

MAY 04 2012

DEPARTMENT OF  
WATER RESOURCES

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*Attorneys for SeaPac and Jones*

BEFORE DEPARTMENT OF WATER RESOURCES  
 STATE OF IDAHO

IN THE MATTER OF THE DISTRIBUTION OF	)	CM-DC-2011-002
WATER TO WATER RIGHT NOS. 36-07071	)	
	)	
(JOHN W. JONES, JR., and DELORIS D. JONES)	)	
_____	)	
	)	
IN THE MATTER OF DISTRIBUTION OF WATER	)	CM-DC-2011-003
TO WATER RIGHT NOS. 36-07072 and	)	
36-08356	)	STIPULATED MITIGATION PLAN
	)	AND REQUEST FOR ORDER
(SEAPAC OF IDAHO)	)	
_____	)	

COME NOW SeaPac of Idaho, Inc. ("SeaPac"), John W. Jones, Jr., and Deloris D. Jones ("Jones") and North Snake Ground Water District, Magic Valley Ground Water District and Southwest Irrigation District (herein "Ground Water Districts") and the Idaho Ground Water Appropriators, Inc. ("IGWA"), pursuant to IDAPA 37.01.11.043.03(o), by and through their respective attorneys of record and do hereby stipulate and agree as follows:

1. SeaPac, Jones, the Ground Water Districts and IGWA have entered into a Settlement Agreement dated March 27, 2012 ("Settlement Agreement"), a copy of which is attached hereto as Exhibit A.

2. Pursuant to the Settlement Agreement the Ground Water Districts have agreed to lease to SeaPac certain real property, improvements, water rights, permits and other assets acquired from

Blue Lakes Trout Company, referred to as "Blue Lakes", for a lease term of twenty years. A copy of said Lease is attached to the Settlement Agreement as Exhibit "A".

3. Pursuant to Settlement Agreement and in consideration of the lease, SeaPac and Jones have agreed to dismiss their pending delivery calls in the above-referenced matters and to limit future calls or requests for administration of certain water rights pursuant to paragraphs 5.2 and 5.3 of the Settlement Agreement, to-wit:

"5. Limitations on Future Delivery Calls/Participation in Aquifer Management.

5.1 \* \* \*

5.2 Magic Springs Water Rights. For the duration of the Lease, the hydraulic impact from the use of Water Rights of District Members shall be deemed fully and completely mitigated as to SeaPac's Call and SeaPac shall have no right to and agrees not to make any calls or request administration against the Water Rights of District Members under the Conjunctive Management Rules or otherwise based upon Water Right Nos. 36-07072 and 36-08356, or any other water right now or hereafter owned or controlled by SeaPac or any of its subsidiaries or affiliates for fish production within Water District 130; provided, however, that upon the expiration of the Lease or its prior termination as set forth therein, SeaPac shall have the right to make such delivery calls or request administration based upon those specified water rights.

5.3 Jones Water Rights. For the duration of the Lease, the hydraulic impact from the use of Water Rights of District Members shall be deemed fully and completely mitigated as to Jones' Call and Jones shall have no right to and agrees not to make any calls or request administration against the Water Rights of District Members under the Conjunctive Management Rules or otherwise based upon Water Right No. 36-07071, or any other water right now or hereafter owned or controlled by Jones or any of its subsidiaries or affiliates for fish production within Water District 130, provided, however, that upon the expiration of the Lease or its prior termination as set forth therein, Jones shall have the right to make such delivery calls or request administration based upon those specified water rights."

4. The parties agree that the Settlement Agreement together with the Lease are intended to be a mitigation plan as defined in the Conjunctive Management Rules and request the Director of IDWR issue an Order confirming the Settlement Agreement as a Final Mitigation Plan for the duration of the Lease and dismissing the underlying proceedings pursuant to paragraph 5.8 of the Settlement Agreement, to-wit:

5.8 Memorialization of Settlement and Mitigation Plan. The Parties do hereby acknowledge that this Agreement together with the Lease are intended to be a "Mitigation Plan" as such term is defined by the Conjunctive Management Rules. A copy of this Agreement shall be filed with IDWR in conjunction with the dismissal of the



underlying proceeding. The Parties will request the Director of IDWR issue a final order in conjunction with the dismissal of the underlying proceeding confirming this agreement as a final Mitigation Plan pursuant to the provisions of the Conjunctive Management Rules for the duration of the Lease. A memorandum evidencing the Lease will be recorded in the Deed Records of the County in which the Property is located evidencing the existence of the Lease.

Wherefore, the parties request that the Director enter an order without further notice or hearing accepting the Agreement as a complete and final Stipulated Mitigation Plan and dismissing the above-referenced delivery calls of SeaPac and Jones on the terms of their stipulated settlement and consistent with the Stipulations for Dismissal filed contemporaneously herewith in each matter.

DATED this 2nd day of May, 2012.

RACINE, OLSON, NYE, BUDGE &  
BAILEY, CHARTERED

HAWLEY TROXELL

By: Randall C. Budge 4-4-12  
RANDALL C. BUDGE  
CANDICE M. McHUGH  
THOMAS J. BUDGE  
*Attorneys for Ground Water Districts*

By: [Signature] 5-2-2012  
GEOFFREY WARDLE  
*Attorneys for SeaPac and Jones*

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 3<sup>rd</sup> day of May, 2012, I caused to be served a true copy of the foregoing STIPULATED MITIGATION PLAN AND REQUEST FOR ORDER by the method indicated below, and addressed to each of the following:

Victoria Wigle  
Idaho Department of Water Resources.  
PO Box 83720  
Boise, ID 83720-0098  
Victoria.wigle@idwr.idaho.gov  
Garrick.baxter@idwr.idaho.gov  
Chris.bromley@idwr.idaho.gov


☒ U.S. Mail, Postage Prepaid  
☐ Hand Delivered  
☐ Overnight Mail  
☐ E-mail  
☐ Telecopy

Randall C. Budge  
RACINE OLSON NYE BUDGE & BAILEY,  
CHARTERED  
201 E. Center  
P.O. Box 1391  
Pocatello, ID 83204  
rcb@racinelaw.net

☒ U.S. Mail, Postage Prepaid  
☐ Hand Delivered  
☐ Overnight Mail  
☐ E-mail  
☐ Telecopy

Mike Creamer  
GIVENS PURSLEY LLP  
PO Box 2720  
Boise, ID 83702  
mcc@givenspursley.com

☒ U.S. Mail, Postage Prepaid  
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☐ Overnight Mail  
☐ E-mail  
☐ Telecopy

  
\_\_\_\_\_  
Geoff M. Wardle

## SETTLEMENT AGREEMENT

This Settlement Agreement ("**Agreement**") is made and entered into effective March 27, 2012, by and between SeaPac of Idaho, Inc. ("**SeaPac**"); John W. Jones ("**Jones**"), the North Snake Ground Water District, Magic Valley Ground Water District, American Falls-Aberdeen Ground Water District and Bingham Ground Water District (collectively the "**Signatory Districts**"). Idaho Ground Water Appropriators, Inc. ("**IGWA**") is a party to this Agreement in its capacity as intervenor on behalf of the District Members, as is defined below, in the underlying proceeding that is resolved hereby (SeaPac, Jones, the Signatory Districts and IGWA are referred to as "**Parties**" and each a "**Party**").

### RECITALS:

WHEREAS, on July 12, 2011, SeaPac delivered a letter to the Idaho Department of Water Resources ("**IDWR**") demanding that IDWR administer water rights as required by Idaho Code and IDWR's Conjunctive Management Rules, as defined below, to supply SeaPac with water under its Water Right Nos. 36-7072 and 36-8356 ("**SeaPac's Call**"), which call was assigned Docket No. CM-DC-2011-003.

WHEREAS, IGWA petitioned to be designated as a respondent or alternatively to intervene in SeaPac's Call and on August 3, 2011, IDWR granted IGWA's petition to intervene in SeaPac's Call;

WHEREAS, on July 12, 2011, Jones delivered a letter to the Idaho Department of Water Resources ("**IDWR**") demanding that IDWR administer water rights as required by Idaho Code and IDWR's Conjunctive Management Rules, as defined below, to supply Jones with water under its Water Right No. 36-07071 ("**Jones' Call**"), which call was assigned Docket No. CM-DC-2011-002.

WHEREAS, IGWA petitioned to be designated as a respondent or alternatively to intervene in the Jones' Call and on August 3, 2011, IDWR granted IGWA's petition to intervene in Jones' Call.

WHEREAS, the Signatory Districts have entered into a Purchase and Sale Agreement and contemplate acquiring certain real property, water rights, and personal property of Blue Lakes Trout Company, including the facility operated on the Property more commonly known as "Blue Lakes".

WHEREAS, the Signatory Districts have agreed to lease to SeaPac all of the Property (defined below) on the terms set forth in the Lease, attached hereto and incorporated herein as Exhibit "A" and as set forth in this Agreement.

WHEREAS, in consideration for the Lease, SeaPac has agreed to dismiss SeaPac's Call and to limit future calls or requests for administration of certain water rights as set forth herein in more detail.

WHEREAS, in consideration for the Lease, Jones has agreed to dismiss Jones' Call and to limit future calls or requests for administration of certain water rights as set forth herein in more detail; and

WHEREAS, SeaPac, Jones, the Signatory Districts and IGWA now desire to resolve, compromise and settle the issues related to and to avoid further litigation and dispute as to SeaPac's Call and Jones' Call and to enter into settlement as provided herein.

## AGREEMENT

NOW, THEREFORE, In consideration of this Agreement and the terms and conditions contained herein, and other good and valuable consideration, receipt of which is hereby acknowledged, the Parties agree as follows:

## DEFINED TERMS

In addition to those terms defined herein, the following definitions shall apply to this Agreement:

"Conjunctive Management Rules" means the Rules for Conjunctive Management of Surface and Ground Water Resources IDAPA 37.03.11, adopted pursuant to the Idaho Administrative Procedures Act and Section 42-603, Idaho Code, as they now exist or may hereafter be amended.

"District Member" means any present or future member of a ground water district as defined in Title 42, Chapter 52 of Idaho Code, or any present or future qualified voter of an irrigation district as defined by Title 43, Chapter 1 of Idaho Code, that is a member of IGWA, including the Signatory Districts, together with any member who has joined a district for mitigation purposes only.

"Property" means that certain real property, improvements, water rights, permits and other assets pertaining to the operation of the hatchery that is acquired by the Signatory Districts as more fully described in Exhibit "B" attached hereto and incorporated herein as if set forth in full; provided however, that the definition of "Property" shall exclude all inventory (feed, swimming and frozen), accounts receivable, intangibles, and personal property that is not being acquired by the Signatory Districts from Blue Lakes Trout Company.

"Water Rights of District Members" means any decreed, licensed or permitted groundwater right and pending groundwater applications of a District Member with a priority date prior to the date of this Agreement.

1. Purpose and Objectives. The purpose and objectives of the Parties are as follows:

1.1 To fully compromise and settle SeaPac's Call and Jones' Call against the Water Rights of District Members for the term of the Lease;

1.2 To fully compromise and settle future claims of SeaPac and Jones as against the Water Rights of District Members for the term of the Lease;

1.3 To lease the Property to SeaPac in return for (a) SeaPac's agreement to dismiss SeaPac's Call and to limit SeaPac's future calls against the Water Rights of District Members for the term of the Lease and (b) Jones' agreement to dismiss Jones' Call and to limit Jones' future calls against the Water Rights of District Members for the term of the Lease;

1.4 To mutually release each other from any and all claims arising directly or indirectly out of the foregoing for the term of the Lease; and

1.5 To provide for cooperation, encouragement and participation in efforts made by the State of Idaho and other users of the waters of the State of Idaho to promote the recharging, stabilization and sustaining of the aquifer.

2. Lease of Blue Lakes Assets. The Signatory Districts agree to lease the Property to SeaPac in accordance with the terms and conditions of the Lease attached hereto as Exhibit "A" and incorporated by reference.

2.1 The Property shall be leased to SeaPac on the terms and conditions set forth in the Lease.

2.2 SeaPac has been given full and complete access to the Property for purposes of investigation and approval of (i) the physical condition of the Property; (ii) the environmental condition of the Property; (iii) the conditions of the soils and sub-soils of the Property; (iv) the condition and status of all water rights, NPDES permits and other permits relating to the property; (v) all zoning and land matters relating to the Property or any laws affecting the Property or its use; (vi) the adequacy of ingress, egress and utilities relating to the Property; (vii) the economic viability of the Property for SeaPac's intended use; (viii) verification of the area of the Property; and (ix) the real property description, title report and other detailed "due diligence" information previously provided to SeaPac pursuant to the executed confidentiality agreement between the Parties.

2.3 The possession date under the Lease will occur as soon as possible and within a reasonable time after the Signatory Districts acquire ownership and possession of the Property following closing on the Hardy Purchase and Sale Agreement on February 29, 2012 ("Hardy Closing"). The actual date of commencement of the Lease shall be as set forth thereunder.

3. SeaPac and Jones Contingencies. The conditions precedent to settlement must each be fully satisfied or waived in writing by SeaPac and Jones in their sole discretion before SeaPac and Jones are obligated to perform under the terms of this Agreement. The conditions precedent to settlement are as follows:

3.1 No material adverse change in the physical or environmental conditions of the Property between the date of this Agreement and the Hardy Closing and there is no material adverse change in the physical or environmental conditions of the Property between the date of the Hardy Closing and the commencement of the Lease as set forth therein;

3.2 The Signatory Districts have obtained title to and possession of the Property, and have been granted such easements appurtenant to the Property or have entered into such other agreements or licenses as are necessary for the operation of the Property, including but not limited to easements for access, utilities, and water delivery systems.

3.3 The Signatory Districts have delivered to SeaPac and Jones the duly-executed Lease, as attached hereto as Exhibit "B"; and

3.4 IGWA has delivered to SeaPac and Jones duly-executed stipulations regarding the dismissal of SeaPac's Call and Jones' Call in the form attached hereto as Exhibit "C".



If any of the conditions are not satisfied, then this Agreement may be terminated at the option of SeaPac and Jones.

