

WATER RENTAL AGREEMENT

THIS WATER RENTAL AGREEMENT ("Agreement") is made and entered into this 6th day of February 2007, by and between the, MINIDOKA IRRIGATION DISTRICT ("MID") and certain Eastern Snake Plain Aquifer groundwater users, jointly and severally, listed on Exhibit A collectively referred to as the Water Mitigation Coalition ("WMC" or "Lessee"). Lessee is entering this Agreement for the purpose of mitigating depletions caused by Lessee's groundwater diversions to the water supplies of certain surface water right holders listed on Exhibit B ("Senior Water Coalition" or "SWC");

RECITALS:

A. MID owns or has equitable title to approximately 367,000 acre feet of storage space in reservoirs located on the Snake River upstream from Milner Dam, including, but not limited to, 29,672 acre feet of storage space in Palisades Reservoir with a priority date of July 28, 1939 (referred to as "Palisades storage" – MID's Palisades storage for the purpose of this Agreement does not include MID's "winter water savings" storage right in Palisades Reservoir of 5,328 acre feet with a priority date of March 29, 1921), and 83,563 acre feet of storage space in American Falls Reservoir with a priority date of March 30, 1921 ("American Falls storage"); and

B. Lessee and SWC have entered into a mitigation agreement whereby Lessee has agreed to provide to SWC 10,000 acre-feet of MID stored water to be leased by Lessee in compliance with applicable Water District 01 rental pool rules and regulations and other federal or State of Idaho rules and regulations and to be delivered to the SWC as the SWC directs, subject to the terms and conditions set forth in this Agreement; and

C. MID herein agrees to lease said 10,000 acre feet of stored water to Lessee for use by SWC as SWC directs from time to time; and

D. MID and Lessee wish to provide for their mutual benefit and for the benefit of SWC; and

E. based upon an evaluation of MID's irrigation needs for the term hereof, MID has determined it can enter into a long term water rental agreement that takes into account the amount of storage water that it has available each year and the impact on other storage right holders that may result from the rental;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

1. The above recitals are hereby fully incorporated into this Agreement.
2. During calendar year 2007 and during each succeeding year through the calendar year 2026 (for a term of 20 years) MID hereby agrees to lease to WMC for the benefit of SWC 10,000 acre feet of MID storage water, as above described, which water shall be called first from

Palisades storage, to the extent available, then from American Falls storage, which storage water will be made available for use by SWC as SWC directs, subject to applicable laws, rules and regulations and subject to the terms and conditions of this Agreement. The Watermaster of Water District 01 will deliver the water at points of diversion mutually determined by SWC and MID, in accordance with the terms, conditions, and rules which govern renting and delivery of water by the Water District 01 water bank.

3. MID shall not be required to deliver the rental water described in paragraph 2 in any year in which the total of all of MID's filled storage is less than 275,000 acre feet as of June 1st of that year. In the event that water is not available under the terms and conditions described in this Agreement, the lease fee described herein shall be delivered to the SWC, as directed in writing by the SWC to the WMC prior to June 15, for distribution or use as the SWC may determine. Said delivery shall satisfy the obligations of the WMC pursuant to this Agreement

4. If, pursuant to the Water District 01 rental pool rules or other applicable law, rule or regulation it is determined that the rental of water as set forth in this Agreement in any particular year creates an impact on other storage space holders, and as a result MID is required to furnish replacement or mitigation water to impacted spaceholders in the year subsequent to the rental, the amount of storage water that MID is required to deliver in that subsequent year pursuant to this Agreement will be reduced by the number of acre feet that MID is required to deliver to impacted spaceholders.

5. Except as otherwise provided in paragraph 3 of this Agreement, the yearly rental price shall be payable directly to MID and shall be paid every year during the term of this Agreement, in consideration of this long term obligation and in order to enhance the capacity and reliability of MID to furnish rental water to Lessee, even in years in which this Agreement provides that MID will not be required to deliver water, and even in years in which MID is only required to deliver a portion of the water, in the following amounts:.

- 5.1 For years 2007-2011, \$120,000.00
- 5.2 For years 2012-2016, \$130,000.00
- 5.3 For years 2017-2021, \$140,000.00
- 5.4 For years 2022-2026, \$150,000.00

Said initial yearly rental price shall be payable on June 15th, 2007, conditioned upon approval of this Agreement by all parties to this Agreement, the Committee of Nine ("Committee") and any other required state or federal entity, if any. Thereafter the yearly rental price shall be paid on or before June 15th of each year during the term of this Agreement. In addition, Lessees shall pay any and all administrative charges made by the Committee in connection with the subject 10,000 acre feet of MID storage water. Any amount not paid by June 30th of each year shall bear interest at the rate of 12% per annum until paid.

6. The nature of use of the water rented shall be agricultural irrigation purposes or such other purposes as may be permitted by applicable law and as determined by the SWC. The point of diversion and the place of use shall be at the locations specified by the SWC.

