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WATER RESOURCES
WESTERN REGION

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES
ASSIGNMENT OF APPLICATION FOR TRANSFER

To change the ownership of an application for transfer

✓ data-entered
6/15/2011.

DB

Page 1 of 2 is to be completed by the current transfer applicant. Notarization required.
Page 2 of 2 is to be completed by the new transfer applicant. Notarization not required.

I, Idaho Water Company LLC, hereby assign to
Current Applicant(s)

Shekinah Industries, Inc./Michael Preston
New Applicant(s)

of, 420 Bitterroot Drive
Mailing address

Boise ID 83709 (208) 859-3669
City State ZIP Telephone No.

All my right, title, and interest in and to Application for Transfer No. 73811.

Made this 11th day of May, 2011.
[Signature] Delbert Kohtz, Manager
Signature of Current Applicant or Authorized Representative Print Name and Title (if applicable)

Signature of Current Applicant or Authorized Representative Print Name and Title (if applicable)

State of Idaho)
County of Ada)ss

On this 11th day of may, 2011, personally appeared before me the signer(s) of the above instrument, who duly acknowledged to me that he/~~she~~/they executed the same.

SEAL



[Signature]
Notary Public
My commission expires: 5/21/2016

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

ASSIGNMENT OF APPLICATION FOR TRANSFER

Name of New Applicant(s) Shekinah Industries, Inc./Michael Preston Phone (208) 859-3669

Mailing address: 420 Bitterroot Drive

City Boise State ID Zip 83709 Email pres7@mac.com

- If applicant is not an individual and not registered to do business in the State of Idaho, attach documentation identifying officers authorized to sign or act on behalf of the applicant. Label it **Attachment #1.**
- Attach water right ownership documentation if Department records do not show the transfer applicant as the current water right owner. Label it **Attachment #2a.**
- If the ownership of the water right will change as a result of the proposed transfer to a new place of use, attach documentation showing land and water right ownership at the new place of use. Include documentation for all affected land and owner(s). Label it **Attachment #2b.**
- Attach documentation of authority to make the proposed change if the applicant is not the water right owner. Label it **Attachment #3.**

Provide contact information below if a consultant, attorney, or any other person is representing the applicant in this transfer process.

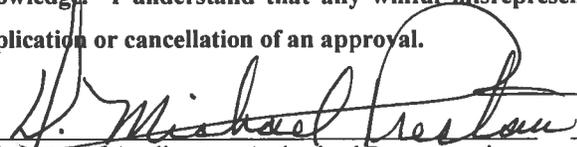
- No Representative

Name of Representative Michael C. Creamer, Phone 208-388-1200

Mailing address Givens Pursley LLP, P.O. Box 2720, Boise, ID 83701 Email mcc@givenspursley.com

- Send all correspondence for this application to the representative and not to the applicant.
- OR
- Send original correspondence to the applicant and copies to the representative.
- The representative may submit information for the applicant but is not authorized to sign for the applicant.
- OR
- The representative is authorized to sign for the applicant. Attach a Power of Attorney or other documentation providing authority to sign for the applicant and label it **Attachment #4.**

I hereby assert that no one will be injured by the proposed changes and that the proposed changes do not constitute an enlargement in use of the original right(s). The information contained in this application is true to the best of my knowledge. I understand that any willful misrepresentations made in this application may result in rejection of the application or cancellation of an approval.

| | | |
|--------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|------------------------|
|  Signature of Applicant or Authorized Representative | <u>D. MICHAEL PRESTON PRES</u> Print Name and Title if applicable | <u>5/27/11</u> Date |
| <hr/> Signature of Applicant or Authorized Representative | <hr/> Print Name and Title if applicable | <hr/> Date |

NOTE: Include the appropriate attachments identified above with this assignment form.

ID Bus. Entity: # C 89770

WATER RIGHT PURCHASE AND SALE AGREEMENT

This WATER RIGHT PURCHASE AND SALE AGREEMENT ("Agreement") is entered into as of this 2nd day of June, 2011 ("Effective Date") by and between **Shekinah Industries, Inc.**, an Idaho corporation, whose address is 420 Bitterroot Drive, Boise, Idaho ("Buyer"), and **Bernard L. Brown and Brown Farms, L.L.C.**, an Idaho limited liability company (collectively "Seller"). The term "Party" or "Parties" means either Seller, Buyer, or both, as the context requires.