4. Signatory Districts' Contingencies. The conditions precedent to settlement must each be fully satisfied or waived in writing by the Signatory Districts in their sole discretion before the Signatory Districts are obligated to perform under the terms of this Agreement. The Signatory Districts' conditions precedent to settlement are as follows:

4.1 The Signatory Districts have obtained title to and possession of the Property, together with the easements, agreements or licenses specified in Section 3.2 above; and

4.2 SeaPac and Jones have executed the stipulation regarding the dismissal of SeaPac's Call and Jones' Call in the form attached hereto as Exhibit "C".

4.3 Blue Lakes Trout Company's waiver or failure to timely exercise its thirty (30) day right of first refusal to lease the Property under the same terms and conditions of the proposed lease to SeaPac.

If any of the conditions are not satisfied, then this Agreement may be terminated at the option of the Signatory Districts.

5. Limitations on Future Delivery Calls/Participation in Aquifer Management.

5.1 Blue Lakes Water Rights. SeaPac shall have no right to and agrees not to make any delivery calls or request administration under the Conjunctive Management Rules or otherwise based upon the water rights leased pursuant to the Lease.

5.2 Magic Springs Water Rights. For the duration of the Lease, the hydraulic impact from the use of Water Rights of District Members shall be deemed fully and completely mitigated as to SeaPac's Call and SeaPac shall have no right to and agrees not to make any calls or request administration against the Water Rights of District Members under the Conjunctive Management Rules or otherwise based upon Water Right Nos. 36-07072 and 36-08356, or any other water right now or hereafter owned or controlled by SeaPac or any of its subsidiaries or affiliates for fish production within Water District 130; provided, however, that upon the expiration of the Lease or its prior termination as set forth therein, SeaPac shall have the right to make such delivery calls or request administration based upon those specified water rights.

5.3 Jones Water Rights. For the duration of the Lease, the hydraulic impact from the use of Water Rights of District Members shall be deemed fully and completely mitigated as to Jones' Call and Jones shall have no right to and agrees not to make any calls or request administration against the Water Rights of District Members under the Conjunctive Management Rules or otherwise based upon Water Right No. 36-07071, or any other water right now or hereafter owned or controlled by Jones or any of its subsidiaries or affiliates for fish production within Water District 130, provided, however, that upon the expiration of the Lease or its prior termination as set forth therein, Jones shall have the right to make such delivery calls or request administration based upon those specified water rights.

5.4 No Other Rights. The limitations on delivery calls set forth herein shall only apply to the specified water rights above. The parties recognize that they each possess other rights that

are unrelated to fish production and do not intend to affect those rights or limit them in any way that are unrelated to SeaPac's prior calls regarding Water Right Nos. 36-07072 and 36-08356 or Jones' prior call regarding Water Right No. 36-07071.

5.5 No Third Party Rights. The rights established in this Settlement Agreement are not intended and do not create any right in any person or entity other than IGWA, the Signatory Districts, the District Members, and SeaPac and Jones. These rights shall not be assigned to except as set forth in Section 13.3 below.

5.6 No Prohibition on Enforcement of Rights. Notwithstanding any contained herein, this Agreement shall not be interpreted or applied to preclude either party from pursuing remedies against: (a) an unauthorized diversion of water; (b) water rights or water diversions not covered by this Agreement; (c) water right transfers which do not comply with Idaho law; or (d) water right transfers which will reduce water supplies available to fulfill the water rights identified in this Agreement.

5.7 No New Rights; Aquifer Management Participation. The Parties will not create new ground water rights in Water District 130 for the term of the Lease. The Parties will cooperate, encourage and participate in efforts made by the State of Idaho and other uses of the waters of the State of Idaho to promote the recharging, stabilization and sustaining of the aquifer.

5.8 Memorialization of Settlement and Mitigation Plan. The Parties do hereby acknowledge that this Agreement together with the Lease are intended to be a "Mitigation Plan" as such term is defined by the Conjunctive Management Rules. A copy of this Agreement shall be filed with IDWR in conjunction with the dismissal of the underlying proceeding. The Parties will request the Director of IDWR issue a final order in conjunction with the dismissal of the underlying proceeding confirming this Agreement as a final Mitigation Plan pursuant to the provisions of the Conjunctive Management Rules for the duration of the Lease. A memorandum evidencing the Lease will be recorded in the Deed Records of the County in which the Property is located evidencing the existence of the Lease.

6. Limited Beneficiaries to Settlement. Subject to Section 5 above, the sole parties to and beneficiaries of this Agreement are SeaPac, Jones, IGWA, the Signatory Districts, and the Water Rights of District Members. Only the parties to and beneficiaries specified in this section shall (i) have any right or interest under this Agreement; (ii) be a beneficiary of the duties, rights and obligations created hereby; or (iii) have the right to enforce this Agreement. SeaPac and Jones shall have the right to pursue legal and administrative remedies against any person or entity that is not a specified beneficiary hereunder and their water rights. No other person or individual shall have any rights hereunder.

7. Release. SeaPac, Jones, the Signatory Districts, and IGWA mutually release each other from any and all claims, losses, or damages arising directly or indirectly out of the use and operation of their respective water rights as decreed or permitted, together with any and all past, present or pending administrative or legal proceedings pertaining thereto. As set forth herein, SeaPac's Call and Jones' Call shall be dismissed for the term of the Lease as to the Signatory Districts and the Water Rights of District Members. All parties shall bear their own attorney's fees, costs and expenses incurred in connection with the preparation and finalization of this Agreement.

8. Indemnification of the Signatory Districts by SeaPac and Jones. SeaPac and Jones shall, from and after the commencement of the Lease, as set forth therein, indemnify, defend and hold the Signatory Districts harmless from any and all claims, costs, liability, or expense, including reasonable attorney fees, arising out of (a) operation and use of the Property subsequent to commencement of the Lease Agreement; (b) any breach of warranty, covenant, agreement or representation made by SeaPac and Jones in this Agreement; (c) any nonfulfillment of any obligation of SeaPac and Jones under this Agreement; and (d) all actions, suits, proceedings, demands, assessments, judgments, costs and expenses incident to any of the foregoing.

9. Indemnification of SeaPac and Jones by the Signatory Districts. The Signatory Districts shall, from and after the commencement of the Lease, as set forth therein, indemnify, defend and hold SeaPac and Jones harmless from any and all claims, costs, liability or expense, including reasonable attorney fees, arising out of (a) any breach of warranty, covenant, agreement or representation made by the Signatory Districts in this Agreement; (b) any nonfulfillment of any obligation by the Signatory Districts under this Agreement; and (c) all actions, suits, proceedings, demands, assessments, judgments, costs and expenses incident to any of the foregoing.

10. RimView. In the event that the Signatory Districts acquire ownership of the assets of RimView and decide to lease such assets, the Signatory Districts will provide SeaPac with an opportunity to bid on the proposed lease on the RimView facility.

11. Default. In the event any Party fails to perform any of the terms, conditions or provisions of this Agreement and such default is not cured within thirty (30) days of receipt of written notice thereof to cure or correct the noticed default, the non-defaulting Party may elect any or all of the following cumulative remedies, to-wit:

11.1 To require specific performance of this Agreement.

11.2 To pursue any and all other remedies allowed by Idaho law.

12. Notice. Any notices and communications between the parties for the purpose of complying with or enforcing the terms of this Agreement shall be in writing and delivered to the other party either personally or by certified mail, return receipt requested at the addresses provided below:

**SIGNATORY DISTRICTS:** North Snake Ground Water District  
Magic Valley Ground Water District  
American Falls-Aberdeen Ground Water District  
Bingham Ground Water District  
c/o Randall C. Budge  
Racine, Olson, Nye, Budge & Bailey, Chartered  
P.O. Box 1391; 201 E. Center Street  
Pocatello, Idaho 83204-1391

**SEAPAC:** SeaPac of Idaho, Inc.  
c/o Ken Ashley  
P.O. Box 546  
Buhl, Idaho 83316

JONES:

John W. Jones, Jr.  
P.O. Box 265  
Hagerman, Idaho 83332

Notice shall be complete upon receipt, unless the recipient ignores or refuses to sign for the certified letter, in which event notice shall be deemed to have been completed upon attempted delivery by the post office. Either party hereto shall give notice of a change of its address to the other party.

13. General Provisions.

13.1 Binding Effect. This Agreement shall be binding upon the heirs, personal representatives, successors and assigns of the respective parties hereto.

13.2 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which when taken together shall constitute but one and the same Agreement.

13.3 Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of the Parties hereto. Pursuant to Section 5.4 above, the Parties' duties, rights and obligations may only be assigned to a person or entity succeeding to and acquiring all of the interests of one of the Parties upon the written assumption by such person or entity acquiring the same evidencing its acceptance of all of the duties, rights, and obligations hereunder. Such shall include a successor entity acquiring and assuming all of the rights and obligations of the Signatory Districts as well as a person or entity acquiring Water Right Nos. 36-07072 and 36-08356 as part of a sale or other conveyance of SeaPac's operations at Magic Springs or Water Right No. 36-07071 as part of a sale or other conveyance of Jones' operations.

13.4 Survival/Merger. Except as expressly provided herein, the covenants, terms, conditions, representations, indemnity agreements, and warranties contained in this Agreement shall survive any termination of this Agreement and commencement of the Lease as contemplated hereunder.

13.5 Entire Agreement. This Agreement, together with all exhibits hereto, shall constitute the entire Agreement between the parties and supersede any and all previous oral or written agreements, understandings, representations, and warranties, if any, between the parties concerning the subject matters of this Agreement.

13.6 Attorney Fees. In the event either party is required to retain the services of an attorney in order to enforce the terms or provisions of this Agreement, the prevailing party in any litigation arising therefrom shall be entitled to recover from the other party reasonable attorney fees and costs incurred.

13.7 Time of the Essence. Time is expressly made of the essence of all the provisions of this Agreement.

13.8 Severability. If any term or provision of this Agreement or the application of it to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Agreement or the application of such term or provision to persons or circumstances, other than those as

to which it is invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and shall be enforced to the extent permitted by law.

13.9 Headings. The headings in this Agreement are inserted for convenience only and are in no way intended to describe, interpret, define, or limit the scope, extent or intent of this Agreement or any provision hereof.

13.10 Waiver. The failure of a party hereto to insist upon strict performance of any of the terms set forth herein shall not be deemed a waiver of any rights or remedies that the party may have and shall not be deemed a waiver of any subsequent breach or default in the performance of any of the terms contained herein by the same or any other party.

13.11 Further Assurances. Each party hereto shall execute all instruments and documents and take all actions as may be reasonably required to effectuate this Agreement.

13.12 Governing Law. This Agreement is made in the State of Idaho and the validity, meaning, effect, construction, and all rights under this Agreement shall be governed by the laws of the State of Idaho.

13.13 Representation of Authority. The Parties, and each of them, do hereby represent and warrant to each other Party that (a) they are in all respects competent to enter into this Agreement and, in addition, have no reason to believe that any other signatory hereof is not competent to enter into this Agreement, (b) they have relied upon the legal advice of their respective attorneys in entering into this Agreement, (c) the terms hereof are fully understood and voluntarily accepted; and (d) the signatories hereto have full legal right, power and authority to execute and fully perform each Parties' respective obligations under this Agreement. IGWA's participation herein is, as set forth above, for purposes of facilitating dismissal of SeaPac's Call and Jone's Call, in which proceeding IGWA has intervened on behalf of the Water Rights of District Members. IGWA represents and warrants that it has the authority to execute this Agreement and to stipulate to the dismissal of SeaPac's Call and Jone's Call on behalf of the District Members. Provided, however, the Signatory Districts shall be solely responsible for the performance of the terms of the Lease as the owner of the Property and IGWA does not hereby assume any of the obligations under the Lease.

(Signatures on following page)



IN WITNESS WHEREOF, the parties have executed this agreement on the dates recited below:

SEAPAC

SEAPAC OF IDAHO, INC.

March 30 2012  
Date

[Signature]  
Name: John W. Jones, Jr.  
Title: President

JONES

JOHN W. JONES, JR

3/30/12  
Date

John W. Jones Jr.  
Name: JOHN W. JONES, JR

APPROVED AS TO FORM BY:

Dated: April 4, 2012

HAWLEY TROXELL ENNIS & HAWLEY

By: [Signature]  
Geoffrey M. Wardle  
Attorneys for SeaPac of Idaho, Inc., and  
John W. Jones

IGWA

3/27/12  
Date

IDAHO GROUNDWATER APPROPRIATORS,  
INC.

Timothy P. Deeg  
Name: Timothy P. Deeg  
Title: President of IGWA

SIGNATORY DISTRICTS

NORTH SNAKE GROUND WATER DISTRICT

3/27/12  
Date

Myron Christensen  
Name: Myron Christensen  
Title: Chairman

MAGIC VALLEY GROUND WATER DISTRICT

3/27/12  
Date

Orlo H. Mavris  
Name: Orlo H. Mavris  
Title: Chairman

AMERICAN FALLS-ABERDEEN GROUND  
WATER DISTRICT

3/27/12  
Date

Nix Behrend  
Name: Nix Behrend  
Title: Chairman

BINGHAM GROUND WATER DISTRICT

3/27/12  
Date

C. R. H. B. E. U. F. A. S.  
Name: C. R. H. B. E. U. F. A. S.  
Title: BOARD CHAIRMAN

APPROVED AS TO FORM BY:

Dated: March, 27<sup>th</sup>, 2012

RACINE OLSON NYE BUDGE & BAILEY,  
CHARTERED

By: Randall C. Budge  
Randall C. Budge  
Attorneys for IGWA and Signatory Districts

**EXHIBIT "A"**

**Form of Lease**

---

LEASE

BETWEEN

NORTH SNAKE GROUND WATER DISTRICT,  
MAGIC VALLEY GROUND WATER DISTRICT,  
AMERICAN FALLS-ABERDEEN GROUND WATER DISTRICT

AND

BINGHAM GROUND WATER DISTRICT  
COLLECTIVELY, LANDLORD

AND

SEAPAC OF IDAHO, INC.

