Associate Engineer
Water Right Permits Section



An IDACORP Company

RECEIVED

AUG - 7 2002

Department of Water Resources

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

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

August 6, 2002

Cynthia Bridge Clark
State of Idaho
Department of Water Resources
1301 N. Orchard St.
Boise, ID 83720

Dear Ms. Clark,

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.
Engineering Project Leader

c: John P. Prescott
James C. Tucker

12/99

Before the Idaho Water Resource Board

APPLICATION TO RENT WATER FROM THE WATER SUPPLY BANK

Applicant IDAHO POWER COMPANY Phone (208) 388-2905
 Address P.O. Box 70
 City Boise State ID Zip Code 83707

A. DESCRIPTION OF WATER SOUGHT FOR RENTAL

1. Source of water SNAKE RIVER
 which is tributary to _____
2. Maximum volume of water sought 43,606.9 AF.
3. Maximum rate of diversion N/A cfs.

B. DESCRIPTION OF USE PROPOSED

1. Nature of use HYDROPOWER, HELL CANYON COMPLEX
2. Location of point of diversion 1/4 1/4 Section (BROWNLEE DAM, AND HELL CANYON DAMS)
 Township _____, Range _____, B.M. _____ County _____
3. Season of use: From MAY 1, 2002 to NOVEMBER 15, 2002.
4. Description of diverting works: N/A
 Pump HP _____ Lift _____ Pump type _____
 Canal name, if appropriate N/A
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

yab

12/99

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. (SEE MEMORANDUM OF AGREEMENT NO.
1425-02-NA-10-3460)

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

8. Who owns the property at the place of use?

N/A

9. Are you seeking a rental for more than one (1) year? No

If so, how many years? _____

10. Remarks: See Attached

8/6/02
Date

Jonathon C. Bowling
Signature of Applicant
Engineering Leader

FOR DEPARTMENT USE ONLY

Received by _____ Date _____ Time _____

Published in _____ Pub. dates _____

Protests filed by _____

Hearing held by _____

Action recommended _____

JUB

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

Entities Leasing to Water Supply Bank	Acres Submitted on Application	Acres-feet per acre	Maximum Vol. Acres-feet
Bell Rapids Mutual Irrigation Co	4386.9	3.0	13160.7
Sailor Creek Water Co	185	2.83	523.55
Grindstone Butte Mutual Canal Co	2627	3.0	7881
South Elmore Irrigation Co	2530.2	2.88	7286.976
Clover Hollow LLC	1071.5	2.88	3085.92
Falcon Butte Farms	929.9	3.0	2789.7
Murphy Flats Farm	2959.7	3.0	8879.1
TOTALS:	14690.2 ac		43606.9 af

Notes:

1. Water rented from the Water Supply Bank ("bank") under this application is based on Memorandum of Agreement No. 1425-02-MA-10-3460 between the U.S. Bureau of Reclamation and the Idaho Department of Water Resources. 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), and that they qualify for payment as provided in Memorandum of Agreement No. 1425-02-MA-10-3460.

Job

08-5-02

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: P.O. Box 70, Boise, ID 83707
3. Source of water: SNAKE RIVER
4. Volume of water rented: 43,606.9 AF, Max rate: N/A cfs.
5. Diversion period from May 1, 2002 to November 15, 2002.
6. Use of water: Hydropower at Hells Canyon Complex
7. a) Renter's point of diversion:
Legal description: Brownlee, Oxbow, and Hells Canyon Projects
Pump HP: N/A Lift: N/A
Canal or conveyance works Hells Canyon Complex
b) Renter's place of use:
Legal description: N/A

Total number of acres to be irrigated: N/A
8. The right from which water will be rented is See High-Lift Pumpers from the Snake River Lease application acceptance letters.

The U.S. Bureau of Reclamation and Bonneville Power Administration agree to pay \$ 50 per acre-foot for rental of the above described water and agrees to use the water in compliance with the Water Supply Bank rules and in compliance with the conditions of water use shown below:

yrb

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 Memorandum of Agreement ("MOA") No. 1425-02-MA-10-3460 between the U.S. Bureau of Reclamation and the Idaho Department of Water Resources regarding Rental of Water From High-Lift Pumpers on the Snake River, said agreement dated May 10, 2002.
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, 2002 to November 15, 2002, and the right(s) will be considered released from the bank on December 31, 2002.
5. The renter shall provide information as needed for the determination of the amount of the water diverted in a manner acceptable to the Director.
6. Use of water under this agreement does not constitute a dedication of the water to renter's land and upon expiration of this agreement, the place of use of the water shall revert to its original place of use and/or again be available to rent from the bank.
7. Renter agrees to comply with all applicable state and federal laws while using water under this agreement.
8. 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.
9. 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.

Dated this 6th day of August, 2002.

Jonathan C. Bowling
Renter
Engineering Leader

JB

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 ____ day of _____, 200__

KARL J. DREHER, Director
Department of Water Resources

Job

RECEIVED

MAY 24 2002

DEPARTMENT OF WATER RESOURCES

Water Right No. 2-7001

**ATTACHMENT TO APPLICATION TO LEASE A WATER RIGHT TO THE WATER
SUPPLY BANK - DESCRIBING CRITERIA FOR THE LEASE OF WATER
FROM HIGH-LIFT PUMPERS ON THE SNAKE RIVER**

The Idaho Department of Water Resources (IDWR) will accept Water Supply Bank Lease Applications from high-lift pumpers on the Snake River pursuant to a Memorandum of Agreement (MOA) between IDWR and the U.S. Bureau of Reclamation (Reclamation). The total rental price for up to a maximum of 3 acre-feet per acre is \$50 per acre-foot (including a 10% fee for administrative costs to IDWR of \$4.55). The rental period shall be from May 1 to the end of the irrigation season, provided that by August 15 a lessor who did not divert water prior to acceptance of the lease may give notice that the lessor requires the use of water on and after September 1 for land or crop preparation purposes for the 2003 irrigation season. Leased water rights must be appurtenant to lands that satisfy the following criteria:

1. The acres were fully irrigated in 2001, or
2. The acres were either fully irrigated or under the federal Conservation Reserve Program (CRP) in 2000 and included in the Idaho Power buyback program in 2001, or
3. The acres were under the federal CRP program in 2001 and the lessor has satisfied Reclamation and IDWR that the acres would have been fully irrigated for crops in 2002 had the water rights not been placed in the Water Bank for use by Idaho Power/Reclamation.

