WATER RIGHTS LEASE AGREEMENT

This Lease Agreement ("LEASE") made and entered into between the undersigned Lessor, and IDAHO GROUND WATER APPROPRIATORS, INC. ("IGWA"), acting for and on behalf of American Falls-Aberdeen, Bingham, Bonneville, Jefferson, Magic Valley, and North Snake Ground Water Districts, whose address is P.O. Box 1391, Pocatello, Idaho 83204 (collectively "Lessee"):

1. Leased Property. Lessor hereby leases to Lessee and Lessee hereby leases from Lessor certain water rights identified by the records of the Idaho Department of Water Resource ("IDWR") as follows:

<table>
<thead>
<tr>
<th>Water Right No.</th>
<th>POD</th>
<th>Priority</th>
<th>Quantity CFS/AF</th>
<th>Acres</th>
</tr>
</thead>
<tbody>
<tr>
<td>2-10034 &amp; 2-10248</td>
<td>T=05S, R=09E, S=34</td>
<td>5-6-1963 &amp; 2-20-1963</td>
<td>1,218.9</td>
<td>406.3</td>
</tr>
</tbody>
</table>

Total: 1,218.9 AF & 406.3 acres

The foregoing water rights will hereafter be referred to as the "leased water rights".

2. Term. The term of this Lease shall be for a term commencing the date of signing as indicated below and terminating on November 15, 2005.

3. Rent. For the use of the leased water rights Lessee shall pay to Lessor rent in the amount of $ per irrigated acre (3 A/F x ). The rent shall be paid one-half on May 30, 2005, and one-half on December 1, 2005.

3.1 The total acres and rent under this Lease is based upon Lessor's represented water rights and irrigated acres under the leased water rights in Lessor's Offer For Lease Proposal 1 and is subject to adjustment to the actual irrigated acres if different.

3.2 This lease agreement is conditional upon IDWR's review of Lessor's water right(s) and determination that the leased acres are eligible and
qualified following the eligibility criteria set forth in items 1, 2, 3 in paragraph B in the Snake River Basin Water Rights Acquisition Program set forth in the Invitation for Offers to Sell Water Rights dated December 7, 2004, attached hereto as Exhibit "A"

3.3 Payment of the rent described above includes recognition and acknowledgement of an Option to Purchase 3,138.9 acre feet of water consistent with paragraph 4 of the Letter of Intent dated April 1, 2005.

4. **Non-Use by Lessor.** Lessor covenants that it will not divert or utilize the leased water rights during the term of this Lease. The real property associated with the leased water rights will not be irrigated with the leased water rights but will remain under the sole management and control of Lessor and may be used for dry land agricultural, grazing or other uses.

4.1 Lessor grants to Lessee and/or IDWR access at all times to monitor lands subject to this Agreement.

5. **Use by Lessee.** During the term of this Lease, Lessee will not divert or utilize the leased water rights except for mitigation purposes. Lessee will have no authority or responsibility for the operation, maintenance, use or any damages related to the lands associated with the leased water rights.

6. **Representations by Lessor.** Lessor covenants and represents that it is the true and lawful owner of the water rights and the land to which they are appurtenant, that these water rights have not lapsed, been abandoned or forfeited, either in whole or in part, and that Lessor is not aware of anything that restricts or precludes Lessor from entering into this Lease and Lessee utilizing the described water rights as set forth in paragraph 5.

7. **Breach.** In the event either party breaches this Lease and such breach is not cured within thirty (30) days after receipt of written notice thereof, the non-breaching party, at their option, may elect any or all of the following cumulative remedies:

   (a) To terminate this Lease Agreement;
   (b) To seek specific performance of this Lease Agreement;
   (c) To recover any damages arising out of the breach;
   (d) To pursue any and all other remedies under Idaho law by reason of such breach.

8. **Assignment.** This Agreement may not be assigned by Lessee without the express written consent of Lessor.
9. **Choice of Law.** The terms and provisions of this Agreement shall be construed in accordance with the laws of the State of Idaho. Any required mediation and arbitration shall occur in Ada County Idaho. Jurisdiction and venue for any litigation shall be in the District Court of the State of Idaho in Ada County.

10. **Dispute Resolution.** Any dispute between the parties shall be resolved in accordance with the following provisions.

   10.1 **Mediation.** The parties shall designate a single mediator and appear before the mediator and attempt to mediate a settlement of the dispute. In the event the parties cannot agree to a mediator, then each party shall designate a representative and they will appoint a single mediator who shall serve as the mediator for the parties. Mediator costs will be split evenly between the Lessor and Lessee.

   10.2 **Arbitration.** In the event the dispute between the parties cannot be settled as a result of mediation as described above, the dispute shall be arbitrated in accordance with the Uniform Arbitration Act, Title 7, Chapter 9, Idaho Code. The parties shall select a mutually agreeable arbitrator and the dispute shall be submitted to that arbitrator for decision. The arbitrator shall be authorized to enter a decision to resolve the dispute that is binding on the parties.

   10.3 **Litigation.** Litigation is allowed between the parties only for the purpose of enforcing a settlement agreement entered into between the parties as a result of mediation or pursuant to an arbitrator's decision.

11. **Attorney Fees.** In the event of any arbitration over this Lease the prevailing party shall be entitled to recover reasonable attorney fees and costs.

12. **Binding Effect.** This Agreement shall be binding upon the respective heirs, successors and assigns of the parties.
Eves "Sam" Hlaccro

By: Kathleen M. Hlaccro

LESSEE:

IDAHO GROUND WATER
APPROPRIATORS, INC.

By:

ks:
DATED this ______ day of ____________________, 2005.

LESSOR:

Alacano Family, L.L.C
c/o Enes Alacano
1995 Griswald Drive
Elko, NV 89801

By:

LESSEE:

IDAHO GROUND WATER
APPROPRIATORS, INC.
Acting for and on behalf of American Falls-Aberdeen,
Bingham, Bonneville-Jefferson, Magic Valley and North
Snake Irrigation Districts

By: [Signature]
LEASE OF WATER RIGHTS - 5

AMERICAN FALLS - ABERDEEN GROUND WATER DISTRICT

By: Kevin Michaelson, Chairman
2590 Quigley
American Falls, ID 83211

BINGHAM GROUND WATER DISTRICT

By: Craig Evans, Chairman
1523 W. 300 N.
Blackfoot, Idaho 83221

BONNEVILLE JEFFERSON GROUND WATER DISTRICT

By: William Taylor, Chairman
P.O. Box 51121
Idaho Falls, Idaho 83405-1121

MAGIC VALLEY UNDERGROUND PUMPERS ASSOCIATION

By: Orlo Maughan, Chairman
453 W. 90 N.
Rupert, ID 83350

NORTH SNAKE GROUND WATER DISTRICT

By: Mike Faulkner, Chairman
1989 S. 1875 E.
Gooding, ID 83330
AMERICAN FALLS - ABERDEEN GROUND WATER DISTRICT

By: _______________________
Kevin Michaelson, Chairman
2590 Quigley
American Falls, ID 83211

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By: _______________________
Craig Evans, Chairman
1523 W. 300 N.
Blackfoot, Idaho 83221

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1989 S. 1875 E.
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American Falls, ID 83211

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Mike Faulkner, Chairman
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1. Leased Property. Lessor hereby leases to Lessee and Lessee hereby leases from Lessor certain water rights identified by the records of the Idaho Department of Water Resource ("IDWR") as follows:

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<th>Quantity</th>
<th>Acres</th>
</tr>
</thead>
<tbody>
<tr>
<td>2-7001</td>
<td>T=03S, R=01E, S=06</td>
<td>7-15-1967</td>
<td>1800 AF</td>
<td>600</td>
</tr>
<tr>
<td>2-2361</td>
<td>T=03S, R=01E, S=06</td>
<td>1-08-1965</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total: 1800 AF & 600 acres

The foregoing water rights will hereafter be referred to as the "leased water rights".

2. Term. The term of this Lease shall be for a term commencing the date of signing as indicated below and terminating on November 15, 2005.

3. Rent. For the use of the leased water rights Lessee shall pay to Lessor rent in the amount of $ per irrigated acre (3 A/F x ). The rent shall be paid one-half on May 30, 2005, and one-half on December 1, 2005.

3.1 The total acres and rent under this Lease is based upon Lessor's represented water rights and irrigated acres under the leased water rights in Lessor's Offer For Lease Proposal 1 and is subject to adjustment to the actual irrigated acres if different.
3.2 This lease agreement is conditional upon IDWR's review of Lessor's water right(s) and determination that the leased acres are eligible and qualified following the eligibility criteria set forth in items 1, 2, 3 in paragraph B in the Snake River Basin Water Rights Acquisition Program set forth in the Invitation for Offers to Sell Water Rights dated December 7, 2004, attached hereto as Exhibit “A”

3.3 Payment of the rent described above includes recognition and acknowledgement of an Option to Purchase 1800 acre feet of water consistent with paragraph 4 of the Letter of Intent dated April 1, 2005.

4. **Non-Use by Lessor.** Lessor covenants that it will not divert or utilize the leased water rights during the term of this Lease. The real property associated with the leased water rights will not be irrigated with the leased water rights but will remain under the sole management and control of Lessor and may be used for dry land agricultural, grazing or other uses.

4.1 Lessor grants to Lessee and/or IDWR access at all times to monitor lands subject to this Agreement.

5. **Use by Lessee.** During the term of this Lease, Lessee will not divert or utilize the leased water rights except for mitigation purposes. Lessee will have no authority or responsibility for the operation, maintenance, use or any damages related to the lands associated with the leased water rights.

6. **Representations by Lessor.** Lessor covenants and represents that it is the true and lawful owner of the water rights and the land to which they are appurtenant, that these water rights have not lapsed, been abandoned or forfeited, either in whole or in part, and that Lessor is not aware of anything that restricts or precludes Lessor from entering into this Lease and Lessee utilizing the described water rights as set forth in paragraph 5.

7. **Breach.** In the event either party breaches this Lease and such breach is not cured within thirty (30) days after receipt of written notice thereof, the non-breaching party, at their option, may elect any or all of the following cumulative remedies:

   (a) To terminate this Lease Agreement;
   (b) To seek specific performance of this Lease Agreement;
   (c) To recover any damages arising out of the breach;
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8. **Assignment.** This Agreement may not be assigned by Lessee without the express written consent of Lessor.

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10. **Dispute Resolution.** Any dispute between the parties shall be resolved in accordance with the following provisions.

10.1 **Mediation.** The parties shall designate a single mediator and appear before the mediator and attempt to mediate a settlement of the dispute. In the event the parties cannot agree to a mediator, then each party shall designate a representative and they will appoint a single mediator who shall serve as the mediator for the parties. Mediator costs will be split evenly between the Lessor and Lessee.

10.2 **Arbitration.** In the event the dispute between the parties cannot be settled as a result of mediation as described above, the dispute shall be arbitrated in accordance with the Uniform Arbitration Act, Title 7, Chapter 9, Idaho Code. The parties shall select a mutually agreeable arbitrator and the dispute shall be submitted to that arbitrator for decision. The arbitrator shall be authorized to enter a decision to resolve the dispute that is binding on the parties.