TENANT

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## LEASE

This Lease ("Lease") is effective this 27<sup>th</sup> day of March 2012, between North Snake Ground Water District, Magic Valley Ground Water District, American Falls-Aberdeen Ground Water District, and Bingham Ground Water District (collectively, "Landlord"), and SeaPac of Idaho, Inc., an Idaho corporation ("Tenant").

### ARTICLE 1 BASIC PROVISIONS

The following basic provisions are a part of this Lease:

**1.1 Landlord.** North Snake Ground Water District, Magic Valley Ground Water District, American Falls-Aberdeen Ground Water District, and Bingham Ground Water District are collectively the "Landlord." For purposes of this Lease, all correspondence to Landlord should be addressed in care of the Idaho Ground Water Appropriators, Inc. ("IGWA"), P.O. Box 1391, Pocatello, Idaho 83201. Landlord's primary contact is Randall C. Budge.

**1.2 Tenant.** SeaPac of Idaho, Inc., an Idaho corporation, is the "Tenant." For purposes of this Lease, Tenant's address is P.O. Box 546, Buhl, Idaho 83316. Tenant's primary contact is Ken Ashley.

**1.3 Premises.** The "Premises" are located at 121 Warm Creek Road, Jerome County, Idaho 83338, and are more particularly described in Exhibit "A," attached hereto. The Premises include the following real and personal property:

**1.3.1** The Premises, together with its appurtenant water rights including but not limited to Idaho State Water Rights Numbers 36-2356A, 36-7210, 36-7427, 36-7720 (collectively "Lease Water Rights").

**1.3.2** All improvements, structures and permanent fixtures located on the Premises, including fish raceways with quiescent zones, together with all flumes, headworks, diversion structures, effluent settling basins, structures, buildings and residences.

**1.3.3** All that certain personal property acquired by Landlord from which is situated upon the Premises and customarily used in connection with the rearing of fish ("Personal Property").

**1.3.4** All easements appurtenant to the Premises and other agreements or licenses necessary for Tenant's fish rearing operations, including but not limited to easements for access, utilities, and water delivery systems.

**1.3.5** Tenant shall, provided it complies with all pertinent governmental rules and regulations, be entitled to operate its business upon the Premises (i) under that certain National Pollution Discharge Elimination System General Permit for Aquaculture Facilities and Associated Fish Processing Facilities in Idaho issued by the United States Environmental Protection Agency No. IDG-13-0000 ("NPDES Permit"), and (ii) any other permits or approvals

issued by the State of Idaho, Jerome County, Idaho, or other governmental authorities which are applicable to the Premises.

**1.4 Permitted Use.** The use of the Premises permitted under this Lease shall be for aquaculture and any other lawful purpose (collectively the "Permitted Use").

**1.5 Term and Commencement Date.** The term of this Lease shall be twenty (20) years ("Term"). The Term shall commence on the date following the recording of a deed in Jerome County, Idaho conveying fee simple title to the Premises to Landlord ("Commencement Date") and shall expire on the twentieth anniversary of the Commencement Date, if not terminated earlier as set forth herein. Notwithstanding the foregoing, in the event Tenant is not able to reach an agreement with Blue Lakes Trout Company, Inc., ("Blue Lakes") the current owner of the Premises to purchase its existing swimming inventory contemporaneously with Landlord's acquisition of fee simple title to the Premises, the Commencement Date shall be postponed until the earlier of (i) the date which falls two hundred seventy (270) days after the date the deed conveying fee simple title to the Premises to Landlord is recorded; and (ii) the date Tenant purchases Blue Lakes' existing swimming inventory. Notwithstanding the foregoing, the Commencement Date shall not occur in any event until such time as Tenant has obtained or facilitated the transfer of the NPDES Permit and the Operating Permits described more specifically herein in Section 1.3.5 and Section 2.3, respectively. Tenant shall use commercially reasonable efforts, with Landlord providing such assistance as is reasonably necessary, to obtain the transfer of the of the NPDES Permit and the Operating Permits as soon as possible after Landlord has acquired the Premises. The parties acknowledge that the first year of the Term will be for a partial calendar year. All calculations relevant to any partial calendar year during the Term will be prorated on a per diem basis, based upon a three hundred and sixty (360) day year. All calculations relevant to any partial month during the term will be prorated on a per diem basis, based upon a thirty (30) day month.

**1.6 Rent.** The rent reserved for each twelve (12) month period of the Lease ("Rent") shall be calculated by multiplying the rental value of One Thousand Six Hundred Forty Four Dollars (\$1,644.00) per cubic foot per second of average annual water flow ("Average Annual CFS") under the Lease Water Rights available to the Premises ("Rent Rate"). The initial Rent for the Premises for the remainder of the first calendar year of the Term shall be determined as of the Commencement Date by multiplying the Rent Rate by the Average Annual CFS of water flow available to the Premises for the immediately preceding calendar year. Thereafter for the duration of the Lease Rent shall be calculated annually as of January 1st, based upon the Average Annual CFS available to the Premises for the immediately preceding calendar year and the then existing Rent Rate. Average Annual CFS is calculated by dividing the total acre feet of water delivered to the Premises in a calendar year by 724. Average Annual CFS for the Premises shall be measured based upon the installed measuring devices at the Premises. Landlord and Tenant shall work with the State of Idaho to ensure that accurate measuring devices are installed, maintained and operated, with all data made available to the Parties and the Idaho Department of Water Resources ("IDWR").

**1.6.1 Adjustment of Rent Rate.** Beginning on the third anniversary of the Commencement Date and on every third (3rd) year thereafter ("Adjustment Date"), the Rent Rate shall be adjusted to reflect any adjustments in the cost of living during the immediately preceding three (3) year period as determined by the Consumer Price Index, provided, however,

that in no event shall the Rent Rate be increased by more than a total of six percent (6%) for the next three (3) year period, and provided further, that in no event shall the Rent Rate be decreased below the Rent Rate of \$1,644.00 per cubic foot per second of average annual water flow under the Lease Water Rights available to the Premises. The Consumer Price Index is defined as the Consumer Price Index for all Urban Consumers, All Items, published by the United States Department of Labor, Bureau of Labor Statistics ("Bureau"), Consumer price index, U.S. City Average for all Urban Consumers, Seasonally Adjusted, all items (1982-84 = 100) ("Index"), which is published for the date immediately preceding the later of the following: (i) the Commencement Date, or (ii) the date of the last adjustment ("Beginning Index"). The Beginning Index shall be compared with the Index for the month preceding the date the adjustment of the Rent Rate is to be made. In the event the Bureau shall cease to publish the Index there shall be substituted for the Index a substitute or successor Index published by the Bureau or other governmental agency of the United States. In the event the amount of the adjustment cannot be determined until a date subsequent to the Adjustment Date, upon determination of the increase Tenant shall pay the adjusted amount for the period between the Adjustment Date and the date of determination.

**1.6.2 Rent Calculation Following Adjustment of Rent Rate.** Subsequent to any adjustment of Rent Rate pursuant to Section 1.6.1, Rent shall be calculated annually based upon the Average Annual CFS of water flow available to the Premises for the immediately preceding calendar year and the then existing Rent Rate.

**1.6.3 Rent Payment Date.** Rent shall be due and payable on the tenth (10th) day of each month during the Term of this Lease. Rent shall be paid in equal monthly installments. The initial monthly installment of Rent shall be due and payable on the tenth (10th) day after the Commencement Date. In the event that the Commencement Date does not fall on the first day of a month, Tenant shall pay Rent for the fractional month, prorated as set forth in Section 1.5 above, until the first day of the succeeding month and thereafter monthly installments of Rent shall be paid in advance on the tenth (10th) day of each and every month. Tenant shall be obligated to pay a five (5) percent late penalty on all rent unpaid ten (10) days after the due date.

**1.6.4 Rent Credit.** At the conclusion of the first calendar year and annually thereafter for the Term of this Lease, Tenant shall submit a written report to Landlord of the Average Annual CFS at Magic Springs for such period. Average Annual CFS for Magic Springs shall be measured based upon the currently installed measuring devices and measurement processes utilized at Magic Springs as reported to IDWR. Landlord and Tenant shall work with the State of Idaho to ensure that accurate measuring devices are installed, maintained and operated and that the existing measurement processes utilized at Magic Springs are continued, with all data made available to the Parties and IDWR. If IDWR determines in the future that measurement of the Average Annual CFS for Magic Springs require implementation of more accurate measuring devices or measurement processes, and such can be implemented in a commercially reasonable manner, then such measures will be implemented in a commercially reasonable manner after consultation by the parties and IDWR. In the event that such report indicates that the Average Annual CFS water flow at the Magic Springs fish rearing facility owned or operated by Tenant ("Magic Springs") is less than the Average Annual CFS water flow at Magic Springs in 2011, Tenant shall be entitled to a credit against the Rent it owes to Landlord against the next annual Rent due under this Lease in the amount of Four Thousand

Dollars (\$4,000.00) for each CFS of water flow reduction at Magic Springs. Tenant shall be entitled to apply the entire credit to each monthly installment of rent until such credit is fully utilized. In the event it is determined in the last year of the Term of this Lease that Tenant is entitled to such a credit, Landlord shall be obliged to pay directly to Tenant the amount that the credit exceeds Rent due and owing at the expiration of the Term, no later than thirty (30) days after the expiration of the Term of this Lease.

**1.7 Services.** Landlord shall provide possession of the Premises to Tenant and Landlord shall perform such maintenance and repair as is expressly set forth herein. Tenant shall be responsible for all other obligations relating to the use and enjoyment of the Premises, as hereinafter expressly provided.

**1.8 Personal Property.** The risk of loss, damage, destruction, theft or other casualty (including losses occasioned by earthquake, flood, and the failure of diversion structures, levees, flumes, ditches, ponds, raceways, and water supplies) to the Personal Property, including trade fixtures and swimming inventory, owned or leased by Tenant, and used or stored upon the Premises, shall be solely on Tenant, unless the same results from the negligent or intentional acts or omissions of Landlord, its agents, employees, contractors or invitees.

**1.9 Confirmation of Terms.** The parties' primary contacts as set forth in Sections 1.1 and 1.2 shall execute and exchange a memorandum (the "Commencement Memorandum"), in the form attached hereto as Exhibit "B" confirming (a) the Commencement Date pursuant to Section 1.5; (b) the Initial Average Annual CFS pursuant to Section 1.6; (c) the base Average Annual CFS for Magic Springs pursuant to Section 1.6.4; (d) the structures or improvements excluded from the parties' obligations in Sections 4.2, 4.3, and 6.2.

## **ARTICLE 2 GRANT OF PREMISES, DELIVERY OF POSSESSION, TENANT'S RIGHTS**

**2.1 Grant of Premises.** Landlord leases to Tenant and Tenant leases from Landlord the Premises subject to the terms and conditions of this Lease.

**2.2 Delivery of Possession.** Landlord shall deliver possession of the Premises, in its existing condition (including the rights, privileges, benefits, rights of way and easements now or in the future appurtenant to the Premises), to Tenant on the Commencement Date free and clear of all tenancies and occupancies.

**2.3 Permits.** It is understood and agreed that Landlord's predecessor Blue Lake, pursuant to applicable rules and regulations previously operated the fish production facilities pursuant to the NPDES Permit and other required permits or approvals issued by the State of Idaho or Jerome County, Idaho (collectively the "Operating Permits") which may be held in the name of Landlord for the benefit of Tenant during the Term of this Lease. It shall be the sole responsibility and obligation of Tenant to secure and maintain all Operating Permits for the Term of this Lease, including obtaining the transfer of an Operating Permit. To the extent that Landlord's consent, authorization or cooperation is required in securing or transferring of the Operating Permits, such shall not be unreasonably conditioned, withheld, or delayed. In the event Tenant determines that it must obtain a separate NPDES General Permit for Idaho or any other permit in order to undertake the Permitted Use on the Premises, the Term of this Lease



shall not commence until Tenant has obtained all permits it needs to operate or, Tenant shall have the right to terminate this Lease, in its sole discretion.

**2.4 Lease Water Rights.** Notwithstanding the limitations of Section 2.6 below, Landlord warrants and represents that Tenant shall be entitled to use all of the water available pursuant to the Lease Water Rights in connection with Tenant's use and operation of the Premises. Landlord agrees that during the Term of this Lease it will take all reasonable action which is necessary or required to protect the Lease Water Rights and their applicability to the Premises. Notwithstanding the limitations of Section 2.6 below, Landlord furthermore warrants and represents that it will not take any action or allow any action to be taken which could transfer or attempt to transfer the Lease Water Rights from the Premises.

**2.5 Tenant's Right to Revenue.** For the Term of this Lease, Tenant shall have the right to all revenue or fees generated from the Premises.

**2.6 Condition of Premises.** Tenant has inspected the Premises and finds the Premises acceptable for its purposes and accepts the Premises in its 'As Is' condition and without any warranty, implied or express, except for those representations and warranties specifically identified in Sections 2.4, 4.13 and 10.3 herein, provided no material change in the condition of the Premises occurs between the execution of this Lease and the Commencement Date. Landlord warrants and represents that on the Commencement Date the Premises will be in substantially the same condition as exists on the date of execution of this Lease, with the exception of reasonable wear and tear. Except as expressly set forth in this Lease, Tenant hereby waives all warranties, express or implied, regarding the condition and use of the Premises, including but not limited to any warranty of merchantability or fitness for a particular purpose.

### **ARTICLE 3 TERM**

**3.1 Term.** The Term of this Lease is set forth in Section 1.5.

**3.2 Tenant's Termination Right.** Notwithstanding anything to the contrary herein contained, Tenant, in its sole discretion, may, in addition to the remedies provided in Section 7.4, terminate this Lease, upon, at least sixty (60) days or the other period set forth below, written notice to Landlord, upon the occurrence of the following:

(a) If during the Term of this Lease, the average annual CFS flow to the Premises declines by fifty percent (50%) or more from the average annual CFS flow available under the Lease Water Rights appurtenant to or available to the Premises for the calendar year immediately preceding the commencement of the Term of this Lease ("Termination Threshold"), then Tenant shall have the right in its sole and absolute discretion, to terminate this Lease upon sixty (60) days' written notice to Landlord ("Termination Right"). Tenant's right to exercise the Termination Right shall exist in any year that the Termination Threshold occurs, regardless of whether or not the Termination Threshold has previously occurred but Tenant has not elected to exercise its Termination Right.

