

1,212 ACRE-FEET of SENIOR WATER RIGHTS

in

TENMILE CREEK

flowing west of

HELENA, MONTANA

Offered Exclusively By

**BATES • SANDERS • SWAN
LAND COMPANY**

FOUNDED 1970 AS PATRICK BATES LAND COMPANY



INTRODUCTION

As growing numbers of people migrate to Montana's urban areas the value placed on what many savvy investors and hydrologists are calling "blue gold"—will continue to grow.

The Tenmile Creek Water Rights are comprised of five individual water rights totaling 1,212 acre feet which have been changed from irrigation water rights to temporary in stream use. Located west of Helena – Montana's state capital – the Tenmile Creek drainage serves as the major water source for the city's municipal water supply.

The Helena Valley is positioned on the eastern front of the Rocky Mountains. Both Helena and Great Falls continue to experience consistent growth which in turn places greater demands on a limited water supply. Competition for senior water rights will only become more competitive and difficult to acquire as the popularity of the Rocky Mountain States grows.

The rush to control water resources is gathering speed around the Nation. Rural residents around the country are attracted to selling their land and water to water bottlers like Nestlé and Aquafina as well as municipalities. Oil companies utilizing large quantities of water to run their operations are seeking to buy up available water supplies. This is happening in Eastern Montana and Northern Wyoming as companies prepare to drill for coal bed methane.

Most people don't pay an economic price for water because Government subsidies [at all levels] keep prices artificially low. Until there is a price incentive, they won't cut back. The supply-side mentality has bedevilled the industry. Water engineers have an obsession with building dams, laying pipes and pouring concrete. They want to supply ever more water... and they are deaf to calls for investment in demand management... this supply-side fixation is creating a global hydrological crisis.

T. Boone Pickens
MoneyWeek Magazine
November 5, 2007

In this vein, the one commodity that sells today at gas stations and convenience stores for almost twice the price of gasoline is water and consumers never complain about it. Though it seems expensive to buy water rights, consider how much bottled water costs – \$1.00 per quart or \$4.00 per gallon equates to \$1,300,000 per-acre foot and it only gets utilized once. With a water right the use is in perpetuity!

The Upper Missouri Basin is a closed basin to new appropriation of surface water or groundwater development. The result being that new water rights are very difficult if not impossible to obtain for city municipalities, irrigation or development.

Where does one find a solid investment in "liquid assets" today which doesn't require feed, maintenance, tax levys or management?

OFFERING

This Offering consists of 1,212.65 acre feet of adjudicated water with a March 25, 1865 priority date out of Tenmile Creek flowing west of Helena, Montana.

This water right offering is comprised of five decreed water rights with a combined volume of 1,212.65 acre feet. These rights have been changed from irrigation use to temporary instream flow for the Tenmile Creek fishery. The water is considered “banked” and, therefore, cannot be considered abandoned. Montana’s Temporary Change Statute (85-2-407 MCA) allows the DNRC to renew such changes for ten-year terms for an unlimited number of times.

According to the DNRC’s Water Rights Division, Centennial Livestock, Inc. owns the following water rights, General Abstracts of which included as Exhibit “A” – General Abstracts.

Claim Numbers	Priority Dates	Source	Flow Rate	Annual Period of Use
41L-132502	March 29, 1865	Tenmile Creek	3.00 CFS	Apr 15th to Nov 4th
41L-132503	May 31, 1896	Tenmile Creek	2.63 CFS	Apr 15th to Nov 4th
41L-132504	May 1, 1865	Tenmile Creek	1.42 CFS	Apr 15th to Nov 4th
41L-132505	April 30, 1867	Tenmile Creek	2.10 CFS	Apr 15th to Nov 4th
41L-132506	May 31, 1867	Tenmile Creek	2.00 CFS	Apr 15th to Nov 4th

General Abstracts are provided herewith as Exhibits.

These water rights have an established historic place of use and were completely supplemental. The combined volume represents the amount of water historically used supplementally on 395 acres. The approval of the DNRC’s Change Authorization – see Exhibit “B” – confirms their historical basis and history of beneficial use.

Tenmile Creek is classified as being a tributary and therefore hydraulically connected to the Missouri River. A map of the current instream use for these Tenmile Creek Water Rights is portrayed in Exhibit “C”. These rights currently do not have a point of diversion or conveyance point; they are classified as instream flow. Exhibit “D” provides a regional location map of how the Tenmile Creek drainage is positioned with Helena and Great Falls.

HISTORICAL INFORMATION OF CLAIMS

41I-W-132502-00: Statement of Claim based on a filed appropriation for irrigation of **190** acres with a flow rate of 3 cfs (120 miners inches). This water right has a **March 29, 1865** priority date. The source of the water is Tenmile Creek. Water is conveyed to the place of use via the Schatz Ditch. The period of use is April 15 to November 4, inclusive of each year. Volume for flood irrigation has been calculated to be 570 acre-feet. The water rights are supplemental, which means the rights have overlapping places of use. The rights can be combined to irrigate only overlapping parcels of the claimant's total 395 acres. Each right is limited to the flow rate and place of use of that individual right. The sum total volume of the following water rights shall not exceed the amount due to historical and beneficial use: 41I-W-132497-00, 41I-W-132498-00, 41I-W-132499-00, 41I-W-132501-00, 41I-W-132502-00, 41I-W-132503-00, 41I-W-132504-00, 41I-W-132505-00, and 41I-W-132506-00. If this water right is segregated and used without the remaining supplemental water rights, it can only irrigate approximately the southern half of the Schatz Estate properties. This is the only Tenmile Creek water right that can be depended upon for the entire irrigation season.