10.3 **Litigation.** Litigation is allowed between the parties only for the purpose of enforcing a settlement agreement entered into between the parties as a result of mediation or pursuant to an arbitrator's decision.

11. **Attorney Fees.** In the event of any arbitration over this Lease the prevailing party shall be entitled to recover reasonable attorney fees and costs.

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DATED this **5**th day of **May**, 2005.

LESSOR:

[Signature]

Blaine Hulet

LEASE OF WATER RIGHTS - 3
By: Blaine Hulet

LESSEE:

IDAHO GROUND WATER
APPROPRIATORS, INC.

By:

Is:
DATED this ______ day of ____________________, 2005.

LESSOR:

Blaine Hulet
15103 Murphy Flat Road
Murphy, ID 83650

By: ____________________________
    Don Hartley – President

By: ____________________________
    Blaine Hulet - Landowner

LESSEE:

IDAHO GROUND WATER
APPROPRIATORS, INC.
Acting for and on behalf of American Falls-Aberdeen,
Bingham, Bonneville-Jefferson, Magic Valley and North
Snake Irrigation Districts

By: ____________________________
AMERICAN FALLS - ABERDEEN GROUND WATER DISTRICT

By: [Signature]
Kevin Michaelson, Chairman
2590 Quigley
American Falls, ID 83211

BINGHAM GROUND WATER DISTRICT

By: [Signature]
Craig Evans, Chairman
1523 W. 300 N.
Blackfoot, Idaho 83221

BONNEVILLE JEFFERSON GROUND WATER DISTRICT

By: [Signature]
William Taylor, Chairman
P.O. Box 51121
Idaho Falls, Idaho 83405-1121

MAGIC VALLEY UNDERGROUND PUMPERS ASSOCIATION

By: [Signature]
Orlo Maughan, Chairman
453 W. 90 N.
Rupert, ID 83350

NORTH SNAKE GROUND WATER DISTRICT

By: [Signature]
Mike Faulkner, Chairman
1989 S. 1875 E.
Gooding, ID 83330
AMERICAN FALLS - ABERDEEN GROUND WATER DISTRICT

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Idaho Falls, Idaho 83405-1121

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LEASE OF WATER RIGHTS - 5
WATER RIGHTS LEASE AGREEMENT

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1. **Leased Property.** Lessor hereby leases to Lessee and Lessee hereby leases from Lessor certain water rights identified by the records of the Idaho Department of Water Resource ("IDWR") as follows:

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<th>Quantity</th>
<th>Acres</th>
</tr>
</thead>
<tbody>
<tr>
<td>2-7001 &amp; 2-2361</td>
<td>T=03S, R=01E, S=06</td>
<td>7-13-1967</td>
<td>9491.1</td>
<td>3163.7</td>
</tr>
<tr>
<td>2-2251</td>
<td>T=02S, R=01E, S=30</td>
<td>11-17-1964</td>
<td>597.6</td>
<td>199.2</td>
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<td>2-10017</td>
<td>T=02S, R=01E, S=30</td>
<td>12-4-1963</td>
<td>5093.4</td>
<td>1697.8</td>
</tr>
<tr>
<td>Claim</td>
<td>1965</td>
<td></td>
<td>417.3</td>
<td>139.1</td>
</tr>
</tbody>
</table>

See attached

**Total:** 15,599.4 AF & 5,199.8 acres

The foregoing water rights will hereafter be referred to as the "leased water rights".

2. **Term.** The term of this Lease shall be for a term commencing the date of signing as indicated below and terminating on November 15, 2005.

3. **Rent.** For the use of the leased water rights Lessee shall pay to Lessor rent in the amount of $ per irrigated acre (3 A/F x The rent shall be paid one-half on May 30, 2005, and one-half on December 1, 2005.
3.1 The total acres and rent under this Lease is based upon Lessor's represented water rights and irrigated acres under the leased water rights in Lessor's Offer For Lease Proposal 1 and is subject to adjustment to the actual irrigated acres if different.

3.2 This lease agreement is conditional upon IDWR's review of Lessor's water right(s) and determination that the leased acres are eligible and qualified following the eligibility criteria set forth in items 1, 2, 3 in paragraph B in the Snake River Basin Water Rights Acquisition Program set forth in the Invitation for Offers to Sell Water Rights dated December 7, 2004, attached hereto as Exhibit "A"

3.3 Payment of the rent described above includes recognition and acknowledgement of an Option to Purchase 14,699.4 acre feet of water consistent with paragraph 4 of the Letter of Intent dated April 1, 2005.

4. **Non-Use by Lessor.** Lessor covenants that it will not divert or utilize the leased water rights during the term of this Lease. The real property associated with the leased water rights will not be irrigated with the leased water rights but will remain under the sole management and control of Lessor and may be used for dry land agricultural, grazing or other uses.

4.1 Lessor grants to Lessee and/or IDWR access at all times to monitor lands subject to this Agreement.

5. **Use by Lessee.** During the term of this Lease, Lessee will not divert or utilize the leased water rights except for mitigation purposes. Lessee will have no authority or responsibility for the operation, maintenance, use or any damages related to the lands associated with the leased water rights.

6. **Representations by Lessor.** Lessor covenants and represents that it is the true and lawful owner of the water rights and the land to which they are appurtenant, that these water rights have not lapsed, been abandoned or forfeited, either in whole or in part, and that Lessor is not aware of anything that restricts or precludes Lessor from entering into this Lease and Lessee utilizing the described water rights as set forth in paragraph 5.

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    (b) To seek specific performance of this Lease Agreement;
(c) To recover any damages arising out of the breach;
(d) To pursue any and all other remedies under Idaho law by reason of such breach.

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11. **Attorney Fees.** In the event of any arbitration over this Lease the prevailing party shall be entitled to recover reasonable attorney fees and costs.

12. **Binding Effect.** This Agreement shall be binding upon the respective heirs, successors and assigns of the parties.
AUTHORIZATION

THE MURPHY FLATS WATER COMPANY, INC. does hereby authorize FALCON BUTTE FARMS, INC. and GEORGE GRANT to offer for sale and/or lease those water rights owned by Murphy Flats Water Company, Inc. that are appurtenant to the lands that are leased/rented with an option to purchase said lands by Falcon Butte Farms, Inc. and George Grant pursuant to that Agreement dated October 7, 2004 between Falcon Butte Farms, Inc. and the landowners/lessors/sellers listed below:

- HFM Murphy Flats, LLC
- Jay and Gertrude Hulet Living Trust
- S and M Allen Family Murphy Flat, LLC
- Janice Rudeen
- Robyn Rudeen
- Michael and Linda Ihli
- Alexis A. Ihli
- Nicholas J. Ihli
- Nathan M. Ihli
- Marcia C. Hulet

Said lands are located in Township 3 South, Range 1 West, Boise Meridian, Owyhee County, and are known collectively as “Murphy Flat Farm.” The water rights appurtenant to these lands comprise approximately 3303 acres.

Date: April 8, 2005

Charles L. Honsinger
Attorney In Fact for the Murphy Flat Water Company, Inc.
DATED this _______ day of __________________, 2005.

LESSOR:

Falcon Butte Farms, Inc.
3497 Pump Road
Nampa, ID 83686-9155

By: ______________________________

LESSEE:

IDAHO GROUND WATER
APPROPRIATORS, INC.
Acting for and on behalf of American Falls-Aberdeen,
Bingham, Bonneville-Jefferson, Magic Valley and North
Snake Irrigation Districts

By: ______________________________
AMERICAN FALLS - ABERDEEN GROUND WATER DISTRICT

By: Kevin Michaelson, Chairman
2590 Quigley
American Falls, ID 83211

BINGHAM GROUND WATER DISTRICT

By: Craig Evans, Chairman
1523 W. 300 N.
Blackfoot, Idaho 83221

BONNEVILLE JEFFERSON GROUND WATER DISTRICT

By: William Taylor, Chairman
P.O. Box 51121
Idaho Falls, Idaho 83405-1121

MAGIC VALLEY UNDERGROUND PUMPERS ASSOCIATION

By: Orlo Maughan, Chairman
453 W. 90 N.
Rupert, ID 83350

NORTH SNAKE GROUND WATER DISTRICT

By: Mike Faulkner, Chairman
1989 S. 1875 E.
Gooding, ID 83330
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By: _____________________________
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1989 S. 1875 E.
Gooding, ID 83330

LEASE OF WATER RIGHTS - 5
LENS OF WATER RIGHTS - 5

AMERICAN FALLS - ABERDEEN GROUND WATER DISTRICT

By: ____________________________
Kevin Michaelson, Chairman
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American Falls, ID 83211

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By: __________________________
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1989 S. 1875 E.
Gooding, ID 83330

LEASE OF WATER RIGHTS - 5
ATTACHMENT TO WATER RIGHTS LEASE AGREEMENT

Addition to Paragraph 1. Leased Property.

<table>
<thead>
<tr>
<th>Water Right No.</th>
<th>POD</th>
<th>Priority</th>
<th>Quantity Acre Feet</th>
<th>Acres</th>
</tr>
</thead>
<tbody>
<tr>
<td>2-2361</td>
<td>Snake River</td>
<td>1-8-65</td>
<td>9,491.1</td>
<td>3,163.7</td>
</tr>
<tr>
<td>2-7001</td>
<td>Snake River</td>
<td>7-13-67</td>
<td>(This covers the same water right)</td>
<td></td>
</tr>
<tr>
<td>2-2251</td>
<td>Snake River</td>
<td>12-4-63</td>
<td>5,093.4</td>
<td>1,697.8</td>
</tr>
<tr>
<td>2-10017</td>
<td>Snake River</td>
<td>1-17-64</td>
<td>597.6</td>
<td>199.2</td>
</tr>
<tr>
<td><em>Claim</em></td>
<td>Snake River</td>
<td>1965</td>
<td>417.3</td>
<td>139.1</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td></td>
<td></td>
<td>15,599.4</td>
<td>5,199.8</td>
</tr>
</tbody>
</table>

*The Claim is pending with IDWR and may or may not have a determination finished in time for lease this year.*

Including the claim, there is approximately 5199.8 acres for lease. However, lessor reserves the right to hold back up to 300 acres from the final sale. If we do hold back, the 139.1 acres currently under claim will be part of the 300 acres, so the final sale amount will be approximately 4899.8 acres.

Addition to Paragraph 6. Representations by Lessor.

We have an exclusive irrevocable right to lease and sell the water rights and the land to which they are appurtenant. See further attachments.
Regarding: MEMORANDUM OF AGREEMENTS FOR LEASE AND PURCHASE OF REAL PROPERTY (Staker Butte Farm)

Dear Sir or Madam,

This Memorandum memorializes the existence of confidential Agreements entered into between Falcon Butte Farms, Inc. (Hereinafter Falcon Butte) and Jay Hulet dealing with the property and water rights appurtenant thereto described herein.

Those Agreements confer upon Falcon Butte the rights and authorities necessary to enter into water rights leases and the sale of the property and water rights with the State of Idaho and others as Falcon Butte sees fit. Falcon Butte's right to lease the water rights is absolute for the year 2005 and its right to purchase and sell the property and/or water rights is absolute with the condition that final and full payments to Jay Hulet from Falcon Butte Farms, Inc. as directed in the aforementioned Agreements shall be made no later than the time of transfer of the property and/or water rights to another.