(b) If there is a Catastrophic Failure, as described in Section 4.3, then Tenant shall have the option, in its sole discretion to either (i) terminate this Lease by providing Landlord with written notice at least fifteen (15) days prior to the date of termination, or (ii) elect to continue the Lease provided, however, that if Tenant elects to continue the Lease, Rent shall abate until Landlord has repaired the Catastrophic Failure to Tenant's satisfaction.

#### ARTICLE 4 OPERATION OF PREMISES

**4.1 Tenant's Use of Premises.** The Premises shall be occupied and used by Tenant, its agents, contractors, employees and invitees for the Permitted Use.

**4.2 Tenant's Maintenance Obligations.** Tenant shall, at Tenant's sole expense, keep and maintain the Premises in good condition and repair. Tenant's maintenance and repair obligation excludes all maintenance and repair obligations which are expressly set forth as the Landlord's responsibility herein in Section 4.3. Tenant shall diligently and timely perform all maintenance and repair obligations that are not expressly set forth in Section 4.3 as the responsibility of Landlord. Tenant shall have no obligation to maintain any portion of the Premises that are abandoned and not in use as of the Commencement Date. Tenant shall have the right to defer certain maintenance of the Premises when such maintenance will result in an expense or benefit that is unreasonable in light of the remaining Term of the Lease, provided however that Tenant provides notice to Landlord of Tenant's intent to defer such maintenance and Landlord and Tenant agree that the deferral of such would not damage the Premises and would not create a safety hazard.

**4.3 Landlord's Maintenance and Repair Obligations.** Landlord, at Landlord's sole cost and without reimbursement from Tenant, is required to maintain and repair all pipelines, waterways, dams, concrete raceways, and related concrete structures located within the Premises necessary to the operation of and to the prevention of the failure of facilities on the Premises for the Permitted Use, provided that the need for any such maintenance or repair shall not have arisen from the negligent or intentional acts or omissions of Tenant or its agents, employees, contractors or invitees ("Catastrophic Failure"). In the course of performing Tenant's maintenance obligations under Section 4.2, Tenant will provide notice to Landlord of such work which is necessary to prevent Catastrophic Failure, and Landlord shall undertake such work in a timely manner and shall coordinate with Tenant to ensure that such work does not adversely affect Tenant's operations. Upon notice by Tenant to Landlord of the occurrence of a Catastrophic Failure, Landlord shall immediately commence the restoration of the Premises to its condition prior to the Catastrophic Failure and shall diligently proceed with the necessary repair and restoration until completed.

**4.4 Alterations.** Tenant shall have the right, with Landlord's prior written consent, which shall not be unreasonably conditioned, withheld, or delayed, to construct additional buildings and other improvements on the Premises or to remodel, repair or remove any buildings or improvements on the Premises. Landlord shall have thirty (30) days after its receipt of Tenant's notice of its request to construct, repair or remodel a building or other improvement on the Premises to approve or disapprove the request. All fees and costs incurred in connection with such construction, repair or remodeling shall be paid by Tenant. All such

buildings and improvements shall remain on the Premises and shall become the property of Landlord at the termination of this Lease.

**4.5 Excluded Improvements.** The parties agree that the structures or improvements on the Premises identified in the Commencement Memorandum shall be excluded from the parties' obligations in Sections 4.2, 4.3, and 6.2.

**4.6 Utilities.** Tenant shall be solely responsible for and shall promptly pay all charges, when due, for water, power, natural gas, telephone, cable, computer, security and any other utility or other service used upon or furnished to the Premises. Tenant shall not be responsible for any costs or expense associated with the future extension of any utility service to the Premises unless such utility extension occurs at the request of Tenant. Additionally, unless caused by the negligent or intentional acts or omissions of Landlord or its agents, employees, contractors or invitees, Landlord shall not be liable in damages or otherwise for any failure or interruption of (i) any utility service being furnished to the Premises, or (ii) the heating, ventilating and air conditioning system, if any in any building on the Premises. Unless caused by the negligent or intentional acts of Landlord, no such failure or interruption, whether resulting from a casualty or otherwise, shall entitle Tenant to terminate this Lease or to abate any payment Tenant is required to make under this Lease.

**4.7 Real and Personal Property Taxes.** Tenant agrees to pay before they become delinquent all taxes for real and personal property, assessments, or governmental charges lawfully levied or assessed against the Premises ("Taxes") based upon the assessments and taxes established for year 2011. Landlord agrees to pay any increase in such Taxes which exceed such established for 2011, excepting increases attributable to alterations, new buildings or other improvements constructed by Tenant. If such Taxes, for the year 2012 and each successive year during the Term of this Lease exceed the 2011 Taxes, Landlord shall pay such increased amount within fifteen (15) days of its receipt of Tenant's request for payment. Landlord agrees to take no action which would cause the Taxes levied or assessment of the Premises to increase. If any such Taxes cover any period of time prior to or after the expiration or termination of this Lease, Tenant's share of such Taxes shall be prorated to cover only that portion of the tax bill applicable to the period that this Lease is in effect.

**4.8 Covenant Against Liens.** Tenant will not directly or indirectly create or cause to be created or to remain, and will promptly discharge, at Tenant's sole expense, any mechanics' lien or similar lien recorded against the Premises which Tenant created or caused to be created by Tenant's work on the Premises. Tenant has no authority or power to cause or permit any mechanics' lien or similar lien created by the act of Tenant, operation of laws, or otherwise to attach to or be placed upon Landlord's title or interest in the Premises. Any lien against Tenant shall attach only to Tenant's leasehold interest in the Premises. Landlord will not directly or indirectly create or cause to be created or to remain, and will promptly discharge, at Landlord's sole expense, any mechanics' lien or similar lien against the Premises which Landlord created or caused to be created by Landlord's work on the Premises. A party may, at the party's sole expense, contest any lien, and the lien may remain pending resolution of the challenge, provided however, that any such lien shall promptly be discharged if its existence causes a default under any loan documents to which Landlord is a party. The party challenging the lien shall indemnify and hold the other party harmless from any and all loss, damage or expense

occasioned by the lien challenge. If the lien is adjudged to be valid, the challenging party shall promptly pay and discharge the lien.

**4.9 Landlord's Right of Entry.** Landlord or Landlord's agents and upon prior reasonable notice to Tenant's agent or employee, Ken Ashley, who is responsible for the operation of the Premises, may enter the Premises at all such times as may be necessary to inspect the general condition and state of repair of the Premises. Landlord's entry shall be supervised by Tenant, and Landlord shall not interfere with, or create a hazard to, Tenant's business operations, except in the event of an emergency arising within the Premises which endangers property or persons.

**4.10 Control of Access.** Tenant shall not permit the Premises to be generally accessible to the public. Tenant shall control access to the Premises consistent with Tenant's Permitted Use of the Premises.

**4.11 Environmental Definitions.** As used in this Lease, the term "Hazardous Materials" is defined to include, without limitation, (i) oil hydrocarbons, petroleum, petroleum products, or products containing, or derived from, petroleum; and (ii) any hazardous or toxic waste, substance, material, chemical, gas or particulate matter, as presently defined by, or for purposes of, any Environmental Laws. As used in this Agreement, the term "Environmental Laws" is defined to include, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C.A. Section 9601, et seq.; the Hazardous Materials Transportation Act, 49 U.S.C.A. Section 1801, et seq.; the Resource Conservation and Recovery Act, 42 U.S.C.A. Section 6901, et seq.; the Toxic Substances Control Act, 15 U.S.C.A. Section 2601, et seq.; the Federal Water Pollution Control Act, 33 U.S.C.A. Section 1251, et seq.; the Safe Drinking Water Act, 42 U.S.C. Section 300f, et seq.; the Clean Air Act, 42 U.S.C. Section 7401, et seq.; the Hazardous Substance Emergency Response Act, Idaho Code Section 39-7101, et seq.; any successor to those laws (in existence on the date this representation is made or updated); any rules, regulations, ordinances, orders or decrees issued pursuant to those laws; any other federal, state or local environmental, health or safety statute, ordinance, code, rule, regulation, order or decree as may now, or at any later time be in effect, regulating, relating to, or imposing, liability, or standards, concerning, or in connection with, hazardous or toxic wastes, substances, materials, chemicals, gases or particulate matter, or the emission, discharge, dumping, or other release, of any substance to the environment; and any common law theory based on nuisance or strict liability.

**4.12 Hazardous Materials Use by Tenant.** During the Term, at its sole expense, Tenant shall abide by all Environmental Laws, as defined above. Tenant shall not use, handle, deposit or dispose of any Hazardous Materials, as defined above, except in compliance with all Environmental Laws. Tenant agrees to indemnify Landlord consistent with the provisions of Section 8.3 if Tenant fails to comply with its obligations during the term of the Lease under this Section.

**4.13 Environmental Condition of Premises.** Landlord's lease of the Premises is made in conjunction with and contemporaneously with its acquisition of the Premises from Blue Lakes as set forth in Section 1.5 above. Landlord has not been in possession of the Premises prior to its acquisition from Blue Lakes and has not previously been responsible for the operation of the Premises. Pursuant to the Purchase and Sale Agreement ("PSA") between

Blue Lakes, as "Seller," and Landlord, as "Buyers," Blue Lakes made certain representations, warranties and indemnities regarding the environmental condition of the Premises ("Blue Lakes Warranty"). In its acquisition of the Premises, Landlord has inspected the Premises and evaluated the condition of the Premises and Blue Lake's operation of the Premises in accordance with the NPDES Permit and the Operating Permits ("Landlord's Investigation"). Landlord has no knowledge of the use of Hazardous Material on the Premises or any violation of the Environmental Laws as those terms are defined above. The Blue Lakes Warranty and the result of Landlord's Investigation constitute the entirety of Landlord's knowledge of the environmental condition of the Premises. Landlord does hereby release Tenant from any claims arising from the presence of Hazardous Materials on the Premises or violations of Environmental Laws in the operation of the Premises (as those terms are defined above), prior to the commencement of the Term and further agrees to enforce its indemnification rights against Blue Lakes if the Blue Lakes Warranty is not true, correct and complete.

#### **ARTICLE 5 CHANGES IN THE PARTIES**

**5.1 Relationship of Parties.** Nothing contained in this Lease shall be construed as creating the relationship of principal or agent, employment, partnership or joint venture.

**5.2 Successors and Assigns.** This Lease shall benefit and bind the successors and permitted assigns of Landlord and Tenant.

**5.3 Tenant's Assignment and Subletting.** Tenant may not assign this Lease or sublet all or a part of the Premises unless Tenant first obtains the prior written consent of Landlord, which consent shall not be unreasonably conditioned, withheld or delayed.

#### **ARTICLE 6 LOSS AND DAMAGE TO PREMISES**

**6.1 Tenant Insurance Obligations.** Tenant agrees to maintain in full force and effect throughout the Term of this Lease commercial general liability insurance policies covering the Premises. Said insurance shall (1) be placed with companies licensed to do business in the state of Idaho; and (2) be placed with companies with a Best's rating of A or better. Said liability policy shall be a policy of combined single-limit, bodily injury and property damage insuring Landlord and Tenant against any liability or damage arising out of the ownership, use, occupancy or maintenance of the Premises, in an amount not less than \$1,000,000. Tenant shall also purchase, obtain and maintain a policy of fire and extended coverage insurance in an amount equal to the full insurable value (from time to time) of all Tenant's personal property, fixtures, equipment and tenant improvements. All policies of insurance shall name Landlord and Tenant as insureds. Said policies shall further provide that such insurance shall not be modified or terminated without at least thirty (30) days' prior written notice to Landlord. Promptly upon the effective date of such insurance, or any renewal or replacement thereof, Tenant shall provide Landlord with a copy of the policy or policies evidencing the insurance coverage required by this paragraph. Due to Landlord's duties, rights and obligations hereunder, Landlord may maintain such additional insurance as it elects to permit it to perform the same. Notwithstanding anything to the contrary contained herein, neither the availability of insurance, nor the availability of insurance proceeds in the event of a Catastrophic Failure, nor the lack of

Insurance proceeds in the event of a Catastrophic Failure shall excuse or release Landlord from its obligations pursuant to Section 4.3 above. Tenant shall have the right, but not the obligation, to obtain business damage or other Insurance coverage protecting it in the event of a Catastrophic Failure, and in the event of such loss, shall have the sole right to the insurance proceeds available under such business damage or other insurance coverage. Landlord shall have no right to the proceeds of business damage or other Insurance coverage obtained by Tenant and shall not be named as an insured on such policies obtained by Tenant.

**6.2 Property Insurance.** Landlord shall be responsible for insuring the real property, structures and improvements on the Premises, including insuring against Catastrophic Failure, by obtaining such policies of fire and extended coverage as Landlord deems appropriate.

**6.3 Waiver of Subrogation.** Landlord and Tenant (and each person claiming an interest in the Premises through Landlord or Tenant) release and waive their entire right of recovery against the other for direct, incidental or consequential or other loss or damage arising out of, or incident to, the perils covered by insurance carried or required to be carried by each party, whether due to the negligence of Landlord or Tenant. If necessary, all insurance policies shall be endorsed to evidence this waiver.

**6.4 Condemnation.** If any material portion of the Premises affecting the Permitted Use is permanently condemned or taken under any governmental law, ordinance or regulation, by right of eminent domain, by inverse condemnation, or by deed in lieu, then Tenant may, at its option and upon written notice to the other party, cancel this Lease effective when the physical taking shall occur. For purposes of this Section a "material" portion of the Premises means such portion as would render the remaining portion of the Premises insufficient for Tenant's continuing needs and desired operations. Upon receipt of notice of any proposed condemnation, the receiving party shall promptly notify the other party. Tenant shall have the right to the awards of just compensation related to Tenant's operation of the Premises, Tenant's profits and Tenant's leasehold interest.