In consideration of the sums to be paid by Buyer to Seller, and the mutual covenants herein contained, the Parties hereby agree as follows:

1. **Water Rights.** Seller owns the following decreed water rights: Water Right Nos. 61-2154, 61-2155, 61-7005, 61-7119, 61-7396 and 61-10378 in the records of the Idaho Department of Water Resources ("Department") authorizing diversion of ground water for irrigation of lands located within Sections 17, 18, 19 and 20, T4S, R6E, B.M., Elmore County, Idaho (the "Water Rights"). Buyer wishes to purchase and Seller desires to sell to Buyer portions of the Water Rights authorized for the irrigation of 369 acres of irrigated land (the "Irrigated Land") with an authorized diversion volume of 4 acre-feet per irrigated acre per annum ("AFA") or a total of 1,476 AFA as described in Exhibit A hereto. The portions of the Water Rights that are subject to purchase and sale under this Agreement are referred to herein as the "Purchased Rights."

2. **Purchase Price.** The total "Purchase Price" for the Purchased Rights shall be [REDACTED] (being based upon [REDACTED] per acre for each of the 369 acres of land that may be irrigated with the Purchased Rights). The Purchase Price shall be payable as follows:

a. **Earnest Money Deposit.** Upon execution of this Agreement by Seller and Buyer, Buyer shall deliver to Seller the sum of [REDACTED] as earnest money ("Earnest Money"). The Earnest Money shall be applied towards the Purchase Price at Closing and shall be non-refundable if the purchase and sale does not close, unless the reason for the failure to close is the result of a breach by Seller.

b. **Balance of Purchase Price.** The balance of the Purchase Price, being [REDACTED], shall be due and payable to Seller at Closing.

3. **Closing.** The Closing shall occur on the earlier of ten days after the date of approval by the Department of Transfer No. 73811 (the "Transfer") or July 7, 2011. At Closing Buyer shall pay to Seller the Purchase Price balance. The documents that Seller shall deliver to Buyer at Closing shall include: (a) an executed water rights deed and appropriate exhibits substantially in conformance with the form set out in Exhibit B attached hereto; and (b) any other documents reasonably requested to complete or confirm the conveyance of the Purchased Rights as contemplated by this Agreement.

4. ***Encumbrances at Closing.*** Seller has disclosed to Buyer that as of the Effective Date hereof, there are no Encumbrances affecting or burdening the Purchased Rights. It is Seller's duty to convey the Purchased Rights to Buyer free of all Encumbrances at Closing. "Encumbrance" or "Encumbered" refer to any lien, mortgage, deed of trust, claim, security interest, monetary obligation, unpaid tax obligation or assessment, option, lease, license, or other conveyed legal interest upon, affecting, or burdening the Purchased Rights (whether or not of record). If Seller fails to remove all Encumbrances prior to or at Closing, Buyer may elect to (a) agree with Seller on a new Closing date to allow further time for Seller to remove the Encumbrances; (b) terminate this Agreement and obtain reimbursement of the Earnest Money; or (c) waive the failure to remove all Encumbrances and close despite the remaining Encumbrances, in which case Buyer shall be entitled to deduct from the Purchase Price the cost associated with removal of any remaining Encumbrances. The cost that may be offset against the Purchase Price shall be based on the amount required to be paid to secured parties or other claimants to remove the remaining Encumbrances but shall not include any attorney fees or other actual or anticipated transaction costs involved in removing the remaining Encumbrances, such transaction costs to be borne by Buyer unless otherwise agreed in writing by the Parties.

5. ***Transfer Application to IDWR.*** Buyer shall be responsible for prosecuting the Transfer and obtaining Department approval of Buyer's desired changes to the Purchased Rights. Buyer will prosecute the Transfer so as to confirm Buyer's and Seller's intent that the Transfer approval not limit the place of use where Seller's retained portions of the water rights may be used within the currently authorized permissible place of use. Buyer shall provide Seller copies of any correspondence related to the Transfer. Seller shall cooperate fully with Buyer throughout the Transfer proceeding, including, upon Buyer's request, providing to Buyer any Farm Service Agency crop reports, power and diversion records, or other evidence of historical beneficial use of the Water Rights and/or the Purchased Rights. At any time, either before or after Closing and in its sole discretion, Buyer may withdraw, amend, or suspend the Transfer application and/or file a new or revised transfer application, and Seller shall cooperate with Buyer in any such other transfer proceeding.