The property covered in the Agreements and this Memorandum are as follows:
Approximately 2550 acres all lying with Township 2 South, Range 1 West:

Section 14, approximately 120 acres
Section 15, approximately 280 acres
Section 21, approximately 40 acres
Section 22, approximately 540 acres
Section 23, approximately 480 acres
Section 26, approximately 480 acres
Section 27, approximately 480 acres
Section 34, approximately 120 acres

Total - approximately 2562 acres commonly known as the Staker Butte Farm. The water rights covered in the Agreements and this Memorandum are Rights Numbers 2-2251 (approximately 304 acres) and 2-10077 (approximately 2191 acres) appurtenant to the above described lands as defined in the described water rights.

Jan 5 2005

Falcon Butte Farms, Inc.

Jan 5, 2005

[Signature]
AUTHORIZATION

THE MURPHY FLATS WATER COMPANY, INC. does hereby authorize FALCON BUTTE FARMS, INC. and GEORGE GRANT to offer for sale and/or lease those water rights owned by Murphy Flats Water Company, Inc. that are appurtenant to the lands that are leased/rented with an option to purchase said lands by Falcon Butte Farms, Inc. and George Grant pursuant to that Agreement dated October 7, 2004 between Falcon Butte Farms, Inc. and the landowners/lessors/sellers listed below:

- HFM Murphy Flats, LLC
- Jay and Gertrude Hulet Living Trust
- S and M Allen Family Murphy Flat, LLC
- Janice Rudeen
- Robyn Rudeen
- Michael and Linda Ihli
- Alexis A. Ihli
- Nicholas J. Ihli
- Nathan M. Ihli
- Marcia C. Hulet

Said lands are located in Township 3 South, Range 1 West, Boise Meridian, Owyhee County, and are known collectively as "Murphy Flat Farm." The water rights appurtenant to these lands comprise approximately 3305 acres.

Date: April 8, 2005

Charles L. Honsinger
Attorney In Fact for the Murphy Flat Water Company, Inc.
WATER RIGHTS LEASE AGREEMENT

This Lease Agreement ("LEASE") made and entered into between the undersigned Lessor, and IDAHO GROUND WATER APPROPRIATORS, INC. ("IGWA"), acting for and on behalf of American Falls-Aberdeen, Bingham, Bonneville, Jefferson, Magic Valley, and North Snake Ground Water Districts, whose address is P.O. Box 1391, Pocatello, Idaho 83204 (collectively "Lessee"): 

1. Leased Property. Lessor hereby leases to Lessee and Lessee hereby leases from Lessor certain water rights identified by the records of the Idaho Department of Water Resource ("IDWR") as follows:

<table>
<thead>
<tr>
<th>Water Right No.</th>
<th>POD</th>
<th>Priority</th>
<th>Quantity</th>
<th>Acres</th>
</tr>
</thead>
<tbody>
<tr>
<td>2-10249</td>
<td>T=05S, R=09E, S=34</td>
<td>2-20-1963</td>
<td>1717.5</td>
<td>572.5</td>
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<tr>
<td>2-2186</td>
<td>T=05S, R=09E, S=34</td>
<td>1-09-1963</td>
<td>924</td>
<td>308</td>
</tr>
</tbody>
</table>

Total: 2,641.5 AF & 880.5 acres

The foregoing water rights will hereafter be referred to as the "leased water rights".

2. Term. The term of this Lease shall be for a term commencing the date of signing as indicated below and terminating on November 15, 2005.

3. Rent. For the use of the leased water rights Lessee shall pay to Lessor rent in the amount of $ , per irrigated acre (3 A/F x ). The rent shall be paid one-half on May 30, 2005, and one-half on December 1, 2005.

3.1 The total acres and rent under this Lease is based upon Lessor's represented water rights and irrigated acres under the leased water rights in Lessor's Offer For Lease Proposal 1 and is subject to adjustment to the actual irrigated acres if different.
3.2 This lease agreement is conditional upon IDWR's review of Lessor's water right(s) and determination that the leased acres are eligible and qualified following the eligibility criteria set forth in items 1, 2, 3 in paragraph B in the Snake River Basin Water Rights Acquisition Program set forth in the Invitation for Offers to Sell Water Rights dated December 7, 2004, attached hereto as Exhibit "A."

3.3 Payment of the rent described above includes recognition and acknowledgement of an Option to Purchase 3121.5 acre feet of water consistent with paragraph 4 of the Letter of Intent dated April 1, 2005.

4. **Non-Use by Lessor.** Lessor covenants that it will not divert or utilize the leased water rights during the term of this Lease. The real property associated with the leased water rights will not be irrigated with the leased water rights but will remain under the sole management and control of Lessor and may be used for dry land agricultural, grazing or other uses.

4.1 Lessor grants to Lessee and/or IDWR access at all times to monitor lands subject to this Agreement.

5. **Use by Lessee.** During the term of this Lease, Lessee will not divert or utilize the leased water rights except for mitigation purposes. Lessee will have no authority or responsibility for the operation, maintenance, use or any damages related to the lands associated with the leased water rights.

6. **Representations by Lessor.** Lessor covenants and represents that it is the true and lawful owner of the water rights and the land to which they are appurtenant, that these water rights have not lapsed, been abandoned or forfeited, either in whole or in part, and that Lessor is not aware of anything that restricts or precludes Lessor from entering into this Lease and Lessee utilizing the described water rights as set forth in paragraph 5.

7. **Breach.** In the event either party breaches this Lease and such breach is not cured within thirty (30) days after receipt of written notice thereof, the non-breaching party, at their option, may elect any or all of the following cumulative remedies:

(a) To terminate this Lease Agreement;
(b) To seek specific performance of this Lease Agreement;
(c) To recover any damages arising out of the breach;
(d) To pursue any and all other remedies under Idaho law by reason of such breach.

8. **Assignment.** This Agreement may not be assigned by Lessee without the express written consent of Lessor.
9. **Choice of Law.** The terms and provisions of this Agreement shall be construed in accordance with the laws of the State of Idaho. Any required mediation and arbitration shall occur in Ada County Idaho. Jurisdiction and venue for any litigation shall be in the District Court of the State of Idaho in Ada County.

10. **Dispute Resolution.** Any dispute between the parties shall be resolved in accordance with the following provisions.

10.1 **Mediation.** The parties shall designate a single mediator and appear before the mediator and attempt to mediate a settlement of the dispute. In the event the parties cannot agree to a mediator, then each party shall designate a representative and they will appoint a single mediator who shall serve as the mediator for the parties. Mediator costs will be split evenly between the Lessor and Lessee.

10.2 **Arbitration.** In the event the dispute between the parties cannot be settled as a result of mediation as described above, the dispute shall be arbitrated in accordance with the Uniform Arbitration Act, Title 7, Chapter 9, Idaho Code. The parties shall select a mutually agreeable arbitrator and the dispute shall be submitted to that arbitrator for decision. The arbitrator shall be authorized to enter a decision to resolve the dispute that is binding on the parties.

10.3 **Litigation.** Litigation is allowed between the parties only for the purpose of enforcing a settlement agreement entered into between the parties as a result of mediation or pursuant to an arbitrator’s decision.

11. **Attorney Fees.** In the event of any arbitration over this Lease the prevailing party shall be entitled to recover reasonable attorney fees and costs.

12. **Binding Effect.** This Agreement shall be binding upon the respective heirs, successors and assigns of the parties.

DATED this _________ day of _____________________, 2005.
DATED this ______ day of ____________________, 2005.

LESSOR:

G. Patrick Morris
3100 W. Commodore Way #109
Seattle, WA 98199

By: ________________________________

LESSEE:

IDAHO GROUND WATER
APPROPRIATORS, INC.
Acting for and on behalf of American Falls-Aberdeen,
Bingham, Bonneville-Jefferson, Magic Valley and North
Snake Irrigation Districts

By: ________________________________
AMERICAN FALLS - ABERDEEN GROUND WATER DISTRICT

By: 
Kevin Michaelson, Chairman
2590 Quigley
American Falls, ID 83211

BINGHAM GROUND WATER DISTRICT

By: 
Craig Evans, Chairman
1523 W. 300 N.
Blackfoot, Idaho 83221

BONNEVILLE JEFFERSON GROUND WATER DISTRICT

By: 
William Taylor, Chairman
P.O. Box 51121
Idaho Falls, Idaho 83405-1121

MAGIC VALLEY UNDERGROUND PUMPERS ASSOCIATION

By: 
Orlo Maughan, Chairman
453 W. 90 N.
Rupert, ID 83350

NORTH SNAKE GROUND WATER DISTRICT

By: 
Mike Faulkner, Chairman
1989 S. 1875 E.
Gooding, ID 83330

LEASE OF WATER RIGHTS - 5
AMERICAN FALLS - ABERDEEN GROUND WATER DISTRICT

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<th>Quantity CFS/AF</th>
<th>Acres</th>
</tr>
</thead>
<tbody>
<tr>
<td>2-2314</td>
<td>T=05S, R=09E, S=34</td>
<td>9-25-1964</td>
<td>1476</td>
<td>492</td>
</tr>
<tr>
<td>2-2262</td>
<td>T=05S, R=09E, S=34</td>
<td>12-6-1963</td>
<td>20,208.6</td>
<td>6736.2</td>
</tr>
</tbody>
</table>

Total: 21,684.6 AF & 7228.2 acres

The foregoing water rights will hereafter be referred to as the "leased water rights".

2. **Term.** The term of this Lease shall be for a term commencing the date of signing as indicated below and terminating on November 15, 2005.

3. **Rent.** For the use of the leased water rights Lessee shall pay to Lessor rent in the amount of $ per irrigated acre (3 A/F x ). The rent shall be paid one-half on May 30, 2005, and one-half on December 1, 2005.

3.1 The total acres and rent under this Lease is based upon Lessor's represented water rights and irrigated acres under the leased water rights in Lessor's Offer For Lease Proposal 1 and is subject to adjustment to the actual irrigated acres if different.
3.2 This lease agreement is conditional upon IDWR's review of Lessor's water right(s) and determination that the leased acres are eligible and qualified following the eligibility criteria set forth in items 1, 2, 3 in paragraph B in the Snake River Basin Water Rights Acquisition Program set forth in the Invitation for Offers to Sell Water Rights dated December 7, 2004, attached hereto as Exhibit "A".

3.3 Payment of the rent described above includes recognition and acknowledgement of an Option to Purchase 25,771.5 acre feet of water consistent with paragraph 4 of the Letter of Intent dated April 1, 2005.

4. **Non-Use by Lessor.** Lessor covenants that it will not divert or utilize the leased water rights during the term of this Lease. The real property associated with the leased water rights will not be irrigated with the leased water rights but will remain under the sole management and control of Lessor and may be used for dry land agricultural, grazing or other uses.

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7. **Breach.** In the event either party breaches this Lease and such breach is not cured within thirty (30) days after receipt of written notice thereof, the non-breaching party, at their option, may elect any or all of the following cumulative remedies:

   (a) To terminate this Lease Agreement;
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12. **Binding Effect.** This Agreement shall be binding upon the respective heirs, successors and assigns of the parties.