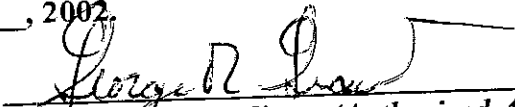
IDWR will take the following steps to quantify the amount of water accepted for lease into the Water Bank and rented for the purposes described in the MOA:

1. Map the field boundaries to which the water rights are appurtenant and verify the number of acres in each field using GIS.
2. Establish the volume of water diverted per acre, up to a maximum of 3 acre-feet per acre, based upon the average historic diversion divided by the total acres, which will be determined using US Geological Service and IDWR data (1988 to 1993) or as demonstrated by the lessor to the satisfaction of IDWR.

IDWR shall make lease payments and determine any pro rata reductions in the amount to be paid to a lessor in accordance with the provisions of Section II e 2 of the MOA.

**APPLICANT HEREBY ACKNOWLEDGES RECEIPT OF A COPY OF THE MOA AND
CERTIFIES THAT THE LANDS ASSOCIATED WITH THE WATER RIGHTS
SOUGHT TO BE PLACED IN THE WATER SUPPLY BANK SATISFY THE
ACCEPTANCE CRITERIA SET OUT ABOVE.**

DATED this 24 day of MAY, 2002


(Signature of Applicant/Authorized Agent)

APPURENT RIGHTS:

CLAIMS 2-7001, 2-10020, 2-2361A, 2-2370

WR: 2-7001, 2-2361, 2-2371

RECEIVED

MAY 24 2002

Form No. 42-1761
3-92

DEPARTMENT OF WATER RESOURCES

Water Supply Bank No. _____

Water Right No. _____

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES
APPLICATION TO SELL OR LEASE A WATER RIGHT
TO THE
WATER SUPPLY BANK

Name of Seller/Lessor George Grant Phone 431 9911
Post office address Box 119 Paul Idaho 83347

A. DESCRIPTION OF RIGHT AS RECORDED

1. Right evidenced by:

see Attached # A

a. Decree No. _____ Decreed to _____ (Name)
in case of _____ vs _____
dated _____ in _____ county of _____
(Name of court)

b. License No. _____ Issued by the Idaho Department of Water Resources.

c. Permit No. _____ Issued by the Idaho Department of Water Resources.

2. Source of water _____ tributary to _____

3. Date of priority _____

4. Water is used for the following purposes:

amount _____ for _____ purposes from _____ to _____
amount _____ for _____ purposes from _____ to _____
amount _____ for _____ purposes from _____ to _____
(month/day — both dates inclusive)

5. Total amount of water under right: a. _____ cubic feet per second
&/or
b. _____ acre feet per annum

6. Location of point of diversion is _____ 1/4 of _____ 1/4 of Section _____
Township _____ Range _____, B.M. in _____ County

Additional points of diversion, if any _____

7. Lands irrigated or place of use:

See Attached # H

TWP.	RANGE	SEC.	NE¼				NW¼				SW¼				SE¼				TOTALS
			NE¼	NW¼	SW¼	SE¼	NE¼	NW¼	SW¼	SE¼	NE¼	NW¼	SW¼	SE¼	NE¼	NW¼	SW¼	SE¼	

See Attached # B

Total number of acres to be irrigated _____

B DESCRIPTION OF PORTION OF RIGHT FOR SALE OR LEASE (If the entire right is for sale or lease, omit part B.)

1. Amount of water: a. _____ cubic feet per second
&/or
b. _____ acre feet per annum

2. Point of diversion _____ ¼ _____ ¼, Section _____ Township _____
Range _____, B.M., _____ County

Additional points _____

3. Place of use:

TWP.	RANGE	SEC.	NE¼				NW¼				SW¼				SE¼				TOTALS
			NE¼	NW¼	SW¼	SE¼	NE¼	NW¼	SW¼	SE¼	NE¼	NW¼	SW¼	SE¼	NE¼	NW¼	SW¼	SE¼	

Total number of acres to be irrigated 2959.7 For
Lease

C. ADDITIONAL INFORMATION ABOUT RIGHT, OR PORTION THEREOF, FOR SALE OR LEASE

1. Explain how the seller/lessor acquired the right, or portion thereof, and attach a copy of the deed to the land to which it is appurtenant or other evidence of ownership of the right.

See Lease agreement yellow highlights

2. Describe the frequency of water use under the right, or portion thereof, during the past 5 years. Attach water-master records, pumping power bills, or other evidence to demonstrate that the right has not been lost through abandonment or forfeiture:

3. Describe the relative availability of water to fill the right, or portion thereof. Attach evidence to support the availability:

4. Describe any other water rights with the same purpose and place of use as the right, or portion thereof. Will the present place of use continue to receive water from any source? If so, describe.

All Lands Rented to BOR to be dry

5. If the water right is a permit, describe the work accomplished toward developing the right.

6. If the right to the use of the water or the use of the diversion works or irrigation system is represented by shares of stock in a company or corporation, or if such works or system is owned or managed by an irrigation district, a written consent of the sale or lease must be attached.

7. If the right is included in an ongoing adjudication, a copy of the claim must be provided with this application.

8. Draw a map indicating the point(s) of diversion and place of use of the right, or portion thereof. Show clearly the land involved by section, township and range. *See map provided*

See NIA p provided

A blank sheet of graph paper featuring a uniform grid of squares. The grid consists of 10 columns and 10 rows, creating a total of 100 small square units. The lines are thin and black, set against a white background. There is no text or other markings on the page.

SCALE: 2 inches equal 1 mile. Draw plan in ink.

9. Remarks _____

D. SALE/LEASE AGREEMENT

1. The water right, or portion thereof, described above is offered to the Idaho Water Resource Board:

_____ For sale
3074.71 Acres For lease for period from May 1st 2002 to Dec 1st 2002
_____ As a gift to the State of Idaho
(year) (year)

2. The minimum payment acceptable to the Seller/Lessor is: (Include the method of determining the minimum payment)

50th Acre ft 3 Acre ft per Acre

3. Payment contingent on subsequent sale or leasing of this right, or portion thereof, is:

_____ Acceptable _____ Not Acceptable

I hereby assert that the information contained in this application is true to the best of my knowledge, and that I have the authorities necessary to offer the sale or lease of this right to the Idaho Water Resource Board

5/24/02 George R. Hunt
(Date) (Signature of applicant)

