

Water Right Purchase and Sale Agreement

This Water Right Purchase and Sale Agreement is made this 20th day of FEBRUARY, 2004, between Pacific Hide & Fur Depot, represented by William Knick 1401 3rd St NW, Great Falls, Montana 59404 (hereinafter "Seller"), and L.M. & Carol J. McKay (hereinafter "Buyer").

Whereas Seller is the owner of the water right evidenced by water right license no. 63-31439 for 0.18 cubic feet per second (cfs) of water appurtenant to land in Section 12, Township 1 North, Range 1 East, Ada County, more particularly described on Exhibit A, hereto. And whereas all the parties have reached agreement on the terms and conditions for the purchase and sale of a portion of Seller's water right, for the consideration hereinafter recited, Seller and Buyer agree as follows:

- 1) Purchase and Sale of Rights. Seller agrees to sell to Buyer and Buyer agrees to purchase from Seller 0.012 cfs (4.5 ac-ft.) of Seller's water right evidenced by water right no. 63-31439 (hereinafter referred to as "the purchased water right").
- 2) Purchase Price and Payment. Buyer shall pay the Seller, as consideration for the purchased water right, _____ per irrigated acre for one (1) acre, more or less, of land _____ (hereinafter referred to as "the purchase price"). Buyer agrees to deliver the purchase price in the form of a personal check to the escrow agent, Idaho Escrow, 4290 Chinden Blvd, Boise, ID 83714, to be deposited in an escrow account pursuant to the escrow instructions of paragraph 5, hereof upon execution of this Agreement by Seller and Buyer at the closing of this transaction, which shall occur on a date and at a time agreeable to the Buyer and Seller. Buyer and Seller agree to share the escrow costs equally.
- 3) Conveyance of Title and Title Policy. Seller agrees to execute a Water Right Warranty Deed, in the form of Exhibit B, conveying the purchased water right to Buyer, and Seller agrees to deliver such deed to the escrow agent at the closing of this transaction. Seller agrees to provide Buyer with a title insurance policy on the one (1) acre covered by the purchased water

right at the time of delivery of the purchase price to the escrow agent. Seller shall also provide Buyer, at closing, written certification from the Idaho Department of Water Resources (IDWR) that no Notice of Security Interest has been filed concerning the one (1) acre of the purchased water right as of the closing date.

4) Water Right Transfer. The parties acknowledge and agree that diversion of the purchased water right for use on the L.M. & Carol J. McKay property will require an Idaho Department of Water Resources (IDWR) approval of an Application for Transfer of Water Right. Buyer agrees to prepare and file an Application for Transfer to change the elements of the purchased water right that is acceptable to both Seller and Buyer and pay the appropriate filing fee. Buyer agrees to be primarily responsible for monitoring the status of the Transfer and for maintaining contact with both IDWR and Seller. Seller agrees to participate as applicant and advocate for the Transfer in all administrative and judicial proceedings necessary to obtain final approval of the Transfer. For purposes of this Agreement, final approval shall mean approval of the Transfer on terms and conditions that are acceptable to both Seller and Buyer after all administrative and judicial remedies are exhausted. Costs and attorney fees in preparing, filing, and obtaining final approval of the Transfer shall be paid by Seller and Buyer as follows:

a) Seller shall be responsible for all costs and attorney fees incurred in responding to issues regarding the validity and Seller's ownership of the purchased water right. Buyer shall be responsible for his costs and attorneys fees incurred in responding to all other issues regarding the Transfer not to exceed one thousand dollars (\$1000). At any time after Buyer's expenditure of one thousand dollars (\$1000) pursuant to this paragraph, Buyer may extend or terminate this Agreement and either withdraw or continue with the Transfer.

b) Termination of Sale. If the water right being purchased by the Buyer becomes invalid or unavailable because of action or inaction on the part of the Seller, the escrow shall terminate and all monies and accrued interest shall be returned to the Buyer. The Seller shall also reimburse the Buyer for all out-of-pocket expenses incurred relating to the purchase and transfer of the water right. If Buyer terminates this Agreement for any cause other than denial by IDWR or reaching the maximum expenditure described in paragraph 4.a. above, twenty percent

(20%) of the purchase price plus the accrued interest on that amount shall be transferred to the Seller. The remaining eighty percent (80%) of the purchase price and the accrued interest on that amount shall be returned to Buyer by the escrow agent.

