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≈ ALSO ADMITTED IN UTAH

## MEMORANDUM

TO: CITY OF FRUITLAND  
FROM: STEPHANIE J. BONNEY, CITY ATTORNEY  
DATE: DECEMBER 23, 2025  
RE: SNAKE RIVER OIL & GAS MINERAL LEASES

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I have been asked by the City of Fruitland to address the status of the oil and gas mineral rights in relation to the City of Fruitland (“City”) and the Snake River Oil & Gas, LLC (“Snake River”).

Title 40, Chapter 13 regulates highway districts. Idaho Code 40-1333 provides that cities are the responsible for the construction, reconstruction and maintenance for roads within the city.<sup>1</sup> Thus, once roads are annexed into the City, the City obtains legal jurisdiction of those roads.

It is my understanding that Highway District No. 1 purported to lease mineral and gas rights on a significant portion of NW 16<sup>th</sup> Street and NE 16<sup>th</sup> Street for roads that are located within the City. These roads were annexed into the City in 2009 as shown by the enclosed annexation ordinance and map. Any rights of way located within the City are not under the jurisdiction of Highway District No. 1 and thus, cannot be considered in determining if Snake River has achieved the required acreage of acquired mineral rights.

Additionally, the rights of way that Highway District No. 1 has jurisdiction over also cannot be considered in regard to the acquired acreage.

Idaho courts treat most “road” and “right-of-way” conveyances to highway entities as granting an easement for highway purposes, not a fee simple including the mineral estate, absent clear contrary language.

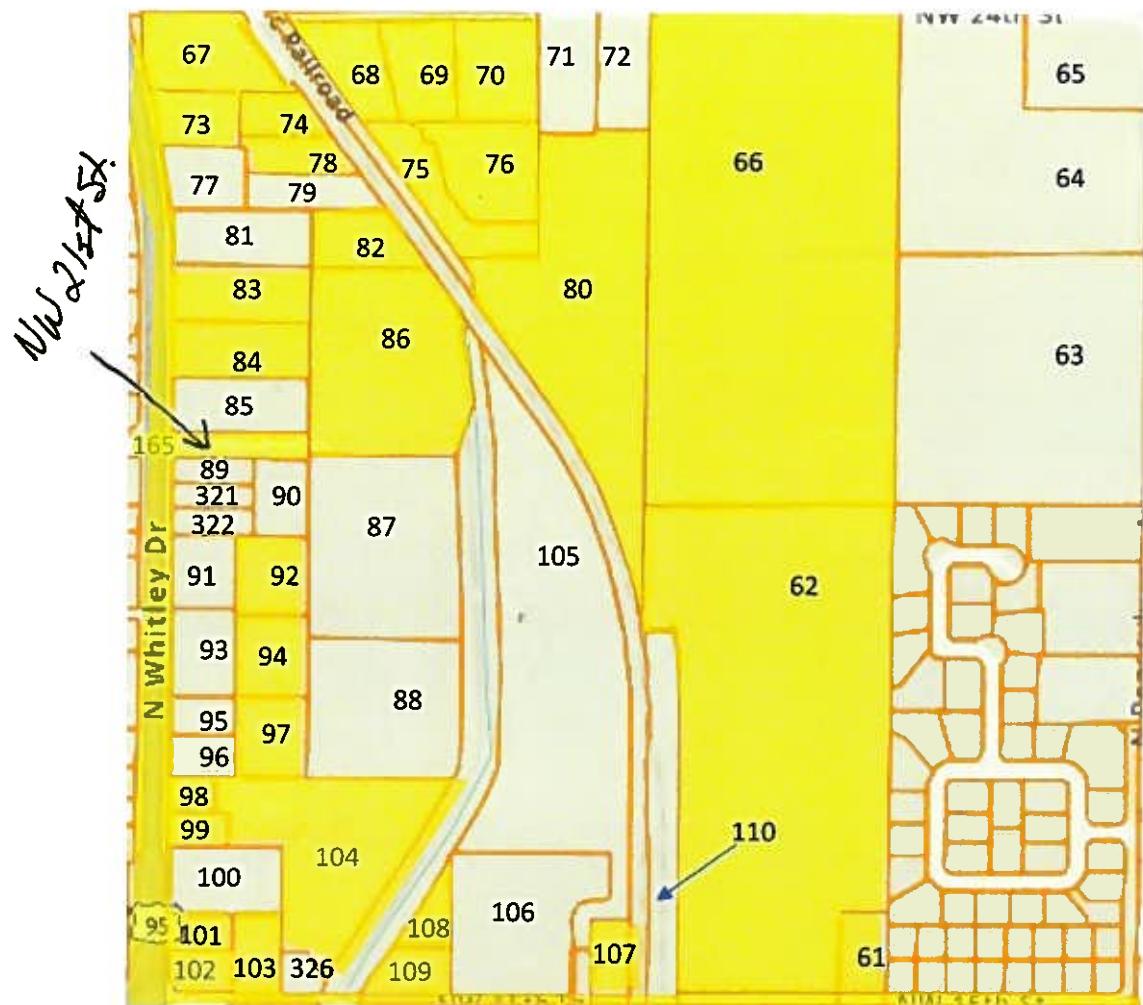
In the Idaho Supreme Court in *Infanger v. City of Salmon*, 137 Idaho 45 (Idaho, 2002), the City attempted to exchange a portion of a right of way for a fee simple title to another piece of property. The Idaho Supreme Court denied the City had the power to do so and held that the City’s interest in the street is limited to its role as trustee for the public, it has no inherent power to convey it as

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<sup>1</sup> There is a small exception provided in 40-607 for cities with a population of less than 5,000 people, which doesn’t apply here.