FOR DEPARTMENT USE ONLY

Received by _____ Date _____ Preliminary check by _____

Watermaster recommendation requested on _____ Received _____

Recommended for _____ approval _____ denial by _____

RECEIVED

MAY 2 1 30 2002

DEPARTMENT OF WATER RESOURCES

Attachment A

George Grant

RECEIVED

MAY 24 2002

11/30/2001

DEPARTMENT OF WATER RESOURCES

Page 1

IDAHO DEPARTMENT OF WATER RESOURCES
Adjudication Claim Report 2-7001

WATER RIGHT NUMBER: 2-7001

Owner Type Name and Address
Original Owner JAY H HULET

Current Owner MURPHY, ID
HULET FARM MANAGEMENT CO
% JAY HULET
HC 79 BOX 2020
MURPHY, ID 83860
(208)834-2738

Priority Date: 01/16/1967

Basis: License

Status: Active

Source

SNAKE RIVER

Tributary

COLUMBIA RIVER

Beneficial Use

DIVERSION TO STORAGE

IRRIGATION STORAGE

IRRIGATION FROM STORAGE

From To

4/01 to 10/15

4/01 to 10/15

4/01 to 10/15

Diversion Rate

68.040 CFS

Annual Volume

235.00 AF

235.00 AF

235.00 AF

Total Diversion: 68.040 CFS

Location of Point(s) of Diversion

SNAKE RIVER

OWYHEE County

LS NW1/4NW1/4

Sec 6. Twp 03S, Rge 01E, B M

Place of Use

IRRIGATION FROM STORAGE

Twp Rge Sec	NE				NW				SW				SE				Total
	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
03S 01W 2			30.0				37.0		40.0	39.0					35.0		181.0
03S 01W 3							38.0		38.0	38.0			39.0	40.0	39.0	38.0	271.0
03S 01W 4			40.0	39.0			38.0	40.0	40.0	39.0	38.0	39.0	39.0	40.0	39.0	38.0	469.0
03S 01W 5				38.0					40.0			39.0	38.0			38.0	193.0
03S 01W 7												39.0	39.0	40.0	39.0	38.0	195.0
03S 01W 8	38.0	39.0	40.0	39.0	39.0	38.0	39.0	40.0	40.0	39.0	38.0	39.0	39.0	40.0	39.0	38.0	624.0

Page 2

11/30/2001

IDAHO DEPARTMENT OF WATER RESOURCES
 Adjudication Claim Report 2-7901

03S 01W 8	38.0	39.0	40.0	38.0	40.0	40.0	39.0	40.0	40.0	38.0	38.0	39.0	38.0	40.0	38.0	38.0	827.0
03S 01W 10	38.0	39.0	40.0	38.0	39.0	38.0	39.0	40.0	40.0	38.0	38.0	39.0	39.0	40.0	38.0	38.0	824.0
03S 01W 11					38.0	38.0	39.0	38.0	39.0	38.0							232.0
03S 01W 15		37.0			38.0												78.0
03S 01W 17	38.0	38.0	40.0	39.0	39.0	38.0	39.0	40.0	40.0	39.0	38.0	39.0		40.0	38.0		547.0
03S 01W 19	38.0	38.0	40.0	38.0	38.0			38.0	38.0				38.0	40.0			262.0
03S 01W 20					38.0	38.0	37.0	36.0									149.0

Total Acres: 4540

~~DIVERSION TO STORAGE AND IRRIGATION FROM STORAGE~~
~~IRRIGATION STORAGE AND IRRIGATION FROM STORAGE~~

Conditions of Approval:Remarks:Comments:Claim and Other Information:

Claim Received Date: 8/8/1999
 Enlargement Use Priority Date:
 Enlargement Statute Priority Date:
 State or Federal: S
 Owner Name Connector:
 Water District Number:
 Generic Max Rate Per Acre:
 Generic Max Volume Per Acre:
 Swan Falls Trust or Nontrust:
 Swan Falls Dismissed:
 DLE Act Number:
 Carey Act Number:
 Mitigation Plan: False

Attachment B

Sheet1

George R Grant

	A	B	C	D	E	RECEIVED
1						
2						
3						MAY 24 2002
4						DEPARTMENT OF WATER RESOURCES
5	FIELD	ACRES	NOT FOR BOR LEASE		TOTAL FOR LEASE	
6	1	120	120			
7	2	123.2	123.2			
8	3	120	120			
9	4	119.1	119.1			
10	5	106.4				106.4
11	6					
12	7	115	115			115 - 115
13	8	163.5	163.5			
14	9	74				74
15	10	42				42
16	11	155.5				155.5
17	12	135.9	135.9			
18	13	149.5				149.5
19	14	157.1	157.1			
20	15	153.5				153.5
21	16	147.5				147.5
22	17	79.9	79.9			
23	18	155.4				155.4
24	19	117.5	117.5			
25	20	118.8				118.8
26	21	118.9				118.9
27	22					
28	23	79.9	79.9			
29	24	149.1				149.1
30	25	194.9	194.9			
31	26	77.1				77.1
32	27					
33	28					
34	29					
35	30	104.5				104.5
36	31	117.5				117.5
37	32	105.9				105.9
38	33	163.7				163.7
39	34	74.5				74.5
40	34	80.7				80.7
41	36	126.4				126.4
42	37	82.8				82.8
43	38	158.2				158.2
44	39	159.1				159.1
45	40	78.4				78.4
46	41	78				78
47	42	39				39
48	43	62				62
49	44	81.3				81.3
50		4485.7	1411			3074.7 - 115

2959.7

MAY 24 2002

DEPARTMENT OF WATER RESOURCES

**ADDENDUM AND MODIFICATION OF LEASE
WITH OPTION TO PURCHASE**

THIS AGREEMENT made on the 7 day of April, 2002, between Jay H. Hulet, referred to as "Lessor," and George R. Grant, referred to as "Lessee."

The parties declare:

A. The parties to this agreement have entered into a Lease With Option to Purchase dated January 18, 2000 affecting property described in Addendum 1 to said Lease Agreement, a copy of which is attached hereto and incorporated herein by this reference.

B. The parties desire to enter into a new agreement to modify or supplementing the provisions of the lease agreement.

In consideration of the mutual covenants contained in this agreement, the parties agree as follows:

1. The Lease Agreement dated January 18, 2000 between Lessor and Lessee for the above-reference property shall be modified effective the 7 day of April, 2002, as follows:

Lessee is fully informed as to the source of water to be used in irrigating the premises, and the Lessee shall have all rights of Lessor as to the water rights appurtenant to the leased premises. In the event the Lessee shall not utilize all of the water appurtenant to the leased premises for irrigation allowed under this lease, Lessor does hereby agree and consent to a temporary transfer of the place of use of said water on lands owned by Lessee through appropriate transfer proceedings with the Idaho Department of Water Resources for the temporary assignment of said unused water to the water supply bank operated by the Water Resource Board of the State of Idaho pursuant to §42-1761, Idaho Code, to insure that no part of said water rights of the Lessor shall be lost by forfeiture or abandonment during the term of this lease. It is understood and agreed that any transfer in the place of use or assignment of unused water under the water rights appurtenant to the land being leased shall terminate upon the end of this lease, and Lessee shall execute such documents as are required to insure that such change in the place of use is changed back to the leased premises and the assignment to the Water Resource Board is terminated. Any subtransfer or assignment shall be at the sole cost and expense of the Lessee.