5) Escrow Agent and Instructions. The parties hereby appoint Idaho Escrow, 4290 Chinden Blvd, Boise, ID 83714, telephone: (208) 377-2212, as the escrow agent to hold and release a purchase price and deed to a water right pursuant to the terms of this Agreement and any additional written instructions signed by both parties hereto and provided to the escrow agent.

a) The purchase price shall be released to the Seller only upon completing all of the following: 1) Approval by the IDWR of the Transfer for the purchased water right; 2) The expiration of all administrative and judicial periods for appeal; and 3) The written approval by Buyer of any conditions placed on the Transfer by the IDWR. Buyer's approval shall not unreasonably be withheld and shall be provided within thirty (30) days after delivery of written notice of such conditions to Buyer by Seller or within thirty (30) days after expiration of the applicable administrative and judicial periods for appeal should conditions already approved by Buyer be modified by subsequent administrative or judicial action. Failure by Buyer to provide written approval or disapproval to the escrow agent within thirty (30) days after delivery of such written notice of such conditions to Buyer shall be deemed written approval.

b) The Seller and the Buyer shall act in good faith and use best efforts to complete the agreed upon property transfer as described herein on or before March 1, 2005. If the property transfer has not been completed by that date, the Seller and the Buyer may terminate the escrow by executing a mutual written consent and by each party providing a copy of the mutual written consent to the escrow agent. Termination of the escrow shall be effective upon receipt by the escrow agent of a separate copy of the mutual written consent from the Seller and from the Buyer.

c) Upon receipt of written notice from IDWR or Court of proper jurisdiction of the timely final approval of the Transfer and after expiration of all applicable appeal periods, expiration of the applicable thirty (30) day period described in paragraph 5.a. hereof and Seller's

full performance of the terms of this Agreement, Buyer shall, within ten (10) days of expiration of the applicable thirty (30) day period described in paragraph 5.a. hereof, provide a letter of confirmation thereof to escrow agent and escrow agent shall release the purchase price to Seller. All accrued interest on the purchase price shall be released to Buyer.

d) The deed to the purchased water right shall be released to the Buyer upon release of the purchase price to the Seller.

6) Entire Agreement. This Agreement contains the entire understanding of the parties. Any changes or modifications to this Agreement must be in writing signed by Seller and Buyer.

7) Heirs, Successor, and Assigns. The covenants, conditions, and agreements herein contained shall be binding on each of the parties hereto and on all parties and all persons claiming under them or either of them and the advantages hereof shall inure to the benefit of each of the parties hereto and the respective heirs and successors and assigns.

8) Seller affirmatively represent and warrant to Buyer that he is the sole owner of the water right evidenced by water right no. 63-31439 for 0.18 cubic feet per second (cfs) appurtenant to real property located in Section 12, Township 1 North, Range 1 East, Ada County, more particularly described on Exhibit A, hereto. Seller also affirmatively represent and warrant to Buyer that said water right has no pending lien, security interest, mortgage, or other form of encumbrance whatsoever which would prevent or impede the full and complete transfer of legal and equitable title of the purchased water right to Buyer under the terms of this Agreement.

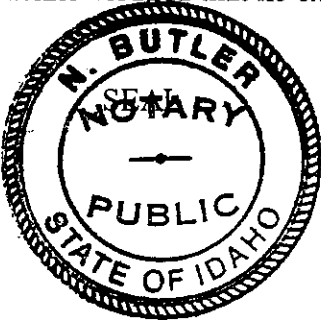
BUYER:

L.M. & Carol J. McKay

By: L.M. McKay Carol J. McKay

State of Idaho/or _____)
County of Canyon) SS.