DATED this 6 day of May, 2005.

LESSOR:

GRINDSTONE BUTTE MUTUAL CIVIL COMPANY

LEASE OF WATER RIGHTS - 3

DRAFT 4-27-05
LESSEE:

IDAHO GROUND WATER APPROPRIATORS, INC.

By:

its:

[Signature]
DATED this _______ day of ____________________, 2005.

LESSOR:

Grindstone-Butte Mutual Canal Co.
P.O. Box 2673
Boise, ID 83701

By: ______________________

LESSEE:

IDAHO GROUND WATER
APPROPRIATORS, INC.
Acting for and on behalf of American Falls-Aberdeen,
Bingham, Bonneville-Jefferson, Magic Valley and North
Snake Irrigation Districts

By: ______________________
AMERICAN FALLS - ABERDEEN GROUND WATER DISTRICT

By: [Signature]
Kevin Michaelson, Chairman
2590 Quigley
American Falls, ID 83211

BINGHAM GROUND WATER DISTRICT

By: [Signature]
Craig Evans, Chairman
1523 W. 300 N.
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BONNEVILLE JEFFERSON GROUND WATER DISTRICT

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William Taylor, Chairman
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Idaho Falls, Idaho 83405-1121

MAGIC VALLEY UNDERGROUND PUMPERS ASSOCIATION

By: [Signature]
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453 W. 90 N.
Rupert, ID 83350

NORTH SNAKE GROUND WATER DISTRICT

By: [Signature]
Mike Faulkner, Chairman
1989 S. 1875 E.
Gooding, ID 83330

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AMERICAN FALLS - ABERDEEN GROUND WATER DISTRICT

By: __________________________
Kevin Michaelson, Chairman
2590 Quigley
American Falls, ID 83211

BINGHAM GROUND WATER DISTRICT

By: __________________________
Craig Evans, Chairman
1523 W. 300 N.
Blackfoot, Idaho 83221

BONNEVILLE JEFFERSON GROUND WATER DISTRICT

By: __________________________
William Taylor, Chairman
P.O. Box 51121
Idaho Falls, Idaho 83405-1121

MAGIC VALLEY UNDERGROUND PUMPERS ASSOCIATION

By: __________________________
Orlo Maughan, Chairman
453 W. 90 N.
Rupert, ID 83350

NORTH SNAKE GROUND WATER DISTRICT

By: __________________________
Mike Faulkner, Chairman
1989 S. 1875 E.
Gooding, ID 83330
AMERICAN FALLS - ABERDEEN GROUND WATER DISTRICT

By: ______________________
Kevin Michaelson, Chairman
2590 Quigley
American Falls, ID 83211

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NORTH SNAKE GROUND WATER DISTRICT

By: ______________________
Mike Faulkner, Chairman
1989 S. 1875 E.
Gooding, ID 83330

LEASE OF WATER RIGHTS - 5
AMERICAN FALLS - ABERDEEN GROUND WATER DISTRICT

By: 
Kevin Michaelson, Chairman
2590 Quigley
American Falls, ID 83211

BINGHAM GROUND WATER DISTRICT

By: 
Craig Evans, Chairman
1523 W. 300 N.
Blackfoot, Idaho 83221

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453 W. 90 N.
Rupert, ID 83350

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By: 
Mike Faulkner, Chairman
1989 S. 1875 E.
Gooding, ID 83330
WATER RIGHTS LEASE AGREEMENT

This Lease Agreement ("LEASE") made and entered into between the undersigned
Lessor, and IDAHO GROUND WATER APPROPRIATORS, INC. ("IGWA"), acting for and
on behalf of American Falls-Aberdeen, Bingham, Bonneville, Jefferson, Magic Valley, and
North Snake Ground Water Districts, whose address is P.O. Box 1391, Pocatello, Idaho
83204 (collectively "Lessee"):

1. **Leased Property.** Lessor hereby leases to Lessee and Lessee hereby
leases from Lessor certain water rights identified by the records of the Idaho Department of
Water Resource ("IDWR") as follows:

<table>
<thead>
<tr>
<th>Water Right No.</th>
<th>POD</th>
<th>Priority</th>
<th>Quantity</th>
<th>Acres</th>
</tr>
</thead>
<tbody>
<tr>
<td>2-2214</td>
<td>T=05S, R=09E, S=34</td>
<td>5-6-1963</td>
<td>336</td>
<td>112</td>
</tr>
</tbody>
</table>

Total: 336 AF & 112 acres

The foregoing water rights will hereafter be referred to as the "leased water rights".

2. **Term.** The term of this Lease shall be for a term commencing the date of
signing as indicated below and terminating on November 15, 2005.

3. **Rent.** For the use of the leased water rights Lessee shall pay to Lessor rent
in the amount of $ per irrigated acre (3 A/F x $ ). The rent shall be paid
one-half on May 30, 2005, and one-half on December 1, 2005.

3.1 The total acres and rent under this Lease is based upon Lessor's
represented water rights and irrigated acres under the leased water
rights in Lessor's Offer For Lease Proposal 1 and is subject to
adjustment to the actual irrigated acres if different.

3.2 This lease agreement is conditional upon IDWR's review of Lessor's
water right(s) and determination that the leased acres are eligible and

LEASE OF WATER RIGHTS - 1
qualified following the eligibility criteria set forth in items 1, 2, 3 in paragraph B in the Snake River Basin Water Rights Acquisition Program set forth in the Invitation for Offers to Sell Water Rights dated December 7, 2004, attached hereto as Exhibit “A”

3.3 Payment of the rent described above includes recognition and acknowledgement of an Option to Purchase 771 acre feet of water consistent with paragraph 4 of the Letter of Intent dated April 1, 2005.

4. **Non-Use by Lessor.** Lessor covenants that it will not divert or utilize the leased water rights during the term of this Lease. The real property associated with the leased water rights will not be irrigated with the leased water rights but will remain under the sole management and control of Lessor and may be used for dry land agricultural, grazing or other uses.

4.1 Lessor grants to Lessee and/or IDWR access at all times to monitor lands subject to this Agreement.

5. **Use by Lessee.** During the term of this Lease, Lessee will not divert or utilize the leased water rights except for mitigation purposes. Lessee will have no authority or responsibility for the operation, maintenance, use or any damages related to the lands associated with the leased water rights.

6. **Representations by Lessor.** Lessor covenants and represents that it is the true and lawful owner of the water rights and the land to which they are appurtenant, that these water rights have not lapsed, been abandoned or forfeited, either in whole or in part, and that Lessor is not aware of anything that restricts or precludes Lessor from entering into this Lease and Lessee utilizing the described water rights as set forth in paragraph 5.

7. **Breach.** In the event either party breaches this Lease and such breach is not cured within thirty (30) days after receipt of written notice thereof, the non-breaching party, at their option, may elect any or all of the following cumulative remedies:

(a) To terminate this Lease Agreement;
(b) To seek specific performance of this Lease Agreement;
(c) To recover any damages arising out of the breach;
(d) To pursue any and all other remedies under Idaho law by reason of such breach.

8. **Assignment.** This Agreement may not be assigned by Lessee without the express written consent of Lessor.
9. **Choice of Law.** The terms and provisions of this Agreement shall be construed in accordance with the laws of the State of Idaho. Any required mediation and arbitration shall occur in Ada County Idaho. Jurisdiction and venue for any litigation shall be in the District Court of the State of Idaho in Ada County.

10. **Dispute Resolution.** Any dispute between the parties shall be resolved in accordance with the following provisions.

   10.1 **Mediation.** The parties shall designate a single mediator and appear before the mediator and attempt to mediate a settlement of the dispute. In the event the parties cannot agree to a mediator, then each party shall designate a representative and they will appoint a single mediator who shall serve as the mediator for the parties. Mediator costs will be split evenly between the Lessor and Lessee.

   10.2 **Arbitration.** In the event the dispute between the parties cannot be settled as a result of mediation as described above, the dispute shall be arbitrated in accordance with the Uniform Arbitration Act, Title 7, Chapter 9, Idaho Code. The parties shall select a mutually agreeable arbitrator and the dispute shall be submitted to that arbitrator for decision. The arbitrator shall be authorized to enter a decision to resolve the dispute that is binding on the parties.

   10.3 **Litigation.** Litigation is allowed between the parties only for the purpose of enforcing a settlement agreement entered into between the parties as a result of mediation or pursuant to an arbitrator's decision.

11. **Attorney Fees.** In the event of any arbitration over this Lease the prevailing party shall be entitled to recover reasonable attorney fees and costs.

12. **Binding Effect.** This Agreement shall be binding upon the respective heirs, successors and assigns of the parties.
8. **Assignment.** This Agreement may not be assigned by Lessee without the express written consent of Lessor.

9. **Choice of Law.** The terms and provisions of this Agreement shall be construed in accordance with the laws of the State of Idaho. Any required mediation and arbitration shall occur in Ada County Idaho. Jurisdiction and venue for any litigation shall be in the District Court of the State of Idaho in Ada County.

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11. **Attorney Fees.** In the event of any arbitration over this Lease the prevailing party shall be entitled to recover reasonable attorney fees and costs.

12. **Binding Effect.** This Agreement shall be binding upon the respective heirs, successors and assigns of the parties.

DATED this 5TH day of May, 2005.

LESSOR: Form Development Corp.

Lease of Water Rights - 3

DRAFT 4-27-05
By: Allen White  

President

LESSOR:

IDAHO GROUND WATER APPROPRIATORS, INC.

By:

Its:
DATED this ______ day of ____________________, 2005.