## **ARTICLE 7 DEFAULT**

**7.1 Tenant's Default.** The occurrence of any of the following by Tenant shall constitute a default under the terms of this Lease (a) the abandonment or surrender of the Premises by Tenant prior to the expiration of the Term of this Lease, or (b) failure to perform any obligation as required or conditioned by any of the covenants and agreements contained in this Lease within a reasonable time, but in no event later than thirty (30) days after written notice by Landlord to Tenant specifying wherein Tenant has failed to perform such obligations. Each notice of default required by this subsection shall specify the alleged event of default and the intended remedy. After expiration of the applicable time for curing a particular default, Landlord may on behalf of Tenant, at Landlord's election, make any payment required of Tenant under this Lease, or perform or comply with any covenant or condition imposed on Tenant under this Lease. Any amount so paid or the cost of such performance shall be immediately reimbursed by Tenant upon receipt of a demand therefor from Landlord. No such payment or performance by Landlord shall constitute a waiver of default nor shall it affect Tenant's liability for any loss or damage resulting from the default.



**7.2 Landlord's Remedies upon Tenant's Default.** Upon the occurrence of a default by Tenant, Landlord, at its sole option, in addition to any other rights or remedies provided by law or equity, may:

(a) Terminate Tenant's right to possession of the Premises by any lawful means, in which case this Lease shall terminate and Tenant shall immediately surrender possession of the Premises to Landlord.

(b) Maintain Tenant's right to possession, in which case this Lease shall continue in effect whether or not Tenant shall have abandoned the Premises. In such event, Landlord shall be entitled to enforce all of Landlord's rights and remedies under this Lease, including the right to recover the rent as it becomes due hereunder.

(c) Landlord shall have the right to recover against Tenant any and all damages which are proximately caused by Tenant's default under this Lease.

(d) Landlord shall have the right to take whatever action is necessary to cure Tenant's default, including the incurring of any reasonable expenses, and if Tenant fails to reimburse Landlord for the costs incurred in connection with the curing of Tenant's default, then Tenant shall pay to Landlord the amount of any such expenses together with interest thereon at the rate of six percent (6%) per annum from the date of Landlord's expenditure of such costs until such costs are paid or reimbursed.

(e) Pursue any other remedy now or hereafter available to Landlord under the laws or judicial decisions of the State of Idaho.

The rights, privileges, elections and remedies of Landlord as set forth in this Lease or allowed by law or equity are cumulative and the enforcement by Landlord of a specific remedy shall not constitute an election of remedies and/or a waiver of other available remedies.

**7.3 Landlord's Default.** Landlord shall be in default under this Lease upon Landlord's failure to perform any obligation as required or conditioned by any of the covenants and agreements contained in this Lease within a reasonable time, but in no event later than thirty (30) days after written notice by Tenant to Landlord specifying wherein Landlord has failed to perform such obligations. Each notice of default required by this subsection shall specify the alleged event of default and the intended remedy.

**7.4 Tenant's Remedies Upon Landlord's Default.** Upon the occurrence of a default by Landlord under this Lease, Tenant shall have the following rights and all rights and remedies allowed by law or equity, including, but not limited to the following:

(a) Tenant shall have the right to seek a decree or order of specific performance by a court of competent jurisdiction, ordering Landlord to perform its obligations under this Lease.

(b) Tenant shall have the right to recover against Landlord any and all damages which are proximately caused by Landlord's default under this Lease

(c) Tenant shall have the right to take whatever action is necessary to cure Landlord's default, including the incurring of any reasonable expenses, and if Landlord fails to reimburse Tenant for the costs it incurred in connection with the curing of Landlord's default, to offset such costs against the rent then due and owing to Landlord until Tenant is fully reimbursed for such costs plus interest thereon at the rate of six percent (6%) per annum from the date of Tenant's expenditure of such costs until such costs are paid or reimbursed.

(d) Pursue any other remedy now or hereafter available to Tenant under the laws or judicial decisions of the state of Idaho.

The rights, privileges, elections and remedies of Tenant as set forth in this Lease or allowed by law or equity are cumulative and the enforcement by Tenant of a specific remedy shall not constitute an election or remedies and/or a waiver of other available remedies. Notwithstanding the foregoing, in the event of a Catastrophic Failure as described in Section 4.3, such shall not constitute a default by Landlord under this Lease and Tenant's remedies shall be as set forth in Section 3.2(b).

#### **ARTICLE 8 CLAIMS AND DISPUTES**

**8.1 Rights and Remedies Cumulative.** Except as expressly provided in this Lease, each party's rights and remedies described in this Lease, are cumulative and not alternative remedies.

**8.2 Nonwaiver of Remedies.** A waiver of any condition stated in this Lease shall not be implied by any neglect of a party to enforce any remedy available by reason of the failure to observe or perform the condition. A waiver by a party shall not affect any condition other than the one specified in the waiver and a waiver shall waive a specified condition only for the time and in the manner specifically stated in the waiver. The acceptance by Landlord of rent or other money from Tenant after termination of the Lease, after termination of Tenant's right of possession, after the occurrence of a default, or after institution of any remedy by Landlord shall not alter, diminish, affect or waive the Lease termination, termination of possession, default or remedy.

**8.3 Indemnification.** Landlord and Tenant agree to indemnify, defend (with counsel selected by the party being indemnified in its reasonable discretion) and hold harmless the other party and its employees, agents, officers, and directors from and against any claims, demands, penalties, fines, liabilities, settlements, damages, costs, or expenses of any kind or nature, known or unknown, contingent or otherwise (including reasonable attorney fees and costs), arising from any act, omission or negligence of either party, or the officers, contractors, licensees, agents, servants, employees, guests, invitees, or visitors of that party in and about the Premises, or arising from any accident, injury, or damage, howsoever and by whomsoever caused, to any person or property, occurring in or about the Premises, excepting damages resulting from Catastrophic Failure; provided that the foregoing provision shall not be construed to make one party responsible for loss, damage, liability or expense resulting from injuries to third parties caused by the negligence of the other, including any officer, contractor, licensee, agent, servant, employee, guest, invitee of that party.



**8.4 Dispute Resolution.** Notwithstanding anything to the contrary herein, if the parties disagree regarding the performance of this Lease other than nonpayment of rent, then the parties agree to engage in direct discussions to settle the dispute. If the disagreement cannot be settled by direct discussions, then the parties agree to first endeavor to settle the disagreement in an amicable manner by mediation, and if unsuccessful by arbitration, pursuant to the American Arbitration Association's Commercial Mediation Rules with litigation allowed only for the purpose of enforcing an arbitrator's decision. The foregoing dispute resolution provisions shall not preclude Landlord from bringing legal action to recover non-payment of rent, unlawful detainer and possession of the Premises by reason of Tenant's default in any payment obligation under this Lease, nor shall it preclude Tenant from bringing legal action in conformance with Section 7.4(a) to enforce the rights and remedies available to it thereunder.

**8.5 Attorneys' Fees and Costs.** If a party is in default under this Lease, then the defaulting party shall pay to the other party reasonable attorneys' fees and costs (i) incurred by the other party after default and referral to an attorney and (ii) incurred by the prevailing party in any litigation.

#### **ARTICLE 9 TERMINATION OF LEASE**

**9.1 Events of Termination.** This Lease shall terminate upon the occurrence of one or more of the following events: (i) by mutual written agreement of Landlord and Tenant; (ii) by Landlord pursuant to the express provisions of this Lease; (iii) by Tenant pursuant to the express provisions of this Lease; (iv) upon expiration of the Term; or (v) by reason of condemnation or damage/destruction of the Premises as set forth in Article 6.

**9.2 Surrender of Possession.** Upon termination of this Lease, Tenant will immediately surrender possession of the Premises to Landlord. If possession is not immediately surrendered, Landlord may, in compliance with the laws of the state of Idaho, re-enter and repossess the Premises and remove all persons or property.

#### **ARTICLE 10 GENERAL PROVISIONS**

**10.1 Notices.** All notices under this Lease shall be in writing and shall be deemed to be delivered on the date of delivery if delivered in person or by fax, or on the date of receipt if delivered by U.S. Mail or express courier. Proof of delivery shall be by affidavit of personal delivery, machine generated confirmation of fax transmission, or return receipt issued by U.S. Postal Service or express courier. Notices shall be addressed to the address set forth below:

Landlord:

Magic Valley Ground Water District  
P.O. Box 430  
Paul, Idaho 83347

North Snake Ground Water District  
152 E. Main Street

Jerome, Idaho 83338

American Falls-Aberdeen Ground Water District  
P.O. Box 70  
American Falls, Idaho 83211

Bingham Ground Water District  
P.O. Box 1268  
Blackfoot, Idaho 83221

Idaho Ground Water Appropriators, Inc.  
c/o Randall C. Budge  
Racine, Olson, Nye, Budge & Bailey  
P.O. Box 1391  
Pocatello, Idaho 83204-1391

Tenant:

SeaPac of Idaho, Inc.  
P.O. Box 546  
Buhl, Idaho 83316  
Facsimile: (208) 326-5935

**10.2 Time is of the Essence.** Time is of the essence with respect to the obligations to be performed under this Lease.

**10.3 Quiet Enjoyment.** Notwithstanding the limitations of Section 2.6 above, Landlord warrants and represents that on the Commencement Date it shall own fee simple title to the Premises and have the right to enter into this Lease and to let the Premises to Tenant. If Tenant pays the rent and keeps and performs the covenants of this Lease on Tenant's part to be kept and performed according to the provisions and conditions hereof, then Tenant shall peacefully and quietly hold, occupy, and enjoy the Premises during the term hereof without any hindrance or molestation by Landlord or Landlord's agents, successors or assigns.

**10.4 Tenant's Right to Lease the Premises.** Tenant shall have the right to lease the Premises upon expiration of the Term of this Lease, if Landlord elects to lease the Premises at that time. For a period of one (1) year after the expiration of the Lease or its prior termination, Landlord elects to lease the Premises and has received a bona fide third party offer to Lease the Premises, then Landlord shall notify Tenant of the offer and Tenant shall have thirty (30) days from its receipt of such offer to accept or reject to then lease the Premises upon the same terms of the offer ("Lease Notice"). Notwithstanding the foregoing, if subsequent to Tenant declining to purchase under the terms set forth in the Lease Notice, Landlord modifies the terms originally set forth in the Lease Notice or offers to enter into an agreement to sell to a prospective tenant other than the Tenant and on terms different from the terms initially declined by the Tenant as set forth originally in the Lease Notice, then Landlord shall provide a new Lease Notice with the new or modified terms to Tenant. Tenant shall have thereafter a thirty (30) day exclusive right and option to lease the Premises for the rent and on the same terms as given in the Lease Notice with the new or modified terms. Tenant may exercise such option, by

entering into a Lease acceptable to Landlord and Tenant within the thirty (30) day period on the new or modified terms. The rights granted Tenant hereunder shall survive if Tenant declines to match the third party offer as set forth in the Lease Notice and the third party offer fails to result in a lease of the Premises.

**10.5 Tenant's Right to Purchase the Premises.** In the event that at any time during the Term hereof, and for a period of one (1) year thereafter, Landlord desires to list the Premises for sale and Landlord receives an acceptable offer, Landlord shall give written notice to Tenant of such intent and complete terms of the offer received by Landlord ("Purchase Notice"), and Tenant shall have thereafter a thirty (30) day exclusive right and option to purchase the Premises for the same price and on the same terms as given in the Purchase Notice. Tenant may exercise such option, by entering into a purchase agreement acceptable to Landlord and Tenant within the thirty (30) day period. If Tenant fails to enter into such purchase agreement with Landlord, Landlord shall thereafter be free to list the Premises for sale on the same terms and conditions as set forth in the Purchase Notice and thereafter sell the Premises. Notwithstanding the foregoing, if subsequent to Tenant declining to purchase under the terms set forth in the Purchase Notice, Landlord modifies the terms originally set forth in the Purchase Notice or offers to enter into an agreement to sell to a prospective purchaser other than the Tenant and on terms different from the terms initially declined by the Tenant as set forth originally in the Purchase Notice, then Landlord shall provide a new Purchase Notice with the new or modified terms to Tenant. Tenant shall have thereafter a thirty (30) day exclusive right and option to purchase the Premises for the same price and on the same terms as given in the Purchase Notice with the new or modified terms. Tenant may exercise such option, by entering into a purchase agreement acceptable to Landlord and Tenant within the thirty (30) day period on the new or modified terms. The rights granted Tenant hereunder shall survive if Tenant declines to match the third party offer as set forth in the Purchase Notice and the third party offer fails to close.

**10.6 Limitations on Future Delivery Calls.** Future delivery calls related to either the Lease Water Rights or the Magic Springs Water Rights shall be governed by the parties' settlement agreement executed contemporaneously herewith, the terms of which are incorporated herein by reference. The rights conferred in this Section 10.6 are not intended and do not create any right in any person or entity other than Landlord and Tenant. These rights shall not be assigned.

**10.7 Landlord's Condition.** Landlord's obligations under this Lease are specifically conditioned upon each Water District which is joining in this Lease obtaining authorization from their respective Board of Directors to enter into this Lease.

**10.8 Interpretation.** This Lease shall be governed by the law of the State of Idaho. The courts in the State of Idaho shall have exclusive jurisdiction. The invalidity of any portion of this Lease shall not affect the validity of any other portion of this Lease. This Lease constitutes the entire, completely integrated agreement among the parties and supersedes all prior memoranda, correspondence, conversations and negotiations.

**10.9 Binding Effect.** The covenants and conditions contained herein shall apply to and bind the parties and all sublessees, assigns and successors of the parties.

**10.10 Memorandum.** This Lease shall not be recorded. However, a Memorandum of this Lease shall be executed and recorded in the records of Jerome County, Idaho, in the form attached hereto as Exhibit "C".

**10.11 Entire Agreement; Amendment.** This Lease contains the entire agreement between the parties hereto and supersedes all prior agreements, oral or written, with respect to the subject matter hereof. This Lease may not be modified in any manner whatsoever except by an instrument in writing signed by each of the parties hereto.

**10.12 Severability.** Any provisions of this Lease, which may be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provisions in any other jurisdiction.

**10.13 Cooperation** Landlord and Tenant shall and do hereby agree to cooperate with each other and to encourage and participate in efforts made by the State of Idaho and other users of the waters of the State of Idaho to promote the recharging, stabilization and sustaining of the aquifer in area of the Premises.