On this 20th day of February 2004, before me personally appeared L.M. McKay & Carol J. McKay, proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument, and acknowledged that he executed the same.



N. Butler
Notary Public
Residing at Yampah
My Commission Expires on 5/18/04

SELLER:

Pacific Hide & Fur Depot

By: _____

State of ~~Idaho~~ or MONTANA)
County of Cascade) SS.

On this 11th day of March 2004, before me personally appeared William F. Rick, proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument, and acknowledged that he executed the same.

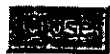
SEAL

Shirley E. Walker
Notary Public

Residing at 1401 3rd St NW, Great Falls MT
My Commission Expires on 10-25-2007

Exhibit A

WATER RIGHT LICENSE



IDAHO DEPARTMENT OF WATER RESOURCES
 Adjudication Recommended Right Report

03/04/2004

WATER RIGHT NO. 63-31439

<u>Owner Type</u>	<u>Name and Address</u>
Current Owner	PACIFIC HIDE & FUR DEPOT PO BOX 849 NAMPA, ID 83651 (208)466-1673
Original Owner	SUSAN K BEVAN
Original Owner	THOMAS M BEVAN 4202 N MARCLIFFE AVE BOISE, ID 83704 (208)323-7873
Original Owner	VIOLET J STRINGER
Original Owner	WILLIAM C STRINGER 421 MARCUS CT MOAB, UT 84532 (801)259-8686

Priority Date: 06/08/1978

Basis: License

Status: Active

<u>Source</u>	<u>Tributary</u>
GROUND WATER	

<u>Beneficial Use</u>	<u>From</u>	<u>To</u>	<u>Diversion Rate</u>	<u>Volume</u>
IRRIGATION	03/15	11/15	0.13 CFS	49.5 AFA
COMMERCIAL	01/01	12/31	0.05 CFS	13.6 AFA
Total Diversion			0.18 CFS	

Location of Point(s) of Diversion:

GROUND WATER	NENENE	Sec. 12	Township 01N	Range 01E	ADA County
GROUND WATER	NESENE	Sec. 12	Township 01N	Range 01E	ADA County

Place(s) of use:

Place of Use Legal Description: IRRIGATION ADA County

Township	Range	Section	Lot	Tract	Acres	Lot	Tract	Acres	Lot	Tract	Acres	Lot	Tract	Acres
01N	01E	12		NENE	11									

Place of Use Legal Description: COMMERCIAL ADA County

Township	Range	Section	Lot	Tract	Acres	Lot	Tract	Acres	Lot	Tract	Acres	Lot	Tract	Acres
01N	01E	12		NENE			SENE							

Total Acres: 11

Conditions of Approval:

1.	c18	This partial decree is subject to such general provisions necessary for the definition of the rights or for the efficient administration of the water rights as may be ultimately determined by the Court at a point in time no later than the entry of a final unified decree. Section 42-1412(6), Idaho Code.
2.	T08	Failure of the right holder to comply with the conditions of Transfer No. 69750 is cause for the Director to rescind approval of the transfer.
3.	T17	Prior to diversion of water under this approval, the right holder shall provide a means of measurement acceptable to the Department from all authorized points of diversion which will allow determination of the total rate of diversion.
4.	046	Right holder shall comply with the drilling permit requirements of Section 42-235, Idaho Code.
5.	01Q	After specific notification by the Department, the right holder shall measure the diversion or shall enter into an agreement with the Department to determine the amount of water diverted from power records and shall annually report the information to the Department.
6.	R32	This right when combined with all other rights shall provide no more than .02 cfs per acre nor more than 4.5 afa per acre for irrigation of the lands above.