41I-W-132504-00: Statement of Claim based on a decreed water right for irrigation of **395** acres with a flow rate of 1.42 cfs (56.8 miners inches). This water right has a **May 1, 1865** priority date. The source of this water right is Tenmile Creek. The period of use is April 1 to September 15, inclusive of each year. 41I-W-132503-00, 41I-W-132504-00 and 41I-W-132505-00 are associated with this water right. They have the same point of diversion and irrigate the same place of use. Water is conveyed to the place of use via the Schatz Ditch. The flow rate of this right was reduced via reallocation through the change process. The water right can only be depended upon for high water and usually plays out on or about July 15th.

41I-W-132505-00: Statement of Claim based on a decreed water right for irrigation of **395** acres with a flow rate of 2.10 cfs (84 miners inches). This water right has a **April 30, 1867** priority date. The source of this water right is Tenmile Creek. 41I-W-132503-00, 41I-W-132504-00 and 41I-W-132505-00 are associated with this water right. They have the same point of diversion and irrigate the same place of use. Water is conveyed to the place of use via the Schatz Ditch. The period of use is April 1 to September 15, inclusive of each year. The flow rate of this right was reduced via reallocation through the change process. The water right can only be depended upon for high water and usually plays out on or about July 1st.

41I-W-132506-00: Statement of Claim based on a decreed water right for irrigation of **190** acres with a flow rate of 2 cfs (80 miners inches). This water right has a **May 31, 1867** priority date. The source of this water right is Tenmile Creek. Water is conveyed to the place of use via the Schatz Ditch. The period of use is April 15 to November 4, inclusive of each year. The water rights are supplemental, which means the rights have overlapping places of use. The rights can be combined to irrigate only overlapping parcels of the claimant's total 395 acres.

Each right is limited to the flow rate and place of use of that individual right. The sum total volume of the following water rights shall not exceed the amount due to historical and beneficial use: 41I-W-132497-00, 41I-W-132498-00, 41I-W-132499-00, 41I-W-132501-00, 41I-W-132502-00, 41I-W-132503-00, 41I-W-132504-00, 41I-W-132505-00, and 41I-W-132506-00. The water right can only be depended upon for high water and usually plays out on or about July 1st.

41I-W-132503-00: Statement of Claim based on a decreed right for irrigation of **395** acres with a flow rate of 2.63 cfs (105.2 miners inches). This water right has a **May 31, 1896** priority date. The source of the water is Tenmile Creek. Water is conveyed to the place of use via the Schatz Ditch. The period of use is April 1 to September 15, inclusive of each year.

41I-W-132503-00, 41I-W-132504-00 and 41I-W-132505-00 are associated with this water right. They have the same point of diversion and irrigate the same place of use. Water is conveyed to the place of use via the Schatz Ditch. The flow rate of this right was reduced via reallocation through the change process. The water right can only be depended upon for high water and usually plays out on or about July 1st.

Additional information concerning the claims can be obtained from the Montana Department of Natural Resources and Conservation.

SUMMARY

Several years ago, water rights serving the Denver Metropolitan area were selling in the range of \$13,000 to \$15,000 per acre-foot. Sales of water in the Sante Fe area were reported as high as \$45,000 per acre-foot! In the nearby Gallatin Valley, shares in the Middle Creek Irrigation Company were reported to have been sold to the City of Bozeman for \$7,000 per acre-foot.

The next owner of the Tenmile Creek Water Rights may also bank the water as in stream use for a period of up to ten years. As the Helena Valley continues to grow, one could expect the value of these water rights to continue to appreciate. The City of Helena has the first two water rights out of Tenmile Creek which they use for approximately one-half of the city's municipal water. The logical source of additional water rights to serve the growing city of Helena is out of the Tenmile Creek drainage.

The Tenmile Creek Water Rights are a tremendous opportunity to purchase a large volume of senior water rights near a growing municipality.

Economists agree that investing in water may turn out to be the most profitable investment of the 21st Century. For the mid to long-term, water ownership may, perhaps, be the most profitable opportunity to present itself in decades. The continued growth in the Rocky Mountain States and cyclical drought conditions will only continue to drive up the price of this precious commodity.

OFFERING PRICE and CONDITIONS

The Tenmile Creek Water Rights, as previously described herein, is offered at \$9,600,000 Cash by Centennial Livestock, Inc. The conditions of sale are as follows:

1. All offers to purchase must be in writing and accompanied by earnest money deposit check in the amount of 5.00% of the Purchaser's offering price;
2. An offer must also be accompanied with the name and telephone number of the Purchaser's private banker to assist the Sellers and their agents in ascertaining the Purchaser's financial ability to consummate a purchase;
3. Earnest money deposits will be placed in escrow with a title company located in Lewis and Clark County, which will then place the funds with local banks at nominal rates of interest accruing to the Purchaser's benefit until Closing;
4. Purchaser shall have 60 days beginning on the date the last party signs the Buy-Sell Agreement, to perform due diligence examination of these Rights. Purchaser may send written notice of termination, by certified mail, return receipt requested, postmarked no later than 5:00 p.m. MST on or before the 60th day and terminate this Agreement. Notice shall be sent to the following address:

Calvin J. Erb
Erb & Suenran, PLLC
P.O. Box 1366
Dillon, Montana 59725

If notice of terminate sent as described in this paragraph, the earnest money and accrued interest shall be refunded to Purchaser.