LESSOR:

Farm Development Corporation
d.b.a. Sailor Creek Water Company
P.O. Box 1201
Boise, ID 83701

By: ________________________________

LESSEE:

IDAHO GROUND WATER
APPROPRIATORS, INC.
Acting for and on behalf of American Falls-Aberdeen,
Bingham, Bonneville-Jefferson, Magic Valley and North
Snake Irrigation Districts

By: ________________________________
AMERICAN FALLS - ABERDEEN GROUND WATER DISTRICT

By: __________________________
Kevin Michaelson, Chairman
2590 Quigley
American Falls, ID 83211

BINGHAM GROUND WATER DISTRICT

By: __________________________
Craig Evans, Chairman
1523 W. 300 N.
Blackfoot, Idaho 83221

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By: __________________________
William Taylor, Chairman
P.O. Box 51121
Idaho Falls, Idaho 83405-1121

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By: __________________________
Orlo Maughan, Chairman
453 W. 90 N.
Rupert, ID 83350

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Mike Faulkner, Chairman
1989 S. 1875 E.
Gooding, ID 83330

LEASE OF WATER RIGHTS - 5
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453 W. 90 N.
Rupert, ID 83350

NORTH SNAKE GROUND WATER DISTRICT

By: __________________________
Mike Faulkner, Chairman
1989 S. 1875 E.
Gooding, ID 83330

LEASE OF WATER RIGHTS - 5
**LEASE SUMMARY:**

**Lessor:** Clover Hollow, L.L.C.

**Water Right Nos.:** 2-2387, 2-2386, 2-2388, & 2-7148

**Quantity:** 7340.1 AF, 2446.7 Acres

---

**WATER RIGHTS LEASE AGREEMENT**

This Lease Agreement ("LEASE") made and entered into between the undersigned Lessor, and IDAHO GROUND WATER APPROPRIATORS, INC. ("IGWA"), acting for and on behalf of American Falls-Aberdeen, Bingham, Bonneville, Jefferson, Magic Valley, and North Snake Ground Water Districts, whose address is P.O. Box 1391, Pocatello, Idaho 83204 (collectively "Lessee"):

1. **Leased Property.** Lessor hereby leases to Lessee and Lessee hereby leases from Lessor certain water rights identified by the records of the Idaho Department of Water Resource ("IDWR") as follows:

<table>
<thead>
<tr>
<th>Water Right No.</th>
<th>POD</th>
<th>Priority</th>
<th>Quantity CFS/AF</th>
<th>Acres</th>
</tr>
</thead>
<tbody>
<tr>
<td>2-2387</td>
<td>T=05S, R=07E, S=28</td>
<td>3-11-1966</td>
<td>1834.5</td>
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</tr>
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<td>2-2386</td>
<td>T=05S, R=07E, S=28</td>
<td>3-11-1966</td>
<td>1806.3</td>
<td>602.1</td>
</tr>
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<td>2-2388</td>
<td>T=05S, R=07E, S=28</td>
<td>6-13-1966</td>
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<td>360.9</td>
</tr>
<tr>
<td>2-7148</td>
<td>T=05S, R=07E, S=28</td>
<td>7-1-1974</td>
<td>2616.6</td>
<td>872.2</td>
</tr>
</tbody>
</table>

Total: 7340.1 AF & 2446.7 acres

The foregoing water rights will hereafter be referred to as the "leased water rights".

2. **Term.** The term of this Lease shall be for a term commencing the date of signing as indicated below and terminating on November 15, 2005.

3. **Rent.** For the use of the leased water rights Lessee shall pay to Lessor rent in the amount of $\$ \text{ per irrigated acre (} 3 \text{ A/F} x \text{ r}\). The rent shall be paid one-half on May 30, 2005, and one-half on December 1, 2005.
3.1 The total acres and rent under this Lease is based upon Lessor's represented water rights and irrigated acres under the leased water rights in Lessor's Offer For Lease Proposal 1 and is subject to adjustment to the actual irrigated acres if different.

3.2 This lease agreement is conditional upon IDWR's review of Lessor's water right(s) and determination that the leased acres are eligible and qualified following the eligibility criteria set forth in items 1, 2, 3 in paragraph B in the Snake River Basin Water Rights Acquisition Program set forth in the Invitation for Offers to Sell Water Rights dated December 7, 2004, attached hereto as Exhibit "A".

3.3 Payment of the rent described above includes recognition and acknowledgement of an Option to Purchase 0 acre feet of water consistent with paragraph 4 of the Letter of Intent dated April 1, 2005.

4. Non-Use by Lessor. Lessor covenants that it will not divert or utilize the leased water rights during the term of this Lease. The real property associated with the leased water rights will not be irrigated with the leased water rights but will remain under the sole management and control of Lessor and may be used for dry land agricultural, grazing or other uses.

4.1 Lessor grants to Lessee and/or IDWR access at all times to monitor lands subject to this Agreement.

5. Use by Lessee. During the term of this Lease, Lessee will not divert or utilize the leased water rights except for mitigation purposes. Lessee will have no authority or responsibility for the operation, maintenance, use or any damages related to the lands associated with the leased water rights.

6. Representations by Lessor. Lessor covenants and represents that it is the true and lawful owner of the water rights and the land to which they are appurtenant, that these water rights have not lapsed, been abandoned or forfeited, either in whole or in part, and that Lessor is not aware of anything that restricts or precludes Lessor from entering into this Lease and Lessee utilizing the described water rights as set forth in paragraph 5.

7. Breach. In the event either party breaches this Lease and such breach is not cured within thirty (30) days after receipt of written notice thereof, the non-breaching party, at their option, may elect any or all of the following cumulative remedies:

(a) To terminate this Lease Agreement;
(b) To seek specific performance of this Lease Agreement;
(c) To recover any damages arising out of the breach;
(d) To pursue any and all other remedies under Idaho law by reason of such breach.
8. **Assignment.** This Agreement may not be assigned by Lessee without the express written consent of Lessor.

9. **Choice of Law.** The terms and provisions of this Agreement shall be construed in accordance with the laws of the State of Idaho. Any required mediation and arbitration shall occur in Ada County Idaho. Jurisdiction and venue for any litigation shall be in the District Court of the State of Idaho in Ada County.

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   10.2 **Arbitration.** In the event the dispute between the parties cannot be settled as a result of mediation as described above, the dispute shall be arbitrated in accordance with the Uniform Arbitration Act, Title 7, Chapter 9, Idaho Code. The parties shall select a mutually agreeable arbitrator and the dispute shall be submitted to that arbitrator for decision. The arbitrator shall be authorized to enter a decision to resolve the dispute that is binding on the parties.

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11. **Attorney Fees.** In the event of any arbitration over this Lease the prevailing party shall be entitled to recover reasonable attorney fees and costs.

12. **Binding Effect.** This Agreement shall be binding upon the respective heirs, successors and assigns of the parties.
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11. **Attorney Fees.** In the event of any arbitration over this Lease the prevailing party shall be entitled to recover reasonable attorney fees and costs.

12. **Binding Effect.** This Agreement shall be binding upon the respective heirs, successors and assigns of the parties.

DATED this 5th day of May 2005.

LEONIE BENTS
Heretofore in lieu of
DANIEL E. BRYDEN

LEASOR: Grover Hollow, LLC

DRAFT 4-27-05
DATED this ______ day of __________________ , 2005.

LESSOR:

Clover Hollow Company, L.L.C.
P.O. Box 606
Mountain Home, ID 83647

By: ________________________________

LESSEE:

IDAHO GROUND WATER
APPROPRIATORS, INC.
Acting for and on behalf of American Falls-Aberdeen,
Bingham, Bonneville-Jefferson, Magic Valley and North
Snake Irrigation Districts

By: ________________________________
AMERICAN FALLS - ABERDEEN GROUND WATER DISTRICT

By: Kevin Michaelson, Chairman
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BINGHAM GROUND WATER DISTRICT

By: Craig Evans, Chairman
1523 W. 300 N.
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BONNEVILLE JEFFERSON GROUND WATER DISTRICT

By: William Taylor, Chairman
P.O. Box 51121
Idaho Falls, Idaho 83405-1121

MAGIC VALLEY UNDERGROUND PUMPERS ASSOCIATION

By: Orlo Maughan, Chairman
453 W. 90 N.
Rupert, ID 83350

NORTH SNAKE GROUND WATER DISTRICT

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1. **Leased Property.** Lessor hereby leases to Lessee and Lessee hereby leases from Lessor certain water rights identified by the records of the Idaho Department of Water Resource ("IDWR") as follows:

<table>
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<tr>
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<th>POD</th>
<th>Priority</th>
<th>Quantity</th>
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</tr>
</thead>
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<tr>
<td>2-7001</td>
<td>T=03S, R=01E, S=06</td>
<td>7-15-1967</td>
<td>1740 AF</td>
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<td>T=03S, R=01E, S=06</td>
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</tr>
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<td>T=03S, R=01E, S=06</td>
<td>4-30-1965</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total: 1740 AF & 580 acres

The foregoing water rights will hereafter be referred to as the "leased water rights".

2. **Term.** The term of this Lease shall be for a term commencing the date of signing as indicated below and terminating on November 15, 2005.

3. **Rent.** For the use of the leased water rights Lessee shall pay to Lessor rent in the amount of $ per irrigated acre (3 A/F x ...). The rent shall be paid one-half on May 30, 2005, and one-half on December 1, 2005.

3.1 The total acres and rent under this Lease is based upon Lessor's represented water rights and irrigated acres under the leased water
rights in Lessor's Offer For Lease Proposal 1 and is subject to adjustment to the actual irrigated acres if different.

3.2 This lease agreement is conditional upon IDWR’s review of Lessor’s water right(s) and determination that the leased acres are eligible and qualified following the eligibility criteria set forth in items 1, 2, 3 in paragraph B in the Snake River Basin Water Rights Acquisition Program set forth in the Invitation for Offers to Sell Water Rights dated December 7, 2004, attached hereto as Exhibit “A”

3.3 Payment of the rent described above includes recognition and acknowledgement of an Option to Purchase 0 acre feet of water consistent with paragraph 4 of the Letter of Intent dated April 1, 2005.

4. **Non-Use by Lessor.** Lessor covenants that it will not divert or utilize the leased water rights during the term of this Lease. The real property associated with the leased water rights will not be irrigated with the leased water rights but will remain under the sole management and control of Lessor and may be used for dry land agricultural, grazing or other uses.

4.1 Lessor grants to Lessee and/or IDWR access at all times to monitor lands subject to this Agreement.

5. **Use by Lessee.** During the term of this Lease, Lessee will not divert or utilize the leased water rights except for mitigation purposes. Lessee will have no authority or responsibility for the operation, maintenance, use or any damages related to the lands associated with the leased water rights.

6. **Representations by Lessor.** Lessor covenants and represents that it is the true and lawful owner of the water rights and the land to which they are appurtenant, that these water rights have not lapsed, been abandoned or forfeited, either in whole or in part, and that Lessor is not aware of anything that restricts or precludes Lessor from entering into this Lease and Lessee utilizing the described water rights as set forth in paragraph 5.

7. **Breach.** In the event either party breaches this Lease and such breach is not cured within thirty (30) days after receipt of written notice thereof, the non-breaching party, at their option, may elect any or all of the following cumulative remedies:

(a) To terminate this Lease Agreement;
(b) To seek specific performance of this Lease Agreement;
(c) To recover any damages arising out of the breach;
(d) To pursue any and all other remedies under Idaho law by reason of such breach.
8. **Assignment.** This Agreement may not be assigned by Lessee without the express written consent of Lessor.

9. **Choice of Law.** The terms and provisions of this Agreement shall be construed in accordance with the laws of the State of Idaho. Any required mediation and arbitration shall occur in Ada County Idaho. Jurisdiction and venue for any litigation shall be in the District Court of the State of Idaho in Ada County.

10. **Dispute Resolution.** Any dispute between the parties shall be resolved in accordance with the following provisions.

   10.1 **Mediation.** The parties shall designate a single mediator and appear before the mediator and attempt to mediate a settlement of the dispute. In the event the parties cannot agree to a mediator, then each party shall designate a representative and they will appoint a single mediator who shall serve as the mediator for the parties. Mediator costs will be split evenly between the Lessor and Lessee.

   10.2 **Arbitration.** In the event the dispute between the parties cannot be settled as a result of mediation as described above, the dispute shall be arbitrated in accordance with the Uniform Arbitration Act, Title 7, Chapter 9, Idaho Code. The parties shall select a mutually agreeable arbitrator and the dispute shall be submitted to that arbitrator for decision. The arbitrator shall be authorized to enter a decision to resolve the dispute that is binding on the parties.

