

Fairfield, Idaho
Nov. 17, 2004

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DEPARTMENT OF
WATER RESOURCES
NOV 19 2004

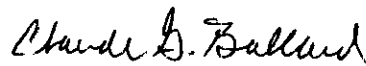
Idaho Department of Water Resources
Attention: Shelley Keen
P.O. Box 83720
Boise, Idaho 83720

Dear Mr. Keen,

Please find enclosed a copy of the letter sent to me by the Bureau of Land Management and a copy of my Quitclaim Deed. As you will note in the letter, item number 20 that I have circled, they want the water right #37-08062 to reflect a change of Point of Use from T. 2N, R. 16E, Sec.30 Lot 4 (SWSW) to T. 2N, R. 16E, Sec 30, SWSW with the additional remark "The use of water under this right does not include federal public land."

I would appreciate it very much if you could make that change and send me a revised copy of the water right. If there is a cost involved please let me know and I will send you a check by return mail.

Sincerely,



Claude G. Ballard
P.O. Box 5
Fairfield, Idaho 83327

Phone: 208-764-2468

c.c.
United States Department of Interior
Bureau of Land Management
400 West F Street
Shoshone, Idaho 83352
Attention: Tara L. Hagen
Realty Specialist

QUITCLAIM DEED

THIS INDENTURE, Made this 30th day of September

in the year of our Lord one thousand nine hundred and Seventy-Five between

MARJORIE E. AYARS, a married woman as her sole and separate property, Lewiston, Idaho

of Lewiston

County of Nez Perce

State of Idaho, the part y of the first part, and

CLAUDE G. BALLARD and BEVERLY JUNE BALLARD, Husband and wife

of Bellevue

County of Blaine

State of Idaho, the part ies of the second part.

WITNESSETH That the said part y of the first part, for and in consideration of the sum of Ten dollars and other valuable consideration (\$10.00) - - - DOLLARS, lawful money of the United States of America, to her in hand paid by the said parties of the second part, the receipt whereof is hereby acknowledged, do by these presents remise, release and forever QUITCLAIM, unto the said part ies of the second part, and to their heirs and assigns, all that certain lot, piece or parcel of land, situate, lying and being in , County of Camas, State of Idaho, bounded and particularly described as follows, to-wit:

MAIL TAX NOTICE TO:

Name _____

Address _____

City & State _____

Patented Mining claim known as "Sarah Lode" Survey No. 1610 described as follows:

Beginning at corner No. 1, a fir post four inches square marked 1-1610 with mound of earth and stone from which U.S. Location Monument No. 11 bears S 31° 21' E. 111 ft.;

Thence, first course, N 29° 57' E 300 ft, to a point from which the point of discovery bears S 50° 03' E, 500 ft distant; 600 ft to corner No. 2.

Thence, second course, S 50° 03' E, 1,485 ft to corner No. 3.

Thence, third course, S 39° 57' W, 600 ft, to corner No. 4.

Thence, fourth course, N 50° 03' W, 1,485 ft to corner No. 1 the place of beginning; said lot No. 1610 extending one thousand four hundred and eighty five feet in length along said Sarah vein or lode, and containing twenty acres and four hundred and fifty five thousandths of an acre of land, more or less; according to records of U.S. District Land Office, Blackfoot, Idaho.

Provided, however, that the grantor herein reserves to herself an undivided one-half interest in all the mineral rights, oil and gas rights, and geothermal rights in the above described property.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
RIGHT-OF-WAY GRANT/TEMPORARY USE PERMIT

SERIAL NUMBER IDI-27206

1. A right-of-way is hereby granted pursuant to Title V of the Federal Land Policy and Management Act of October 21, 1976 (90 Stat. 2776; 43 U.S.C. 1761).
2. Nature of Interest:
 - a. By this instrument, the holder:

Claude Ballard
PO Box 5
Fairfield, ID 83327

receives a right to construct, operate, maintain, and terminate a(n) spring development, installed pipeline, and access route, on public lands described as follows:

T. 2N, R. 16E, Boise Meridian
Sec. 30, Lot 3 & 4
 - b. The right-of-way or permit area granted herein is **20 feet wide, 1,600 feet long for the pipeline and access route, and an area 100 feet wide, 100 feet long around the spring for maintenance purposes** and contains **.96 acres**, more or less. If a site type facility, the facility contains **N/A acres**.
 - c. This instrument shall terminate on **December 31, 2034**, unless, prior thereto, it is relinquished, abandoned, terminated, or modified pursuant to the terms and conditions of this instrument or of any applicable Federal law or regulation.
 - d. This instrument may be renewed. If renewed, the right-of-way or permit shall be subject to the regulations existing at the time of renewal and any other terms and conditions that the authorized officer deems necessary to protect the public interest.
 - e. Notwithstanding the expiration of this instrument or any renewal thereof, early relinquishment, abandonment, or termination, the provisions of this instrument, to the extent applicable, shall continue in effect and shall be binding on the holder, its successors, or assigns, until they have fully satisfied the obligations and/or liabilities accruing herein before or on account of the expiration, or prior termination, of the grant.