7. This Agreement is specifically conditioned upon the Committee's approval, and the approval of any other required state or federal entity. Should such approval not be forthcoming, this Agreement shall become null and void.

8. This Agreement shall be subject to all applicable provisions of Idaho law, rules and regulations of the Idaho Water Resource Board and the Idaho Department of Water Resources, any applicable Rental Pool Procedures of the Committee, and any applicable resolutions of the water users of Water District 01. MID and Lessees shall be subject to all duties and obligations and shall be entitled to all benefits and protections provided by applicable Idaho law, rules and regulations, procedures, and applicable resolutions of Water District 01.

9. The approval of this Agreement by the Committee shall constitute a substitute for the requirements of Idaho Code § 42-222, as authorized in Idaho Code §§ 42-1763 and 42-1764.

10. This Agreement may be executed in counterparts by the parties. Each party warrants that it has taken all necessary action and received all necessary authority to execute this Agreement. The failure of the Lessee to execute this Agreement or to advance the appropriate monies for 2007 shall be notice to MID that said Lessee has elected to not participate further. Facsimile copies shall be regarded as originals for all purposes.

11. SWC shall be responsible for compliance with any applicable provisions of the Federal Reclamation Reform Act of 1982 that may affect this rental transaction.

12. In accordance with the provisions of Idaho Code § 42-1764, the rental and distribution of water under this Agreement shall not constitute a dedication to the lands or the uses of the SWC.

13. Nothing contained in this Agreement shall be deemed to create a partnership, joint venture or employment relationship between MID, the Committee and/or Lessees or SWC. None of the parties shall be liable, except as otherwise expressly provided in this Agreement, for any obligations or liabilities incurred by the other.

14. Should there be a breach of this Agreement, the prevailing party in any litigation brought to enforce the terms of this Agreement shall be entitled to an award of its reasonable attorney fees, in addition to all damages, remedies authorized by law or in equity, and costs of suit.

[Signatures on following page]

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year first above written.

"MID"

MINIDOKA IRRIGATION DISTRICT

By: Mike Wilkins
"WMC"

Water Mitigation Coalition

J. R. Simplot Company

By: _____
Its: _____

Basic American Foods, a division of Basic American, Inc.

By: _____
Its: _____

ConAgra/Lamb-Weston

By: _____
Its: _____

Reviewed and Approved by the Committee of Nine

By: _____, Watermaster
Water District 01

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year first above written.

"MID"

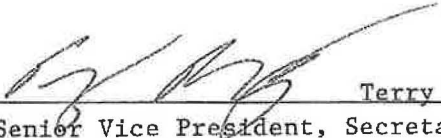
MINIDOKA IRRIGATION DISTRICT

By: _____

"WMC"

Water Mitigation Coalition

J. R. Simplot Company

By:  Terry T. Uhling
Its: Senior Vice President, Secretary and
General Counsel

Basic American Foods, a division of Basic American, Inc.

By: _____
Its: _____

ConAgra/Lamb-Weston

By: _____
Its: _____

Reviewed and Approved by the Committee of Nine

By: _____, Watermaster
Water District 01

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year first above written.

"MID"

MINIDOKA IRRIGATION DISTRICT

By: _____

"WMC"

Water Mitigation Coalition

J. R. Simplot Company

By: _____
Its: _____

Basic American Foods, a division of Basic American, Inc.

By: D. Shatch
Its: PRESIDENT & CEO

ConAgra/Lamb-Weston

By: _____
Its: _____

Reviewed and Approved by the Committee of Nine

By: _____, Watermaster
Water District 01

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year first above written.

"MID"

MINIDOKA IRRIGATION DISTRICT

By: _____

"WMC"

Water Mitigation Coalition

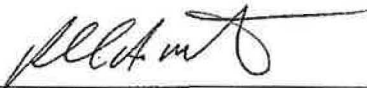
J. R. Simplot Company

By: _____
Its: _____

Basic American Foods, a division of Basic American, Inc.

By: _____
Its: _____

ConAgra Foods Packaged Foods Company, Inc., d/b/a Lamb-Weston

By:  _____
Its: VP Manufacturing

ConAgra Foods Packaged Foods Company, Inc., d/b/a Lamb-Weston

By:  _____
Its: V.P. FINKLE

Reviewed and Approved by the Committee of Nine

By: _____, Watermaster
Water District 01

EXHIBIT A

Water Mitigation Coalition

J. R. Simplot Company

Basic American Foods, a division of Basic American, Inc.

ConAgra Foods Packaged Foods Company, Inc., d/b/a Lamb-Weston

Exhibit A

EXHIBIT B

A&B Irrigation District

American Falls Reservoir District #2

Burley Irrigation District

Milner Irrigation District

Minidoka Irrigation District

Northside Canal Company

Twin Falls Canal Company

Clear Springs Foods, Inc.