   10.3 **Litigation.** Litigation is allowed between the parties only for the purpose of enforcing a settlement agreement entered into between the parties as a result of mediation or pursuant to an arbitrator's decision.

11. **Attorney Fees.** In the event of any arbitration over this Lease the prevailing party shall be entitled to recover reasonable attorney fees and costs.

12. **Binding Effect.** This Agreement shall be binding upon the respective heirs, successors and assigns of the parties.
8. **Assignment.** This Agreement may not be assigned by Lessee without the express written consent of Lessor.

9. **Choice of Law.** The terms and provisions of this Agreement shall be construed in accordance with the laws of the State of Idaho. Any required mediation and arbitration shall occur in Ada County Idaho. Jurisdiction and venue for any litigation shall be in the District Court of the State of Idaho in Ada County.

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   10.2 **Arbitration.** In the event the dispute between the parties cannot be settled as a result of mediation as described above, the dispute shall be arbitrated in accordance with the Uniform Arbitration Act, Title 7, Chapter 8, Idaho Code. The parties shall select a mutually agreeable arbitrator and the dispute shall be submitted to that arbitrator for decision. The arbitrator shall be authorized to enter a decision to resolve the dispute that is binding on the parties.

   10.3 **Litigation.** Litigation is allowed between the parties only for the purpose of enforcing a settlement agreement entered into between the parties as a result of mediation or pursuant to an arbitrator’s decision.

11. **Attorney Fees.** In the event of any arbitration over this Lease the prevailing party shall be entitled to recover reasonable attorney fees and costs.

12. **Binding Effect.** This Agreement shall be binding upon the respective heirs, successors and assigns of the parties.

   DATED this ___ day of , 2005.

   **LESSOR:**

   ____________________________

   ** Murphy Field Water Co., Inc.**

   LEASE OF WATER RIGHTS - 3 DRAFT 4-27-05
By: Don Harley President

LESSEE:

IDAHO GROUND WATER APPROPRIATORS, INC.

By: ____________________________

Its: ____________________________
DATED this ______ day of ____________________, 2005.

LESSOR:

Don Hartley
c/o Murphy Flats Water Company
11854 W. Flintlock Drive
Boise, ID 83713

By: ____________________________

LESSEE:

IDAHO GROUND WATER APPROPRIATORS, INC.
Acting for and on behalf of American Falls-Aberdeen,
Bingham, Bonneville-Jefferson, Magic Valley and North
Snake Irrigation Districts

By: ____________________________
AMERICAN FALLS - ABERDEEN GROUND WATER DISTRICT

By: Kevin Michaelson, Chairman
2590 Quigley
American Falls, ID 83211

BINGHAM GROUND WATER DISTRICT

By: Craig Evans, Chairman
1523 W. 300 N.
Blackfoot, Idaho 83221

BONNEVILLE JEFFERSON GROUND WATER DISTRICT

By: William Taylor, Chairman
P.O. Box 51121
Idaho Falls, Idaho 83405-1121

MAGIC VALLEY UNDERGROUND PUMPERS ASSOCIATION

By: Orlo Maughan, Chairman
453 W. 90 N.
Rupert, ID 83350

NORTH SNAKE GROUND WATER DISTRICT

By: Mike Faulkner, Chairman
1989 S. 1875 E.
Gooding, ID 83330
AMERICAN FALLS - ABERDEEN GROUND WATER DISTRICT

By: __________________________
Kevin Michaelson, Chairman
2590 Quigley
American Falls, ID 83211

BINGHAM GROUND WATER DISTRICT

By: __________________________
Craig Evans, Chairman
1523 W. 300 N.
Blackfoot, Idaho 83221

BONNEVILLE JEFFERSON GROUND WATER DISTRICT

By: __________________________
William Taylor, Chairman
P.O. Box 51121
Idaho Falls, Idaho 83405-1121

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453 W. 90 N.
Rupert, ID 83350

NORTH SNAKE GROUND WATER DISTRICT

By: __________________________
Mike Faulkner, Chairman
1989 S. 1875 E.
Gooding, ID 83330

LEASE OF WATER RIGHTS - 5
AMERICAN FALLS - ABERDEEN GROUND WATER DISTRICT

By: ________________
Kevin Michaelson, Chairman
2590 Quigley
American Falls, ID 83211

BINGHAM GROUND WATER DISTRICT

By: ________________
Craig Evans, Chairman
1523 W. 300 N.
Blackfoot, Idaho 83221

BONNEVILLE JEFFERSON GROUND WATER DISTRICT

By: ________________
William Taylor, Chairman
P.O. Box 51121
Idaho Falls, Idaho 83405-1121

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By: ________________
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453 W. 90 N.
Rupert, ID 83350

NORTH SNAKE GROUND WATER DISTRICT

By: ________________
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1989 S. 1875 E.
Gooding, ID 83330
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American Falls, ID 83211

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Craig Evans, Chairman
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Blackfoot, Idaho 83221

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William Taylor, Chairman
P.O. Box 51121
Idaho Falls, Idaho 83405-1121

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Rupert, ID 83350

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By: ____________________________
Mike Faulkner, Chairman
1989 S. 1875 E.
Gooding, ID 83330

LEASE OF WATER RIGHTS - 5
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By: _______________________________
Kevin Michaelson, Chairman
2590 Quigley
American Falls, ID 83211

BINGHAM GROUND WATER DISTRICT

By: _______________________________
Craig Evans, Chairman
1523 W. 300 N.
Blackfoot, Idaho 83221

BONNEVILLE JEFFERSON GROUND WATER DISTRICT

By: _______________________________
William Taylor, Chairman
P.O. Box 51121
Idaho Falls, Idaho 83405-1121

MAGIC VALLEY UNDERGROUND PUMPERS ASSOCIATION

By: _______________________________
Orlo Maughan, Chairman
453 W. 90 N.
Rupert, ID 83350

NORTH SNAKE GROUND WATER DISTRICT

By: _______________________________
Mike Faulkner, Chairman
1989 S. 1870 E.
Gooding, ID 83330
LEASE SUMMARY:

Lease No.
Lessor: South Elmore Irrigation Co.
Water Right Nos.: 2-2210, 2-2269 & 2-2367
Quantity: 10,695 AF, 3565 Acres

WATER RIGHTS LEASE AGREEMENT

This Lease Agreement ("LEASE") made and entered into between the undersigned Lessor, and IDAHO GROUND WATER APPROPRIATORS, INC. ("IGWA"), acting for and on behalf of American Falls-Aberdeen, Bingham, Bonneville, Jefferson, Magic Valley, and North Snake Ground Water Districts, whose address is P.O. Box 1391, Pocatello, Idaho 83204 (collectively "Lessee"):

1. Leased Property. Lessor hereby leases to Lessee and Lessee hereby leases from Lessor certain water rights identified by the records of the Idaho Department of Water Resource ("IDWR") as follows:

<table>
<thead>
<tr>
<th>Water Right No.</th>
<th>POD</th>
<th>Priority</th>
<th>Quantity CFS/AF</th>
<th>Acres</th>
</tr>
</thead>
<tbody>
<tr>
<td>2-02269 &amp; 2-02367</td>
<td>T=05S, R=07E, S=28</td>
<td>2-19-1964 &amp; 3-22-1965</td>
<td>10,017</td>
<td>3339</td>
</tr>
<tr>
<td>2-02210</td>
<td>T=05S, R=07E, S=28</td>
<td>4-12-1963</td>
<td>678</td>
<td>226</td>
</tr>
</tbody>
</table>

Total: 10,695 AF & 3,565 acres

The foregoing water rights will hereafter be referred to as the "leased water rights".

2. Term. The term of this Lease shall be for a term commencing the date of signing as indicated below and terminating on November 15, 2005.

3. Rent. For the use of the leased water rights Lessee shall pay to Lessor rent in the amount of $1 per irrigated acre (3 A/F x 1). The rent shall be paid one-half on May 30, 2005, and one-half on December 1, 2005.

3.1 The total acres and rent under this Lease is based upon Lessor's represented water rights and irrigated acres under the leased water rights in Lessor's Offer For Lease Proposal 1 and is subject to adjustment to the actual irrigated acres if different.
3.2 This lease agreement is conditional upon IDWR's review of Lessor's water right(s) and determination that the leased acres are eligible and qualified following the eligibility criteria set forth in items 1, 2, 3 in paragraph B in the Snake River Basin Water Rights Acquisition Program set forth in the Invitation for Offers to Sell Water Rights dated December 7, 2004, attached hereto as Exhibit “A”

3.3 Payment of the rent described above includes recognition and acknowledgement of an Option to Purchase 0 acre feet of water consistent with paragraph 4 of the Letter of Intent dated April 1, 2005.

4. **Non-Use by Lessor.** Lessor covenants that it will not divert or utilize the leased water rights during the term of this Lease. The real property associated with the leased water rights will not be irrigated with the leased water rights but will remain under the sole management and control of Lessor and may be used for dry land agricultural, grazing or other uses.

4.1 Lessor grants to Lessee and/or IDWR access at all times to monitor lands subject to this Agreement.

5. **Use by Lessee.** During the term of this Lease, Lessee will not divert or utilize the leased water rights except for mitigation purposes. Lessee will have no authority or responsibility for the operation, maintenance, use or any damages related to the lands associated with the leased water rights.

6. **Representations by Lessor.** Lessor covenants and represents that it is the true and lawful owner of the water rights and the land to which they are appurtenant, that these water rights have not lapsed, been abandoned or forfeited, either in whole or in part, and that Lessor is not aware of anything that restricts or precludes Lessor from entering into this Lease and Lessee utilizing the described water rights as set forth in paragraph 5.

7. **Breach.** In the event either party breaches this Lease and such breach is not cured within thirty (30) days after receipt of written notice thereof, the non-breaching party, at their option, may elect any or all of the following cumulative remedies:

   (a) To terminate this Lease Agreement;
   (b) To seek specific performance of this Lease Agreement;
   (c) To recover any damages arising out of the breach;
   (d) To pursue any and all other remedies under Idaho law by reason of such breach.

8. **Assignment.** This Agreement may not be assigned by Lessee without the express written consent of Lessor.
9. **Choice of Law.** The terms and provisions of this Agreement shall be construed in accordance with the laws of the State of Idaho. Any required mediation and arbitration shall occur in Ada County Idaho. Jurisdiction and venue for any litigation shall be in the District Court of the State of Idaho in Ada County.

10. **Dispute Resolution.** Any dispute between the parties shall be resolved in accordance with the following provisions.

10.1 **Mediation.** The parties shall designate a single mediator and appear before the mediator and attempt to mediate a settlement of the dispute. In the event the parties cannot agree to a mediator, then each party shall designate a representative and they will appoint a single mediator who shall serve as the mediator for the parties. Mediator costs will be split evenly between the Lessor and Lessee.

10.2 **Arbitration.** In the event the dispute between the parties cannot be settled as a result of mediation as described above, the dispute shall be arbitrated in accordance with the Uniform Arbitration Act, Title 7, Chapter 9, Idaho Code. The parties shall select a mutually agreeable arbitrator and the dispute shall be submitted to that arbitrator for decision. The arbitrator shall be authorized to enter a decision to resolve the dispute that is binding on the parties.