5. Title to the water rights will be conveyed by bill of sale;

The Sellers reserve the right to affect a tax-deferred exchange for real property in accordance with provisions in Section 1031 of the Internal Revenue Code. The Seller will pay for all expenses incurred vis-à-vis such an exchange.

REFERENCES

Jim Gilman (Retired)

DNRC Water Rights Adjudication Bureau Chief

Helena, Montana 59601

E-Mail: jpgilman@bresnan.net

406-431-0850 – Mobile

Jan Langel

DNRC Operations Manager

1424 9th Avenue

Helena, Montana 59620-1601

E-Mail: jlangel@mt.gov

406-444-0559 – Office

406-444-0533 – Fax

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Principal

Water Right Solutions, Inc.

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406-449-3966 – Fax

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Erb & Suenram – Attorneys at Law

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406-683-2391 – Office

406-925-9990 – Mobile

406-683-2233 – Fax

EXHIBIT “A”

DNRC General Abstracts

STATE OF MONTANA

DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

1424 9TH AVENUE P.O.BOX 201601 HELENA, MONTANA 59620-1601

GENERAL ABSTRACT

Water Right Number:

41I 132502-00

STATEMENT OF CLAIM

Version:

2 --

CHANGE AUTHORIZATION

Version Status:

ACTIVE

Owners:

CENTENNIAL LIVESTOCK INC

900 MANSFIELD LN

DILLON, MT 59725-9710

Priority Date:

MARCH 29, 1865

Enforceable Priority Date:

MARCH 29, 1865

Purpose (use):

FISHERY

Maximum Flow Rate:

3.00 CFS

Maximum Volume:

THE TOTAL VOLUME OF THIS WATER RIGHT SHALL NOT EXCEED THE AMOUNT PUT TO HISTORICAL AND BENEFICIAL USE.

Source Name:

TENMILE CREEK

Source Type:

GROUNDWATER

Source Name:

TENMILE CREEK

Source Type:

SURFACE WATER

Point of Diversion and Means of Diversion:

<u>ID</u>	<u>Govt Lot</u>	<u>Qtr</u>	<u>Sec</u>	<u>Twp</u>	<u>Rge</u>	<u>County</u>
1		SE	SESW	22	10N	4W LEWIS AND CLARK
Period of Diversion: APRIL 15 TO NOVEMBER 4						
Source Name:		TENMILE CREEK				
Diversion Means:		INSTREAM				
2		SW	SE	22	10N	4W LEWIS AND CLARK
Period of Diversion: APRIL 15 TO NOVEMBER 4						
Source Name:		TENMILE CREEK				
Diversion Means:		INSTREAM				
3		SW	NESE	22	10N	4W LEWIS AND CLARK
Period of Diversion: APRIL 15 TO NOVEMBER 4						
Source Name:		TENMILE CREEK				
Diversion Means:		INSTREAM				

Purpose (Use):

FISHERY

Purpose Clarification

INSTREAM FLOW

Period of Use:

APRIL 15 to NOVEMBER 4

Place of Use:

<u>ID</u>	<u>Acres</u>	<u>Govt Lot</u>	<u>Qtr</u>	<u>Sec</u>	<u>Twp</u>	<u>Rge</u>	<u>County</u>
1			SE	SESW	22	10N	4W LEWIS AND CLARK
2			SW	SE	22	10N	4W LEWIS AND CLARK
3			SW	NESE	22	10N	4W LEWIS AND CLARK

Remarks:

DECREED RIGHT INFORMATION

THIS RIGHT WAS ORIGINALLY DECREED TO KESSLER BREWING, OSCAR BRADFORD & R H FLOYD-JONES AS A JOINT RIGHT.

OWNERSHIP UPDATE RECEIVED

WATER RIGHT OWNERSHIP UPDATE RECEIVED 03/25/2005. OWNERSHIP UPDATE ID #22771. SCHATZ RANCH LLC TO SCHATZ-MCGEHEE WATER USERS ASSN LLC. SCHATZ-MCGEHEE WATER USERS ASSN LLC RECEIVED 100% OF SCHATZ RANCH LLC INTEREST.

OWNERSHIP UPDATE RECEIVED

NOTICE OF WATER RIGHT TRANSFER RECEIVED 03/28/86.

OWNERSHIP UPDATE RECEIVED

NOTICE OF WATER RIGHT TRANSFER RECEIVED 05/16/95.

OWNERSHIP UPDATE RECEIVED

OWNERSHIP UPDATE ID # 14588 RECEIVED 04/29/2004.
OWNERSHIP UPDATE ID # 22771 RECEIVED 03/25/2005.

Remarks:

OWNERSHIP UPDATE ID # 43573 RECEIVED 12/28/2006.
OWNERSHIP UPDATE ID # 44724 RECEIVED 02/28/2007.

STATE OF MONTANA

DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

1424 9TH AVENUE P.O.BOX 201601 HELENA, MONTANA 59620-1601

GENERAL ABSTRACT

Water Right Number: 41I 132503-00 STATEMENT OF CLAIM

Version: 3 -- CHANGE AUTHORIZATION

Version Status: ACTIVE

Owners: CENTENNIAL LIVESTOCK INC
900 MANSFIELD LN
DILLON, MT 59725-9710

Priority Date: MAY 31, 1896

Enforceable Priority Date: MAY 31, 1896

Purpose (use): FISHERY

Maximum Flow Rate: 2.63 CFS

Maximum Volume: THE TOTAL VOLUME OF THIS WATER RIGHT SHALL NOT EXCEED THE AMOUNT
PUT TO HISTORICAL AND BENEFICIAL USE.