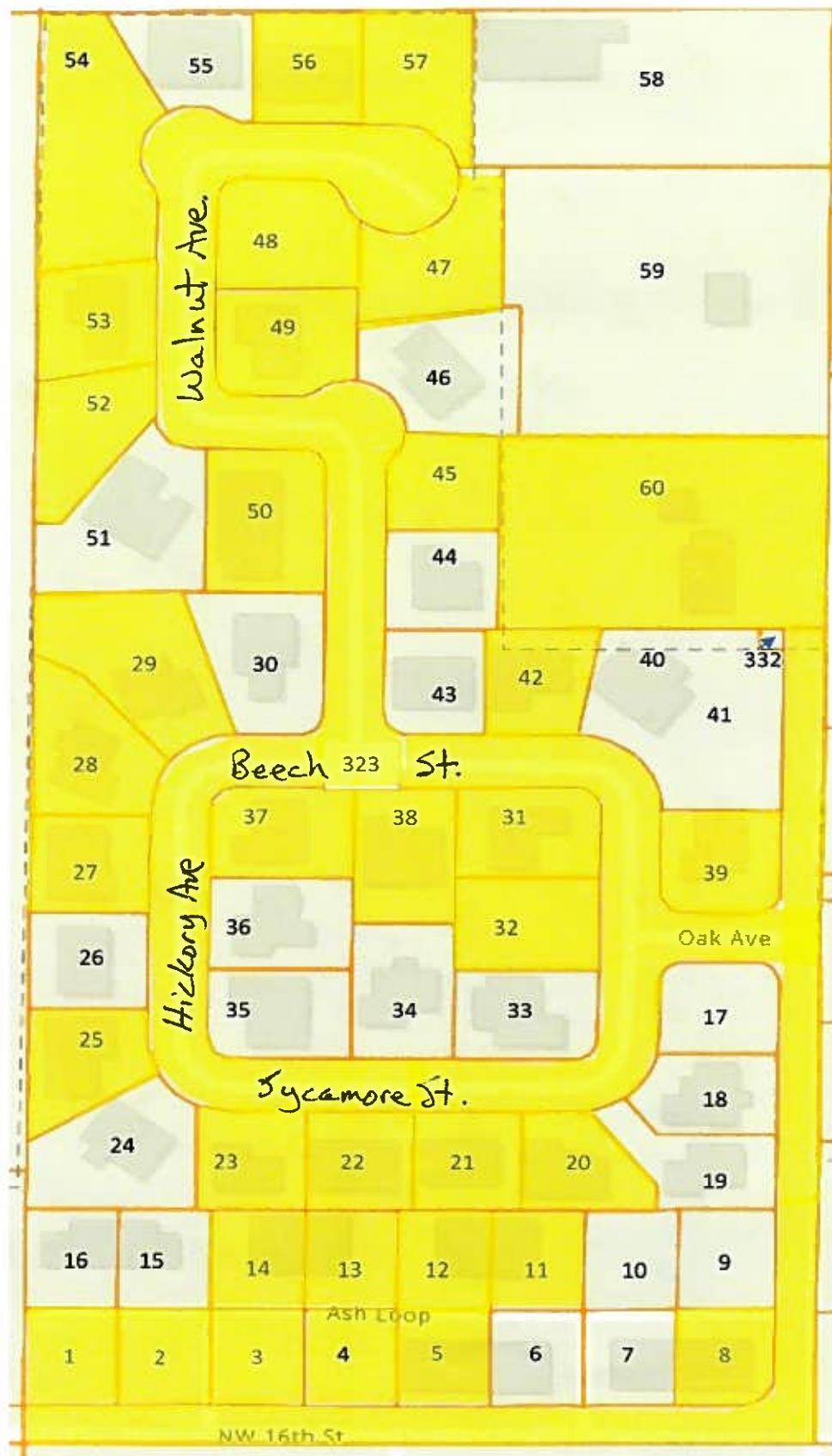
**Exhibit A-1**

**SE  $\frac{1}{4}$ , Section 15, Township 8 North, Range 5 West**



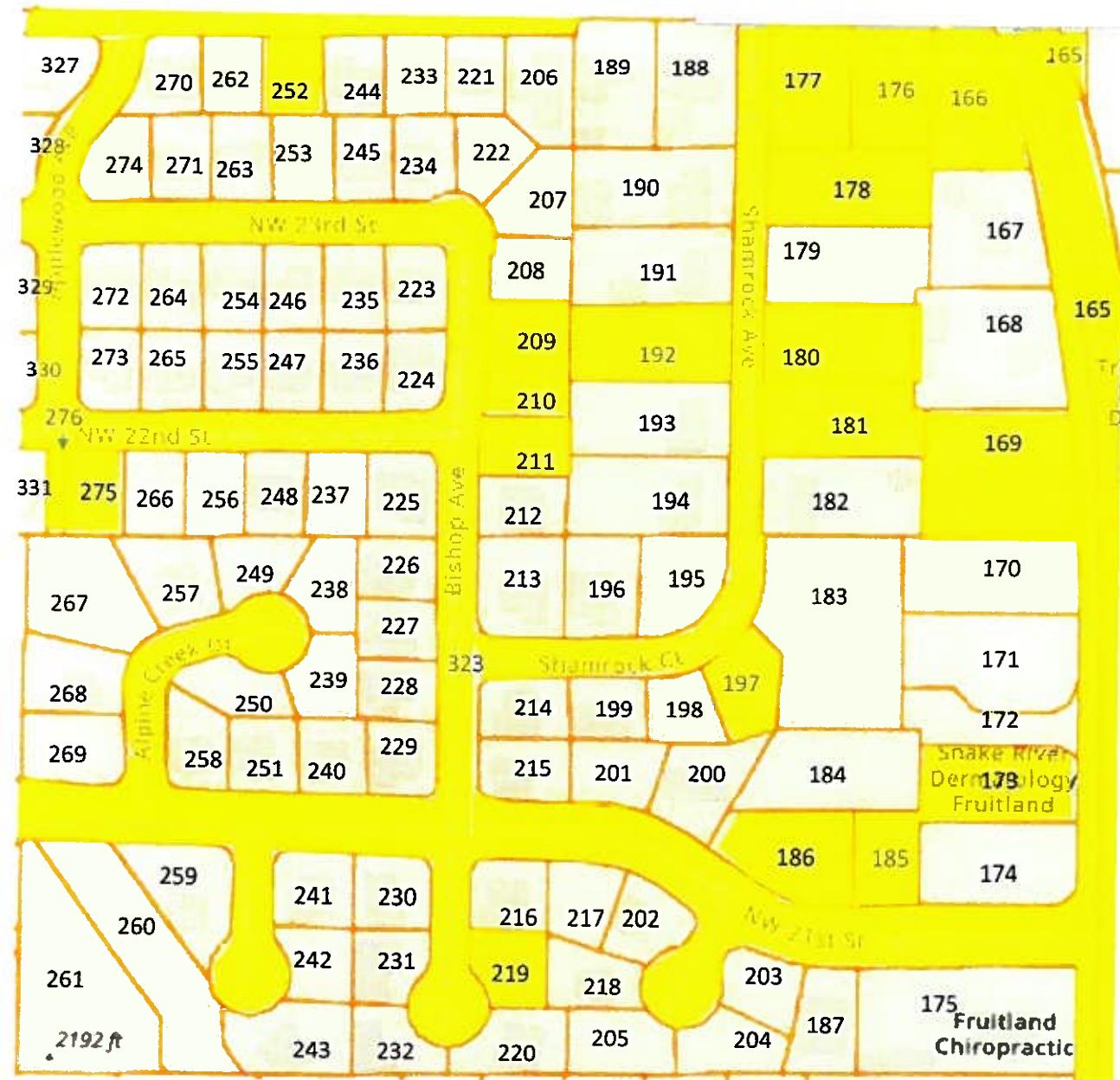
## Exhibit A-2

## Rivercrest Subdivision



### Exhibit A-3

**N1/2E1/2SE1/4 Section 15, Township 8 North, Range 5 West**



## **Exhibit A-4**

**S1/2E1/2SW1/4 Section 15, Township 8 North, Range 5 West**



City of Franklin

## Exhibit A-5

↓ Deposit ID's across to profit g. 80

## **Section 22, Township 8 North, Range 5 West**

ITD Approx 1.6 acres  
This portion of NW 16th St is not ITD's

Wholesale Auto

Wrestling Club

?

?

Dollard Driveway

Under the Railroad

NW 9th St

NW 9th St

123	128
124	129
125	130
126	131
127	

**Exhibit A-6**

**Freeman Slater Subdivision, Section 22, Township 8 North, Range 5 West**



property, and thus, ipso facto, government entities also hold no power to convey mineral rights for rights of way.

Finally, and most importantly, Highway District No. 1 does not have the statutory power to convey mineral rights for any property held by the District, regardless of whether it owns it in fee simple or as a right of way. There is no express statutory grant allowing a highway district to sell or lease mineral rights.

Highway district enabling statutes (Title 40) focus their authority on establishing, maintaining, and funding highways and related improvements; revenue authority is framed around highway purposes, not general land or mineral development. For example, the Local Highway Technical Assistance Council funding manual notes that highway districts are “limited to authority for revenue dedicated for highways.”

Highway districts are special-purpose entities whose authority is confined to highway-related functions; they lack express or necessarily implied power to alienate the mineral estate, which is reserved to the State Land Board (“IDL”) for state lands or to the fee owner, not a district holding only a highway interest.

Idaho highway districts are creatures of statute and “can only exercise those powers specifically granted, or necessarily implied, by statute.” This limited-powers principle is consistently applied to state agencies like IDL and is equally applicable to highway districts.

For state-owned mineral estates, administration and leasing authority lies with the State Board of Land Commissioners (“Land Board”) and IDL, not with local road entities. The Land Board/IDL “have statutory authority to administer minerals leasing” on state endowment and other designated mineral estates. IDL policy documents emphasize that IDL “can only exercise those powers … specifically given to it by the Idaho Constitution and existing statutes,” which underscores the general rule that resource leasing authority is expressly assigned and not to be implied. Thus, Highway District No. 1 has no legal authority to lease mineral interests.

2-9-2009

**0358425**

**ORDINANCE NO. 506**

AN ORDINANCE OF THE CITY OF FRUITLAND, IDAHO, ANNEXING WITH RESPECT TO ADJOINING LANDS TO THE CITY OF FRUITLAND, IDAHO; AMENDING THE COMPREHENSIVE PLAN MAP AND ZONING MAP; ZONING OF CERTAIN HERINAFTER DESCRIBED REAL PROPERTY; REPEALER; SEVERABILITY; EFFECTIVE DATE.

BE IT ORDAINED By the Mayor and City Council of the City of Fruitland, Idaho:

Section 1. That the following described real property adjoining the limits of the City of Fruitland and located in the County of Payette, Idaho, is hereby added to, taken into, annexed and made a part of the City of Fruitland.

