

Memorandum of Understanding Southwest Irrigation District –West Cassia Pipeline Users

The Undersigned do hereby agree to purchase and install the West Cassia pipeline to deliver supplemental water to the western part of Southwest Irrigation District. The pipeline will convey soft conversion water to mitigate part of the requirements that Southwest Irrigation District groundwater users has to provide replacement water to satisfy calls made within the Snake River Aquifer against Water District 140 which includes SW Irrigation District and Goose Creek Water District. It will also supply water to conserve ground water to increase the efficiency of our wells, save approximately 20 % power costs and aid in meeting Southwest's Mitigation Plan.

Southwest Irrigation Water District will be the quasi-legal entity that will represent the participants in the proposed pipeline with the State of Idaho and we will operate the system under their authority. The pipeline will be owned by the landowners that purchase shares in the system and management will be subordinated to Southwest for the administration of the water management and compliance issues.

The participants agree to the following requirements.

1. Participants agree to shut off groundwater pumping to offset the amount of water they receive from the West Cassia pipeline which is operated and managed under the authority of Southwest Irrigation District. The District's Hydrologists Brian Higgs will review each water user's water rights and approve and monitor their compliance in conjunction with a Steering Committee which represents the landowners in the management and compliance issues.
2. All wells that are curtailed must be producing wells with legal water rights that equal the amount of water received from the pipeline. In cases where well reconstruction is necessary after the pipeline commences to deliver water, all parties agree to receive the approval of the Steering Committee along with the SW Irrigation Hydrologists and receive permission in writing from SW Irrigation District to improve or replace an existing well. Each user agrees to not pump in excess of their legal licensed water right per acre which includes the combination of the soft conversion water and groundwater pumping.
3. If the group of pipeline owners agree to implement a management plan within the affected area all parties will be bound by those standards. All of the participants must vote in favor of the standards. If a landowner reduces acreage irrigated by shutting off corners the Steering committee has the right to make recommendation to SWI to give them credit for the reduction.
4. Assessments will be made upon the basis of water received from this project with power, maintenance, capitalization and operating costs prorated equally. The pipeline will be owned by the participants in the West Cassia LLC on the basis of ownership. A formal agreement will be drafted and voted on by membership. Funding for the project

will be done by each owner as they are assessed by the operating entity. Company financing will be explored so the pipeline can be financed long term then a vote will be taken and upon agreement of the ownership the group can refinance the system.

5. All parties agree to furnish easements to the District at no cost to the district for these easements. The district will bear the cost of drafting and formalizing the legal documentation and easements. All property owners that provide easements through their property will be consulted and the easement area will be restored to the satisfaction of the land owner.

6. Upon permission from the water master a shareholder can switch water around with another shareholder with the individuals adjusting the costs between each other of these transactions. An accounting system and water management rules will be established and ratified by the landowners that participate.

7. Southwest and West Cassia plan to recharge the aquifer in the offseason and when water is not being used for irrigation. Any capital cost and maintenance incurred by a landowner furnishing a recharge site will be reimbursed by the West Cassia pipeline participants. Some reasonable compensation can be discussed for those providing recharge sites. Southwest will manage and administer all recharge issues.

8. If water rights are acquired by the West Cassia group they would be owned on a pro rata basis by their share of ownership in the pipeline leased to Southwest. If Southwest purchases the rights then they will own and administer them with all owners of the district sharing in the rights.

9. Each landowner initially will pay raise their own capital and submit all monies to the operating entity

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| Beck Farms 312-2781 | _____ | 250 |
| Cranney Farms 300-9260 | _____ | 300 |
| Wybenga Dairy 678-1713 (300-3227 Ryan Cranney) | _____ | 200 |
| Skyline Dairy Mike Bosma 539-1782 | _____ | 250 |
| John Beuker 280-1530 | _____ | 300 |
| Robinson Stoker Brent 260-1990 | _____ | 100 |
| Wayne Anderson 312-3141 | _____ | 200 |
| Steve Hepworth 678-1669 | _____ | 100 |
| Ardema Dairy 260-6453 | _____ | 400 |
| Pickett Ranch 300-3401 | _____ | 100 |
| Russell Paterson 413-1111 | _____ | 100 |
| Ron Baker 300-3227 | _____ | 100 |
| Cranney Ranch 300-3227 | _____ | 100 |
| | | 2500 |
| Southwest Irrigation District | | |
| Chairman 431-2856 | _____ | |