*[Signatures on following page]*

Tenant:

SEAPAC OF IDAHO, INC.,  
an Idaho corporation

Dated: 13 February, 2012

By: [Signature]  
Name: Ken Hickey  
Title: President

Landlord:

Dated: 3-27-, 2012

NORTH SNAKE GROUND WATER DISTRICT

By: [Signature]  
Name: Myron Cadquist  
Title: Chairman

MAGIC VALLEY GROUND WATER DISTRICT

By: [Signature]  
Name: Orlando H. Maughon  
Title: Chairman

AMERICAN FALLS-ABERDEEN GROUND  
WATER DISTRICT

By: [Signature]  
Name: Nick Rehrend  
Title: Chairman

BINGHAM GROUND WATER DISTRICT

By: [Signature]  
Name: CHAIK R. EPHNS  
Title: BEHIND CHAIRMAN

Tenant:

SEAPAC OF IDAHO, INC.,  
an Idaho corporation


Dated: \_\_\_\_\_, 2012

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

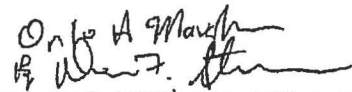
Landlord:

Dated: 3-27-, 2012

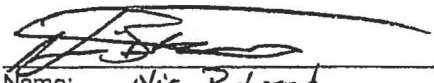
NORTH SNAKE GROUND WATER DISTRICT

By:   
Name: Gregory Carlquist  
Title: Chairman

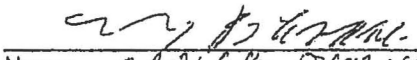
MAGIC VALLEY GROUND WATER DISTRICT

By:   
Name: Orlo H. Maughan  
Title: Chairman

AMERICAN FALLS-ABERDEEN GROUND  
WATER DISTRICT

By:   
Name: Nic Behrend  
Title: Chairman

BINGHAM GROUND WATER DISTRICT

By:   
Name: C. A. B. EDWARDS  
Title: BOARD CHAIRMAN

## EXHIBIT "A"

### BLUE LAKES LEGAL DESCRIPTION

A PARCEL OF LAND LOCATED IN A PORTION OF LOTS 13 AND 14, SECTION 28, AND A PORTION OF LOTS 18 AND 19, SECTION 29, TOWNSHIP 9 SOUTH, RANGE 17 EAST, BOISE MERIDIAN, JEROME COUNTY IDAHO, DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHEAST CORNER OF SECTION 29, TOWNSHIP 9 SOUTH, RANGE 17 EAST, BOISE MERIDIAN, MARKED BY A 3 INCH BUREAU OF LAND MANAGEMENT BRASS CAP MONUMENT AS DESCRIBED IN CORNER PERPETUATION INST. NO. 2012294; THENCE SOUTH  $00^{\circ}31'16''$  WEST, ALONG THE EAST LINE OF SAID SECTION 29, (BASIS OF BEARING PER CENTRAL MERIDIAN OF CENTRAL ZONE OF IDAHO STATE PLANE COORDINATE SYSTEM), A DISTANCE OF 1439.45 FEET TO A MEANDER CORNER RIGHT BANK (OLD) SNAKE RIVER OF SECTIONS 28 AND 29, MARKED BY A 1/2 INCH REBAR (NO CAP) AS DESCRIBED IN RECORD OF SURVEY INST. NO. 2012583; THENCE SOUTH  $00^{\circ}25'10''$  WEST, ALONG THE EAST LINE OF SAID SECTION 29, A DISTANCE OF 1549.01 FEET TO A CLOSING CORNER LEFT BANK (OLD) SNAKE RIVER SECTIONS 28 AND 29, MARKED BY A CHISELED "X" ON CLIFF FACE AS DESCRIBED IN RECORD OF SURVEY INST. NO. 2012583; THENCE SOUTH  $78^{\circ}58'35''$  WEST A DISTANCE OF 667.71 FEET TO A LARGE LAVA BOULDER WITH CHISELED "X" AS DESCRIBED IN CORNER PERPETUATION INST. NO. 267144, BEING THE POINT OF BEGINNING.

THENCE SOUTH  $44^{\circ}58'30''$  EAST A DISTANCE OF 530.00 FEET TO A FOUND 1/2 INCH REBAR (NO CAP) BEING THE NORTHWEST CORNER OF A PARCEL OF LAND DESCRIBED IN DEED INST. NO. 2120046; THENCE CONTINUING SOUTH  $44^{\circ}58'30''$  EAST, ALONG THE SOUTHERLY BOUNDARY LINE OF SAID PARCEL OF LAND, A DISTANCE OF 611.00 FEET; THENCE SOUTH  $18^{\circ}53'32''$  EAST, ALONG THE SOUTHERLY BOUNDARY LINE OF SAID PARCEL OF LAND, A DISTANCE OF 166.00 FEET; THENCE SOUTH  $37^{\circ}19'32''$  EAST, ALONG THE SOUTHERLY BOUNDARY LINE OF SAID PARCEL OF LAND, A DISTANCE OF 223.00 FEET TO THE SOUTHWEST CORNER OF A PARCEL OF LAND DESCRIBED IN DEED INST. NO. 316342; THENCE SOUTH  $48^{\circ}37'32''$  EAST, ALONG THE SOUTH BOUNDARY LINE OF SAID PARCEL OF LAND DESCRIBED IN DEED INST. NO. 316342, A DISTANCE OF 174.00 FEET TO AN ANGLE POINT ON THE SOUTH BOUNDARY LINE OF A PARCEL OF LAND DESCRIBED IN DEED INST. NO. 2072572 (PARCEL 2); THENCE SOUTH  $56^{\circ}14'32''$  EAST A DISTANCE OF 105.45 FEET TO THE SOUTHWEST CORNER OF A PARCEL OF LAND DESCRIBED IN DEED INST. NO. 2120049; THENCE SOUTH  $56^{\circ}14'32''$  EAST, ALONG THE SOUTHERLY BOUNDARY LINE OF SAID PARCEL OF LAND, A DISTANCE OF 127.00 FEET TO THE SOUTHWEST CORNER OF A PARCEL OF LAND DESCRIBED IN DEED INST. NO. 2072572, (PARCEL 8); THENCE CONTINUING SOUTH  $56^{\circ}14'32''$  EAST, ALONG THE SOUTHERLY BOUNDARY LINE OF SAID PARCEL OF LAND, A DISTANCE OF 254.00 FEET TO THE SOUTHWEST CORNER OF A PARCEL OF LAND DESCRIBED IN DEED INST. NO. 2072572 (PARCEL 11); THENCE SOUTH  $59^{\circ}07'09''$  EAST A DISTANCE OF 420.55 FEET; THENCE SOUTH  $77^{\circ}55'15''$  EAST A DISTANCE OF 47.26 FEET; THENCE NORTH  $61^{\circ}33'32''$  EAST A DISTANCE OF 151.96 FEET; THENCE SOUTH  $23^{\circ}17'14''$  EAST A DISTANCE OF 102.43 FEET; THENCE SOUTH  $71^{\circ}11'49''$  WEST A DISTANCE OF 242.16 FEET TO THE SOUTHEAST CORNER OF A PARCEL OF LAND DESCRIBED IN DEED INST. NO. 2120047; THENCE NORTH  $56^{\circ}14'32''$  WEST, ALONG THE SOUTHERLY BOUNDARY LINE OF SAID PARCEL OF LAND, A DISTANCE OF 132.42 FEET TO THE NORTHEAST CORNER OF A PARCEL OF LAND DESCRIBED IN DEED INST. NO. 2072572, (PARCEL 12); THENCE SOUTH  $22^{\circ}33'27''$  WEST, ALONG THE WESTERLY BOUNDARY LINE OF SAID PARCEL OF LAND, A DISTANCE OF 97.85 FEET TO THE APPROXIMATE HIGH WATER MARK OF THE NORTH BANK OF THE SNAKE RIVER; THENCE ALONG THE

APPROXIMATE HIGH WATER MARK OF THE NORTH BANK OF THE SNAKE RIVER FOR THE NEXT TWENTY SIX (26) COURSES;

- (1) NORTH 40°38'24" WEST A DISTANCE OF 61.29 FEET;
- (2) NORTH 47°53'20" WEST A DISTANCE OF 94.30 FEET;
- (3) NORTH 48°19'24" WEST A DISTANCE OF 144.58 FEET;
- (4) NORTH 46°51'47" WEST A DISTANCE OF 130.20 FEET;
- (5) NORTH 56°08'30" WEST A DISTANCE OF 118.13 FEET;
- (6) NORTH 58°10'53" WEST A DISTANCE OF 147.09 FEET;
- (7) NORTH 61°47'44" WEST A DISTANCE OF 53.52 FEET;
- (8) NORTH 75°10'57" WEST A DISTANCE OF 34.57 FEET;
- (9) NORTH 85°53'55" WEST A DISTANCE OF 61.79 FEET;
- (10) NORTH 69°57'28" WEST A DISTANCE OF 159.12 FEET;
- (11) NORTH 63°02'50" WEST A DISTANCE OF 142.02 FEET;
- (12) NORTH 77°00'41" WEST A DISTANCE OF 77.61 FEET;
- (13) SOUTH 49°56'58" WEST A DISTANCE OF 111.92 FEET;
- (14) SOUTH 75°19'46" WEST A DISTANCE OF 70.20 FEET;
- (15) NORTH 35°52'47" WEST A DISTANCE OF 107.64 FEET;
- (16) NORTH 54°35'29" WEST A DISTANCE OF 88.81 FEET;
- (17) SOUTH 70°43'42" WEST A DISTANCE OF 81.75 FEET;
- (18) SOUTH 79°46'43" WEST A DISTANCE OF 105.71 FEET;
- (19) NORTH 85°01'57" WEST A DISTANCE OF 97.54 FEET;
- (20) NORTH 43°32'19" WEST A DISTANCE OF 41.09 FEET;
- (21) NORTH 24°57'26" WEST A DISTANCE OF 72.03 FEET;
- (22) NORTH 00°59'28" WEST A DISTANCE OF 96.37 FEET;
- (23) SOUTH 75°16'23" WEST A DISTANCE OF 132.14 FEET;
- (24) NORTH 79°51'22" WEST A DISTANCE OF 35.54 FEET;
- (25) NORTH 74°00'47" WEST A DISTANCE OF 68.09 FEET;
- (26) NORTH 70°41'14" WEST A DISTANCE OF 10.00 FEET;

THENCE ALONG THE EASTERLY AND NORTHERLY BOUNDARY LINE OF A PARCEL OF LAND DESCRIBED IN DEED INST. NO. 2081786 FOR THE NEXT FOUR (4) COURSES;

- (1) NORTH 16°56'58" EAST A DISTANCE OF 588.68 FEET;
- (2) NORTH 36°13'32" WEST A DISTANCE OF 20.01 FEET;
- (3) NORTH 48°58'32" WEST A DISTANCE OF 430.00 FEET;
- (4) NORTH 58°49'28" EAST A DISTANCE OF 380.00 FEET TO THE POINT OF BEGINNING.

CONTAINING 23.22 ACRES MORE OR LESS.



**EXHIBIT "B"**  
**COMMENCMENT MEMORANDUM**

### COMMENCEMENT MEMORANDUM

Pursuant to Section 1.9 of the Lease ("Lease") effective \_\_\_\_\_ day of \_\_\_\_\_, 2012, between North Snake Ground Water District, Magic Valley Ground Water District, American Falls-Aberdeen Ground Water District, and Bingham Ground Water District (collectively, "Landlord"), and SeaPac of Idaho, Inc., an Idaho corporation ("Tenant"). Landlord and Tenant through their primary contacts do hereby memorialize the following upon the commencement of the Lease:

1. The Commencement Date pursuant to Section 1.5 of the Lease is \_\_\_\_\_.
2. The initial Average Annual CFS for Blue Lakes pursuant to Section 1.6 of the Lease is \_\_\_\_\_.
3. The base Average Annual CFS for Magic Springs pursuant to Section 1.6.4 of the Lease is \_\_\_\_\_.
4. The following structures or improvements on the Premises shall be excluded from the Parties' obligations in Sections 4.2, 4.3, and 6.2 of the Lease:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_.

Tenant:

SEAPAC OF IDAHO, INC.,  
an Idaho corporation

Dated: \_\_\_\_\_, 20\_\_\_\_

By: \_\_\_\_\_

Name: Ken Ashley

Title: \_\_\_\_\_

Landlord:

Dated: \_\_\_\_\_, 20\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT "C"**  
**MEMORANDUM OF LEASE**

Recording Requested By and  
When Recorded Return to:

HAWLEY TROXELL ENNIS & HAWLEY LLP  
Attn: Geoffrey M. Wardle  
P.O. Box 1617  
Boise, Idaho 83701

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SPACE ABOVE THIS LINE FOR RECORDER'S USE ONLY

### MEMORANDUM OF LEASE

THIS MEMORANDUM OF LEASE ("Memorandum") is made as of the \_\_\_\_\_ day of \_\_\_\_\_, 2012, between North Snake Ground Water District, Magic Valley Ground Water District, American Falls-Aberdeen Ground Water District, and Bingham Ground Water District (collectively, "Landlord"), and SeaPac of Idaho, Inc., an Idaho corporation ("Tenant").

1. Landlord and Tenant have entered into a lease dated as of \_\_\_\_\_, 2001 (the "Lease") regarding certain real property and water rights described in Exhibit A, attached hereto and incorporated herein.
2. The Lease is made in consideration for the dismissal of the matter pending before the Idaho Department of Water Resources and reference as Docket No. CM-DC-2011-003
3. This Memorandum summarizes the provisions of the Lease pursuant to Idaho Code Section 55-818 and incorporates by reference all of the terms and provisions of the Memorandum.
4. The terms, conditions and provisions of the Lease shall extend to and be binding upon the heirs, executors, administrators, grantees, successors and assigns of the parties hereto.
5. In the event of any conflict between the Lease and this Memorandum, the Lease shall control.
6. Capitalized terms set forth in this Memorandum shall have the same meanings ascribed for such capitalized terms in the Lease.