Source Name: TENMILE CREEK

Source Type: GROUNDWATER

Source Name: TENMILE CREEK

Source Type: SURFACE WATER

Point of Diversion and Means of Diversion:						
ID	Govt Lot	Qtr	Sec	Twp	Rge	County
1		SESESW	22	10N	4W	LEWIS AND CLARK
Period of Diversion: APRIL 1 TO SEPTEMBER 15						
Source Name: TENMILE CREEK						
Diversion Means: INSTREAM						
2		SWSE	22	10N	4W	LEWIS AND CLARK
Period of Diversion: APRIL 1 TO SEPTEMBER 15						
Source Name: TENMILE CREEK						
Diversion Means: INSTREAM						
3		SWNESE	22	10N	4W	LEWIS AND CLARK
Period of Diversion: APRIL 1 TO SEPTEMBER 15						
Source Name: TENMILE CREEK						
Diversion Means: INSTREAM						

Purpose (Use): FISHERY

Period of Use: APRIL 1 to SEPTEMBER 15

Place of Use:

Purpose Clarification INSTREAM FLOW

ID	Acres	Govt Lot	Qtr	Sec	Twp	Rge	County
1			SESESW	22	10N	4W	LEWIS AND CLARK
2			SWSE	22	10N	4W	LEWIS AND CLARK
3			SWNESE	22	10N	4W	LEWIS AND CLARK

Remarks:

OWNERSHIP UPDATE RECEIVED

OWNERSHIP UPDATE ID # 14588 RECEIVED 04/29/2004.

OWNERSHIP UPDATE ID # 22771 RECEIVED 03/25/2005.

OWNERSHIP UPDATE ID # 43573 RECEIVED 12/28/2006.

STATE OF MONTANA

DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

1424 9TH AVENUE P.O.BOX 201601 HELENA, MONTANA 59620-1601

GENERAL ABSTRACT

Water Right Number: 41I 132504-00 STATEMENT OF CLAIM

Version: 3 -- CHANGE AUTHORIZATION

Version Status: ACTIVE

Owners: CENTENNIAL LIVESTOCK INC
900 MANSFIELD LN
DILLON, MT 59725-9710

Priority Date: MAY 1, 1865

Enforceable Priority Date: MAY 1, 1865

Purpose (use): FISHERY

Maximum Flow Rate: 1.42 CFS

Maximum Volume: THE TOTAL VOLUME OF THIS WATER RIGHT SHALL NOT EXCEED THE AMOUNT
PUT TO HISTORICAL AND BENEFICIAL USE.

Source Name: TENMILE CREEK

Source Type: SURFACE WATER

Point of Diversion and Means of Diversion:

<u>ID</u>	<u>Govt Lot</u>	<u>Qtr Sec</u>	<u>Sec</u>	<u>Twp</u>	<u>Rge</u>	<u>County</u>
1		SESESW	22	10N	4W	LEWIS AND CLARK
Period of Diversion: APRIL 1 TO SEPTEMBER 15						
Diversion Means: INSTREAM						
2		SWSE	22	10N	4W	LEWIS AND CLARK
Period of Diversion: APRIL 1 TO SEPTEMBER 15						
Diversion Means: INSTREAM						
3		SWNESE	22	10N	4W	LEWIS AND CLARK
Period of Diversion: APRIL 1 TO SEPTEMBER 15						
Diversion Means: INSTREAM						

Purpose (Use): FISHERY

Period of Use: APRIL 1 to SEPTEMBER 15

Place of Use:

Purpose Clarification INSTREAM FLOW

<u>ID</u>	<u>Acres</u>	<u>Govt Lot</u>	<u>Qtr Sec</u>	<u>Sec</u>	<u>Twp</u>	<u>Rge</u>	<u>County</u>
1			SESESW	22	10N	4W	LEWIS AND CLARK
2			SWSE	22	10N	4W	LEWIS AND CLARK
3			SWNESE	22	10N	4W	LEWIS AND CLARK

Remarks:

OWNERSHIP UPDATE RECEIVED

OWNERSHIP UPDATE ID # 14588 RECEIVED 04/29/2004.

OWNERSHIP UPDATE ID # 22771 RECEIVED 03/25/2005.

OWNERSHIP UPDATE ID # 43573 RECEIVED 12/28/2006.

STATE OF MONTANA
DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION
1424 9TH AVENUE P.O.BOX 201601 HELENA, MONTANA 59620-1601

GENERAL ABSTRACT

Water Right Number: 41I 132505-00 STATEMENT OF CLAIM
Version: 3 -- CHANGE AUTHORIZATION
Version Status: ACTIVE

Owners: CENTENNIAL LIVESTOCK INC
900 MANSFIELD LN
DILLON, MT 59725-9710

Priority Date: APRIL 30, 1867
Enforceable Priority Date: APRIL 30, 1867

Purpose (use): FISHERY

Maximum Flow Rate: 2.10 CFS

Maximum Volume: THE TOTAL VOLUME OF THIS WATER RIGHT SHALL NOT EXCEED THE AMOUNT PUT TO HISTORICAL AND BENEFICIAL USE.

