

Central Ditch Company
707 West 300 South
Blackfoot, ID 83221

January 13, 2005

Stanley Hill
522 West Riverton Road
Blackfoot, ID 83221

Dear Stan,

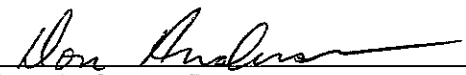
The Shareholders and the Board of Directors of the Central Ditch Company are willing to accept the transfer of your water into the Central Ditch upon approval of the transfer by the Idaho Department of Water Resources based upon your compliance with the details as outlined in the letter to the shareholders (1-5) and items 6 and 7 below.

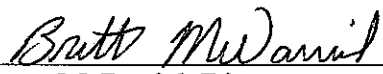
1. Water to be transferred: 11 inches of Fox & Whitten (June 1, 1885 Decree) and 36 2/3 inches of Robert Millen (May 1, 1885 Decree). Total transfer: 47 2/3 inches.
2. Irrigated acres: 44 acres.
3. Stan would take water out of the Central Ditch via a structure to be constructed in the Central Ditch at a point across from where he has been pumping from a well. The water would be piped to another structure located near the current pump location. The planned design would not install any structure across the Central Ditch to restrict the current flow of water and would include a head-gate on the outlet leading to the pipe. These structures will be designed such that only water being used by the pump will leave the Central Ditch i.e., there will be no waste water leaving the Central Ditch and flowing past the pump. Stan plans to get several designs and bids for the installation. The Board of Directors would review and give final approval to the design that Stan recommends prior to installation proceeding.
4. Stan would be responsible for all maintenance of the structure and any problems to the Central Ditch associated with the installation.
5. Central Ditch will incur no costs as a result of this installation.
6. Provide certification to the Board of Directors on the amount of water which the pumping system will use. The approved amount for pumping shall be less than the amount of water transferred less an amount for shrinkage.
7. Acceptance of the Central Ditch Company's policy for delivering water to all users on a rotation basis during periods of reduced water flow. The following policy has historically been honored by shareholders: The water priority dates determines the amount of water the Central Ditch Company receives from the Blackfoot River. The Central Ditch Company's policy for providing water to its users during periods of drought (reduced water flows in the Central Ditch) is to allocate available water to all users on a rotation basis. In times of reduced water flows to the Central Ditch, it is necessary for all water users (flood and sprinkler irrigation users) to cooperate and work together with the Board of Directors to make effective use of the limited water supply.

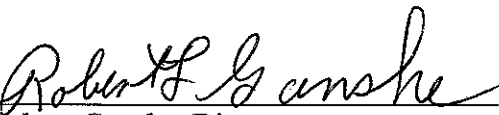
Acceptance of Conditions outline above:


Stanley Hill

Transfer Approval:


Don Anderson, Pres.


Brett McDaniel, Director


Robert Ganske, Director

Board of Directors
Central Ditch Company.