6. ***Dry-Up Obligation.*** The obligations in this section are referred to as "Dry-Up." At the end of the 2011 irrigation season, Seller (including its renters and lessees) shall forever cease to divert the Purchased Rights to irrigate 369 acres of land within the authorized place of use of the Water Rights to which the Purchased Rights are appurtenant, unless the Parties have entered into a separate written agreement authorizing the continued use by Seller of the Purchased Rights.

7. ***Seller's Representations and Warranties.*** Seller hereby represents and warrants to Buyer, as of the Effective Date of this Agreement and again as of the date of Closing, as follows:

a. ***Authority.*** Seller has the full legal right, power and authority to enter into and perform this Agreement.

b. No Defaults. Seller is not in default with respect to any of its obligations or liabilities pertaining to the Purchased Rights or the Irrigated Land to which they are appurtenant.

c. Seller's Title. Seller owns the Water Rights and Irrigated Land to which they are appurtenant in fee simple. Seller has, and at Closing will have, good and marketable title to the Purchased Rights.

d. Compliance with Conditions. The Seller's use of the Purchased Rights has been and continues to be in compliance with all conditions stated in any applicable permit, license, order, or decree.

e. No Other Claims. Seller has no knowledge of any claims, actions, suits, arbitrations, proceedings, or investigations by or before any court or arbitration body, any governmental, administrative or regulatory agency, or any other body, pending or threatened against, effecting or relating to the Purchased Rights or the Irrigated Land to which they are appurtenant, nor is Seller aware of any basis for any such claim, action, suit, arbitration, proceeding or investigation.

8. ***Buyer's Representations and Warranties***. Buyer has the full legal right, power, and authority to enter into and perform this Agreement.

9. ***Buyer's Termination for Default by Seller***. Buyer may terminate this Agreement for an uncured material default by Seller (including breach of representation or warranty). If Buyer elects to terminate, Buyer first shall provide a written demand to Seller and provide Seller fifteen (15) days to cure. If Seller fails to cure within that time, Buyer may terminate this Agreement upon written notice to Seller and thereafter pursue any or all of the following remedies. Buyer may: (a) seek specific performance of this Agreement; (b) obtain a refund of the Earnest Money; and/or (c) pursue all other remedies available at law or in equity. It is the intent of the Parties that these remedies be cumulative to the extent permitted by law and equity and that they be liberally enforced so as to adequately and completely compensate Buyer.

10. ***Notices***. Any notice under this Agreement shall be in writing and shall be delivered by certified U.S. mail, commercial overnight service, facsimile, email, or hand delivery. Receipt of any notice given by email, facsimile, or hand delivery shall be confirmed in writing or email by the receiving Party. All notices shall be addressed to the Parties at the addresses set forth below, or at such other addresses as the Parties may, from time to time, direct in writing. Any notice shall be deemed to have been given on the earlier of (a) actual delivery or refusal, or (b) three days after mailing by certified mail.

If to Buyer:

Shekinah Industries, Inc.
Attn: Mike Preston
420 Bitterroot Drive
Boise, ID 83709

If to Seller:

Bernard Brown
Brown Farms, L.L.C.
c/o Clifford Brown, Esq.
Holzer Edwards & Harrison
1516 W. Hays Street
Boise, ID 83702

11. **Further Acts.** In addition to the acts recited herein and contemplated to be performed, the Parties hereby agree to perform, execute, and/or deliver or cause to be performed, executed, and/or delivered any and all such further acts, deeds, assurances, releases, and authorizations as either Party hereto may reasonably require to consummate the transactions contemplated hereunder.

12. **Correspondence and Filings.** Buyer agrees to promptly provide Seller with copies of all filings and correspondence among and between any parties to the Transfer and/or the Department and copies of all preliminary, recommended and final orders issued by the Department concerning the Transfer.