SIGNATURES ON FOLLOWING PAGES

Tenant:

SEAPAC OF IDAHO, INC.,  
an Idaho corporation

Dated: \_\_\_\_\_, 2012

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

STATE OF IDAHO

)  
) ss.

County of \_\_\_\_\_)

On this \_\_\_\_\_ day of \_\_\_\_\_, 201\_\_\_\_, before me, \_\_\_\_\_,  
the undersigned notary public in and for said county and state, personally appeared  
\_\_\_\_\_, known or identified to me to be the  
\_\_\_\_\_, known or identified to me to be the \_\_\_\_\_, of  
the \_\_\_\_\_, that executed the within  
Instrument, and known to me to be the person that executed the within instrument on behalf of  
said \_\_\_\_\_ and acknowledged to me that such  
\_\_\_\_\_ executed the same for the purposes herein  
contained.

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

\_\_\_\_\_  
Notary Public for Idaho

Residing at \_\_\_\_\_

Commission Expires \_\_\_\_\_

Landlord:

Dated: \_\_\_\_\_, 2012

NORTH SNAKE GROUND WATER DISTRICT

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

STATE OF IDAHO                    )  
  ) ss.  
County of \_\_\_\_\_ )

On this \_\_\_\_\_ day of \_\_\_\_\_, 201\_\_\_\_, before me, \_\_\_\_\_,  
the undersigned notary public in and for said county and state, personally appeared  
\_\_\_\_\_, known or identified to me to be the \_\_\_\_\_,  
\_\_\_\_\_, known or identified to me to be the \_\_\_\_\_, of  
the \_\_\_\_\_, that executed the within  
instrument, and known to me to be the person that executed the within instrument on behalf of  
said \_\_\_\_\_ and acknowledged to me that such  
\_\_\_\_\_ executed the same for the purposes herein  
contained.

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

\_\_\_\_\_  
Notary Public for Idaho  
Residing at \_\_\_\_\_  
Commission Expires \_\_\_\_\_

Dated: \_\_\_\_\_, 2012

MAGIC VALLEY GROUND WATER DISTRICT

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

STATE OF IDAHO                    )  
  ) ss.  
County of \_\_\_\_\_ )

On this \_\_\_\_\_ day of \_\_\_\_\_, 201\_\_\_\_, before me, \_\_\_\_\_,  
the undersigned notary public in and for said county and state, personally appeared  
\_\_\_\_\_, known or identified to me to be the  
\_\_\_\_\_, known or identified to me to be the \_\_\_\_\_, of  
the \_\_\_\_\_, that executed the within  
instrument, and known to me to be the person that executed the within instrument on behalf of  
said \_\_\_\_\_ and acknowledged to me that such  
\_\_\_\_\_ executed the same for the purposes herein  
contained.

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

\_\_\_\_\_  
Notary Public for Idaho  
Residing at \_\_\_\_\_  
Commission Expires \_\_\_\_\_

Dated: \_\_\_\_\_, 2012

AMERICAN FALLS-ABERDEEN GROUND  
WATER DISTRICT

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

STATE OF IDAHO            )  
                                      ) ss.  
County of \_\_\_\_\_ )

On this \_\_\_\_\_ day of \_\_\_\_\_, 201\_\_\_\_, before me, \_\_\_\_\_,  
the undersigned notary public in and for said county and state, personally appeared  
\_\_\_\_\_, known or identified to me to be the \_\_\_\_\_,  
\_\_\_\_\_, known or identified to me to be the \_\_\_\_\_, of  
the \_\_\_\_\_, that executed the within  
instrument, and known to me to be the person that executed the within instrument on behalf of  
said \_\_\_\_\_ and acknowledged to me that such  
\_\_\_\_\_ executed the same for the purposes herein  
contained.

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

\_\_\_\_\_  
Notary Public for Idaho  
Residing at \_\_\_\_\_  
Commission Expires \_\_\_\_\_



Dated: \_\_\_\_\_, 2012

BINGHAM GROUND WATER DISTRICT

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

STATE OF IDAHO                    )  
  ). ss.  
County of \_\_\_\_\_ )

On this \_\_\_\_\_ day of \_\_\_\_\_, 201\_\_\_\_, before me, \_\_\_\_\_,  
the undersigned notary public in and for said county and state, personally appeared  
\_\_\_\_\_, known or identified to me to be the \_\_\_\_\_,  
\_\_\_\_\_, known or identified to me to be the \_\_\_\_\_, of  
the \_\_\_\_\_, that executed the within  
instrument, and known to me to be the person that executed the within instrument on behalf of  
said \_\_\_\_\_ and acknowledged to me that such  
\_\_\_\_\_ executed the same for the purposes herein  
contained.

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

\_\_\_\_\_  
Notary Public for Idaho  
Residing at \_\_\_\_\_  
Commission Expires \_\_\_\_\_

## EXHIBIT A

### DESCRIPTION OF PROPERTY

A PARCEL OF LAND LOCATED IN A PORTION OF LOTS 13 AND 14, SECTION 28, AND A PORTION OF LOTS 18 AND 19, SECTION 29, TOWNSHIP 9 SOUTH, RANGE 17 EAST, BOISE MERIDIAN, JEROME COUNTY IDAHO, DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHEAST CORNER OF SECTION 29, TOWNSHIP 9 SOUTH, RANGE 17 EAST, BOISE MERIDIAN, MARKED BY A 3 INCH BUREAU OF LAND MANAGEMENT BRASS CAP MONUMENT AS DESCRIBED IN CORNER PERPETUATION INST. NO. 2012294; THENCE SOUTH 00°31'16" WEST, ALONG THE EAST LINE OF SAID SECTION 29, (BASIS OF BEARING PER CENTRAL MERIDIAN OF CENTRAL ZONE OF IDAHO STATE PLANE COORDINATE SYSTEM), A DISTANCE OF 1439.45 FEET TO A MEANDER CORNER RIGHT BANK (OLD) SNAKE RIVER OF SECTIONS 28 AND 29, MARKED BY A 1/2 INCH REBAR (NO CAP) AS DESCRIBED IN RECORD OF SURVEY INST. NO. 2012583; THENCE SOUTH 00°25'10" WEST, ALONG THE EAST LINE OF SAID SECTION 29, A DISTANCE OF 1549.01 FEET TO A CLOSING CORNER LEFT BANK (OLD) SNAKE RIVER SECTIONS 28 AND 29, MARKED BY A CHISELED "X" ON CLIFF FACE AS DESCRIBED IN RECORD OF SURVEY INST. NO. 2012583; THENCE SOUTH 78°58'35" WEST A DISTANCE OF 667.71 FEET TO A LARGE LAVA BOULDER WITH CHISELED "X" AS DESCRIBED IN CORNER PERPETUATION INST. NO. 267144, BEING THE POINT OF BEGINNING.

THENCE SOUTH 44°58'30" EAST A DISTANCE OF 530.00 FEET TO A FOUND 1/2 INCH REBAR (NO CAP) BEING THE NORTHWEST CORNER OF A PARCEL OF LAND DESCRIBED IN DEED INST. NO. 201364; THENCE CONTINUING SOUTH 44°58'30" EAST, ALONG THE SOUTHERLY BOUNDARY LINE OF SAID PARCEL OF LAND, A DISTANCE OF 611.00 FEET; THENCE SOUTH 18°53'32" EAST, ALONG THE SOUTHERLY BOUNDARY LINE OF SAID PARCEL OF LAND, A DISTANCE OF 166.00 FEET; THENCE SOUTH 37°19'32" EAST, ALONG THE SOUTHERLY BOUNDARY LINE OF SAID PARCEL OF LAND, A DISTANCE OF 223.00 FEET TO THE SOUTHWEST CORNER OF A PARCEL OF LAND DESCRIBED IN DEED INST. NO. 316342; THENCE SOUTH 48°37'32" EAST, ALONG THE SOUTH BOUNDARY LINE OF SAID PARCEL OF LAND DESCRIBED IN DEED INST. NO. 316342, A DISTANCE OF 174.00 FEET TO AN ANGLE POINT ON THE SOUTH BOUNDARY LINE OF A PARCEL OF LAND DESCRIBED IN DEED INST. NO. 2072572 (PARCEL 2); THENCE SOUTH 56°14'32" EAST A DISTANCE OF 105.45 FEET TO THE SOUTHWEST CORNER OF A PARCEL OF LAND DESCRIBED IN DEED INST. NO. 2057283; THENCE SOUTH 56°14'32" EAST, ALONG THE SOUTHERLY BOUNDARY LINE OF SAID PARCEL OF LAND, A DISTANCE OF 127.00 FEET TO THE SOUTHWEST CORNER OF A PARCEL OF LAND DESCRIBED IN DEED INST. NO. 2072572, (PARCEL 8); THENCE CONTINUING SOUTH 56°14'32" EAST, ALONG THE SOUTHERLY BOUNDARY LINE OF SAID PARCEL OF LAND, A DISTANCE OF 254.00 FEET TO THE SOUTHWEST CORNER OF A PARCEL OF LAND DESCRIBED IN DEED INST. NO. 2072572 (PARCEL 11); THENCE SOUTH 59°07'09" EAST A DISTANCE OF 420.55 FEET; THENCE SOUTH 77°55'15" EAST A DISTANCE OF 47.26 FEET; THENCE NORTH 81°33'32" EAST A DISTANCE OF 151.96 FEET; THENCE SOUTH 23°17'14" EAST A DISTANCE OF 102.43 FEET; THENCE SOUTH 71°11'49" WEST A DISTANCE OF 242.16 FEET TO THE SOUTHEAST CORNER OF A PARCEL OF LAND DESCRIBED IN DEED INST. NO. 211304; THENCE NORTH 56°14'32" WEST, ALONG THE SOUTHERLY BOUNDARY LINE OF SAID PARCEL OF LAND, A DISTANCE OF 132.42 FEET TO THE NORTHEAST CORNER OF A PARCEL OF LAND DESCRIBED IN DEED INST. NO. 2072572, (PARCEL 12); THENCE SOUTH 22°33'27" WEST, ALONG THE WESTERLY BOUNDARY LINE OF SAID PARCEL OF LAND, A DISTANCE OF 97.85 FEET TO THE APPROXIMATE HIGH WATER MARK OF THE NORTH BANK OF THE SNAKE RIVER; THENCE ALONG THE APPROXIMATE HIGH WATER MARK OF THE NORTH BANK OF THE SNAKE RIVER FOR THE NEXT TWENTY SIX (26) COURSES;

- (1) NORTH 40°38'24" WEST A DISTANCE OF 61.29 FEET;
- (2) NORTH 47°53'20" WEST A DISTANCE OF 94.30 FEET;
- (3) NORTH 48°19'24" WEST A DISTANCE OF 144.58 FEET;

(4) NORTH 46°51'47" WEST A DISTANCE OF 130.20 FEET;  
(5) NORTH 56°08'30" WEST A DISTANCE OF 118.13 FEET;  
(6) NORTH 58°10'53" WEST A DISTANCE OF 147.09 FEET;  
(7) NORTH 61°47'44" WEST A DISTANCE OF 53.52 FEET;  
(8) NORTH 75°10'57" WEST A DISTANCE OF 34.57 FEET;  
(9) NORTH 85°53'55" WEST A DISTANCE OF 81.79 FEET;  
(10) NORTH 69°57'28" WEST A DISTANCE OF 159.12 FEET;  
(11) NORTH 63°02'50" WEST A DISTANCE OF 142.02 FEET;  
(12) NORTH 77°00'41" WEST A DISTANCE OF 77.61 FEET;  
(13) SOUTH 49°56'58" WEST A DISTANCE OF 111.92 FEET;  
(14) SOUTH 75°19'46" WEST A DISTANCE OF 70.20 FEET;  
(15) NORTH 35°52'47" WEST A DISTANCE OF 107.64 FEET;  
(16) NORTH 54°35'29" WEST A DISTANCE OF 88.81 FEET;  
(17) SOUTH 70°43'42" WEST A DISTANCE OF 81.75 FEET;  
(18) SOUTH 79°46'43" WEST A DISTANCE OF 105.71 FEET;  
(19) NORTH 85°01'57" WEST A DISTANCE OF 97.54 FEET;  
(20) NORTH 43°32'19" WEST A DISTANCE OF 41.09 FEET;  
(21) NORTH 24°57'26" WEST A DISTANCE OF 72.03 FEET;  
(22) NORTH 00°59'28" WEST A DISTANCE OF 96.37 FEET;  
(23) SOUTH 75°18'23" WEST A DISTANCE OF 132.14 FEET;  
(24) NORTH 79°51'22" WEST A DISTANCE OF 35.54 FEET;  
(25) NORTH 74°00'47" WEST A DISTANCE OF 68.09 FEET;  
(26) NORTH 70°41'14" WEST A DISTANCE OF 10.00 FEET;  
THENCE ALONG THE EASTERLY AND NORTHERLY BOUNDARY LINE OF A PARCEL OF LAND  
DESCRIBED IN DEED INST. NO. 2081786 FOR THE NEXT FOUR (4) COURSES;  
(1) NORTH 16°56'58" EAST A DISTANCE OF 588.68 FEET;  
(2) NORTH 36°13'32" WEST A DISTANCE OF 20.01 FEET;  
(3) NORTH 48°58'32" WEST A DISTANCE OF 430.00 FEET;  
(4) NORTH 58°49'28" EAST A DISTANCE OF 380.00 FEET TO THE POINT OF BEGINNING.

CONTAINING 23.22 ACRES MORE OR LESS.