**ALDEN ROAD**

A portion of Government Lot 9 of Section 10 and portion of Government Lot 3 of Section 15, Township 8 North, Range 5 West, Boise Meridian, Payette County, Idaho, more particularly described as follows:

Commencing at the northwest corner of said Section 15;

Thence S  $89^{\circ}15'55''$  E a distance of 1938.09 feet along the north boundary of said Section 15 to a point on the westerly right of way of "Old" U.S. Highway 95, said point being the POINT OF BEGINNING;

Thence N  $10^{\circ}25'07''$  W a distance of 69.44 feet along said westerly right of way of "Old" U.S. Highway 95 to a point;

Thence leaving said right of way N  $78^{\circ}10'55''$  W a distance of 74.60 feet to a point on the easterly right of way of U.S. Highway 95 said point being the beginning of a non-tangential curve;

Said curve to the right through an angle of  $00^{\circ}12'55''$ , having a radius of 2053.67 feet, and whose long chord bears N  $16^{\circ}24'38''$  E a distance of 7.71 feet along said easterly right of way of U.S. Highway 95 to a point;

Thence continuing along said easterly right of way of U.S. Highway 95 N  $16^{\circ}30'48''$  E a distance of 42.45 feet to a point;

Thence leaving said easterly right of way of U.S. Highway 95 S  $78^{\circ}10'55''$  E a distance of 104.09 feet to a point on the easterly right of way of "Old" U.S. Highway 95;

**Instrument # 358425**

PAYETTE COUNTY 01-4347 No. of Pages 22  
2-12-2004  
Recorded for : CITY OF FRUITLAND  
BETTY J DREBSEN FEE: \$0.00  
Ex-Officio Recorder Deputy Clerk  
Index to: ORDINANCE - MSSC

*Allynne Hansen*

# 0358425

Thence along said easterly right of way of "Old" U.S. Highway 95 the following courses and distances;

Thence S 10°25'07" E a distance of 505.78 feet to the beginning of a curve;

Said curve to the left through an angle of 06°20'00", having a radius of 930.00 feet, and whose long chord bears S 13°35'07" E a distance of 102.75 feet to a point;

Thence S 16°45'07" E a distance of 265.10 feet to the beginning of a curve;

Said curve to the right through an angle of 28°00'00", having a radius of 125.00 feet, and whose long chord bears S 02°45'07" E a distance of 60.48 feet to a point;

Thence S 11°14'53" W a distance of 31.47 feet to a point on the northeasterly right of way of the Union Pacific Railroad, said point being the beginning of a non-tangential curve;

Thence leaving said easterly right of way of "Old" U.S. Highway 95 along said curve to the left through 03°12'37", having a radius of 1457.39 feet, and whose long chord bears N 31°38'24" W a distance of 81.65 feet along said northeasterly right of way of the Union Pacific Railroad to a point on the westerly right of way of "Old" U.S. Highway 95 said point being the beginning of a non-tangential curve;

Thence along said westerly right of way of "Old" U.S. Highway 95 the following courses and distances;

Said curve to the left through an angle of 05°47'14", having a radius of 75.00 feet, and whose long chord bears N 13°51'30" W a distance of 7.57 feet to a point;

Thence N 16°45'07" W a distance of 265.10 feet to the beginning of a curve;

Said curve to the right through an angle of 06°20'00", having a radius of 980.00 feet, and whose long chord bears N 13°35'07" W a distance of 108.27 feet to a point;

Thence N 10°25'07" W a distance of 402.77 feet to the POINT OF BEGINNING.

This annexation contains 1.149 acres more or less.

# 0358425

Section 2. The above-described property is hereby zoned Single-Family Residential.

Section 3. The comprehensive plan map is hereby amended to designate the above-described property as Single-Family Residential.

Section 4. The zoning map is hereby amended to designate the above-described property as Single-Family Residential.

Section 5. That the following described real property adjoining the limits of the City of Fruitland and located in the County of Payette, Idaho, is hereby added to, taken into, annexed and made a part of the City of Fruitland.

## SPRUCE DRIVE

A portion of the SE1/4NW1/4 of Section 15, Township 8 North, Range 5 West, Boise Meridian, Payette County, Idaho, more particularly described as follows:

Commencing at the northwest corner of the NW1/4;

Thence S 01°03'21" W a distance of 1643.82 feet along the west boundary of the NW1/4 to the southwest corner of Northview Ranch Subdivision No. 1;

Thence S 89°30'19" E a distance of 1321.35 feet along the south boundary of Northview Ranch Subdivision No. 1 to the southeast corner of Northview Ranch Subdivision No. 1;

Thence N 00°59'24" E a distance of 327.48 feet along the east boundary of Northview Ranch Subdivision No. 1 coinciding with the west boundary of Applewood Estates Subdivision No. 2 to the northeast corner of Lot 1, Block 1, of Northview Ranch Subdivision No. 1 and also being the northwest corner of Lot 14, Block 1, of Applewood Estates Subdivision No. 2, said corner being the POINT OF BEGINNING;

Thence S 89°31'00" E a distance of 524.02 feet along the north boundary of Applewood Estates Subdivision No. 2 to a point on the westerly right of way of U.S. Highway 95 said point being the northeast corner of Lot 19, Block 1, of Applewood Estates Subdivision No. 2;

Thence N 26°07'14" W a distance of 111.83 feet along said westerly right of way of U.S. Highway 95 to a point;

Thence S 45°28'08" W a distance of 56.54 feet to a point;

# 0358425

Thence N 89°31'00" W a distance of 433.44 feet parallel with and 60.00 feet north of the north boundary of Applewood Estates Subdivision No. 2 to the southeast corner of Lot 1, Block 5, of Northview Ranch Subdivision No. 1;

Thence S 00°59'16" W a distance of 60.00 feet along the east boundary of Northview Ranch Subdivision No. 1 to the POINT OF BEGINNING.

This annexation contains 0.728 acres more or less.

Section 6. The above-described real property is hereby zoned General Commercial.

Section 7. The comprehensive plan map is hereby amended to designate the above-described property as General Commercial.

Section 8. The zoning map is hereby amended to designate the above-described property as General Commercial.

Section 9. That the following described real property adjoining the limits of the City of Fruitland and located in the County of Payette, Idaho, is hereby added to, taken into, annexed and made a part of the City of Fruitland.

## WASHOE ROAD

A portion of the NE1/4NE1/4, a portion of the SE1/4NE1/4, and a portion of the NE1/4SE1/4 of Section 16, Township 8 North, Range 5 West, Boise Meridian, Payette County, Idaho, more particularly described as follows:

Commencing at the northeast corner of said NE1/4NE1/4;

Thence S 01°03'21" W a distance of 131.85 feet along the east boundary of the NE1/4NE1/4 to the POINT OF BEGINNING;

Thence continuing S 01°03'21" W a distance of 1184.69 feet along said east boundary to the northeast corner of said SE1/4NE1/4;

Thence S 01°03'21" W a distance of 329.11 feet along the east boundary of said SE1/4NE1/4 to the northeast corner of White Birch Estates;

Thence S 89°31'53" E a distance of 30.00 feet along the northerly boundary of said White Birch Estates to a point;

Thence S 01°03'21" W a distance of 329.71 feet parallel with and 30.00 feet east of the east boundary of said SE1/4NE1/4 to a point on the southerly boundary of said White Birch Estates;

## **0358425**

Thence N 89°31'53" W a distance of 30.00 feet along said southerly boundary of said White Birch Estates to a point on the east boundary of said SE1/4NE1/4;

Thence S 01°03'21" W a distance of 657.65 feet along said east boundary to the northeast corner of said NE1/4SE1/4;

Thence S 01°09'32" W a distance of 1317.64 feet along the east boundary of said NE1/4SE1/4 to the southeast corner of said NE1/4SE1/4;

Thence N 89°44'10" W a distance of 25.00 feet along the south boundary of said NE1/4SE1/4 to a point;

Thence N 01°09'31" E a distance of 1319.64 feet parallel with the east boundary of said NE1/4SE1/4 to a point;

Thence N 01°03'21" E a distance of 1314.85 feet parallel with the east boundary of said SE1/4NE1/4 to a point;

Thence N 01°03'21" E a distance of 1184.69 feet parallel with the east boundary of said NE1/4NE1/4 to a point;

Thence S 88°56'39" E a distance of 25.00 feet to the POINT OF BEGINNING.

This annexation contains 2.417 acres more or less.

Section 10. The above-described property is hereby zoned Single-Family Residential.

Section 11. The comprehensive plan map is hereby amended to designate the above-described property as Single-Family Residential.

Section 12. The zoning map is hereby amended to designate the above-described property as Single-Family Residential.

Section 13. That the following described real property adjoining the limits of the City of Fruitland and located in the County of Payette, Idaho, is hereby added to, taken into, annexed and made a part of the City of Fruitland.

### **NORTH PENNSYLVANIA AVENUE**

A portion of the SW1/4SW1/4 of Section 14, Township 8 North, Range 5 West, Boise Meridian, Payette County, Idaho, more particularly described as follows:

Commencing at the southwest corner of the SW1/4SW1/4;

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Thence N 01°25'52" E a distance of 278.78 feet along the west boundary of the SW1/4SW1/4 to the POINT OF BEGINNING;

Thence N 01°25'52" E a distance of 473.18 feet along said west boundary to the northeast corner of Rivercrest Estates 1;

Thence S 88°34'08" E a distance of 25.00 feet perpendicular to said west boundary to a point;

Thence S 01°25'52" W a distance of 473.14 feet parallel with said west boundary to a point on the City of Fruitland city limits;

Thence N 89°13'47" W a distance of 25.00 feet along said city limits to the POINT OF BEGINNING.

This annexation contains 0.271 acres more or less.

Section 14. The above-described property is hereby zoned Single-Family Residential.

Section 15. The comprehensive plan map is hereby amended to designate the above-described property as Single-Family Residential.

Section 16. The zoning map is hereby amended to designate the above-described property as Single-Family Residential.

Section 17. That the following described real property adjoining the limits of the City of Fruitland and located in the County of Payette, Idaho, is hereby added to, taken into, annexed and made a part of the City of Fruitland.