13. **Successors and Assigns.** This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors, assigns, heirs, and personal representatives. No third party beneficiaries are created by this Agreement.

14. **Entire Agreement.** This Agreement is the entire agreement of Buyer and Seller with respect to the matters covered hereby and supersedes all prior agreements between them, written or oral.

15. **Amendments.** This Agreement may be modified only in writing signed by Buyer and Seller.

16. **Headings.** The headings and captions contained in this Agreement are for the convenience of the Parties only and are not intended to alter or limit the meaning of the provisions thereunder.

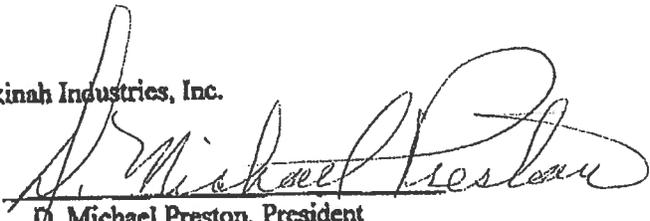
17. **Severability.** The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision hereof.

18. **Counterparts.** This Agreement may be executed in counterparts.

[end of text; signature page to follow]

IN WITNESS WHEREOF, the undersigned have duly executed this Agreement.

BUYER: Shekinah Industries, Inc.

By: 
D. Michael Preston, President

SELLER:


Bernard L. Brown

Brown Farms L.L.C.

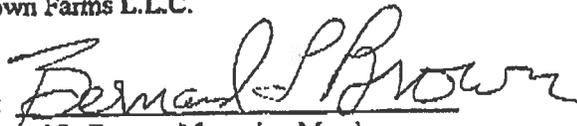
By: 
Bernard L. Brown, Managing Member

EXHIBIT A

PORTIONS OF WATER RIGHT NOS. 61-2154, 61-2155, 61-7005, 61-7119, 61-7396 AND 61-10378 IN THE RECORDS OF THE IDAHO DEPARTMENT OF WATER RESOURCES TOTALING A COMBINED DIVERSION RATE OF 5.56 CFS AND COMBINED ANNUAL DIVERSION VOLUME OF 1,476.0 AFA FOR THE IRRIGATION OF 369 ACRES WITHIN THE CURRENTLY AUTHORIZED PERMISSIBLE PLACE OF USE TAKEN PORTIONALLY FROM THE ABOVE-DESCRIBED WATER RIGHTS AS DESCRIBED IN AMENDED APPLICATION FOR TRANSFER NO. 73811 FILED WITH THE IDAHO DEPARTMENT OF WATER RESOURCES.

EXHIBIT B

WATER RIGHTS DEED (FORM)

SPECIAL WARRANTY DEED FOR WATER RIGHTS

Bernard L. Brown and Brown Farms, L.L.C., an Idaho limited liability company (“Grantors”), do hereby grant, bargain, sell, assign, and convey unto **Shekinah Industries, Inc.**, an Idaho corporation (“Grantee”), whose address is 420 Bitterroot Drive, Boise, Idaho 83709, and to Grantee’s heirs, successors, and assigns forever, all of Grantors’ right, title, and interest in the water rights described in Exhibit A attached hereto (collectively the “Water Rights”).

Grantors retain no residual or reversionary interest in any of the Water Rights conveyed hereby.

Grantors hereby covenant and warrant to Grantee as follows:

- (A) Grantors are the owners in fee simple of the Water Rights.
- (B) Grantors have not conveyed any of the Water Rights to anyone other than Grantee.
- (C) Each of the Water Rights is free from all liens, claims, or encumbrances.
- (D) Grantors have the authority to convey the Water Rights to Grantee.

Grantors make no other covenants or warranties as to the Water Rights.

IN WITNESS WHEREOF, the undersigned and authorized officer of Grantors, acting on behalf of Grantors, have caused their names to be hereunto subscribed on the date shown by each name.

GRANTORS: Brown Farms, L.L.C.

Dated: _____

By: /This is a form document, do not sign/

Name: _____

Title: _____

Dated: _____

/This is a form document, do not sign/

Bernard L. Brown, Individually