2. All provisions of the Lease Agreement are incorporated in this agreement and are hereby modified or supplemented to

conform with this agreement but in all other respects are to be and shall continue in full force.

IN WITNESS, each party to this agreement has caused it to be executed on the date indicated above.

Jay H. Hulet
Jay H. Hulet, Lessor

George R. Grant
George R. Grant, Lessee

STATE OF IDAHO)
) ss.
County of _____)

On this _____ day of April, 2002, before me, the undersigned, a Notary Public in and for said State, personally appeared Jay H. Hulet, known to me to be the person whose name is subscribed to the within instrument, and acknowledged to me that he executed the same.

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

(SEAL)

Notary Public for Idaho
Residing at: _____
My Commission expires: _____

STATE OF IDAHO)
) ss.
County of _____)

On this _____ day of April, 2002, before me, the undersigned, a Notary Public in and for said State, personally appeared George R. Grant, known to me to be the person whose name is subscribed to the within instrument, and acknowledged to me that he executed the same.

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

(SEAL)

Notary Public for Idaho

Residing at:_____

My Commission expires:_____

RECEIVED

MAY 24 2002

DEPARTMENT OF WATER RESOURCES

FARM LEASE

THIS AGREEMENT, made and entered into this 24 day of April, 2002, by and between those individuals named on Exhibit "A" attached hereto and made a part hereof as though fully set forth herein, hereinafter referred to as "Lessor" and George Grant of 630 South Lane Road, Rupert, Idaho 83350, hereinafter referred to as "Lessee";

W I T N E S S E T H:

That Lessor, for and in consideration of the covenants and agreements hereinafter mentioned to be kept and performed by Lessee, does, by these presents, hereby lease, rent and demise to Lessee, the following described lands, hereinafter called "Leased Premises", situated in Owyhee County, Idaho, to-wit:

The real property more fully described on Exhibit "B" attached hereto and made a part hereof by reference;

Together with the right to irrigate said leased premises from the water rights appurtenant to the above-referenced property owned by the Lessor.

TO HAVE AND TO HOLD the same to Lessee, from the date of this agreement to the 1st day of May, 2003, and each year thereafter as hereinafter provided, subject to the terms, covenants, conditions and contingencies hereinafter set forth. This lease and the covenants herein contained shall be automatically renewed for the period of one (1) year from the 1st day of May of each year for a period of six (6) years, terminating in all events on the 1st day of May, 2009, unless notice of termination by Lessee, in writing, is delivered to Lessor prior to the date said lease would automatically be renewed.

Lessor and Lessee further covenant and agree:

1. The crops to be planted on the leased premises shall be solely at the discretion of the Lessee, subject to the provision that it be in keeping with the best practices of husbandry. Lessee may, at Lessee's sole discretion, farm only a portion of the leased premises in a given year. In such case, Lessee is solely responsible for weed control and soil preservation on the leased premises which is left fallow.

2. Lessee shall furnish all equipment, labor, seed, fertilizer, and other materials for the planting, seeding, cultivation, tending, irrigation, care, harvesting and delivery of

FARM LEASE

said crops, at Lessee's own cost and expense, except as hereinafter otherwise provided.

3. During the term of the lease, the Lessee shall pay all charges for utilities to the premises, if any, and any taxes, levies or assessments imposed on the premises during the term of the lease.

4. Lessee shall keep and maintain the premises, all improvements thereon, and all facilities appurtenant thereto in good order and repair and in as safe and clean condition as they were received by the Lessee from the Lessor, reasonable wear and tear excepted. Lessee shall pay all costs of maintenance, repair, and replacement of irrigation equipment components, provided that in the case of a catastrophic damage to pumps, motors, panels and pump stations resulting from accident or acts of God, Lessor will pay fifty percent (50%) of the repair or replacement of said equipment or may, by mutual agreement, share fifty percent (50%) of the cost of insurance premiums to cover such damage. Damage to said equipment due to negligence will be the sole responsibility of the Lessee. Lessor specifically warrants all pumps and motors to be in good, workable condition at the beginning of this lease.

5. All seed furnished by Lessee in connection with crops to be sown on the leased premises shall be of first-class quality and condition, and shall be free from any disease likely to affect the crops to be grown on the leased premises to the detriment of future crops; and Lessee shall be responsible and liable to Lessor for any injury or damage to said leased premises from inoculation or impregnation of the soil thereof by diseases or pests preventable through the exercise of due care or in the selection of the seed to be sown or planted.

6. Lessee will lease and become responsible for the planting of sugar beets required to be grown under the shares in the Snake River Sugar Company owned by Lessor for the year 2002. Subsequent to the year 2002, Lessor reserves the right to lease these shares to other growers or to Lessee at Lessor's option, the lease amount for the shares subject to negotiation for each year.

7. Lessee may elect to irrigate and harvest the alfalfa hay that currently exists on the property for the year 2002. Should Lessee elect to irrigate and harvest said alfalfa hay, Lessee will pay to Lessor ten percent (10%) of the net proceeds from the sale of said hay crop. Costs of irrigation and cost of rent will be included in the deductions from the gross sales of said hay crop.

10. The Lessee further covenants and agrees as follows:

(a) To farm the leased premises and the whole thereof throughout the said term in keeping with the best practices of husbandry and not to allow or suffer any damage or waste thereto;

(b) To maintain the farm ditches and laterals as used in the irrigation of the leased premises in good order. The Lessee shall not change any existing ditches, without prior written consent of the Lessor;

(c) To keep ditch banks, fence rows and roadsides and other land on the leased premises reasonably free of weeds and to constantly work towards the eradication of the noxious weeds on said premises and to supervise the spraying of weeds in the drain ditches on said leased premises;

(d) To use only such water as is required in keeping with the best practices of husbandry and not to allow unreasonable waste thereof;

(e) To permit the Lessor, its agents or employees to enter into and upon the leased premises and each and every portion thereof, at any reasonable time or times, for inspection thereof;

(f) To permit the Lessor, its agent or agents, to enter into and upon the leased premises at the end of the crop harvest in the last crop year hereunder to plow and do such other activities as are necessary for the following year;

(g) To quit and surrender possession of leased premises on the expiration of said lease or any sooner termination thereof in as good order and condition as said premises are now in, reasonable use excepted; and

(h) To keep and save harmless the leased premises and the crops grown thereon, and the Lessor herein from any liens against the same on account of bills, debts for labor, or materials incurred by the Lessee.