10.3 **Litigation.** Litigation is allowed between the parties only for the purpose of enforcing a settlement agreement entered into between the parties as a result of mediation or pursuant to an arbitrator's decision.

11. **Attorney Fees.** In the event of any arbitration over this Lease the prevailing party shall be entitled to recover reasonable attorney fees and costs.

12. **Binding Effect.** This Agreement shall be binding upon the respective heirs, successors and assigns of the parties.
8. **Assignment.** This Agreement may not be assigned by Lessee without the express written consent of Lessor.

9. **Choice of Law.** The terms and provisions of this Agreement shall be construed in accordance with the laws of the State of Idaho. Any required mediation and arbitration shall occur in Ada County, Idaho. Jurisdiction and venue for any litigation shall be in the District Court of the State of Idaho in Ada County.

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11. **Attorney Fees.** In the event of any arbitration over this Lease, the prevailing party shall be entitled to recover reasonable attorney fees and costs.

12. **Binding Effect.** This Agreement shall be binding upon the respective heirs, successors and assigns of the parties.

DATED this 5th day of May, 2005.

LESSEE: South Elmore Irrigation Co., Inc.

Authorized Signature: [Signature]

LEASE OF WATER RIGHTS - 3

DRAFT 4-27-05
DATED this ______ day of ___________________, 2005.

LESSOR:

South Elmore Irrigation Company
P.O. Box 396
Mountain Home, ID 83647

By: ____________________________

LESSEE:

IDAHO GROUND WATER
APPROPRIATORS, INC.
Acting for and on behalf of American Falls-Aberdeen,
Bingham, Bonneville-Jefferson, Magic Valley and North
Snake Irrigation Districts

By: ________________________
AMERICAN FALLS - ABERDEEN GROUND WATER DISTRICT

By: 
Kevin Michaelson, Chairman
2590 Quigley
American Falls, ID 83211

BINGHAM GROUND WATER DISTRICT

By: 
Craig Evans, Chairman
1523 W. 300 N.
Blackfoot, Idaho 83221

BONNEVILLE JEFFERSON GROUND WATER DISTRICT

By: 
William Taylor, Chairman
P.O. Box 51121
Idaho Falls, Idaho 83405-1121

MAGIC VALLEY UNDERGROUND PUMPERS ASSOCIATION

By: 
Orlo Maughan, Chairman
453 W. 90 N.
Rupert, ID 83350

NORTH SNAKE GROUND WATER DISTRICT

By: 
Mike Faulkner, Chairman
1989 S. 1875 E.
Gooding, ID 83330

LEASE OF WATER RIGHTS - 5
AMERICAN FALLS - ABERDEEN GROUND WATER DISTRICT

By: _______________________
Kevin Michaelson, Chairman
2590 Quigley
American Falls, ID 83211

BINGHAM GROUND WATER DISTRICT

By: _______________________
Craig Evans, Chairman
1523 W. 300 N.
Blackfoot, Idaho 83221

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By: _______________________
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Blackfoot, Idaho 83221

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By: ______________________
William Taylor, Chairman
P.O. Box 51121
Idaho Falls, Idaho 83405-1121

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Orlo Maughan
Orlo Maughan, Chairman
453 W. 90 N.
Rupert, ID 83350

NORTH SNAKE GROUND WATER DISTRICT

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Mike Faulkner, Chairman
1989 S. 1875 E.
Gooding, ID 83330

LEASE OF WATER RIGHTS - 5
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By: ____________________________
Kevin Michaelson, Chairman
2590 Quigley
American Falls, ID 83211

BINGHAM GROUND WATER DISTRICT

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Craig Evans, Chairman
1523 W. 300 N.
Blackfoot, Idaho 83221

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By: ____________________________
William Taylor, Chairman
P.O. Box 51121
Idaho Falls, Idaho 83405-1121

MAGIC VALLEY UNDERGROUND PUMPERS ASSOCIATION

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Orlo Maughan, Chairman
453 W. 90 N.
Rupert, ID 83350

NORTH SNAKE GROUND WATER DISTRICT

By: ____________________________
Mike Faulkner, Chairman
1989 S. 1875 E.
Gooding, ID 83330

LEASE OF WATER RIGHTS - 5
WATER RIGHTS LEASE AGREEMENT

This Lease Agreement ("LEASE") made and entered into between the undersigned UNITED WATER IDAHO INC., P.O. Box 190420, Boise, Idaho 83719-0420 ("Lessor"). and IDAHO GROUND WATER APPROPRIATORS, INC. ("IGWA"), acting for and on behalf of American Falls-Aberdeen, Bingham, Bonneville, Jefferson, Magic Valley, North Snake and Southwest Irrigation Districts, whose address is P.O. Box 1391, Pocatello, Idaho 83204 (collectively "Lessee"):

1. **Leased Property.** Lessor hereby leases to Lessee and Lessee hereby leases from Lessor certain water rights identified by the records of the Idaho Department of Water Resource ("IDWR") as follows:

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<th>Water Right No.</th>
<th>POD</th>
<th>Priority</th>
<th>Quantity CFS/AF</th>
<th>Acres</th>
</tr>
</thead>
<tbody>
<tr>
<td>02-2341</td>
<td>T=01S, R=01W, S=35</td>
<td>12/28/64</td>
<td>35.21 / 2817</td>
<td>626</td>
</tr>
<tr>
<td>02-2358</td>
<td>T=01S, R=01W, S=35</td>
<td>07/28/64</td>
<td>3262.5</td>
<td>725</td>
</tr>
<tr>
<td>02-2420</td>
<td>T=1S, R=01W, S=35</td>
<td>12/31/63</td>
<td>3168</td>
<td>704</td>
</tr>
<tr>
<td>02-2339</td>
<td>T=02S, R=01E, S=19</td>
<td>12/07/64</td>
<td>11.0 / 2745</td>
<td>610</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td></td>
<td></td>
<td>46.21/11,992.5</td>
<td>2665</td>
</tr>
</tbody>
</table>

The foregoing water rights will hereafter be referred to as the "leased water rights".

2. **Term.** The term of this Lease shall be for a term commencing the date of signing as indicated below and terminating on November 15, 2005.
3. **Rent.** For the use of the leased water rights Lessee shall pay to Lessor rent in the amount of $ per Acre Foot, a total of $ for the estimated total of 11,992 Acre Feet. The rent shall be paid one-half on May 30, 2005, and one-half on December 1, 2005.

3.1 The total acres and rent under this Lease is based upon Lessor's represented water rights and irrigated acres under the leased water rights in Lessor's Offer For Lease Proposal 1 and is subject to adjustment to the actual irrigated acres if different.

3.2 This lease agreement is conditional upon IDWR's review of Lessor's water right(s) and determination that the leased acres are eligible and qualified following the eligibility criteria set forth in items 1, 2, 3 in paragraph B in the Snake River Basin Water Rights Acquisition Program set forth in the Invitation for Offers to Sell Water Rights dated December 7, 2004, attached hereto as Exhibit "A"

4. **Non-Use by Lessor.** Lessor covenants that it will not divert or utilize the leased water rights during the term of this Lease.

5. **Use by Lessee.** During the term of this Lease, Lessee will not divert or utilize the leased water rights except for mitigation purposes.

6. **Representations by Lessor.** Lessor covenants and represents that it is the true and lawful owner of the water rights, that these water rights have not lapsed, been abandoned or forfeited, either in whole or in part, and that Lessor is not aware of anything that restricts or precludes Lessor from entering into this Lease and Lessee utilizing the described water rights as set forth in paragraph 5.

7. **Breach.** In the event either party breaches this Lease and such breach is not cured within thirty (30) days after receipt of written notice thereof, the non-breaching party, at their option, may elect any or all of the following cumulative remedies:

   (a) To terminate this Lease Agreement;
   (b) To seek specific performance of this Lease Agreement;
   (c) To recover any damages arising out of the breach;
   (d) To pursue any and all other remedies under Idaho law by reason of such breach.

8. **Assignment.** This Agreement may not be assigned by Lessee without the express written consent of Lessor.

9. **Choice of Law.** The terms and provisions of this Agreement shall be construed in accordance with the laws of the State of Idaho. Any required mediation
and arbitration shall occur in Ada County, Idaho. Jurisdiction and venue for any litigation shall be in the District Court of the State of Idaho in Ada County.

10. **Dispute Resolution.** Any dispute between the parties shall be resolved in accordance with the following provisions.

10.1 **Mediation.** The parties shall designate a single mediator and appear before the mediator and attempt to mediate a settlement of the dispute. In the event the parties cannot agree to a mediator, then each party shall designate a representative and they will appoint a single mediator who shall serve as the mediator for the parties. Mediator costs will be split evenly between the Lessor and Lessee.

10.2 **Arbitration.** In the event the dispute between the parties cannot be settled as a result of mediation as described above, the dispute shall be arbitrated in accordance with the Uniform Arbitration Act, Title 7, Chapter 9, Idaho Code. The parties shall select a mutually agreeable arbitrator and the dispute shall be submitted to that arbitrator for decision. The arbitrator shall be authorized to enter a decision to resolve the dispute that is binding on the parties.

10.3 **Litigation.** Litigation is allowed between the parties only for the purpose of enforcing a settlement agreement entered into between the parties as a result of mediation or pursuant to an arbitrator's decision.

11. **Attorney Fees.** In the event of any arbitration over this Lease the prevailing party shall be entitled to recover reasonable attorney fees and costs.

12. **Binding Effect.** This Agreement shall be binding upon the respective heirs, successors and assigns of the parties.
DATED this ___ day of May, 2005.

LESSOR:
UNITED WATER IDAHO INC.

By: _____________________________

LESSEE:
IDAHO GROUND WATER
APPROPRIATORS, INC.

