

Department of State.

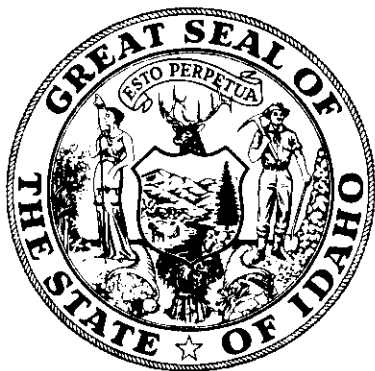
**CERTIFICATE OF INCORPORATION
OF**

I, PETE T. CENARRUSA, Secretary of State of the State of Idaho, hereby certify that
duplicate originals of Articles of Incorporation for the incorporation of _____

_____ ,
duly signed pursuant to the provisions of the Idaho Business Corporation Act, have been received
in this office and are found to conform to law.

ACCORDINGLY and by virtue of the authority vested in me by law, I issue this Certificate of
Incorporation and attach hereto a duplicate original of the Articles of Incorporation.

Dated _____, 19____.



Pete T. Cenarrusa

SECRETARY OF STATE

Corporation Clerk

1 ARTICLES OF INCORPORATION

2 OF

3 ARTESIAN IRRIGATION, INC.

79 DEC 21 AM 8 35

SECRETARY OF
STATE

4 We, the undersigned, full-aged citizens of the United
5 States and all residents of the Counties of Twin Falls or
6 Cassia, State of Idaho, do hereby voluntarily associate our-
7 selves together for the purpose of forming a mutual non-profit
8 irrigation company under the provisions of Idaho Code Section
9 30-301 et seq., and the amendments thereto.

10 ARTICLE I

11 Name

12 The name of this corporation shall be the ARTESIAN
13 IRRIGATION, INC.

14 ARTICLE II

15 Purposes

16 The purposes for which this corporation is formed are
17 as follows:

18 (1) To construct, contract for the construction, own,
19 hold, maintain and operate on a non-profit basis a certain
20 irrigation system and appurtenant facilities to be located in
21 Twin Falls and Cassia Counties, Idaho, whereby certain waters
22 are to be diverted from Snake River, pumped, conveyed, and
23 delivered for beneficial use to irrigate lands which lie in
24 Townships 10, 11, and 12 South, Ranges 18, 19, and 20 East, Boise
25 Meridian, Twin Falls and Cassia Counties, Idaho;

1 (2) To acquire hold, and own adequate water rights
2 and water supplies, directly or by contract, for the irrigation
3 of the lands under said irrigation system, and to acquire
4 additional or other water rights if deemed desirable;

5 (3) To deliver said water represented by said water
6 rights for the benefit of the stockholders of this corporation
7 equally and ratably per share;

8 (4) Prior to construction of said project, to fix,
9 charge, levy and collect from the stockholders equally per share
10 assessments against said stock for the purposes of obtaining
11 professional services, and other services necessary in obtaining
12 the construction of the Salmon Falls Division Project by the
13 United States, Bureau of Reclamation;

14 (5) After construction of the project, to fix,
15 charge, levy and collect from the stockholders assessments
16 against said stock in sufficient and appropriate amounts to pay
17 construction charges, tolls, rentals, assessments, operation and
18 maintenance costs, pumping charges or other service charges that
19 are appropriate;

20 (6) To sell and issue different classes of stock for
21 the purpose of appropriately levying and assessing different
22 operation and maintenance charges on an equitable basis between
23 lands in the project that can be served by gravity as opposed to
24 lands that can only be served by additional pumping;

25 (7) To levy assessments against the different classes
26 of capital stock in accordance with Idaho law, and as provided
27 in these Articles and in the By-laws of this corporation and to

1 provide the manner of collecting the same and the penalty to
2 attach for non-payment thereof including the right to a lien
3 against the land where the water represented by such stock is
4 appurtenant and to foreclose such lien as provided in the
5 corporation's By-laws;

6 (8) After the completion of construction, to operate,
7 maintain, rehabilitate, reconstruct, and improve canals, pumps,
8 motors, pumping stations, pipelines, lateral ditches,
9 reservoirs, and other irrigation structures or related
10 facilities;