**EXHIBIT "B"**

**Property Description**

## EXHIBIT "A"

### BLUE LAKES LEGAL DESCRIPTION

A PARCEL OF LAND LOCATED IN A PORTION OF LOTS 13 AND 14, SECTION 28, AND A PORTION OF LOTS 18 AND 19, SECTION 29, TOWNSHIP 9 SOUTH, RANGE 17 EAST, BOISE MERIDIAN, JEROME COUNTY IDAHO, DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHEAST CORNER OF SECTION 29, TOWNSHIP 9 SOUTH, RANGE 17 EAST, BOISE MERIDIAN, MARKED BY A 3 INCH BUREAU OF LAND MANAGEMENT BRASS CAP MONUMENT AS DESCRIBED IN CORNER PERPETUATION INST. NO. 2012294; THENCE SOUTH 00°31'16" WEST, ALONG THE EAST LINE OF SAID SECTION 29, (BASIS OF BEARING PER CENTRAL MERIDIAN OF CENTRAL ZONE OF IDAHO STATE PLANE COORDINATE SYSTEM), A DISTANCE OF 1439.45 FEET TO A MEANDER CORNER RIGHT BANK (OLD) SNAKE RIVER OF SECTIONS 28 AND 29, MARKED BY A 1/2 INCH REBAR (NO CAP) AS DESCRIBED IN RECORD OF SURVEY INST. NO. 2012583; THENCE SOUTH 00°25'10" WEST, ALONG THE EAST LINE OF SAID SECTION 29, A DISTANCE OF 1549.01 FEET TO A CLOSING CORNER LEFT BANK (OLD) SNAKE RIVER SECTIONS 28 AND 29, MARKED BY A CHISELED "X" ON CLIFF FACE AS DESCRIBED IN RECORD OF SURVEY INST. NO. 2012583; THENCE SOUTH 78°58'35" WEST A DISTANCE OF 667.71 FEET TO A LARGE LAVA BOULDER WITH CHISELED "X" AS DESCRIBED IN CORNER PERPETUATION INST. NO. 267144, BEING THE POINT OF BEGINNING.

THENCE SOUTH 44°58'30" EAST A DISTANCE OF 530.00 FEET TO A FOUND 1/2 INCH REBAR (NO CAP) BEING THE NORTHWEST CORNER OF A PARCEL OF LAND DESCRIBED IN DEED INST. NO. 2120046; THENCE CONTINUING SOUTH 44°58'30" EAST, ALONG THE SOUTHERLY BOUNDARY LINE OF SAID PARCEL OF LAND, A DISTANCE OF 611.00 FEET; THENCE SOUTH 18°53'32" EAST, ALONG THE SOUTHERLY BOUNDARY LINE OF SAID PARCEL OF LAND, A DISTANCE OF 166.00 FEET; THENCE SOUTH 37°19'32" EAST, ALONG THE SOUTHERLY BOUNDARY LINE OF SAID PARCEL OF LAND, A DISTANCE OF 223.00 FEET TO THE SOUTHWEST CORNER OF A PARCEL OF LAND DESCRIBED IN DEED INST. NO. 316342; THENCE SOUTH 48°37'32" EAST, ALONG THE SOUTH BOUNDARY LINE OF SAID PARCEL OF LAND DESCRIBED IN DEED INST. NO. 316342, A DISTANCE OF 174.00 FEET TO AN ANGLE POINT ON THE SOUTH BOUNDARY LINE OF A PARCEL OF LAND DESCRIBED IN DEED INST. NO. 2072572 (PARCEL 2); THENCE SOUTH 56°14'32" EAST A DISTANCE OF 105.45 FEET TO THE SOUTHWEST CORNER OF A PARCEL OF LAND DESCRIBED IN DEED INST. NO. 2120049; THENCE SOUTH 56°14'32" EAST, ALONG THE SOUTHERLY BOUNDARY LINE OF SAID PARCEL OF LAND, A DISTANCE OF 127.00 FEET TO THE SOUTHWEST CORNER OF A PARCEL OF LAND DESCRIBED IN DEED INST. NO. 2072572, (PARCEL 8); THENCE CONTINUING SOUTH 56°14'32" EAST, ALONG THE SOUTHERLY BOUNDARY LINE OF SAID PARCEL OF LAND, A DISTANCE OF 254.00 FEET TO THE SOUTHWEST CORNER OF A PARCEL OF LAND DESCRIBED IN DEED INST. NO. 2072572 (PARCEL 11); THENCE SOUTH 59°07'09" EAST A DISTANCE OF 420.55 FEET; THENCE SOUTH 77°55'15" EAST A DISTANCE OF 47.26 FEET; THENCE NORTH 61°33'32" EAST A DISTANCE OF 151.96 FEET; THENCE SOUTH 23°17'14" EAST A DISTANCE OF 102.43 FEET; THENCE SOUTH 71°11'49" WEST A DISTANCE OF 242.16 FEET TO THE SOUTHEAST CORNER OF A PARCEL OF LAND DESCRIBED IN DEED INST. NO. 2120047; THENCE NORTH 56°14'32" WEST, ALONG THE SOUTHERLY BOUNDARY LINE OF SAID PARCEL OF LAND, A DISTANCE OF 132.42 FEET TO THE NORTHEAST CORNER OF A PARCEL OF LAND DESCRIBED IN DEED INST. NO. 2072572, (PARCEL 12); THENCE SOUTH 22°33'27" WEST, ALONG THE WESTERLY BOUNDARY LINE OF SAID PARCEL OF LAND, A DISTANCE OF 97.85 FEET TO THE APPROXIMATE HIGH WATER MARK OF THE NORTH BANK OF THE SNAKE RIVER; THENCE ALONG THE

APPROXIMATE HIGH WATER MARK OF THE NORTH BANK OF THE SNAKE RIVER FOR THE NEXT TWENTY SIX (26) COURSES;

- (1) NORTH 40°38'24" WEST A DISTANCE OF 61.29 FEET;
  - (2) NORTH 47°53'20" WEST A DISTANCE OF 94.30 FEET;
  - (3) NORTH 48°19'24" WEST A DISTANCE OF 144.58 FEET;
  - (4) NORTH 46°51'47" WEST A DISTANCE OF 130.20 FEET;
  - (5) NORTH 56°08'30" WEST A DISTANCE OF 118.13 FEET;
  - (6) NORTH 58°10'53" WEST A DISTANCE OF 147.09 FEET;
  - (7) NORTH 61°47'44" WEST A DISTANCE OF 53.52 FEET;
  - (8) NORTH 75°10'57" WEST A DISTANCE OF 34.57 FEET;
  - (9) NORTH 85°53'55" WEST A DISTANCE OF 61.79 FEET;
  - (10) NORTH 69°57'28" WEST A DISTANCE OF 159.12 FEET;
  - (11) NORTH 63°02'50" WEST A DISTANCE OF 142.02 FEET;
  - (12) NORTH 77°00'41" WEST A DISTANCE OF 77.61 FEET;
  - (13) SOUTH 49°56'58" WEST A DISTANCE OF 111.92 FEET;
  - (14) SOUTH 75°19'46" WEST A DISTANCE OF 70.20 FEET;
  - (15) NORTH 35°52'47" WEST A DISTANCE OF 107.64 FEET;
  - (16) NORTH 54°35'29" WEST A DISTANCE OF 88.81 FEET;
  - (17) SOUTH 70°43'42" WEST A DISTANCE OF 81.75 FEET;
  - (18) SOUTH 79°46'43" WEST A DISTANCE OF 105.71 FEET;
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  - (20) NORTH 43°32'19" WEST A DISTANCE OF 41.09 FEET;
  - (21) NORTH 24°57'26" WEST A DISTANCE OF 72.03 FEET;
  - (22) NORTH 00°59'28" WEST A DISTANCE OF 96.37 FEET;
  - (23) SOUTH 75°16'23" WEST A DISTANCE OF 132.14 FEET;
  - (24) NORTH 79°51'22" WEST A DISTANCE OF 35.54 FEET;
  - (25) NORTH 74°00'47" WEST A DISTANCE OF 68.09 FEET;
  - (26) NORTH 70°41'14" WEST A DISTANCE OF 10.00 FEET;
- THENCE ALONG THE EASTERLY AND NORTHERLY BOUNDARY LINE OF A PARCEL OF LAND DESCRIBED IN DEED INST. NO. 2081786 FOR THE NEXT FOUR (4) COURSES;
- (1) NORTH 16°56'58" EAST A DISTANCE OF 588.68 FEET;
  - (2) NORTH 36°13'32" WEST A DISTANCE OF 20.01 FEET;
  - (3) NORTH 48°58'32" WEST A DISTANCE OF 430.00 FEET;
  - (4) NORTH 58°49'28" EAST A DISTANCE OF 380.00 FEET TO THE POINT OF BEGINNING.

CONTAINING 23.22 ACRES MORE OR LESS.

**EXHIBIT "C"**  
**Form of Stipulation**

Merlyn W. Clark, ISB No. 1026  
Geoffrey M. Wardle, ISB No. 5604  
Jake D. McGrady, ISB No. 8209  
HAWLEY TROXELL ENNIS & HAWLEY LLP  
877 Main Street, Suite 1000  
P.O. Box 1617  
Boise, ID 83701-1617  
Telephone: (208) 344-6000  
Facsimile: (208) 342-3829  
Email: mclark@hawleytroxell.com  
gwardle@hawleytroxell.com  
jmcgrady@hawleytroxell.com

Attorneys for SeaPac of Idaho

BEFORE THE DEPARTMENT OF WATER RESOURCES

OF THE STATE OF IDAHO

IN THE MATTER OF DISTRIBUTION OF WATER )	CM-DC-2011-003
TO WATER RIGHTS NOS. 36-07072 AND 36- )	
08356 )	STIPULATION FOR DISMISSAL
(SEAPAC OF IDAHO) )	
_____ )	

The parties, SeaPac of Idaho, Inc., and the Idaho Ground Water Appropriators, Inc., hereby stipulate that for the reason that a compromised resolution has been reached by the parties, that they do hereby stipulate to the dismissal of this matter as to IGWA, its members and member ground water and irrigation districts, on the terms of their stipulated settlement.



DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2012.

**HAWLEY TROXELL**

By: \_\_\_\_\_

GEOFFREY M. WARDLE

Attorneys for SeaPac of Idaho

**RACINE, OLSON, NYE, BUDGE &  
BAILEY, CHARTERED.**

By: \_\_\_\_\_

*Randall C. Budge* 3/27/12

RANDALL C. BUDGE

CANDICE M. McHUGH

Attorneys for IGWA

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the \_\_\_ day of \_\_\_\_\_, 2012, the above and foregoing document was served in the following manner:

Idaho Department of Water Resources

Victoria Wigle

PO Box 83720

Boise, Idaho 83720-0098

[victoria.wigle@idwr.idaho.gov](mailto:victoria.wigle@idwr.idaho.gov)

[garrick.baxter@idwr.idaho.gov](mailto:garrick.baxter@idwr.idaho.gov)

[chris.bromley@idwr.idaho.gov](mailto:chris.bromley@idwr.idaho.gov)

Geoffrey M. Wardle

HAWLEY TROXELL

PO Box 1617

Boise, ID 83701-1617

[gwardle@hawleytroxell.com](mailto:gwardle@hawleytroxell.com)

Randall C. Budge

Racine, Olson, Nye, Budge & Bailey, Chtd.

201 E. Center Street

P. O. Box 1391

Pocatello, ID 83204

[Rcb@racinelaw.net](mailto:Rcb@racinelaw.net)

Mike Creamer

GIVENS PURSLEYLLP

PO Box 2720

Boise, ID 83702

[mcc@givenspursley.com](mailto:mcc@givenspursley.com)

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☐ Facsimile

☐ Overnight Mail

☐ Hand Delivery

☐ E-mail

☒ U.S. Mail/Postage Prepaid

☐ Facsimile

☐ Overnight Mail

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☐ Overnight Mail

☐ Hand Delivery

☐ E-mail

☒ U.S. Mail/Postage Prepaid

☐ Facsimile

☐ Overnight Mail

☐ Hand Delivery

☐ E-mail

\_\_\_\_\_  
Geoffrey M. Wardle

Merlyn W. Clark, ISB No. 1026  
Geoffrey M. Wardle, ISB No. 5604  
Jake D. McGrady, ISB No. 8209  
HAWLEY TROXELL ENNIS & HAWLEY LLP  
877 Main Street, Suite 1000  
P.O. Box 1617  
Boise, ID 83701-1617  
Telephone: (208) 344-6000  
Facsimile: (208) 342-3829  
Email: mclark@hawleytroxell.com  
gwardle@hawleytroxell.com  
jmcgrady@hawleytroxell.com

Attorneys for SeaPac of Idaho

BEFORE THE DEPARTMENT OF WATER RESOURCES

OF THE STATE OF IDAHO

IN THE MATTER OF DISTRIBUTION OF WATER )	CM-DC-2011-002
TO WATER RIGHTS NO. 36-07071 )	
)	STIPULATION FOR DISMISSAL
(JOHN W. JONES) )	
)	
_____ )	
)	

The parties, John W. Jones and the Idaho Ground Water Appropriators, Inc., hereby stipulate that for the reason that a compromised resolution has been reached by the parties, that they do hereby stipulate to the dismissal of this matter as to IGWA, its members and member ground water and irrigation districts, on the terms of their stipulated settlement.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2012.

**HAWLEY TROXELL**

By: \_\_\_\_\_  
GEOFFREY M. WARDLE  
Attorneys for SeaPac of Idaho

**RACINE, OLSON, NYE, BUDGE &  
BAILEY, CHARTERED**

By: Randall C. Budge 3/27/12  
RANDALL C. BUDGE  
CANDICE M. McHUGH  
Attorneys for IGWA

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the \_\_\_ day of \_\_\_\_\_, 2012, the above and foregoing document was served in the following manner:

Idaho Department of Water Resources

Victoria Wigle

PO Box 83720

Boise, Idaho 83720-0098

[victoria.wigle@idwr.idaho.gov](mailto:victoria.wigle@idwr.idaho.gov)

[garrick.baxter@idwr.idaho.gov](mailto:garrick.baxter@idwr.idaho.gov)

[chris.bromley@idwr.idaho.gov](mailto:chris.bromley@idwr.idaho.gov)

Geoffrey M. Wardle

HAWLEY TROXELL

PO Box 1617

Boise, ID 83701-1617

[gwardle@hawleytroxell.com](mailto:gwardle@hawleytroxell.com)

Randall C. Budge

Racine, Olson, Nye, Budge & Bailey, Chtd.

201 E. Center Street

P. O. Box 1391

Pocatello, ID 83204

[Rcb@racinelaw.net](mailto:Rcb@racinelaw.net)

Mike Creamer

GIVENS PURSLEYLLP

PO Box 2720

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Geoffrey M. Wardle