11. The Lessee is fully informed as to the source of water to be used in irrigating the premises and, in the event that a shortage or failure of water should develop at any time from any cause whatsoever, the Lessee releases Lessor from any and all claims for damages or otherwise as a result thereof, including but not limited to damages to the Lessee's crops as a result of energy failure, damage to said pumping equipment caused by act, fault or neglect of the Lessee or Lessor, their agents or employees, or interruption by the elements or act of God. Lessee shall have all rights of Lessor as to the water rights appurtenant to the leased premises.

In the event the Lessee shall not utilize all of the water appurtenant to the leased premises for irrigation as allowed under paragraph 1 of this lease, Lessor does hereby agree and consent to a temporary transfer of the place of use of said water on lands owned by Lessee through appropriate transfer proceedings with the Idaho Department of Water Resources or the temporary assignment of said unused water to the water supply bank operated by the Water Resource Board of the State of Idaho pursuant to §42-1761, Idaho Code, to insure that no part of said water rights of the Lessor shall be lost by forfeiture or abandonment during the term of this lease. It is understood and agreed that any transfer in the place of use or assignment of unused water under the water rights appurtenant to the land being leased shall terminate upon the end of this lease, and Lessee shall execute such documents as are required to insure that such change in the place of use is changed back to the leased premises and the assignment to the Water Resource Board is terminated. Any such transfer or assignment shall be at the sole cost and expense of Lessee.

12. Lessee may at any time during the term of this lease make improvements to the irrigation system on the leased premises. Improvements do not include normal maintenance and replacement

which are the responsibilities of the Lessee under paragraph 4 above. Upon improvement by Lessee, Lessee may, at Lessee's option, use any non-attached irrigation equipment on any portion of the farm. Should Lessee choose not to use said equipment, Lessor may sell the existing non-attached irrigation equipment and may, at Lessor's election, retain the proceeds, or allow Lessee to use the proceeds in the installation of the irrigation system. Should Lessor elect to use said proceeds for the installation of a new system, Lessor will retain an ownership in the new system equal to the amount of its investment. In such an event, Lessor's ownership will apply first to "in-ground" improvements which are necessary to the installation of the improved irrigation system and are not removable from the land. Such "in-ground" improvements would include, but are not limited to, buried mainlines, buried electrical lines, and concrete pads, said ownership to be evidenced by a statement of ownership acknowledged by both parties, said statement to become a part of this agreement. Lessee will retain the balance of the ownership over and above that of Lessor and become responsible for all maintenance or replacement of the new system. Should Lessee quit the property for any reason prior to the expiration date of this lease, or fail to make Lessor's payments in a timely manner, then all of Lessee's ownership in the "in-ground" will be forfeited to Lessor. Lessor will have a right of first refusal to purchase all interest, including Lessee's, in any new irrigation system installed on the leased premises.

13. All of the covenants of this lease to be kept and performed by the Lessee shall be deemed to be conditions of this lease. Time is of the essence hereof, and in the event the Lessee shall fail, omit or neglect to plant the crops agreed upon or to properly cultivate the leased premises or to diligently proceed to keep such land free of weeds or to otherwise farm the same as hereinbefore provided, and such failure, omission, neglect or default shall continue for a period of five (5) days after written notice by Lessor to Lessee to cure said default, then the Lessor shall have the right immediately or at any time thereafter while such neglect or default shall continue, to enter upon the leased premises and to employ such person or persons and equipment as may be necessary to properly perform such work and to charge the expenses thereby incurred to Lessee, including the reasonable value of Lessor's personal services, out of Lessee's share of the crop.

It is understood and agreed that the various rights, powers, options, elections and remedies of Lessor, contained in this instrument shall be cumulative, and that no one of them shall be exclusive of any other rights or priorities allowed by law.

14. Notwithstanding the other provisions of this agreement, should either party fail, refuse or wilfully neglect to

carry out the material provisions of this agreement, the other party shall have the power to terminate this agreement. The non-breaching party shall deliver to the breaching party a written notice of termination, said notice to specify which provisions of this agreement have been breached. The breaching party will then have thirty (30) days within which to cure, to the satisfaction of both parties, the breach specified in the notice. Failure by the breaching party to cure the breach within the 30-day period will result in the termination of this agreement and the right to compensation for damages suffered by the non-breaching party by reason of said breach. Both parties may have the benefit of any proceedings provided by law for possession of the leasehold property upon termination under this paragraph, or at the end of the term of this agreement.

15. Lessee hereby agrees to indemnify and save harmless Lessor against any and all claims and liabilities for claims arising from the conduct of or from any work or thing whatsoever done in or about the leased premises, or any equipment used thereon, during the existence of this lease or any extension or renewal thereof, or arising from any act of negligence of Lessee, or of any of his agents, contractors, or employees, or any person, co-partnership, corporation or other organization, occurring in, on or about the leased premises, and from and against all costs, counsel fees, expenses, and other liabilities incurred as a result of any such claim or any action brought against Lessor by reason of any such claim, and Lessee, upon notice from Lessor, shall resist and defend any such action or proceeding on behalf of Lessor by counsel satisfactory to Lessor.

16. Lessee shall have the right at any time to assign this lease agreement or to sublet the whole or any part of the demised premises, PROVIDED THAT no such assignment or subletting shall relieve Lessee of any of Lessee's obligations, express or implied, under this lease agreement. Any assignee of this lease agreement or any sublessee of all or any part of the demised premises shall expressly assume, and by reason of such assignment or sublease shall be considered as having assumed or become bound by, all of Lessee's obligations under this lease agreement.

17. Lessee agrees that the failure by the Lessor at any time to require performance of any provision hereof shall in no way affect Lessor's right hereunder to enforce the same, nor shall any waiver by the Lessor of any breach of any provision hereof be held to be a waiver of any succeeding breach of any provision, or as a waiver of the provision itself.

18. This agreement is not intended to, nor shall it be deemed to, give rise to a partnership relationship between Lessor

and Lessee, and neither party shall have the authority to obligate the other without written consent, except as specifically provided for elsewhere in this agreement.