11 (9) To do any and all things necessary or proper to be
12 done in conducting the business of supplying the corporation's
13 stockholders with irrigation water for beneficial use on the
14 lands served by the corporation's system;

15 (10) To buy, own, hold, lease and dispose of such
16 real and personal property as may be necessary or expedient for
17 the proper conduct of the corporation's business;

18 (11) To commence, prosecute or defend suits, to
19 protect water rights appurtenant to the lands served by said
20 canal system, or suits for any and all other purposes;

21 (12) To borrow money, negotiate notes, bonds,
22 mortgages or other obligations for the payment of money for the
23 purposes of raising revenue to defray the expense of construc-
24 tion, improvement, and all other capital expenditures, as well
25 as the management, maintenance and operation of its irrigation
26 system;

1 (13) To enter contracts with the United States,
2 Department of Interior, Bureau of Reclamation or other persons
3 or entities for the construction of water conveyancing facil-
4 ities;

5 (14) To enter agreements for the joint ownership,
6 operation and maintenance of common project facilities as may be
7 appropriate and necessary with proper entities.

8 (15) To do and perform all acts necessary to carry
9 out the objects and purposes of this corporation.

10 ARTICLE III

11 Place of Business

12 The principal place of business of the corporation is
13 the home of Jack Claiborn, Jr., Route #1, Kimberly, Twin Falls
14 County, Idaho 83341, but the corporation may maintain offices
15 and places of business at such other places within the State of
16 Idaho as the Board of Directors may determine.

17 ARTICLE IV

18 Directors

19 The business of the corporation shall be managed by a
20 Board of Directors of six (6) to be elected to hold office, in
21 the manner as set out in the By-Laws.

22 ARTICLE V

23 Private Property Not Subject to Corporate Debts

24 The private property of the shareholders of this
25 corporation shall not be subject to payment of corporation debts
26 other than as provided in these Articles and the corporate By-
27 laws.

1 ARTICLE VI

2 Corporate Stock and Assessments

3 Section 1. Under the terms and conditions prescribed
4 in the by-laws, this corporation shall admit as stockholders,
5 and stock shall be issued to only such persons, groups of
6 persons, organizations or corporations who own real property
7 where the corporation can physically make delivery of water
8 under the irrigation system to be constructed for the corpora-
9 tion by the Bureau of Reclamation, Department of Interior, as
10 the Milner-Cottonwood Unit of the Salmon Falls Division Project,
11 or thereafter by acquiring additional water supplies and
12 improving and enlarging the distribution system of the
13 corporation. Stockholders may purchase and shall be allowed one
14 share per acre foot of water entitlement and no stockholder may
15 hold more than (3.4) shares of stock per acre of land under the
16 system. The corporation shall be entitled to retain and hold in
17 trust the legal title to all water rights for the benefit of its
18 Shareholders when such rights are transferred to the corporation
19 by the Bureau of Reclamation and each shareholder shall be
20 entitled to his proportionate share of the water rights so held
21 in trust in accordance with his stock ownership, conditioned
22 upon the payment of all construction, operation and maintenance,
23 and other charges which may be levied against each share of
24 stock as is appropriate and in accordance with the articles and
25 by-laws of this corporation.

26 Section 2. The authorized capital stock of this
27 corporation shall be seventy-five thousand (75,000) shares of no

1 par value stock which shall be in two classes and assessable as
2 follows:

3 (1) Class A Voting Stock - "Gravity" - one share per
4 acre foot of water entitlement.

5 (2) Class B Voting Stock - "Pump" - one share per acre
6 foot of water entitlement.

7 Section 3. In the event that after the initial stock
8 issue, the system is subsequently enlarged and additional water
9 obtained, or adequate water is available for the delivery to
10 additional acres of land not originally included in the project
11 or the system as presently planned, the corporation may issue
12 additional shares of the capital stock to new members who shall
13 be entitled to vote and share in the ownership of the
14 corporation equally with old members so long as the new members
15 pay their proportionate part of the total construction cost of
16 the project, including all irrigation facilities, all capital
17 costs, and equipment, and thenceforth assume and agree to pay
18 the annual operation and maintenance expenses necessary for the
19 operation of the complete system. If additional acres are
20 supplied from water surpluses developed by conservation or more
21 efficient practices by stockholders, the water rights for such
22 lands shall be obtained by transfer of shares of stock from the
23 then stockholders, with the consent of such stockholders.