Remarks:

1.	Purpose of Use	Commercial use is for a fur and hide facility.
2.	Purpose of Use	THE USE OF WATER FOR IRRIGATION UNDER THIS RIGHT MAY BEGIN AS EARLY AS MARCH 1 PROVIDED OTHER ELEMENTS OF THE RIGHT ARE NOT EXCEEDED. THE USE OF WATER BEFORE MARCH 15 UNDER THIS REMARK IS SUBORDINATE TO ALL WATER RIGHTS HAVING NO SUBORDINATED EARLY IRRIGATION USE AND A PRIORITY DATE EARLIER THAN THE DATE A PARTIAL DECREE IS ENTERED FOR THIS RIGHT.
3.	Quantity	The total instantaneous diversion of water from all points of diversion under Right 63-31439 shall not exceed 0.18 cfs, nor total combined annual volume of 63.1 af.

Dates:

Other Information:

State or Federal: S

Owner Name Connector: And

Water District Number:

Generic Max Rate per Acre: 0.02

Generic Max Volume per Acre: 4.5

Swan Falls Trust or Nontrust:

Swan Falls Dismissed:

DLE Act Number:

Cary Act Number:

Mitigation Plan: True

[Close](#)

Exhibit B

WATER RIGHT WARRANTY DEED

Water Right Warranty Deed

Pacific Hide and Fur Depot, represented by William Knick, P.O. Box 1459, Great Falls, Montana 59403 ("Grantors"), do hereby GRANT, BARGAIN, SELL and CONVEY unto L.M. and Carol J. McKay ("Grantee"), a portion of the following water right, more particularly described as follows:

That portion of Water Right License No. 63-31439 for 0.18 cubic feet per second (cfs) of water, which is appurtenant to eleven (11) acres of land in Section 12, Township 1 North, Range 1 East, Ada County, more particularly described on Exhibit A, hereto. That portion of said water right is in the quantity of 0.012 cfs, which has been transferred to Grantee's real property, pursuant to the terms and conditions of the Water Right Purchase and Sale Agreement between Grantors and Grantee.

TO HAVE AND TO HOLD unto the said Grantee, heirs, and assigns forever. And the Grantors do hereby covenant to and with said Grantee that Grantors are the owners of Water Right License No. 63-31439 and that it is free of all encumbrances, mortgages, liens, or any other restrictions on the full and complete transfer of title of 0.012 cfs of said water right license to Grantee and that Grantors will warrant and defend the same from all lawful claims whatsoever.

By: _____ Dated: _____
William Knick

State of _____)
County of _____) s.s.

On this ____ day of _____ 2004, before me, the undersigned, a Notary Public, personally appeared William Knick, the Vice President of Operations of Pacific Hide and Fur Depot, a _____ corporation, known or identified to me to be the person whose name is subscribed to the within instrument as _____, and acknowledged to me that he executed the same for and on behalf of the corporation.

S
E
A
L

Notary Public
My Commission Expires on _____

PC 35777

WARRANTY DEED

RECEIVED

APR 27 2004

WATER RESOURCES
WESTERN REGION

FOR VALUE RECEIVED Carl W. Anderson and Laura Anderson,
husband and wife, and Bill D. Pugh and Kellie Pugh, husband and
wife

the Grantors, do hereby grant, bargain, sell and convey unto

L. Merritt McKay and Carol J. McKay, husband and wife

the Grantees, whose address is 10207 Northlake Ave., Olathe, KS 66061

the following described premises, to-wit:

Northlake

See attached Exhibit "A", which by this reference is made a part
hereof and is comprised of one (1) page.

TO HAVE AND TO HOLD the said premises, with their appurtenances unto the said Grantees, their heirs and assigns
forever. And the said Grantors do hereby covenant to and with the said Grantees, that they the owners in fee simple of said
premises; that said premises are free from all encumbrances; except for general taxes and assessments for the year 1998 and
subsequent years, covenants, conditions, restrictions and easements of record; and that they will warrant and defend the same
from all lawful claims whatsoever.