Source Name: TENMILE CREEK
Source Type: SURFACE WATER

Point of Diversion and Means of Diversion:

<u>ID</u>	<u>Govt Lot</u>	<u>Qtr Sec</u>	<u>Sec</u>	<u>Twp</u>	<u>Rge</u>	<u>County</u>
1		SESESW	22	10N	4W	LEWIS AND CLARK
Period of Diversion: APRIL 1 TO SEPTEMBER 15						
Diversion Means: INSTREAM						
2		SWSE	22	10N	4W	LEWIS AND CLARK
Period of Diversion: APRIL 1 TO SEPTEMBER 15						
Diversion Means: INSTREAM						
3		SWNESE	22	10N	4W	LEWIS AND CLARK
Period of Diversion: APRIL 1 TO SEPTEMBER 15						
Diversion Means: INSTREAM						

Purpose (Use): FISHERY Purpose Clarification INSTREAM FLOW
Period of Use: APRIL 1 to SEPTEMBER 15
Place of Use:

<u>ID</u>	<u>Acres</u>	<u>Govt Lot</u>	<u>Qtr Sec</u>	<u>Sec</u>	<u>Twp</u>	<u>Rge</u>	<u>County</u>
1			SESESW	22	10N	4W	LEWIS AND CLARK
2			SWSE	22	10N	4W	LEWIS AND CLARK
3			SWNESE	22	10N	4W	LEWIS AND CLARK

Remarks:

OWNERSHIP UPDATE RECEIVED

OWNERSHIP UPDATE ID # 14588 RECEIVED 04/29/2004.
OWNERSHIP UPDATE ID # 22771 RECEIVED 03/25/2005.
OWNERSHIP UPDATE ID # 43573 RECEIVED 12/28/2006.

STATE OF MONTANA

DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

1424 9TH AVENUE P.O.BOX 201601 HELENA, MONTANA 59620-1601

GENERAL ABSTRACT

Water Right Number: 41I 132506-00 STATEMENT OF CLAIM

Version: 2 -- CHANGE AUTHORIZATION

Version Status: ACTIVE

Owners: CENTENNIAL LIVESTOCK INC
900 MANSFIELD LN
DILLON, MT 59725-9710

Priority Date: MAY 31, 1867

Enforceable Priority Date: MAY 31, 1867

Purpose (use): FISHERY

Maximum Flow Rate: 2.00 CFS

Maximum Volume: THE TOTAL VOLUME OF THIS WATER RIGHT SHALL NOT EXCEED THE AMOUNT
PUT TO HISTORICAL AND BENEFICIAL USE.

Source Name: TENMILE CREEK

Source Type: SURFACE WATER

Point of Diversion and Means of Diversion:

<u>ID</u>	<u>Govt Lot</u>	<u>Qtr Sec</u>	<u>Sec</u>	<u>Twp</u>	<u>Rge</u>	<u>County</u>
1		SESESW	22	10N	4W	LEWIS AND CLARK
Period of Diversion: APRIL 15 TO NOVEMBER 4						
Diversion Means: INSTREAM						
2		SWSE	22	10N	4W	LEWIS AND CLARK
Period of Diversion: APRIL 15 TO NOVEMBER 4						
Diversion Means: INSTREAM						
3		SWNESE	22	10N	4W	LEWIS AND CLARK
Period of Diversion: APRIL 15 TO NOVEMBER 4						
Diversion Means: INSTREAM						

Purpose (Use): FISHERY

Period of Use: APRIL 15 to NOVEMBER 4

Place of Use:

Purpose Clarification INSTREAM FLOW

<u>ID</u>	<u>Acres</u>	<u>Govt Lot</u>	<u>Qtr Sec</u>	<u>Sec</u>	<u>Twp</u>	<u>Rge</u>	<u>County</u>
1			SESESW	22	10N	4W	LEWIS AND CLARK
2			SWSE	22	10N	4W	LEWIS AND CLARK
3			SWNESE	22	10N	4W	LEWIS AND CLARK

Remarks:

OWNERSHIP UPDATE RECEIVED

WATER RIGHT OWNERSHIP UPDATE RECEIVED 03/25/2005. OWNERSHIP UPDATE ID #22771. SCHATZ RANCH LLC TO SCHATZ-MCGEHEE WATER USERS ASSN LLC. SCHATZ-MCGEHEE WATER USERS ASSN LLC RECEIVED 100% OF SCHATZ RANCH LLC INTEREST.

OWNERSHIP UPDATE RECEIVED

NOTICE OF WATER RIGHT TRANSFER RECEIVED 03/28/86.

OWNERSHIP UPDATE RECEIVED

NOTICE OF WATER RIGHT TRANSFER RECEIVED 05/16/95.

OWNERSHIP UPDATE RECEIVED

OWNERSHIP UPDATE ID # 14588 RECEIVED 04/29/2004.
OWNERSHIP UPDATE ID # 22771 RECEIVED 03/25/2005.
OWNERSHIP UPDATE ID # 43573 RECEIVED 12/28/2006.
OWNERSHIP UPDATE ID # 44724 RECEIVED 02/28/2007.

EXHIBIT “B”

DNRC Change Authorization

STATE OF MONTANA
DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

1424 9TH AVENUE P.O.BOX 201601 HELENA, MONTANA 59620-1601

CHANGE AUTHORIZATION

UPON FINDING THE REQUIREMENTS OF SECTION 85-2-402, MCA HAVE BEEN MET, APPLICATION TO CHANGE WATER RIGHT NUMBER 411-30015779 SUBMITTED ON JULY 6, 2005, IS APPROVED.