## NORTHEAST 16<sup>TH</sup> STREET

A portion of the SW1/4SW1/4, a portion of the SE1/4SW1/4 of Section 14, a portion of the NW1/4NW1/4, and a portion of the NE1/4NW1/4 of Section 23, Township 8 North, Range 5 West, Boise Meridian, Payette County, Idaho, more particularly described as follows:

Commencing at the southwest corner of the SW1/4SW1/4;

Thence S 89°13'47" E a distance of 173.00 feet along the south boundary of the SW1/4SW1/4 to the POINT OF BEGINNING;

Thence N 01°25'53" E a distance of 25.01 feet along the City of Fruitland city limits to a point;

## 0358425

Thence S 89°13'47" E a distance of 1147.87 feet parallel with and 25.00 north of the south boundary of the SW1/4SW1/4 to a point on the east boundary of the SW1/4SW1/4;

Thence S 89°13'02" E a distance of 660.60 feet parallel with and 25.00 north of the south boundary of the SE1/4SW1/4 to a point;

Thence S 00°46'58" W a distance of 25.00 feet perpendicular to the south boundary of the SE1/4SW1/4 to a point on the south boundary of the SE1/4SW1/4, said point also being the northeast corner of the Mesa Park Addition No. 2;

Thence N 89°13'02" W a distance of 330.29 feet along the south boundary of the SE1/4SW1/4 to the northwest corner of Mesa Park Addition No. 2;

Thence S 01°19'38" W a distance of 25.00 feet along the westerly boundary of Mesa Park Addition No. 2 to a point;

Thence N 89°13'02" W a distance of 330.32 feet parallel with and 25.00 feet south of the north boundary of the NE1/4NW1/4 to a point on the west boundary of the NE1/4NW1/4;

Thence N 01°20'28" E a distance of 25.00 feet along the west boundary of the NE1/4NW1/4 to the northwest corner of the NE1/4NW1/4;

Thence N 89°13'47" W a distance of 1148.15 feet along the north boundary of the NW1/4NW1/4 to the POINT OF BEGINNING.

This annexation contains 1.228 acres more or less.

Section 18. The above-described property is hereby zoned Single-Family Residential.

Section 19. The comprehensive plan map is hereby amended to designate the above-described property as Single-Family Residential.

Section 20. The zoning map is hereby amended to designate the above-described property as Single-Family Residential.

Section 21. That the following described real property adjoining the limits of the City of Fruitland and located in the County of Payette, Idaho, is hereby added to, taken into, annexed and made a part of the City of Fruitland.

NORTHWEST 16<sup>TH</sup> STREET

## 0358425

A portion of the SE1/4SE1/4 of Section 15, Township 8 North, Range 5 West, Boise Meridian, Payette County, Idaho, more particularly described as follows:

Commencing at the southeast corner of the SE1/4SE1/4;

Thence N 89°12'45" W a distance of 784.54 feet along the south boundary of the SE1/4SE1/4 to the POINT OF BEGINNING;

Thence N 89°12'45" W a distance of 507.44 feet along the south boundary of the SE1/4SE1/4 to a point on the easterly right of way of the Idaho Northern and Pacific Railroad;

Thence N 01°18'40" E a distance of 25.00 feet along the easterly right of way of the Idaho Northern and Pacific Railroad to a point;

Thence S 89°12'45" E a distance of 507.46 feet parallel with and 25.00 feet north of the south boundary of the SE1/4SE1/4 to a point on the City of Fruitland city limits;

Thence S 01°22'16" W a distance of 25.00 feet along the City of Fruitland city limits to the POINT OF BEGINNING.

This annexation contains 0.291 acres more or less.

Section 22. The above-described property is hereby zoned Single-Family Residential.

Section 23. The comprehensive plan map is hereby amended to designate the above-described property as Single-Family Residential.

Section 24. The zoning map is hereby amended to designate the above-described property as Single-Family Residential.

Section 25. That the following described real property adjoining the limits of the City of Fruitland and located in the County of Payette, Idaho, is hereby added to, taken into, annexed and made a part of the City of Fruitland.

### NORTHWEST 11<sup>TH</sup> STREET

A portion of the SE1/4NW1/4 of Section 22, Township 8 North, Range 5 West, Boise Meridian, Payette County, Idaho, more particularly described as follows:

Commencing at the northeast corner of said SE1/4NW1/4;

Thence N 89°34'32" W a distance of 35.56 feet along the north boundary of the SE1/4NW1/4 to a point on the westerly right of

# 0358425

way of U.S. Highway 95, said point being the POINT OF BEGINNING;

Thence S 01°26'28" W a distance of 25.00 feet along said westerly right of way of U.S. Highway 95 to a point;

Thence N 89°34'32" W a distance of 647.50 feet parallel with the north boundary of said SE1/4NW1/4 to a point;

Thence N 00°25'28" E a distance of 25.00 feet to a point on the north boundary of said SE1/4NW1/4;

Thence S 89°34'32" E a distance of 647.95 feet along said north boundary to the POINT OF BEGINNING.

This annexation contains 0.372 acres more or less.

Section 26. The above-described property is hereby zoned General Commercial.

Section 27. The comprehensive plan map is hereby amended to designate the above-described property as General Commercial.

Section 28. The zoning map is hereby amended to designate the above-described property as General Commercial.

Section 29. That the following described real property adjoining the limits of the City of Fruitland and located in the County of Payette, Idaho, is hereby added to, taken into, annexed and made a part of the City of Fruitland.

## WEST 1<sup>ST</sup> STREET

A portion of the NW1/4NW1/4 and portion of the NE1/4NW1/4 of Section 27 and a portion of the SW1/4SW1/4 and a portion of the SE1/4SW1/4 of Section 22, Township 8 North, Range 5 West, Boise Meridian, Payette County, Idaho, more particularly described as follows:

Commencing at the northeast corner of said NE1/4NW1/4;

Thence S 89°55'52" W a distance of 50.15 feet along the north boundary of the NE1/4NW1/4 to a point on the westerly right of way of U.S. Highway 95, said point being the POINT OF BEGINNING;

Thence continuing S 89°55'52" W a distance of 892.15 feet along said north boundary to a point;

Thence N 00°25'30" E a distance of 25.00 feet to a point;

# 0358425

Thence S 89°55'52" W a distance of 109.00 feet parallel with the south boundary of the SE1/4SW1/4 to a point;

Thence S 00°25'30" W a distance of 25.00 feet to a point on the south boundary of said SW1/4;

Thence S 89°55'52" W a distance of 264.00 feet along said south boundary of the SE1/4SW1/4 to the southeast corner of the SW1/4SW1/4;

Thence N 00°25'30" E a distance of 25.00 feet along the east boundary of the SW1/4SW1/4 to a point;

Thence S 89°56'35" W a distance of 95.00 feet parallel with the south boundary of the SW1/4SW1/4 to a point;

Thence S 00°25'30" W a distance of 25.00 feet parallel with the east boundary of the SW1/4SW1/4 to a point on the south boundary of said SW1/4SW1/4;

Thence S 89°56'35" W a distance of 269.06 feet along said south boundary to a point;

Thence S 00°03'25" E a distance of 25.00 feet perpendicular to said South boundary to a point;

Thence N 89°56'35" E a distance of 364.06 feet parallel with the north boundary of the NW1/4NW1/4 to a point;

Thence N 89°55'52" E a distance of 1264.53 feet parallel with the north boundary of the NE1/4NW1/4 to a point on the westerly right of way of U.S. Highway 95;

Thence N 01°21'44" E a distance of 25.01 feet along said westerly right of way to the POINT OF BEGINNING.

This annexation contains 1.052 acres more or less.

Section 30. The above-described property is hereby zoned Single-Family Residential.

Section 31. The comprehensive plan map is hereby amended to designate the above-described property as Single-Family Residential.

Section 32. The zoning map is hereby amended to designate the above-described property as Single-Family Residential.

# 0358425

Section 33. That the following described real property adjoining the limits of the City of Fruitland and located in the County of Payette, Idaho, is hereby added to, taken into, annexed and made a part of the City of Fruitland.

## S. WHITLEY DRIVE

A portion of the NE1/4SW1/4 of Section 27, Township 8 North, Range 5 West, Boise Meridian, Payette County, Idaho, more particularly described as follows:

Commencing at the northeast corner of the NE1/4SW1/4;

Thence S 01°01'10" W a distance of 490.00 feet along the east boundary of the NE1/4SW1/4 to the southeast corner of Red Williams Addition No. 1 and being the POINT OF BEGINNING;

Thence S 01°01'10" W a distance of 166.00 feet along the east boundary of the NE1/4SW1/4 to a point;

Thence N 88°58'50" W a distance of 25.00 feet perpendicular to east boundary of the NE1/4SW1/4 to a point;

Thence N 01°01'10" E a distance of 166.00 feet parallel with and 25.00 feet west of the east boundary of the NE1/4SW1/4 to a point;

Thence S 88°58'50" E a distance of 25.00 feet perpendicular to east boundary of the NE1/4SW1/4 to the POINT OF BEGINNING.