24 Section 4. The shares of capital stock of this
25 corporation and the water represented thereby shall not be
26 transferable except when said transfer is approved by the Board
27 of Directors under such criteria as are prescribed in the By-

1 laws and such rules and regulations as might be adopted by the
2 Board of Directors.

3 Section 5. Each shareholder of this corporation shall
4 be entitled to one vote for every share of stock held by said
5 shareholder, regardless of the class of stock.

6 Section 6. This corporation is organized on a non-
7 profit basis for the mutual benefit of its shareholders and
8 consequently will not have profits from which to pay dividends
9 on its capital stock. Each year after all expenses of the
10 corporation have been paid and reasonable reserves have been set
11 aside to meet anticipated costs as determined by the Board of
12 Directors, any additional monies of the corporation may be
13 accumulated in a fund for the purpose of replacing, enlarging,
14 extending, and repairing the system and property and property of
15 the corporation, and for such other purposes as the Board of
16 Directors may determine to be for the best interests of the
17 corporation. No distribution of any surplus funds shall be made
18 to the shareholders of this corporation except on final
19 dissolution of the corporation.

20 ARTICLE VII

21 Benefit of Shareholders

22 The corporation shall operate and maintain all por-
23 tions of the delivery system primarily for the benefit of the
24 lands to which said water rights are appurtenant.

25 ARTICLE VIII

26 Right to Lien

1 The corporation shall be entitled to a first and prior
2 lien upon the lands to which the rights represented by the stock
3 in this corporation are appurtenant, for all amounts owing
4 pursuant to the assessments levied pursuant to these Articles,
5 said lien to be perfected, maintained and foreclosed in the
6 manner as set out in Idaho Code Sections 42-2202 - 42-2209, and
7 that no water will be delivered to shareholders who are
8 delinquent in the payment of such changes.

9 ARTICLE IX

10 Amendment of Articles

11 These articles may be amended in any manner permitted
12 or authorized by law by a favorable vote of a majority of the
13 stockholders present or represented by proxy at a meeting of the
14 shareholders duly called on notice of the specific purpose
15 thereof and containing a statement of the proposed amendment.

16 ARTICLE X

17 Perpetual Existence

18 The period of existence of this corporation shall be
19 perpetual.

20 ARTICLE XI

21 Subscription of Stock

22 The amount of capital stock of said corporation which
23 has actually been subscribed is six (6) shares, and the
24 following are the names and addresses of each of the incorpor-
25 ators and the number of shares subscribed by each:

<u>Name</u>	<u>Address</u>	<u>No. of Shares</u>
Jack Claiborn, Jr.	Rt. 1, Box 110 Kimberly, ID 83341	1
Dean Kidd	Rt. 1, Box 345 Hansen, ID 83334	1
Joseph Savage	Box 373 Kimberly, ID 83341	1
Glen Breeding	Rt. 1 Murtaugh, ID 83344	1
Gary Nebeker	Rt. 1, Box 356 Hansen, ID 83334	1
Ralph Breeding	Rt. 1, Box 361 Hansen, ID 83334	1

IN WITNESS WHEREOF, we, the incorporators, have set
our hands and seals this 18 day of December, 1977.

Jack Claiborn, Jr.
 Jack Claiborn, Jr.
Dean Kidd
 Dean Kidd
Joseph Savage
 Joseph Savage
Glen Breeding
 Glen Breeding
Gary Nebeker
 Gary Nebeker
Ralph Breeding
 Ralph Breeding

1 STATE OF IDAHO)
2) ss.
3 County of Twin Falls)

4 On this 18 day of December, 1979, before me, the
5 undersigned, a Notary Public in and for said County and State,
6 personally appeared Jack Claiborn, Jr., Dean Kidd, Joseph
7 Savage, Glen Breeding, Gary Nebeker, and Ralph Breeding, known
8 to me to be the persons whose names are subscribed to the
9 foregoing instrument, and acknowledged to me that they executed
10 the same.

11 IN WITNESS WHEREOF, I have signed my name and affixed
12 my seal the day and year in this certificate first above
13 written.

14
15
16

Thomas A. Rosmoe
NOTARY PUBLIC FOR IDAHO
Residing at: Twin Falls