Application From: SCHATZ-MCGEEHEE WATER USERS ASSN LLC
4111 HELBERG DR
HELENA, MT 59602 8962

Water Right Number(s) Changed:	Wr #	Ext	Type
	411-132502	00	STATEMENT OF CLAIM
	411-132503	00	STATEMENT OF CLAIM
	411-132504	00	STATEMENT OF CLAIM
	411-132505	00	STATEMENT OF CLAIM
	411-132506	00	STATEMENT OF CLAIM

Authorization Limits

Flow Rate: 11.15 CFS

Volume: 1,212.65 AC-FT

Change Description:

THE APPLICANT WILL DISCONTINUE USE OF THE HISTORIC HEADGATE AND DITCH SYSTEM, AND WILL NO LONGER DIVERT THESE WATER RIGHTS FOR IRRIGATION OF THE 395 ACRE PLACE OF USE. BY TEMPORARILY RETIRING THESE WATER RIGHTS, THE APPLICANT WILL SAVE APPROXIMATELY 11.15 CFS UP TO 1212.65 ACRE-FEET OF WATER PER YEAR. THE APPLICANT WILL TEMPORARILY CHANGE THIS AMOUNT OF WATER TO FISHERIES USE AND LEAVE THE WATER INSTREAM TO AUGMENT FLOWS IN TENMILE CREEK. THE TEMPORARY CHANGE TO FISHERIES USE WILL LAST 10 YEARS. THE PLACE OF USE AND POINT OF DIVERSION FOR THE FISHERY INSTREAM FLOW USE WILL BE TENMILE CREEK, TRIBUTARY TO PRICKLEY PEAR CREEK, AS IT TRAVERSES THROUGH THE S1/2 OF SECTION 22, TWP 10N, RGE 04W, LEWIS AND CLARK COUNTY, FROM THE HISTORIC HEADGATE TO THE WILLIAMS STREET BRIDGE.

CONDITIONAL APPROVAL

THIS AUTHORIZATION IS LIMITED TO THE AMOUNT OF THE HISTORIC USE RECOGNIZED BY THE DEPARTMENT IN THIS PROCEEDING AS SUBJECT TO CHANGE, AND WILL THEREAFTER NOT EXCEED THAT AMOUNT. IF THE HISTORIC USE IS REDUCED UNDER ADJUDICATION PROCEEDINGS PURSUANT TO TITLE 85, CHAPTER 2, PART 2, MCA, THIS AUTHORIZATION WILL BE LIMITED TO A LESSER AMOUNT.

TEMPORARY CHANGE/PERMIT OR INTERIM PERMIT EXPIRATION

THIS RIGHT EXPIRES ON **DECEMBER 7, 2015**.

FAILURE TO COMPLY WITH ANY OF THESE TERMS AND CONDITIONS MAY RESULT IN THE LOSS OF THIS CHANGE AUTHORIZATION.

Witness Signature

Water Resources Division

DATE ISSUED: DECEMBER 7, 2005

**THE INFORMATION SHOWN BELOW REFLECTS THE ENTIRE WATER RIGHT.
AN ASTERISK (*) HAS BEEN PLACED NEXT TO EACH ITEM ALTERED BY THIS CHANGE AUTHORIZATION.**

Water Right Number: 411 132502-00 STATEMENT OF CLAIM
Version: 2 -- CHANGE AUTHORIZATION
Version Status: ACTIVE

Owners: HELEN T MCGEHEE
3285 COUNTRY CLUB AVE
HELENA, MT 59602
LORRY MCGEHEE
3285 COUNTRY CLUB AVE
HELENA, MT 59602
SCHATZ-MCGEHEE WATER USERS ASSN LLC
4111 HELBERG DR
HELENA, MT 59602 8962

TRANSFER PROCESSED TO ADD NEW OWNERS. THE WATER RIGHT WILL
BE SPLIT INTO SEPARATE OWNERSHIPS AFTER FINAL DECREE.

Priority Date: MARCH 29, 1865
Enforceable Priority Date: MARCH 29, 1865 at 12:00 A.M.

Purpose (use): FISHERY
Maximum Flow Rate: 3.00 CFS

Source Name: TENMILE CREEK

***Point of Diversion and Means of Diversion:**

<u>ID</u>	<u>Govt Lot</u>	<u>Qtr Sec</u>	<u>Sec</u>	<u>Twp</u>	<u>Rge</u>	<u>County</u>
1		SESESW	22	10N	4W	LEWIS AND CLARK
Diversion Means:	INSTREAM					
2		SWSE	22	10N	4W	LEWIS AND CLARK
Diversion Means:	INSTREAM					
3		SWNESE	22	10N	4W	LEWIS AND CLARK
Diversion Means:	INSTREAM					

Period of Diversion: APRIL 15 to NOVEMBER 4

***Purpose (Use):** FISHERY
Period of Use: APRIL 15 to NOVEMBER 4
Purpose Clarification: INSTREAM FLOW

***Place of Use:**

<u>ID</u>	<u>Acres</u>	<u>Govt Lot</u>	<u>Qtr Sec</u>	<u>Sec</u>	<u>Twp</u>	<u>Rge</u>	<u>County</u>
1			SESESW	22	10N	4W	LEWIS AND CLARK
2			SWSE	22	10N	4W	LEWIS AND CLARK
3			SWNESE	22	10N	4W	LEWIS AND CLARK

**THE INFORMATION SHOWN BELOW REFLECTS THE ENTIRE WATER RIGHT.
AN ASTERISK (*) HAS BEEN PLACED NEXT TO EACH ITEM ALTERED BY THIS CHANGE AUTHORIZATION.**

Water Right Number: 411 132503-00 STATEMENT OF CLAIM
Version: 3 -- CHANGE AUTHORIZATION
Version Status: ACTIVE

Owners: SCHATZ-MCGEHEE WATER USERS ASSN LLC
4111 HELBERG DR
HELENA, MT 59602 8962

Priority Date: MAY 31, 1896

Enforceable Priority Date: MAY 31, 1896 at 12:00 A.M.