This annexation contains 0.095 acres more or less.

Section 34. The above-described property is hereby zoned Single-Family Residential.

Section 35. The comprehensive plan map is hereby amended to designate the above-described property as Single-Family Residential.

Section 36. The zoning map is hereby amended to designate the above-described property as Single-Family Residential.

Section 37. If any portion of this Ordinance is found to be unenforceable or unconstitutional for any reason, the remaining portion of this Ordinance shall remain in full force and effect.

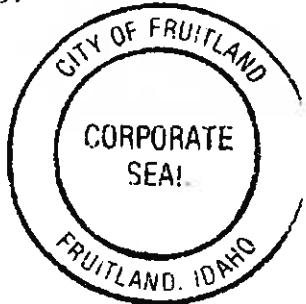
Section 38. Any portion of any existing ordinances in direct conflict with this Ordinance are hereby repealed insofar as the conflict exists.

Section 39. This Ordinance shall take effect and be in full force from and after its passage, approval and publication.

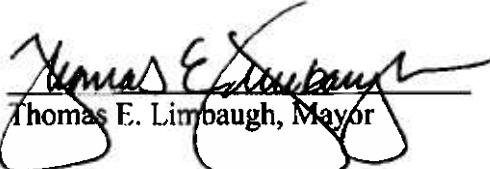
**0358425**

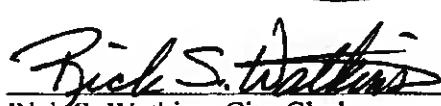
PASSED and APPROVED By the Mayor and City Council this 9<sup>th</sup> day of February, 2009.

ATTEST:



CITY OF FRUITLAND

  
Thomas E. Limbaugh, Mayor

  
Rick S. Watkins, City Clerk

**0358425**

STATE OF IDAHO        )  
                              : ss.  
County of Payette        )

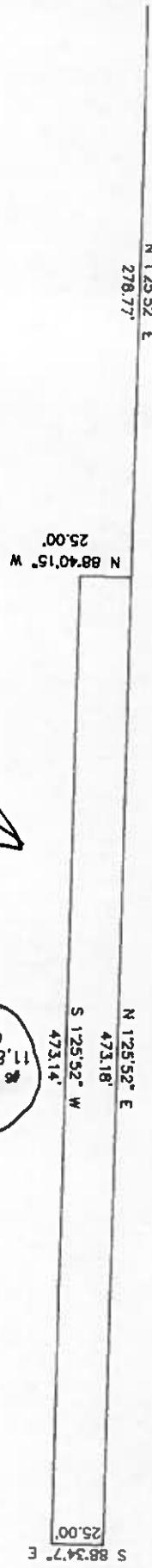
On this 9th day of February, in the year of 2009, before me, the undersigned, a Notary Public in and for said State, personally appeared THOMAS E. LIMBAUGH and RICK S. WATKINS, known to me to be the MAYOR and CITY CLERK of said municipal corporation that executed this instrument and the persons who executed the said instrument on behalf of said corporation, and acknowledged to me that such corporation executed the same.

In witness whereof, I have hereunto set my hand and affixed my official seal the day and year first written.

SUZANNE PEARCY  
NOTARY PUBLIC  
STATE OF IDAHO

  
\_\_\_\_\_  
Notary Public  
Residing in Fruitland, Idaho  
My commission expires: 6-17-2011

Rivercrest  
Estates  
City owns 1/2 street  
x N. Penn Ave



0358425

City, not Hwy Dist #1

77 NE 16TH st  
53,475 Sq Ft  
1.23 Ac.

S 89° 13' 47" E  
173.00'  
N 125° 53' E  
25.00'  
  
S 89° 13' 47" E  
1147.67'  
N 89° 13' 47" W  
1148.15'  
  
N 120° 28' E  
25.00'  
  
S 89° 13' 27" E  
330.32'  
N 89° 13' 27" W  
330.32'  
  
S 89° 13' 27" E  
660.60'  
N 89° 13' 27" W  
330.32'  
  
N 0° 46' 58" E  
25.00'

Mesa Park #2

0358425

N 118°40' E

25.00'

S 89°12'45" E  
507.46'

N 122°16' E  
25.00'

#9 NW16TH ST  
12,686 Sq Ft  
0.29 Ac.

N 89°12'45" W  
784.54'

0358425

S 11°10' W  
490.00'

18 S Whitley Dr  
4,150 Sq Ft  
0.10 Ac.

S 88°58'50" E  
25.00'

S 11°10' W  
166.00'  
S 11°10' W  
166.00'

N 88°58'50" W  
25.00'







# BISHOP RANCH SUBDIVISION NO. 1, PHASE 2

BIG 1971

324637

## CERTIFICATE OF OWNERS

KNOW ALL MEN BY THESE PRESENTS: THAT J.R. DEVELOPMENT, LLC, A LIMITED LIABILITY CORPORATION IS THE OWNER OF THE PROPERTY DESCRIBED AS FOLLOWS:

A PARCEL OF LAND LOCATED IN THE N<sup>1</sup>/2 OF THE SW<sup>1</sup>/4 OF SECTION 15, T.38N., R.3W., B.M., PAYETTE COUNTY, IDAHO MORE PARTICULARLY DESCRIBED AS FOLLOWS: COMMENCING AT A BRASS CAP MONUMENT MARKING THE C-NW/16 CORNER OF SAID SECTION 15 AND A POINT ON THE NORTH BOUNDARY LINE OF A BRASS CAP MONUMENT MARKING THE C-NW/16 CORNER OF SAID SECTION 15, BOOK 6 OF PLATS AT PAGE 49, RECORDS OF PAYETTE COUNTY, IDAHO, FROM WHICH A BRASS CAP MONUMENT MARKING THE W<sup>1</sup>/4 CORNER OF SAID SECTION 15 BEARS NORTH 89°45'43" WEST, 132°22.63 FEET; THENCE ALONG THE EAST-WEST CENTERLINE OF SAID SECTION 15 SOUTH 89°46'01" EAST, 661.81 FEET TO THE NORTHEAST CORNER OF SAID BISHOP RANCH DEVELOPMENT NO. 1 SUBDIVISION, SAID POINT ALSO BEING THE NORTHEAST CORNER OF DOUGLAS ACRES SUBDIVISION AS FILED IN BOOK 3 OF PLATS AT PAGE 12, RECORDS OF PAYETTE COUNTY, IDAHO; THENCE ALONG THE EAST BOUNDARY LINE OF SAID BISHOP RANCH DEVELOPMENT NO. 1, THENCE ALONG THE SOUTHEAST CORNER OF SAID BISHOP RANCH DEVELOPMENT NO. 1 SUBDIVISION AND THE WEST BOUNDARY LINE OF SAID DOUGLAS ACRES SUBDIVISION, SOUTH 01°11'01" WEST, 175.50 FEET TO THE BEGINNING, THENCE CONTINUING ALONG THE WEST BOUNDARY LINE OF SAID BISHOP RANCH DEVELOPMENT NO. 1 AND THE REAL POINT OF BEGINNING, THENCE LEAVING SAID BISHOP RANCH DEVELOPMENT NO. 1 AND THE REAL POINT OF BEGINNING, THENCE CONTINUING ALONG THE WEST BOUNDARY LINE OF SAID DOUGLAS ACRES SUBDIVISION, SOUTH 01°11'01" WEST, 34.77 FEET; THENCE NORTH 89°46'01" WEST, 654.58 FEET, THENCE SOUTH 45°45'00" WEST, 150.00 FEET; THENCE NORTH 01°11'01" EAST, 5.58 FEET; THENCE SOUTH 89°46'01" WEST, 135.00 FEET, THENCE NORTH 01°13'59" EAST, 1100 FEET; THENCE NORTH 89°46'01" WEST, 5.00 FEET; THENCE NORTH 01°13'59" EAST, 155.00 FEET TO A POINT ON THE SOUTH BOUNDARY LINE OF SAID BISHOP RANCH DEVELOPMENT NO. 1 SUBDIVISION, THE FOLLOWING SEVEN COURSES: THENCE SOUTH 89°46'01" EAST, 118.95 FEET; THENCE ALONG THE RC OF A 125.00 FEET RADIUS CURVE TO THE RIGHT, SAID CURVE HAVING AN ARC LENGTH OF 42.22 FEET, A CENTRAL ANGLE OF 0°35'55", AND A LONG CHORD WHICH BEARS NORTH 40°59'27" EAST, 4.21 FEET; THENCE SOUTH 49°02'35" EAST, 50.00 FEET; THENCE NORTH 41°57'25" EAST, 40.31 FEET; THENCE SOUTH 49°02'35" EAST, 483.23 FEET; THENCE SOUTH 44°25'34" EAST, 55.98 FEET; THENCE SOUTH 89°46'01" EAST, 39.82 FEET TO THE POINT OF BEGINNING, CONTAINING 4.51 ACRES, MORE OR LESS.