3. Rental:

For and in consideration of the rights granted, the holder agrees to pay the Bureau of Land Management fair market value rental as determined by the authorized officer unless specifically exempted from such payment by regulation. Provided, however, that the rental may be adjusted by the authorized officer, whenever necessary, to reflect changes in the fair market rental value as determined by the application of sound business management principles, and so far as practicable and feasible, in accordance with comparable commercial practices.

4. Terms and Conditions:

- a. This grant or permit is issued subject to the holder's compliance with all applicable regulations contained in Title 43 Code of Federal Regulations part 2800.
- b. Upon grant termination by the authorized officer, all improvements shall be removed from the public lands within 90 days, or otherwise disposed of as provided in paragraph (4)(d) or as directed by the authorized officer.
- c. Each grant issued for a term of 20 years or more shall, at a minimum, be reviewed by the authorized officer at the end of the 20th year and at regular intervals thereafter not to exceed 10 years. Provided, however, that a right-of-way or permit granted herein may be reviewed at any time deemed necessary by the authorized officer.
- d. The stipulations, plans, maps, or designs attached hereto, are incorporated into and made a part of this grant instrument as fully and effectively as if they were set forth herein in their entirety.
- e. Failure of the holder to comply with applicable law or any provision of this right-of-way grant or permit shall constitute grounds for suspension or termination thereof.
- f. The holder shall perform all operations in a good and workmanlike manner so as to ensure protection of the environment and the health and safety of the public.

IN WITNESS WHEREOF, The undersigned agrees to the terms and conditions of this right-of-way grant or permit.

Charles G. Ballard
(Signature of Holder)

Owner
(Title)

10-26-04
(Date)

David A. Vye
(Signature of Authorized Officer)

Field Manager
(Title)

10-27-2004
(Effective Date of Grant)

**RIGHT-OF-WAY IDI-27206
STIPULATIONS**

1. Use of pesticides shall comply with the applicable Federal and State law. Pesticides shall be used only in accordance with their registered uses and within limitations imposed by the secretary of the interior. Prior to the use of pesticides, the holder shall obtain from the authorized officer written approval of a plan showing the type and quality of material to be used, pest(s) to be controlled, method of application, location of storage and disposal of containers, and any other information deemed necessary by the authorized officer. The authorized officer prior to such use shall approve emergency use of pesticides in writing.
2. The holder shall contact the authorized officer at least seven days prior to the anticipated start of construction and/or any surface disturbing activities. The authorized officer may require and schedule a pre-construction conference with the holder prior to the holder's commencing construction and/or surface disturbing activities on the right-of-way. The holder and/or his representative shall attend this conference. The holder's contractor, or agents involved with construction and/or any surface disturbing activities associated with the right-of-way, shall also attend this conference to review the stipulations of the grant including the plan(s) of development.
3. The holder shall construct, operate and maintain the facilities, improvements, and structures within the right-of-way limits. Any relocation, additional construction, or use that is not in accord with this authorization shall not be initiated without the prior written approval of the authorized officer. A copy of the complete right-of-way grant, including all stipulations shall be made available on the right-of-way area during construction, operation, and termination to the authorized officer. Noncompliance with the above will be grounds for an immediate temporary suspension of activities if it constitutes a threat to public health and safety or to the environment.
4. The holder shall not initiate any construction or other surface disturbing activities on the right-of-way without the prior written authorization of the authorized officer. Such authorization shall be a written notice to proceed issued by the authorized officer. Any notice to proceed shall authorize construction of use only as therein expressly stated and only for the particular location or use therein described.
5. The authorized officer may suspend or terminate in whole or in part any notice to proceed which has been issued when, in his judgment, unforeseen conditions arise which result in the approved terms and conditions being inadequate to protect the public health and safety or to protect the environment.
6. No construction or routine maintenance activities shall be performed during periods when the soil is too wet to adequately support construction equipment. If such equipment creates ruts in excess of 3 inches deep, the soil shall be deemed too wet to adequately support construction equipment.
7. The holder shall seed all disturbed areas, using a seed mix and planting method suitable for the location as specified by the authorizing officer. Seeding shall be repeated if a satisfactory stand is not obtained as determined by the authorizing officer upon evaluation after the first growing season.