Purpose (use): FISHERY

Maximum Flow Rate: 2.63 CFS

Source Name: TENMILE CREEK

***Point of Diversion and Means of Diversion:**

<u>ID</u>	<u>Govt Lot</u>	<u>Qtr Sec</u>	<u>Sec</u>	<u>Twp</u>	<u>Rge</u>	<u>County</u>
1		SESESW	22	10N	4W	LEWIS AND CLARK
Diversion Means:	INSTREAM					
2		SWSE	22	10N	4W	LEWIS AND CLARK
Diversion Means:	INSTREAM					
3		SWNESE	22	10N	4W	LEWIS AND CLARK
Diversion Means:	INSTREAM					

Period of Diversion: APRIL 1 to SEPTEMBER 15

***Purpose (Use):** FISHERY

Period of Use: APRIL 1 to SEPTEMBER 15

Purpose Clarification: INSTREAM FLOW

***Place of Use:**

<u>ID</u>	<u>Acres</u>	<u>Govt Lot</u>	<u>Qtr Sec</u>	<u>Sec</u>	<u>Twp</u>	<u>Rge</u>	<u>County</u>
1			SESESW	22	10N	4W	LEWIS AND CLARK
2			SWSE	22	10N	4W	LEWIS AND CLARK
3			SWNESE	22	10N	4W	LEWIS AND CLARK

**THE INFORMATION SHOWN BELOW REFLECTS THE ENTIRE WATER RIGHT.
AN ASTERISK (*) HAS BEEN PLACED NEXT TO EACH ITEM ALTERED BY THIS CHANGE AUTHORIZATION.**

Water Right Number: 411 132504-00 STATEMENT OF CLAIM

Version: 3 - CHANGE AUTHORIZATION

Version Status: ACTIVE

Owners: SCHATZ-MCGEHEE WATER USERS ASSN LLC
4111 HELBERG DR
HELENA, MT 59602 8962

Priority Date: MAY 1, 1865

Enforceable Priority Date: MAY 1, 1865 at 12:00 A.M.

Purpose (use): FISHERY

Maximum Flow Rate: 1.42 CFS

Source Name: TENMILE CREEK

*Point of Diversion and Means of Diversion:

ID	Govt Lot	Qtr Sec	Sec	Twp	Rge	County
1		SESESW	22	10N	4W	LEWIS AND CLARK
Diversion Means:	INSTREAM					
2		SWSE	22	10N	4W	LEWIS AND CLARK
Diversion Means:	INSTREAM					
3		SWNESE	22	10N	4W	LEWIS AND CLARK
Diversion Means:	INSTREAM					

Period of Diversion: APRIL 1 to SEPTEMBER 15

Purpose (Use): FISHERY

Period of Use: APRIL 1 to SEPTEMBER 15

Purpose Clarification: INSTREAM FLOW

*Place of Use:

ID	Acres	Govt Lot	Qtr Sec	Sec	Twp	Rge	County
1			SESESW	22	10N	4W	LEWIS AND CLARK
2			SWSE	22	10N	4W	LEWIS AND CLARK
3			SWNESE	22	10N	4W	LEWIS AND CLARK

**THE INFORMATION SHOWN BELOW REFLECTS THE ENTIRE WATER RIGHT.
AN ASTERISK (*) HAS BEEN PLACED NEXT TO EACH ITEM ALTERED BY THIS CHANGE AUTHORIZATION.**

Water Right Number: 411 132505-00 STATEMENT OF CLAIM
Version: 3 – CHANGE AUTHORIZATION
Version Status: ACTIVE

Owners: SCHATZ-MCGEHEE WATER USERS ASSN LLC
 4111 HELBERG DR
 HELENA, MT 59602 8962

Priority Date: APRIL 30, 1867

Enforceable Priority Date: APRIL 30, 1867 at 12:00 A.M.

Purpose (use): FISHERY

Maximum Flow Rate: 2.10 CFS

Source Name: TENMILE CREEK

***Point of Diversion and Means of Diversion:**

ID	Govt Lot	Qtr Sec	Sec	Twp	Rge	County
1		SESESW	22	10N	4W	LEWIS AND CLARK
Diversion Means: INSTREAM						
2		SWSE	22	10N	4W	LEWIS AND CLARK
Diversion Means: INSTREAM						
3		SWNESE	22	10N	4W	LEWIS AND CLARK
Diversion Means: INSTREAM						