IT IS THE INTENTION OF THE UNDERSIGNED TO HEREBY INCLUDE THE ABOVE DESCRIBED PROPERTY IN THIS PLAT AND TO DEDICATE TO THE PUBLIC THE PUBLIC STREETS AS SHOWN ON THIS PLAT. THE EASEMENTS AS SHOWN ON THIS PLAT ARE NOT DEDICATED TO THE PUBLIC. HOWEVER, THE RIGHT TO USE SAID EASEMENTS IS HEREBY PERPETUALLY RESERVED FOR PUBLIC UTILITIES AND SUCH OTHER USES AS DESIGNATED WITHIN THIS PLAT AND NO PERMANENT STRUCTURES ARE TO BE ERECTED WITHIN THE LINES OF SAID EASEMENTS. ALL OF THE LOTS IN THIS PLAT WILL BE ELIGIBLE TO RECEIVE WATER SERVICE FROM THE FRUITLAND MUNICIPAL WATER SYSTEM AND THE EXISTING WATER DISTRIBUTION SYSTEM HAS AGREED IN WRITING TO SERVE ALL OF THE LOTS IN THE SUBDIVISION.

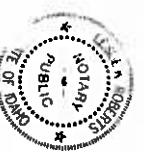
J.R. DEVELOPMENT, LLC.  
*[Signature]*  
PAUL KNUDSEN, MANAGING MEMBER

ACKNOWLEDGMENT

STATE OF IDAHO  
COUNTY OF PAYETTE )  
) S.S.  
ON THIS 23<sup>rd</sup> DAY OF February, 2005, BEFORE ME, THE UNDERSIGNED, A NOTARY PUBLIC IN AND FOR SAID STATE, PERSONALLY APPEARED PAUL KNUDSEN, KNOWN OR IDENTIFIED TO ME TO BE THE MANAGING MEMBER OF J.R. DEVELOPMENT, LLC, AN IDAHO LIMITED LIABILITY COMPANY, THE PERSON WHO EXECUTED THIS INSTRUMENT AND ACKNOWLEDGED TO ME THAT HE EXECUTED THE SAME ON BEHALF OF SAID LIMITED LIABILITY COMPANY.

IN WITNESS WHEREOF, I HAVE HEREUNTO SET MY HAND AND AFFIXED MY OFFICIAL SEAL THE DAY AND YEAR IN THIS CERTIFICATE FIRST ABOVE WRITTEN.

1-12-07  
MY BOND EXPIRES



Notary Public for Idaho  
Residing in Alameda, Idaho

## CERTIFICATE OF PAYETTE COUNTY RECORDER

STATE OF IDAHO  
COUNTY OF PAYETTE )  
) S.S.

I HEREBY CERTIFY THAT THIS INSTRUMENT WAS FILED FOR RECORD AT THE REQUEST OF NOTARY PUBLIC FOR IDAHO AT 10:00 MINUTES PAST OCLOCK M. ON THIS 3 DAY OF February IN 2005. INSTRUMENT NO. 324637.

DEPUTY

Ex-OFFICIO RECORDER

Instrument # 324637

PAYETTE COUNTY 01:05:00 No of Plat: 2  
2005-02-01

Recorder: PAUL KNUDSEN  
SERTY J. KNUDSEN, Property & Civil Construction  
Engineering, Inc.

BIG PG 71  
Subdivision Plat

## CERTIFICATE OF SURVEYOR

I, GREGORY G. CARTER, DO HEREBY CERTIFY THAT I AM A PROFESSIONAL LAND SURVEYOR LICENSED BY THE STATE OF IDAHO, AND THAT THIS PLAT AS DESCRIBED IN THE "CERTIFICATE OF OWNERS" WAS DRAWN FROM AN ACTUAL SURVEY MADE ON THE GROUND UNDER MY DIRECT SUPERVISION AND ACCURATELY REPRESENTS THE POINTS PLATED THEREON, AND IS IN CONFORMITY WITH THE STATE OF IDAHO CODE RELATING TO PLATS AND SURVEYS.

GREGORY G. CARTER  
ID NO. 7729



PROFESSIONAL LAND SURVEYOR  
GREGORY G. CARTER  
ID NO. 7729

## APPROVALS

WE THE UNDERSIGNED, HEREBY CERTIFY THAT THIS PLAT OF BISHOP RANCH SUBDIVISION NO. 2 HAS BEEN APPROVED BY EACH OF US AND CONFORMS TO THE REQUIREMENTS OF OUR RESPECTIVE OFFICES, AND HEREBUTO SET OUR HANDS:

*[Signature]* GREGORY G. CARTER, CIV. ENG. #3256 DATE 2/24/05  
CIVIL ENGINEER, CITY OF FRUITLAND

*[Signature]* ROBERT M. HANNA, CIV. ENG. #3256 DATE 2/28/05  
COUNTY ASSESSOR, PAYETTE COUNTY, IDAHO

*[Signature]* ROBERT M. HANNA, CIV. ENG. #3256 DATE 2/28/05  
CITY PLANNING COMMISSION, CITY OF FRUITLAND, IDAHO

*[Signature]* ROBERT M. HANNA, CIV. ENG. #3256 DATE 2/28/05  
COUNTY SURVEYOR, PAYETTE COUNTY, IDAHO

*[Signature]* ROBERT M. HANNA, CIV. ENG. #3256 DATE 2/28/05  
CITY PLANNING COMMISSION, CITY OF FRUITLAND, IDAHO

*[Signature]* ROBERT M. HANNA, CIV. ENG. #3256 DATE 2/28/05  
COUNTY SURVEYOR, PAYETTE COUNTY, IDAHO

## CERTIFICATE OF PAYETTE COUNTY SURVEYOR

I, THE UNDERSIGNED, COUNTY SURVEYOR IN AND FOR THE COUNTY OF PAYETTE, STATE OF IDAHO, IN ACCORDANCE WITH THE REQUIREMENTS OF IDAHO CODE 50-1308, DO HEREBY CERTIFY THAT ANY AND ALL CURRENT AND/OR DELINQUENT PROPERTY TAXES FOR THE PROPERTY INCLUDED IN THIS PROPOSED SUBDIVISION HAVE BEEN PAID IN FULL. THIS CERTIFICATION IS VALID FOR THE NEXT THIRTY (30) DAYS ONLY.

DATE 3/2/05

COUNTY SURVEYOR

*[Signature]* ROBERT M. HANNA, CIV. ENG. #3256  
COUNTY SURVEYOR, PAYETTE COUNTY, IDAHO

*B*alley Engineering, Inc

Hwy Dist. #1

Lease

462621

Instrument # 462621

STATE OF IDAHO, PAYETTE COUNTY

9-17-2025 03:07:30 PM No. of Pages: 5

Recorded for: CLANCY, CLAYTON

LINDSEY BRATCHER Fee: 22.00

Ex-Officio Recorder Deputy KD gav

Index to: OIL & GAS LEASE - MSC

## OIL AND GAS LEASE

This Oil and Gas Lease ("Lease") is made this 8 day of July 2025, by and between Highway District No. 1, a municipal subdivision of the State of Idaho, whose address is 3890 NW 1<sup>st</sup> Avenue, New Plymouth, ID 83655 ("Lessor", whether one or more) and Snake River Oil & Gas, LLC, 4035 Jefferson Avenue, Texarkana, Arkansas 71854, ("Lessee").

WITNESSETH, For and in consideration of TEN DOLLARS, the covenants and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Lessor does hereby grant, demise, lease and let exclusively unto said Lessee, with the exclusive rights for the purposes of mining, exploring by geophysical and other methods and operating for and producing therefrom oil and all gas or other hydrocarbon products of whatsoever nature or kind (including coalbed gas) (collectively "oil or gas") with easement for laying pipe lines and telecommunications lines, and construction of roadways and structures thereon to produce, save and take care of said products (including dewatering of coalbed gas wells), and the exclusive surface and subsurface rights and privileges related in any manner to any and all such operations, and any and all other rights and privileges necessary, incident to, or convenient for the operation alone or conjointly with neighboring land for such purposes, all that certain tract or tracts of land situated in Payette County, Idaho, described as follows, to-wit:

### SEE EXHIBIT "A" FOR DESCRIPTION OF SAID LANDS AND ADDITIONAL PROVISIONS TO SAID LEASE.

And containing 21.374 acres, more or less, (the "Premises").