19. Lessor specifically reserves all rights for hunting on the leased premises. Said rights include that right of entry upon the property for the purpose of hunting at any time, provided that no activity allowed under this paragraph may interfere with or endanger any of Lessee's farming operations or employees, or cause damage to any crop.

20. Upon expiration of this agreement, Lessor must offer the property for sale to Lessee. Should Lessor and Lessee be unable to agree to the terms of sale, Lessee must offer Lessee's interest in the "in-ground" improvements and his "loss of opportunity" for sale to Lessor. Should Lessor and Lessee be unable to agree on a price and terms for the improvements and "loss of opportunity," this agreement will automatically renew for another seven-year period.

21. In the event any suit, action or proceeding is instituted by either of the parties to require performance of any provisions, terms and conditions of this agreement, the prevailing party shall be entitled to a reasonable allowance for attorney fees to be determined by the Court, together with the usual costs and disbursements allowed by statute.

22. Any modification of this lease agreement or additional obligations assumed by either party in connection with this agreement shall be binding only if evidenced in a writing signed by each party or an authorized representative of each party.

23. The covenants and agreements herein contained shall extend to and be binding upon the heirs, executors, administrators, successors and assigns of the parties to this lease.

24. Lessor and Lessee agree that all provisions in this agreement are contingent upon Lessee obtaining financing for the lease and farming of the leased premises set forth herein above. Failure by Lessee, after all good-faith efforts have been made, to obtain said financing shall render this agreement null and void.

PO3410

Exhibit "B"

TRACT I:

PARCEL No. 1:

In Township 3 South, Range 1 West, Boise Meridian, Owyhee County, Idaho.

Section 7: ¹⁶⁰SE1/4, ⁴⁰SE1/4 SW1/4 ⁴⁰ ⁸⁰ ⁸⁰Section 18: ¹⁶⁰NE1/4, ⁸⁰E1/2 NW1/4, ⁴⁰NE1/4 SW1/4, ⁸⁰N1/2 SE1/4, ⁸⁰S1/2 SE1/4

PARCEL No. 2:

In Township 3 South, Range 1 West, Boise Meridian, Owyhee County, Idaho.

Section 2: ⁴⁰SW1/4 NW1/4, ⁴⁰SW1/4 NE1/4, ⁸⁰N1/2 SW1/4, ⁴⁰NW1/4 SE1/4, Lots 3 and 4, and the ⁴⁰SE1/4 NW1/4

PARCEL No. 3:

In Township 3 South, Range 1 West, Boise Meridian, Owyhee County, Idaho.

Section 3: ¹⁶⁰SE1/4

PARCEL No. 4:

In Township 3 South, Range 1 West, Boise Meridian, Owyhee County, Idaho.

Section 4: ⁸⁰S1/2 SE1/4, ⁴⁰NE1/4 SE1/4Section 5: ⁴⁰E1/4 SW1/4

PARCEL No. 5:

In Township 3 South, Range 1 West, Boise Meridian, Owyhee County, Idaho.

Section 11: ¹⁶⁰NW1/4, ⁸⁰N1/2 SW1/4

PARCEL No. 6:

In Township 3 South, Range 1 West, Boise Meridian, Owyhee County, Idaho.

Section 15: N1/2 NW1/4, NW1/4 NE1/4

PARCEL No. 7:

In Township 3 South, Range 1 West, Boise Meridian, Owyhee County, Idaho.

Section 17: S1/2 N1/2 NW1/4 NW1/4, S1/2 NW1/4 NW1/4, E1/2 NW1/4, SW1/4 NW1/4, NE1/4, NW1/4 SE1/4, N1/2 SW1/4, SE1/4 SW1/4

PARCEL No. 8:

In Township 3 South, Range 1 West, Boise Meridian, Owyhee County, Idaho.

Section 17: SW1/4 SW1/4

PARCEL No. 9:

In Township 3 South, Range 1 West, Boise Meridian, Owyhee County, Idaho.

Section 17: N1/2 N1/2 NW1/4 NW1/4, SW1/4 SE1/4

PARCEL No. 10:

In Township 3 South, Range 1 West, Boise Meridian, Owyhee County, Idaho.

Section 20: N1/2 NW1/4

PARCEL No. 11:

Section 19: N1/2 NE1/4

EXCEPTING THEREFROM a parcel of land in the North Half of the Northeast Quarter of Section 19 described as follows:

A parcel of land described as BEGINNING at the Northeast corner of Southeast Quarter of the Northeast Quarter of Section 19, Township 3 South, Range 1 West, Boise Meridian, Owyhee County, Idaho, a 1/2 inch iron pin set by the Idaho Department of Transportation; thence

West along the Northerly line of Southeast Quarter of the Northeast Quarter of Section 19, 660 feet to a 1/2 inch iron pin set by the Idaho Department of Transportation; thence continuing

West along the line 561.70 feet to corner No. 1, the REAL POINT OF BEGINNING; thence continuing

West along the line 564.91 feet to corner No. 2, a point on the Easterly right of way line of Idaho State Highway 78; thence

North 47° 38'25" West 287.25 feet to corner No. 3, a point from which a highway right of way monument with a brass cap marked P.T. Sta. 285+42.04, El. 3254.37 bears

North 47° 38'25" West, 498.08 feet; thence

North 89° 11'27" East 766.99 feet to corner No. 4; thence

South 2° 52'14" East 204.63 feet to corner No. 1 the REAL POINT OF BEGINNING.

TRACT II:**PARCEL No. 1a:**

In Township 3 South, Range 1 West, Boise Meridian, Owyhee County, Idaho.

Section 9: N1/2 NW1/4 NW1/4

EXCEPTING THEREFROM:

BEGINNING at the Intersection of Sections 4, 5, 8, and 9, Township 3 South, Range 1 West, Boise Meridian, Owyhee County, Idaho; thence
East along the section line between Sections 4 and 9 a distance of 208.7 feet;
thence

South in a perpendicular line a distance of 208.7 feet; thence
West in a perpendicular line a distance of 208.7 feet to the section line between
Sections 8 and 9; thence
North along the section line a distance of 208.7 feet to the REAL POINT OF
BEGINNING.

PARCEL No. 1b:

In Township 3 South, Range 1 West, Boise Meridian, Owyhee County, Idaho.

Section 9: S1/2 NW1/4 NW1/4

PARCEL No. 1c:

In Township 3 South, Range 1 West, Boise Meridian, Owyhee County, Idaho.