8. Any cultural and/or paleontological resource (historic or prehistoric site object) discovered by the holder, or any person working on his behalf, on public or Federal land shall be immediately reported to the authorized officer. Holder shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the authorized officer. An evaluation of the discovery will be made by the authorized officer to determine appropriate actions to prevent the loss of significant cultural or scientific values. The holder will be responsible for the cost of evaluation and any decision as to proper mitigation measures will be made by the authorized officer after consulting with the holder.
9. The holder shall protect all survey monuments found within the right-of-way. Survey monuments include, but are not limited to, General Land Office and Bureau of Land Management Cadastral Survey Corners, reference corners, witness points, U.S. Coastal and Geodetic benchmarks and triangulation stations, military control monuments, and recognizable civil (both public and private) survey monuments. In the event of obliteration or disturbance of any of the above, the holder shall immediately report the incident, in writing, to the authorized officer and the respective installing authority if known. Where General Land Office or Bureau of Land Management right-of-way monuments or references are obliterated during operations, the holder shall secure the services of a registered land survey or Bureau cadastral surveyor to restore the disturbed monument and references using surveying procedures found in the Manual of Surveying Instructions for the Survey of the Public Lands of the United States, latest edition. The holder shall record such survey in the appropriate county and send a copy to the authorized officer. If the Bureau cadastral surveyors or other Federal surveyors are used to restore the disturbed survey monument, the holder shall be responsible for the survey cost.
10. The holder shall be responsible for weed control on disturbed areas within the limits of the right-of-way. The holder is responsible for consultation with the authorized officer and/or local authorities for acceptable weed control methods (within limits imposed in the grant stipulations).
11. The holder shall permit free and unrestricted public access to and upon the right-of-way across public lands, but not across private lands, for all lawful purposes except for those specific areas designated as restricted by the authorized officer to protect the public, wildlife, livestock, or facilities constructed within the right-of-way.
12. During construction, operation, maintenance, and termination of the right-of-way, during the period from June 1 to November 1, vehicles, gas-powered equipment, and flues shall be equipped with spark arrestors approved by the authorizing officer.
13. Holder shall maintain the right-of-way in a safe, usable condition, as directed by the authorized officer.
14. The holder of right-of-way No. IDI-27206 agrees to indemnify the United States against any liability arising from the release of any hazardous substance or hazardous waste (as these terms are defined in the Comprehensive Environmental Response, Compensation and

Liability Act of 1980, 42 U.S.C. 9601, et seq. or the Resource Conservation and Recovery Act of 1976, 42 U.S.C. 6901 et seq.) on the right-of-way (unless the release or threatened release is wholly unrelated to the right-of-way holders activity on the right-of-way). This agreement applies without regard to whether a release is caused by the holder, its agent, or unrelated third parties.

15. Motorized access to the area is prohibited from December 1 to May 31.
16. Holder shall comply with all applicable federal laws and regulations existing or hereafter enacted or promulgated. In any event, the Holder shall comply with the Toxic Substances Control Act of 1976, as amended (15 U.S.C. 2601, et., seq.) with regard to any toxic substances that are used, generated by or stored on the permit area or on facilities authorized under this permit. (See 40 CFR, Part 702=799 and especially, provisions on polychlorinated biphenyls, 40 CFR 761.1-761.193). Additionally, any release of toxic substances (leaks, spills, etc.) in excess of the reportable quantity established by 40 CFR, Part 117 shall be reported as required by the Comprehensive Environmental Response Compensation and Liability Act of 1980, Section 102b. A copy of any report required or requested by any Federal agency or State government as a result of a reportable release or spill of any toxic substances shall be furnished to the authorized officer concurrent with the filing of the reports to the involved Federal agency or State government.
17. The Holder shall indemnify the United States against any liability for damage to life or property arising from the occupancy or use of public lands under this grant.
18. The holder shall construct, operate and maintain the facilities, improvements, and structures within the right-of-way limits. If at any time the Holder wishes to reconstruct, remodel or relocate any portion of the right-of-way, or the improvements, prior written approval must be obtained from the Authorized Officer. No such approval will be given unless the request is authorized by law, and an application is made under applicable regulations.
19. The Holder shall conduct all construction and maintenance activities in a manner that will minimize disturbance to vegetation, drainage channels and stream banks. The Holder shall take resource conservation and protection measures on the right-of-way as the Authorized Officer deems reasonably necessary. Areas disturbed during construction and/or maintenance shall be reseeded with a seed mixture and rate of success to be determined by the Authorized Officer.
20. Evidence that an application to transfer the Point of Use (POU) of water right 37-08062 from T. 2N, R. 16E, Sec. 30, Lot 4 (SWSW) to T. 2N, R. 16E, Sec. 30, SWSW with the following remark "The use of water under this right does not include federal public land." has been filed with the Idaho State Department of Water Resources (IDWR) shall be submitted by November 30, 2004. As soon as IDWR action on the transfer application has been taken, the permittee shall notify the Bureau of Land Management Authorized Officer and provide a copy of the IDWR water authorization, or will accept termination of this permit if IDWR rejects the application for transfer.