1. It is agreed that this lease shall remain in force for a term of four (4) years from this date ("Primary Term") and as long thereafter as oil or gas of whatsoever nature or kind is produced from the Premises or on acreage pooled or unitized therewith, or operations are continued as hereinafter provided. If, at the expiration of the Primary Term, oil or gas is not being produced from the Premises or on acreage pooled or unitized therewith but Lessee is then engaged in drilling, re-working or dewatering operations thereon, then this Lease shall continue in force so long as such operation are being continuously prosecuted. Operations shall be considered to be continuously prosecuted if not more than one hundred twenty (120) days shall elapse between the completion or abandonment of one well and the beginning of operation for the drilling of a subsequent well. If after discovery of oil or gas on the Premises or on acreage pooled or unitized therewith, the production thereof should cease from any cause after the primary term, this Lease shall not terminate if Lessee commences additional drilling or re-working operations within one hundred twenty (120) days from the date of cessation of production or from date of completion of dry hole. If oil or gas shall be discovered and produced as a result of such operation at or after the expiration of the Primary Term, this Lease shall continue in force so long as oil or gas is produced from the Premises or on acreage pooled or unitized therewith.

2. This is a PAID-UP LEASE. In consideration of the payment made herewith, Lessor agrees that Lessee shall not be obligated, except as otherwise provided herein, to commence or continue any operations during the primary term. Lessee may at any time or times during or after the Primary Term surrender this lease as to all or any portion of the Premises, and as to any strata or stratum, by delivering to Lessor or by filing for record a release or releases and be relieved of all obligations thereafter accruing as to the acreage surrendered, and Lessor shall have no obligation to return consideration received for such released acreage.

3. Lessee covenants and agrees to pay royalty to the Lessor as follows:

- a. On crude oil ("Oil") sold or used off the premises, one-eighth (1/8<sup>th</sup>) of the amount realized from the Oil so sold or used. Lessor's interest in oil shall bear its proportionate share of the cost of all transporting, gathering, treating, storage or marketing the Oil so sold or used.
- b. On gas of whatsoever nature or kind, including coalbed gas, natural gas liquids and other plant products, and other gases, condensate or other liquid hydrocarbons and their respective constituent elements, casinghead gas or other gaseous substances, produced from the Premises ("Gas") Lessee shall pay at its election as royalty: (i) for Gas sold or used off the Premises, one-eighth (1/8<sup>th</sup>) of the amount realized from Gas so sold or used with Lessor's interest in such Gas bearing its proportionate part of the cost of all compressing, processing, treating, dehydrating, fractionating, gathering, transporting or marketing incurred in processing, selling or delivering the Gas so sold or used; (ii) for Gas sold at the well, one-eighth (1/8<sup>th</sup>) of the amount realized from such sale.

4. Where Gas from a well capable of producing Gas, or from a well in which dewatering operations have commenced, is not sold or used after the expiration of the primary term, Lessee shall pay or tender as royalty to Lessor at the address set forth above One Dollar (\$1.00) per year per net mineral acre, such payment or tender to be made on or before the anniversary date of this Lease next ensuing after the expiration of ninety (90) days from the date such well is shut in or dewatering operations are commenced and thereafter on or before the anniversary date of this Lease during the period such well is shut in or dewatering operations are being conducted. If such payment or tender is made, it will be considered that Gas is being produced within the meaning of this lease. Failure to properly or timely pay or tender such shut in royalty shall render Lessee liable for the amount due but shall not operate to terminate this lease.

5. If Lessor owns a lesser interest in the Premises than the entire and undivided fee simple estate therein, then the royalties (including any shut-in gas royalty) herein provided for shall be paid Lessor only in the proportion which Lessor's interest bears to the whole and undivided fee.

6. Lessee shall have the right to use, free of cost, gas, oil and water produced on the Premises for Lessee's operation thereon, except water from wells of Lessor.

7. When requested by Lessor, Lessee shall bury Lessee's pipeline below plow depth.

8. No well shall be drilled nearer than 300 feet to the house or barn now on the Premises without written consent of Lessor.

9. Lessee shall pay for damages caused by Lessee's operations to growing crops on the Premises.

10. Lessee shall have the right at any time to remove all machinery and fixtures (including casing) Lessee has placed on the Premises.

11. The rights of Lessor and Lessee hereunder may be assigned in whole or in part and liability for breach of any obligation hereunder shall rest exclusively upon the owner hereof who commits such breach. No change in ownership of Lessor's interest (by assignment or otherwise) shall be binding on Lessee until Lessee has been furnished with notice, consisting of certified copies of all recorded instruments or documents and other information necessary to establish a complete chain of record title from Lessor, and then only with respect to payments thereafter made. No other kind of notice, whether actual or constructive, shall be binding on Lessee. No present or future division of Lessor's ownership as to different portions or parcels of the Premises shall operate to enlarge the obligations or diminish the rights of Lessee, and all Lessee's operations may be conducted without regard to any such division. If all or any part of this Lease is assigned, no leasehold owner shall be liable for any act or omission of any other leasehold owner.

12. Lessee is hereby granted the right at any time and from time to time to unitize the Leased Premises or any portion or portions thereof, as to all stratum or strata, with any other lands as to all strata or any stratum or strata, for the production primarily of oil or primarily of gas with or without distillate. However, no unit for the production primarily of oil shall embrace more than 160 acres, or for the production primarily of gas with or without distillate more than 640 acres; provided that if any governmental regulation shall prescribe a spacing pattern for the development of the field or allocate a producing allowable based on acreage per well, then any such unit may embrace as much additional acreage as may be so prescribed or as may allocate a producing allowable based on acreage per well, then any such unit may embrace as much additional acreage as may be so prescribed or as may be used in such allocation of allowable. Operations upon and production from the units shall be treated as if such operations were upon or such production were from the Leased Premises whether or not the wells are located thereon. The entire acreage within a unit shall be treated for all purposes as if it were covered by and included in this Lease except that the royalty on production from the unit shall be calculated as below provided, and except that in calculating the amount of any shut-in gas royalties, only that part of the acreage originally leased and then embraced by this Lease shall be counted. In respect to production from the unit, Lessee shall pay Lessor, in lieu of other royalties thereon, only such proportion of the royalties stipulated herein as the amount of Lessor's acreage placed in the unit, or Lessor's royalty interest therein, on an acreage basis bears to the total acreage in the unit. Lessee, as the agent for Lessor, is granted the right to execute all necessary ratifications of any unit agreement and/or unit operating agreements as may be necessary to obtain the approval of the Governmental Regulatory Body for the creation of a field-wide unit without regard to the size of such field-wide unit.

13. All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules or Regulations, and this lease shall not be terminated, in whole or in part, nor Lessee held liable in damages, for failure to comply therewith, if compliance is prevented by, or if such failure is the result of, any such Law, Order, Rule or Regulation. Any delay or interruption caused by storm, flood, act of God or other event of force majeure shall not be counted against Lessee. If, due to the above causes or any cause whatsoever beyond the control of Lessee, Lessee is prevented from conducting operations hereunder, such time shall not be counted against Lessee, and this Lease shall be extended for a period of time equal to the time Lessee was so prevented, anything in this Lease to the contrary notwithstanding.

14. Lessor hereby agrees that Lessee shall have the right at any time to redeem for Lessor, by payment, any mortgages, taxes or other liens on the Premises, in the event of default of payment by Lessor, and be subrogated to the rights of the holder thereof to the extent of the amount of the payment made by Lessee hereunder, and the undersigned Lessors, for themselves and their heirs, successors and assigns, hereby surrender and release all right of dower and homestead in the Premises, insofar as said right of dower and homestead may in any way affect the purposes for which this Lease is made, as recited herein.

15. Should any one or more of the parties named as Lessor herein fail to execute this Lease, it shall nevertheless be binding upon all such parties who do execute it as Lessor. The word "Lessor," as used in this Lease, shall mean any one or more or all of the parties who execute this Lease as Lessor. All the provisions of this Lease shall be binding on the heirs, successors and assigns of Lessor and Lessee.

IN WITNESS WHEREOF, this instrument is executed as of the date first above written.

(X) Ryan Henggeler

AS: Chairman of the Board

462621

STATE OF \_\_\_\_\_

UNIFORM ACKNOWLEDGMENT - INDIVIDUAL

COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2021 by \_\_\_\_\_

My Commission Expires: \_\_\_\_\_

Notary Public, State of \_\_\_\_\_

Name of Notary Printed \_\_\_\_\_

STATE OF Idaho

UNIFORM ACKNOWLEDGMENT - CORPORATE

COUNTY OF Payette

The foregoing instrument was acknowledged before me this

8<sup>th</sup> day of July, 2021, by \_\_\_\_\_

of Ryan Menggeler <sup>WENDY K. ADAMS, Chairman of the Board</sup>  
Highway District No. 1 <sup>an Board Member</sup>  
corporation, on behalf of the corporation.

My Commission Expires: 4-8-28

Notary Public, State of Idaho

Name of Notary Printed Wendy K. Adams CN

STATE OF \_\_\_\_\_

UNIFORM ACKNOWLEDGMENT - OTHER

COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me this

day of \_\_\_\_\_, 2021 by \_\_\_\_\_

of \_\_\_\_\_

on behalf of the corporation.