Section 9: W1/2 SE1/4, E1/2 NW1/4, SW1/4, SW1/4 NW1/4

PARCEL No. 1d:

In Township 3 South, Range 1 West, Boise Meridian, Owyhee County, Idaho.

Section 9: NW1/4 NE1/4

PARCEL No. 1e:

In Township 3 South, Range 1 West, Boise Meridian, Owyhee County, Idaho.

Section 9: NE1/4 NE1/4

PARCEL No. 1f:

In Township 3 South, Range 1 West, Boise Meridian, Owyhee County, Idaho.

Section 9: SW1/4 NE1/4

PARCEL No. 1g:

In Township 3 South, Range 1 West, Boise Meridian, Owyhee County, Idaho.

Section 9: SE1/4 NE1/4

PARCEL No. 1h:

In Township 3 South, Range 1 West, Boise Meridian, Owyhee County, Idaho.

Section 9: NE1/4 SE1/4

PARCEL No. 1i:

In Township 3 South, Range 1 West, Boise Meridian, Owyhee County, Idaho.

Section 9: SE1/4 SE1/4

PARCEL No. 2a:

In Township 3 South, Range 1 West, Boise Meridian, Owyhee County, Idaho.

Section 8: N1/2 NW1/4, SW1/4 NW1/4

PARCEL No. 2b:

In Township 3 South, Range 1 West, Boise Meridian, Owyhee County, Idaho.

Section 8: SE1/4 NW1/4, SW1/4

PARCEL No. 2c:

In Township 3 South, Range 1 West, Boise Meridian, Owyhee County, Idaho.

Section 8: NE1/4 NE1/4

PARCEL No. 2d:

In Township 3 South, Range 1 West, Boise Meridian, Owyhee County, Idaho.

Section 8: SE1/4 NE1/4

PARCEL No. 2e:

In Township 3 South, Range 1 West, Boise Meridian, Owyhee County, Idaho.

Section 8: NW1/4 NE1/4

PARCEL No. 2f:

In Township 3 South, Range 1 West, Boise Meridian, Owyhee County, Idaho.

Section 8: SW1/4 NE1/4

PARCEL No. 2g:

In Township 3 South, Range 1 West, Boise Meridian, Owyhee County, Idaho.

Section 8: SE1/4

PARCEL No. 3:

In Township 3 South, Range 1 West, Boise Meridian, Owyhee County, Idaho.

Section 10: ALL

IN WITNESS WHEREOF, the said parties have hereunto set their hands and seals as of the day and year first above written.

LESSOR:

HFM MURPHY FLAT, LLC

Jay H. Hulet
JAY H. HULET, Operating Manager

THE JAY AND GERTRUDE HULET LIVING TRUST

Jay Hulet
JAY HULET, Trustee

SIDNEY E. ALLEN and MARILYN J. ALLEN, husband and wife

Michael B. Ihli
By: MICHAEL B. IHLI, their attorney-in-fact

KRISTIN J. WINDER

Michael B. Ihli
By: MICHAEL B. IHLI, her attorney-in-fact

SEAN E. ALLEN

Michael B. Ihli
By: MICHAEL B. IHLI, his attorney-in-fact

DUSTIN G. ALLEN

Michael B. Ihli
By: MICHAEL B. IHLI, his attorney-in-fact

JANICE M. RUDEEN

Michael B. Ihli
By: MICHAEL B. IHLI, her attorney-in-fact

ROBYN C. RUDEEN

Robyn C. Rudeen

By: MICHAEL B. IHLI, her attorney-in-fact

Michael B. Ihli

MICHAEL B. IHLI

Linda M. Ihli

LINDA M. IHLI

Alexis A. Ihli

ALEXIS A. IHLI

NICHOLAS J. IHLI

Linda M. Ihli

By: LINDA M. IHLI, his attorney-in-fact

NATHAN M. IHLI

Linda M. Ihli

By: LINDA M. IHLI, as custodian for Nathan M. Ihli under the Idaho Uniform Transfers to Minors Act.

MARCIA C. HULET

Jay H. Hulet

By: JAY H. HULET, her attorney-in-fact

LESSEE:

George R. Grant

GEORGE R. GRANT

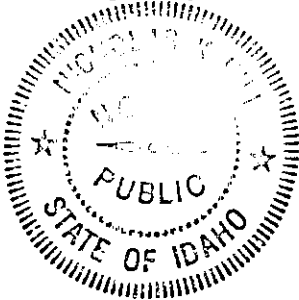
STATE OF IDAHO)

County of Owyhee)

SS.

On this 7th day of April, 2002, before me, the undersigned, a Notary Public in and for said State, personally appeared JAY H. HULET, individually and as Operating Manager for HFM MURPHY FLAT, LLC and as Attorney-In-Fact for MARCIA C. HULET, known to me to be the person whose name is subscribed to the within instrument, and acknowledged to me that he executed the same.

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



Nicholas K. Ihli
Notary Public for Idaho

Residing at: Murphy, Id

My commission expires: 1/31/06

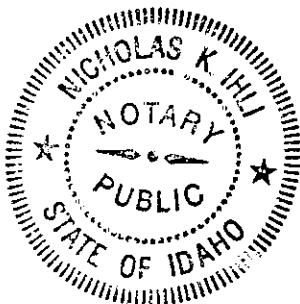
STATE OF IDAHO)

County of Owyhee)

SS.

On this 7th day of April, 2002, before me, the undersigned, a Notary Public in and for said State, personally appeared JAY HULET, as TRUSTEE for THE JAY AND GERTRUDE HULET LIVING TRUST known to me to be the person whose name is subscribed to the within instrument, and acknowledged to me that he executed the same.

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



Nicholas K. Ihli
Notary Public for Idaho

Residing at: Murphy, Id

My Commission expires: 1/31/06

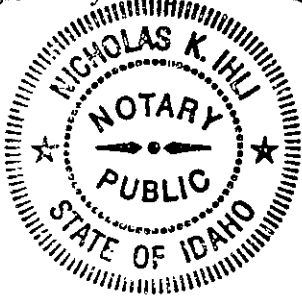
STATE OF IDAHO)

County of Oneida)

SS.