DATED: September 17, 1998

Carl W. Anderson

Carl W. Anderson

Bill D. Pugh

Bill D. Pugh

Laura Anderson

Laura Anderson

Kellie Pugh

Kellie Pugh

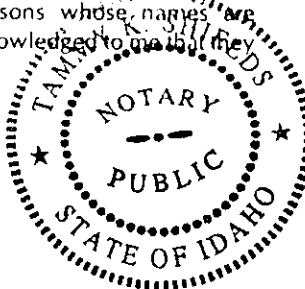
STATE OF IDAHO

COUNTY OF CANYON

On this 17th day of September in the year 1998, before me, a Notary
Public, personally appeared Carl W. Anderson and Laura Anderson
known or identified to me to be the persons whose names are
subscribed to the within instrument, and acknowledged to me that they
executed the same.

L. Merritt McKay
Notary Public

Residing at Danville, CA
My commission expires 9-28-2002



NOTARIAL RECORDS
CANYON COUNTY RECORDS
by L. Merritt McKay

01 JAN 2 PM 4 28

RECORDED

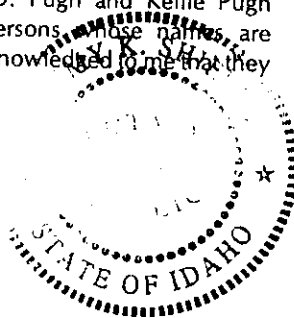
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REQUEST PIONEER - CALDWELL

TYPED Doc FEE 9.00

On this 17th day of September in the year 1998, before me, a Notary Public, personally appeared Bill D. Pugh and Kellie Pugh known or identified to me to be the persons whose names are subscribed to the within instrument, and acknowledged to me that they executed the same.

Larry K. Shuck
Notary Public
Residing at Naupaka, HI
My commission expires 9-28-2001



PIONEER TITLE COMPANY
OF CANYON COUNTY

Exhibit "A"

Parcel B Lot 4, Block 2
Aram Estates Subdivision

A parcel of land being a portion of Lot 4, Block 2 of ARAM ESTATES, as filed in Book 13 of Plats at Page 12, records of Canyon County, Idaho, said parcel lying in a portion of the Southeast Quarter of Section 26, Township 2 North, Range 2 West, Boise Meridian, Canyon County, Idaho, more particularly described as follows:

COMMENCING at a found 5/8-inch iron pin marking the South Quarter corner of said Section 26, said monument also marking the centerline Intersection of Track Road and Bennett Road; thence

North 00° 08' 14" East a distance of 2,647.69 feet along the Westerly boundary of said Southeast Quarter of Section 26, Township 2 North, Range 2 West, to a found brass cap marking the C Quarter corner of said Section 26; thence

North 89° 59' 42" East a distance of 1,000.60 feet along the North boundary of said Southeast Quarter to a found 1/2-inch iron pin marking the North corner common to Lots 3 and 4, Block 2 of said ARAM ESTATES; thence

South 00° 00' 18" East a distance of 309.99 feet along a line common to Lots 3 and 4, Block 2, of said ARAM ESTATES to a set 1/2-inch iron pin, said pin being the POINT OF BEGINNING; thence

North 89° 59' 42" East a distance of 271.96 feet parallel with the North boundary of the said Southeast Quarter to a set 1/2-inch iron pin, said pin lying on a line common to Lots 4 and 5 of said ARAM ESTATES; thence

South 00° 00' 18" East a distance of 309.99 feet along a line common to Lots 4 and 5, Block 2 of said ARAM ESTATES to a found 1/2-inch iron pin, said pin lying on the North boundary of Aram Drive as recorded in said ARAM ESTATES; thence

South 89° 59' 42" West a distance of 271.96 feet parallel with the North boundary of said Southeast Quarter and along said North boundary of Aram Drive to a found 1/2-inch iron pin; thence

North 00° 00' 18" West a distance of 309.99 feet along a line common to Lots 3 and 4, Block 2 of said ARAM ESTATES to the POINT OF BEGINNING.

EXCEPTING THEREFROM

Private road as described in Deed recorded February 5, 1999 as Instrument No. 9904537, records of Canyon County, Idaho.