My Commission Expires: \_\_\_\_\_

Notary Public, State of \_\_\_\_\_

Name of Notary Printed \_\_\_\_\_

## EXHIBIT A

Attached to and made a part of that certain Oil and Gas Lease, effective July 8, 2025, by and between Highway District No. 1, a municipal subdivision of the State of Idaho, as Lessor, and Snake River Oil & Gas, LLC, as Lessee.

**E2/SW, SE: Section 15, Township 8N, Range 5W, of the Boise Meridian, Payette County, Idaho**  
**NE: Section 21, Township 8N, Range 5W, of the Boise Meridian, Payette County, Idaho**

The area within and under the right of ways of all Dedicated roads and streets, as reflected on the recorded plats for the following Subdivisions, including but not limited to, Bishop Ranch Development No. 1 according to the plat thereof recorded at Book 6, Page 49 of Plats, recorded as Instrument No. 301318 in Payette County, Idaho Records; Bishop Ranch Subdivision No. 1 Phase 2 according to the plat thereof recorded at Book 6, Page 71 of Plats, recorded as Instrument No. 324637 in Payette County, Idaho Records; Bishop Ranch Development No. 3, according to the plat thereof recorded at Book 6, Page 78 of Plats, recorded as Instrument No. 333490 in Payette County, Idaho Records; Bishop Ranch Subdivision No. 4 according to the plat thereof recorded at Book 7, Page 50 of Plats, recorded as Instrument No. 418340 in Payette County, Idaho Records; Creekside I according to the plat thereof recorded at Book 6, Page 79, recorded as Instrument No. 333739 in Payette County, Idaho Records; Creekside II according to the plat thereof recorded at Book 7, Page 1, recorded as Instrument No. 340726 in Payette County, Idaho Records; Creekside Professional Plaza Subdivision according to the plat thereof recorded at Book 7, Page 30, recorded as Instrument No. 366243 in Payette County, Idaho Records; River Crest Estates, II according to the plat thereof recorded at Book 6, Page 80, recorded as Instrument No. 334183 in Payette County, Idaho Records.

**It is the intent of Lessor to lease, to Lessee, all of the Lessor's interest in and to all Oil, Gas and associated hydrocarbons in the herein described Section(s), Township(s) and Range(s), whether described correctly herein or not.**

Containing .21.374 acres of land, more or less.

**NOTWITHSTANDING ANYTHING CONTAINED IN THE FOREGOING OIL AND GAS LEASE TO THE CONTRARY, THE FOLLOWING PROVISIONS SHALL APPLY AS AN EXHIBIT TO THE FOREGOING OIL AND GAS LEASE AND SHALL BE IN FORCE AND EFFECT AS A PART OF SAID LEASE.**

- NON-SURFACE USE:** It is understood and agreed by all parties to this instrument that, without a separate written agreement, Lessee shall not conduct any surface operation on the herein described land, but may secure the oil, gas and other related hydrocarbons underlying the leased premises by a well bottomed under the surface thereof or by drainage from wells on lands pooled therewith under the provisions of this lease. Drilling operations will not take place within or on the surface of the Highway Districts roads, streets or easements.
- PROTECTION AND USE OF WATER:** Lessee shall follow generally accepted industry practices designed to protect freshwater strata from contamination and protect the surface from exposure to produced water and other contaminants. Lessee shall not use water from Lessor's irrigation and domestic wells or from the aquifers supplying said wells without Lessor's written consent. Produced water may be used for any purpose allowed by applicable laws and regulations. In all wells drilled on the lease premises, a sufficient amount of surface casing shall be set and cemented to properly protect all freshwater formations which are now, or may be, a source of water supply. "Sufficient amount of surface casing," as used in this paragraph, shall mean that amount of surface casing required to reach the depth recommended by the appropriate governmental authority having jurisdiction to protect all freshwater formations which are currently found, or may be found, on the lease premises. Under no circumstances shall Lessee use less than the full amount of surface casing required by this paragraph.
- NOTIFICATION OF BREACH:** In the event Lessor considers that Lessee has failed to comply with any obligation hereunder, express or implied, Lessor shall notify Lessee in writing specifying in what respect Lessor claims Lessee has breached this Lease. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breach(es) alleged by Lessor or attempt to prove that the alleged breach(es) do(es) not exist. The service of said notice shall be precedent to the bringing of any action by Lessor on said Lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by Lessee aimed to meet all or any of the alleged breach(es) shall be deemed an admission or presumption that Lessee has failed to perform all its obligations hereunder.
- REGULATIONS:** All operations conducted under this Lease, including permitting, drilling, production, pooling and unitization, plugging and abandonment of wells, and surface reclamation, shall be done pursuant to and in accordance with applicable federal, state and local rules, including the Idaho Oil and Gas Commission regulations.

5. TERM: Subject to the other provisions hereof, this Lease shall be for a term of four (4) years from the date of execution of this Lease (herein called "Primary Term") with the option to extend for an additional three (3) years from the expiration of the original Primary Term. Option may be exercised by Lessee, for not less than all acreage covered by the Lease and not then currently held or maintained by any other provisions contained herein, at any time during the original primary term or extended Primary Term described herein, by paying the sum of One Hundred and No/100 Dollars (\$100.00) per acre to Lessor. This payment shall be based upon the number of net mineral acres then covered by this Lease and not at such time being maintained by other provisions hereof. Such payment shall be considered delivered to Lessor, at the address provided in this Lease, on the date the payment is posted by Lessee via certified return receipt mail, overnight delivery, or courier at any time during the original primary term or extended Primary Term hereof. Should Lessee elect to exercise its option, as herein provided, it shall be considered for all purposes as though this Lease originally provided for a primary term of seven (7) years.

6. Lessor does hereby fully waive, release, acquit, dismiss, surrender, cancel and forever discharge any and all claims heretofore or hereafter arising against Lessee from, or in any manner connected to, (i) prior oil and gas operations of any nature on the Leased Premises, and/or (ii) any Lessor, invitee and/or tenant on the Leased Premises taking or using gas from any well(s) not drilled by Lessee.

7. Royalty Payments: Lessee shall submit to Lessor royalty payments in full by the last day of the calendar month following the month of payment on sales of production for the oil or gas and shall include a report showing the amount of oil or gas produced and saved during that month, the price obtained therefore, and the total amount of all sales, including whether any bonus or other increase in price was paid or agreed to be paid. If Lessee does not pay any royalty in full when due, Lessee shall pay Lessor in addition to the royalty one percent (1%) times the unpaid royalty for each calendar month or fraction thereof, compounded monthly. All royalty payments shall include all information required by State of Idaho Oil and Gas Rules and Statutes.

8. Sublease: Any sublease must be expressly subject to the terms and conditions of this Lease and shall become effective only when Lessor receives a written, signed copy of the sublease.

9. Liability: Lessee shall indemnify, defend and hold harmless Lessor from any and all liability, charge, expense, fine, claim, suit or loss, including attorney's fees and costs on appeal, caused by or resulting from any negligent or otherwise wrongful act or omission of Lessee, its assigns, sublessees, agents, operators, employees, or contractors. Lessee shall pay when due, all taxes lawfully assessed and levied under Idaho law upon Lessee's interest in the leased premises, including the leased deposits and oil or gas production. This section 9 shall survive termination of this lease.

10. LIABILITY INSURANCE: If Lessee or its agents conduct any operations on the Leased Premises then Lessee shall maintain, at Lessee's expense, for the duration of Lessee's operations on the Leased Premises, public liability insurance with adequate coverage for personal injury and damage to real property with respect to Lessee's operations. If requested by Lessor, Lessee shall deliver appropriate evidence to Lessor, prior to entrance on the Leased Premises that such insurance is in force.

11. Title: Lessor makes no representation or warranty whatsoever with respect to title to the leased premises, and Lessee shall be solely responsible for satisfying itself with respect to the ownership thereof; and if subsequently divested of said title, Lessor shall incur no liability by virtue of this Lease for any loss or damage to Lessee.

12. Sale or Lease: Lessor may sell or lease all or any part of the leased premises during the term of this Lease. Such sale or lease will be subject to the terms and conditions of this Lease.

13. Legal Fees: In the event Lessor shall institute and prevail in any action or suit for enforcement of this Lease, Lessee will pay to Lessor a reasonable sum for costs and attorney's fees incurred on account thereof, including any costs and fees incurred on appeal.

14. Cumulative Remedies: During this Lease, Lessor shall have all rights provided by this Lease and Idaho law, in law or in equity. Lessor may pursue all of its rights without being compelled to resort to any one remedy in advance of any other remedy.

15. Non-waiver: No waiver of a breach of any provision in this Lease shall be construed to be a waiver of any succeeding breach of this Lease.

16. Lessee Practices: Lessee shall at all times conduct all operations and other actions relative to this Lease as a reasonable prudent operator and shall conform to the best practices and engineering principles currently in use in the oil and gas industry and as contemporaneously as they are improved from time to time. Lessee shall at all times use all reasonable precautions necessary to prevent waste of oil and gas.