On this 7th day of April, 2002, before me, the undersigned, a Notary Public in and for said State, personally appeared MICHAEL B. IHLI, individually and as Attorney-In-Fact for SIDNEY E ALLEN, MARILYN J. ALLEN, KRISTIN J WINDER, SEAN E ALLEN, DUSTIN G. ALLEN, JANICE M. RUDEEN, and ROBYN C. RUDEEN known to me to be the person whose name is subscribed to the within instrument, and acknowledged to me that he executed the same

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



Nicholas K. IHLI
Notary Public for Idaho

Residing at: Murphy, Id

My commission expires: 1/31/06

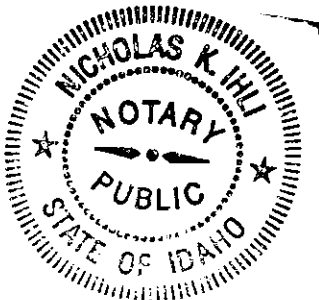
STATE OF IDAHO)

County of Oneida)

SS

On this 7th day of April, 2002, before me, the undersigned, a Notary Public in and for said State, personally appeared LINDA M. IHLI, individually, and as Attorney-In-Fact for NICHOLAS J. IHLI, and as custodian for NATHAN M. IHLI under the Idaho Uniform Transfers to Minors Act, known to me to be the person whose name is subscribed to the within instrument, and acknowledged to me that she executed the same.

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



Nicholas K. IHLI
Notary Public for Idaho

Residing at: Murphy, Id

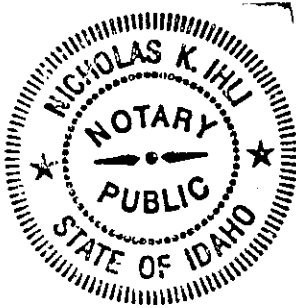
My Commission expires: 1/31/06

STATE OF IDAHO)
County of Owyhee)

ss.

On this 7th day of April, 2002, before me, the undersigned, a Notary Public in and for said State, personally appeared ALEXIS A. IHLE, known to be the person whose name is subscribed to the within instrument, and acknowledged to me that she executed the same.

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



Nicholas K. Ihle
Notary Public for Idaho

Residing at: Murphy, ID

My commission expires: 1/31/06

STATE OF IDAHO)
County of Owyhee)

ss.

On this 7th day of April, 2002, before me, the undersigned, a Notary Public in and for said State, personally appeared GEORGE R. GRANT, known to me to be the person whose name is subscribed to the within instrument, and acknowledged to me that he executed the same.

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

George R. Grant
Notary Public for Idaho

Residing at:

My Commission expires:

"Exhibit A"

HFM MURPHY FLAT, LLC, an Idaho Limited Liability Company

THE JAY AND GERTRUDE HULET LIVING TRUST

SIDNEY E. ALLEN, a married man

MARILYN J. ALLEN, a married woman

KRISTIN J. WINDER, a married woman

SEAN E. ALLEN, a married man

DUSTIN G. ALLEN, a married man

JANICE M. RUDEEN, an unmarried woman

ROBYN C. RUDEEN, an unmarried woman

MICHAEL B. IHLI, a married man

LINDA M. IHLI, a married woman

ALEXIS A. IHLI, an unmarried woman

NICHOLAS J. IHLI, an unmarried man

NATHAN M. IHLI, a minor

MARCIA C. HULET, an unmarried woman

"EXHIBIT B"

The following described tract of land in OWYHEE County, State of IDAHO.

In Township 2 South, Range 1 West, Boise Meridian, Owyhee County, Idaho
Section 35: The S1/2SW1/4

In Township 3 South, Range 1 West, Boise, Meridian, Owyhee County, Idaho
Section 2: The SW1/4NW1/4, the SW1/4NE1/4, the N1/2SW1/4, the
NW1/4SE1/4, Lots 3 and 4, and the SE1/4NW1/4

Section 3: The SE1/4

Section 7: The SE1/4, and the SE1/4SW1/4

Section 8: All

Section 9: The NW1/4NE1/4, and the N1/2NW1/4NW1/4

EXCEPTING THEREFROM A PARCEL OF LAND DESCRIBED
AS FOLLOWS:

BEGINNING at the intersection of Sections 4, 5, 8, and 9,
Township 3 South, Range 1 West, Boise Meridian, Owyhee
County, Idaho; thence
East along the section line between Sections 4 and 9 a distance of
208.7 feet; thence
South in a perpendicular line a distance of 208.7 feet; thence
West in a perpendicular line a distance of 208.7 feet to the section
line between Sections 8 and 9; thence
North along the section line a distance of 208.7 feet to the REAL
POINT OF BEGINNING

Section 10: All

Section 11: The NW1/4, and the N1/2SW1/4

Section 15: The N1/2NW1/4 and the NW1/4NE1/4

Section 17: The NE1/4, the W1/2SE1/4, and the W1/2

Section 18: The NE1/4, the E1/2NW1/4, the NE1/4SW1/4, and the SE1/4

Section 19: The N1/2NE1/4 lying North and East of Idaho State Highway 78 EXCEPTING THEREFROM a parcel of land in the North Half of the Northeast Quarter of Section 19 described as follows:

A parcel of land described as BEGINNING at the Northeast corner of the Southeast Quarter of the Northeast Quarter of Section 19, Township 3 South, Range 1 West, Boise Meridian, Owyhee County, Idaho, a ½ inch iron pin set by the Idaho Department of Transportation;thence

West along the Northerly line of Southeast Quarter of the Northeast Quarter of Section 19, 660 feet to a ½ inch iron pin set by the Idaho Department of Transportation;thence continuing

West along the line 561 70 feet to corner No. 1, the REAL POINT OF BEGINNING; thence continuing

West along the line 564 91 feet to corner No. 2, a point on the Easterly right of way line of Idaho State Highway 78; thence

North 47 degrees 38'25" West 287.25 feet to corner No. 3, a point from which a highway right of way monument with a brass cap marked P.T. Sta. 285+42.04, El. 3254.37 bears

North 47 degrees 38'25" West, 498.08 feet; thence

North 89 degrees 11'27" East 766.99 feet to corner No. 4; thence

South 2 degrees 52'14" East 204.63 feet to corner No. 1 the REAL POINT OF BEGINNING.

Section 20: The N1/2NW1/4



CUSTOMER CONSENT FORM

(To Release Idaho Power Company Customer Account Information)

I, the customer of record, do hereby agree and allow Idaho Power Company to release the following account information (indicate information to be released):

☒ Electrical Usage☒ Irrigation Information☐ Credit Information☒ Service Location / Address☐ Other _____

This information may be released to the following person(s) or representative of the following organization(s):

Name T D W R B O R
Address _____

Information may be released on the following account:

Name George Grant
Service Location Murphy Idaho (only)
Pump # 0608
Account Number 1141159150

List additional accounts on the back.

Signed George R Grant
CUSTOMER OF RECORD

Date 5/24/02

DBA Same

This authorization is valid until 12/1/02 (Date)