By: _____________________________
TIM DEEG, President

ATTESTED:

RANDALL C. BUDGE, Secretary
ATTACHMENT D
BEFORE THE IDAHO WATER RESOURCE BOARD

IN THE MATTER OF THE
AMERICAN FALLS-ABERDEEN, BINGHAM,
BONNEVILLE-JEFFERSON, MAGIC VALLEY
AND NORTH SNAKE GROUND WATER
DISTRICTS

A RESOLUTION TO AUTHORIZE
A FUNDING COMMITMENT

WHEREAS, a Letter of Intent from Idaho Ground Water Appropriators, Inc. on behalf of the
AMERICAN FALLS-ABERDEEN GROUND WATER DISTRICT, the BINGHAM GROUND WATER
DISTRICT, the BONNEVILLE-JEFFERSON GROUND WATER DISTRICT, the MAGIC VALLEY
GROUND WATER DISTRICT, and the NORTH SNAKE GROUND WATER DISTRICT (Districts) has
been submitted to the IDAHO WATER RESOURCE BOARD (IWRB) requesting a loan in the amount of
$2,450,118 to lease Snake River water rights for the 2005 irrigation season and to provide monies for an
option payment to be credited toward the sales price associated with permanent acquisition of a portion of
the leased water; and

WHEREAS, the 58th Idaho Legislature authorized the IWRB to finance, acquire, operate and
maintain a program or projects to enhance water supplies and reduce demand for water and appropriated
funds to the IWRB Revolving Development Account for water projects and to lease water rights; and

WHEREAS the Districts are formed pursuant to Title 42, Chapter 52 of the Idaho Code, and have
the function to provide mitigation for injury caused to senior water right holders by junior ground water
pumpers that are members of the Districts; and

WHEREAS, the Districts have negotiated agreements to lease natural flow water rights for the
2005 irrigation season, with an option to permanently acquire some of the leased water; and

WHEREAS, the Director of the Idaho Department of Water Resources (IDWR), through his
amended order of May 2, 2005 regarding the delivery of water to certain Magic Valley-area canals, is
requiring certain ground water users within Water Districts No. 120 and 130 to provide replacement water
to certain Magic Valley area canals as specified in the order; and

WHEREAS, acquired water in excess of that needed to satisfy the Director's amended order of
May 2, 2005 will be used for other mitigation activities such as the Sandy Pipeline and the conversion
projects undertaken by the Districts; and

WHEREAS, during 2005, the Districts would utilize the below-Milner natural flow leased water to
exchange with stored water released by the federal government from Palisades Reservoir in order to
mitigate the impacts of ground water pumping on spring flows from the Eastern Snake Plain Aquifer
tributary to the Snake River; and

WHEREAS, the Districts are proposing to lease 63,055.5 acre-feet subject to verification of actual
quantities by IDWR, from natural flow water right owners below Milner; and

WHEREAS, the Districts are also proposing to lease 11,992 acre-feet of below-Milner Snake
River water from United Water Idaho subject to verification of actual quantities by IDWR; and
WHEREAS, the Districts are qualified applicants and the leasing of water rights qualifies for a loan from the funds appropriated to the IWRB's Revolving Development Account.

NOW THEREFORE BE IT RESOLVED that the IWRB authorizes loan funds, not to exceed $2,625,504.70 for leasing water from the Revolving Development Account at 4% interest with a 3-year repayment term and provides authority to the Director of the Idaho Department of Water Resources to enter into contracts with the Districts.

BE IT FURTHER RESOLVED that this resolution and the authorization of the loan is subject to the following conditions:

1. The funds authorized by this resolution shall be loaned pursuant to contracts developed between the IWRB and each participating District, according to the amount of participation by each District.

2. The Districts shall comply with all legal requirements concerning incurring this debt and the proposed leasing and use of the water rights.

3. The Districts shall agree to exercise their assessment authorities to provide security for the loan authorized by this resolution.

4. The water rights being leased using these funds shall be subject to verification of actual quantities by IDWR.

DATED this 13th day of May 2005.

JERRY R. RIGBY, Chairman
Idaho Water Resource Board

D. RICHARD WYATT, Secretary

ATTEST

Water Leasing Resolution – Page 2 of 2
This document briefly describes the procedures used to determine certain of the mitigation credits claimed in the Idaho Ground Water Appropriate’s (IGWA) Initial Plan for Providing Replacement Water (“Replacement Plan”). The Replacement Plan was filed on April 29, 2005, in response to the Director’s Order of April 19, 2005 (amended May 2, 2005). The analyses described below were used to calculate the claimed mitigation credits stemming from water supply activities undertaken or planned in Water District 130 over the period 2002-2005 and from dry-year leases planned in 2005 primarily in Water District 120. These activities are summarized in Attachments C and A, respectively, of the Replacement Plan. Electronic files used in the analyses are on the enclosed CD and referenced herein as appropriate.

The analyses were carried out in part using tools and data obtained from researchers at the Idaho Water Resources Research Institute (IWRRI). The tools used were: (1) the Conversion Tool (River and Spring Response to Stresses Applied at Conversion Projects) – an Excel™ workbook of convolving response functions for conversion project sites, (2) the Recharge Tool (River and Spring Response to Recharge Applied to Recharge Sites Below Milner Dam) – an Excel™ workbook of convolving response functions for recharge sites, and (3) a transient flat water table version of the Eastern Snake Plain Aquifer (ESPA) model. The Conversion Tool was used for the analysis of water deliveries to existing conversion sites in the North Snake Ground Water District (NSGWD). The Recharge Tool was used for the analysis of targeted recharge in the NSGWD. Model simulations were used for the analysis of canal seepage, pumping reductions, curtailments and dry-year leases.

**Analyses Using the Conversion Tool**

The Conversion Tool was used to determine the Blackfoot – Minidoka reach gain credits (hereafter “credits”) occurring in 2005 from conversions in the NSGWD that began in 2002. The conversions analysis treated canal seepage separately from water delivered to the conversion sites themselves. Canal seepage was assumed to equal 30% of total amount of water diverted at Milner for conversions. This seepage was subtracted from the total diversion. The remainder was assumed to be delivery at the conversion sites themselves. Canal seepage was analyzed separately using the ESPA model as described later in this document.

Credits for 2002-2004 water deliveries to conversion sites were calculated separately from those anticipated from 2005 deliveries. The workbook used for the 2002-2004 conversion analysis is Conversions_NSGD_2002-2004.xls. The workbook for the 2005 analysis is Conversions_NSGD_Only2005.xls. These
workbooks are found in the *Conversions* directory on the attached CD. The workbooks contain the input data used to calculate the credits. Other than entering the water supply input data, no changes were made to the workbook versions obtained from IWRRI. Conversion deliveries for 2005 were assumed to be identical to those of 2004.

**Analyses Using the Recharge Tool**

The Recharge Tool was used to determine the credits occurring in 2005 from planned targeted recharge of 1600 acre-feet of water by the NSGWD. This recharge was assumed to occur at the K Canal site. Credits were calculated the workbook *RechargeLowerSnake_2005_NSGWD.xls* found in the *Recharge* directory. Other than entering the water supply input data, no changes were made to the workbook obtained from IWRRI.

**Analyses Using the ESPA Model**

The ESPA model was used to calculate credits occurring in 2005 from canal seepage, pumping reductions, curtailments and dry-year leases in 2005 and prior years in which mitigation activities occurred. All model simulations were done using daily time step. This required that certain changes be made in the model discretization file (file extension .DIS) and the output control file (file extension .OCL). Changes were also made to the name file (file extension .NAM) to facilitate identification of different model runs. No other modifications were made to the version of the ESPA model obtained from IWRRI. Other necessary model files used directly from the IWRRI model for simulations include *confr.BC6, ibound.ibd, standard.LMG, super.BA6, super.riv, sy.ref, and transm.ref*.

**Canal Seepage**

Canal seepage was assumed to be 30% of the total amount of water diverted at Milner to serve conversions and to supply the Sandy Pipeline project. All seepage was assumed to occur in the North Side Canal. Seepage was distributed spatially among model cells intersected by the canal.

**Pumping Reductions**

Pumping reductions occurred in 2002 and 2004 in the Magic Valley Ground Water District (MVGWD) and the NSGWD under interim agreements reached with spring users. These pumping reductions were distributed uniformly over the model cells comprising those districts.

The canal seepage and pumping reductions analysis was carried out in a single stress file. Files corresponding to canal seepage and pumping reductions are in the *CanalSeepageAndPumpingReductions* directory. The two subdirectories under this directory are *Mitigations2002-2004* (for the 2002-2004 mitigation activities), and *MitigationsOnly2005* (only 2005 activities). The necessary MODFLOW data files are located in directory *ModflowData* under each of the
above directories. The respective well files are 
ESRP_WEL_Dbld_Historica/Mitigation02-04.txt (corresponding to 2002-2004 activities), and ESRP_WEL_Dbld_Historica/Mitigation2005.txt).

**Curtailments**

Curtailments of ground water pumping of 10% were assumed to occur in 2005 in the MVGWD and NSGWD. Credits from these curtailments were scaled linearly from results of simulating complete (i.e., 100%) curtailment of pumping in each of those districts. The 100% curtailment analysis used the cell stress file created by IWRRI for its analysis of curtailment of post-1870 ground water rights. This file was modified to reflect a daily time step and pumping only in the irrigation season, and then screened using GIS to exclude stresses outside the two districts’ boundaries. It was then input to the model to determine effects of 100% curtailment in just those districts. This procedure implies that the 10% curtailment is uniformly distributed across the districts.

Curtailment specific model files can be found in Curtailments\ModflowData on the attached CD.

**Dry Year Leases**

Credits from drying up selected acres under IGWA’s 2005 dry-year leasing program were determined in a two-step process. First, unit response functions were derived for pumping in model cells corresponding to each of the potential lease locations. These unit responses were then scaled based on the dry-up acreages allowed for lands finally leased. The response functions were developed by simulating the impact of a pumping volume of 18,200 cubic feet/day in the first stress period (i.e. irrigation season, 182 days). So the total volume used in this simulation was 18,200 cubic feet/day times 182 days (i.e. 3,312,400 cubic feet). This effect was then scaled depending upon available acreage.

All well files and other necessary MODFLOW inputs for the dry-year lease analysis can be found on the CD in the directory DryYearLease\ModflowData. The well file names correspond to the location of the acres in the ESPA model cell. For example, the prefix SP066128 corresponds to model cell row 66 and column 128. As described earlier, since simulations were carried out using daily time step, the discretization file used here reflects the necessary modifications from the IWWRI version. The name file in this directory contains a generic well file, named run.WEL, which needs to be substituted with an appropriate well file (i.e. well file names starting with SP).

All MODFLOW simulations were carried out using MODFLOW-2000 (U.S. GEOLOGICAL SURVEY MODULAR FINITE-DIFFERENCE GROUND-WATER FLOW MODEL) Version 1.10 07/26/2002. The executable code (MF2K1.EXE) is in directory MODFLOWExecutable.
Supporting Data Files

Files used or created as part of the GIS analysis supporting the calculation of credits are in directory GISSupportFiles on the enclosed CD. A description of these files is given below.

GIS Files

ArcView Shape Files: (Map Projection IDTM NAD 27, see .prj files for specs)

Magic Valley and North Snake Irrigation District Boundaries
NorthSnakeAndMagicValleyIDs_region.*

Model Cells Intersected by Irrigation District Boundaries
MVID_Cells_region.*
NSID_Cells_region.*

Model Cells Intersected by the North Side Canal
NorthSideCanalCells_region.*

Model Cells Intersected by the Lease Offer Locations
LeaseOfferCells_region.*
Notes: Lease offer locations corresponding to the list in the file Lease Offers Spreadsheet 4-29-05.xls

PDF Files

Map showing Model Cells Intersected by the North Side Canal
CanalRechargeCellsMap.pdf
Source: Figure 2 from “Snake River Plain Aquifer Model Scenario: Managed Recharge in the Thousand Springs Area “Managed Recharge Scenario”, November, 2004, B. A. Contor, D. M. Cosgrove, G. S. Johnson, N. Rinehart, A. Wylie, Idaho Water Resources Research Institute, University of Idaho, for the Idaho Department of Water Resources with guidance from the Eastern Snake Hydrologic Modeling Committee (IWRRI Technical Report 04-002)

Map of Model Grid Cells affected by the reach gain benefits modeling
AllRechargeCellsIllustrationMap.pdf

Includes: 1) the canal recharge cells
2) the irrigation district cells
3) the modeled lease offer cells