Period of Diversion: APRIL 1 to SEPTEMBER 15

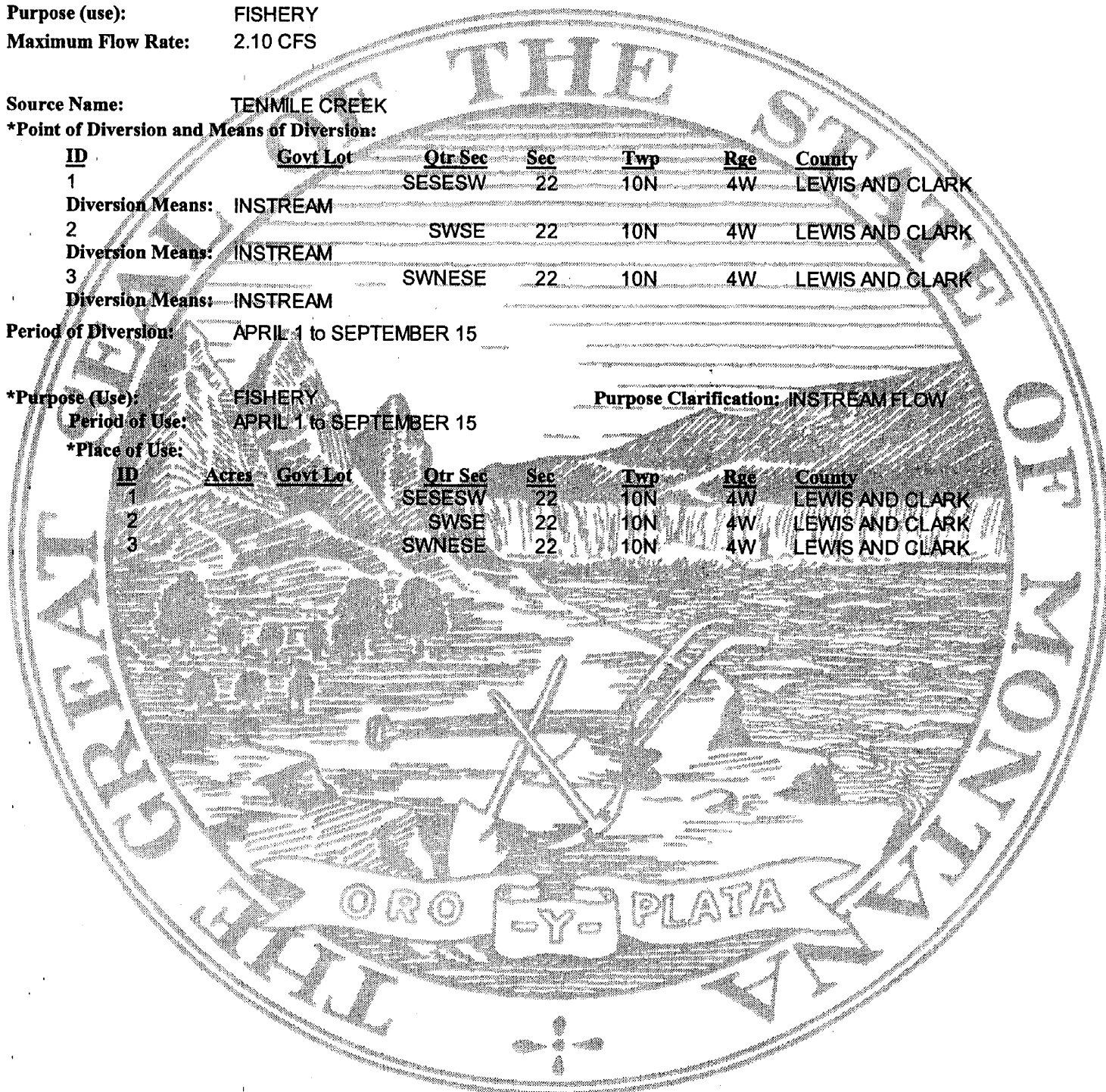
***Purpose (Use):** FISHERY

Purpose Clarification: INSTREAM FLOW

Period of Use: APRIL 1 to SEPTEMBER 15

***Place of Use:**

ID	Acres	Govt Lot	Qtr Sec	Sec	Twp	Rge	County
1			SESESW	22	10N	4W	LEWIS AND CLARK
2			SWSE	22	10N	4W	LEWIS AND CLARK
3			SWNESE	22	10N	4W	LEWIS AND CLARK



**THE INFORMATION SHOWN BELOW REFLECTS THE ENTIRE WATER RIGHT.
AN ASTERISK (*) HAS BEEN PLACED NEXT TO EACH ITEM ALTERED BY THIS CHANGE AUTHORIZATION.**

Water Right Number: 411 132506-00 STATEMENT OF CLAIM
Version: 2 -- CHANGE AUTHORIZATION
Version Status: ACTIVE

Owners: HELEN T MCGEHEE
 3285 COUNTRY CLUB AVE
 HELENA, MT 59602
 LORRY MCGEHEE
 3285 COUNTRY CLUB AVE
 HELENA, MT 59602

SCHATZ-MCGEHEE WATER USERS ASSN LLC
 4111 HELBERG DR
 HELENA, MT 59602 8962

TRANSFER PROCESSED TO ADD NEW OWNERS. THE WATER RIGHT WILL
 BE SPLIT INTO SEPARATE OWNERSHIPS AFTER FINAL DECREE.

Priority Date: MAY 31, 1867

Enforceable Priority Date: MAY 31, 1867 at 12:00 AM.

Purpose (use): FISHERY

Maximum Flow Rate: 2.00 CFS

Source Name: TENMILE CREEK

***Point of Diversion and Means of Diversion:**

ID	Govt Lot	Qtr Sec	Sec	Twp	Rge	County
1		SESESW	22	10N	4W	LEWIS AND CLARK
Diversion Means:	INSTREAM					
2		SWSE	22	10N	4W	LEWIS AND CLARK
Diversion Means:	INSTREAM					
3		SWNESE	22	10N	4W	LEWIS AND CLARK
Diversion Means:	INSTREAM					

Period of Diversion: APRIL 15 to NOVEMBER 4

***Purpose (Use):** FISHERY

Purpose Clarification: INSTREAM FLOW

Period of Use: APRIL 15 to NOVEMBER 4

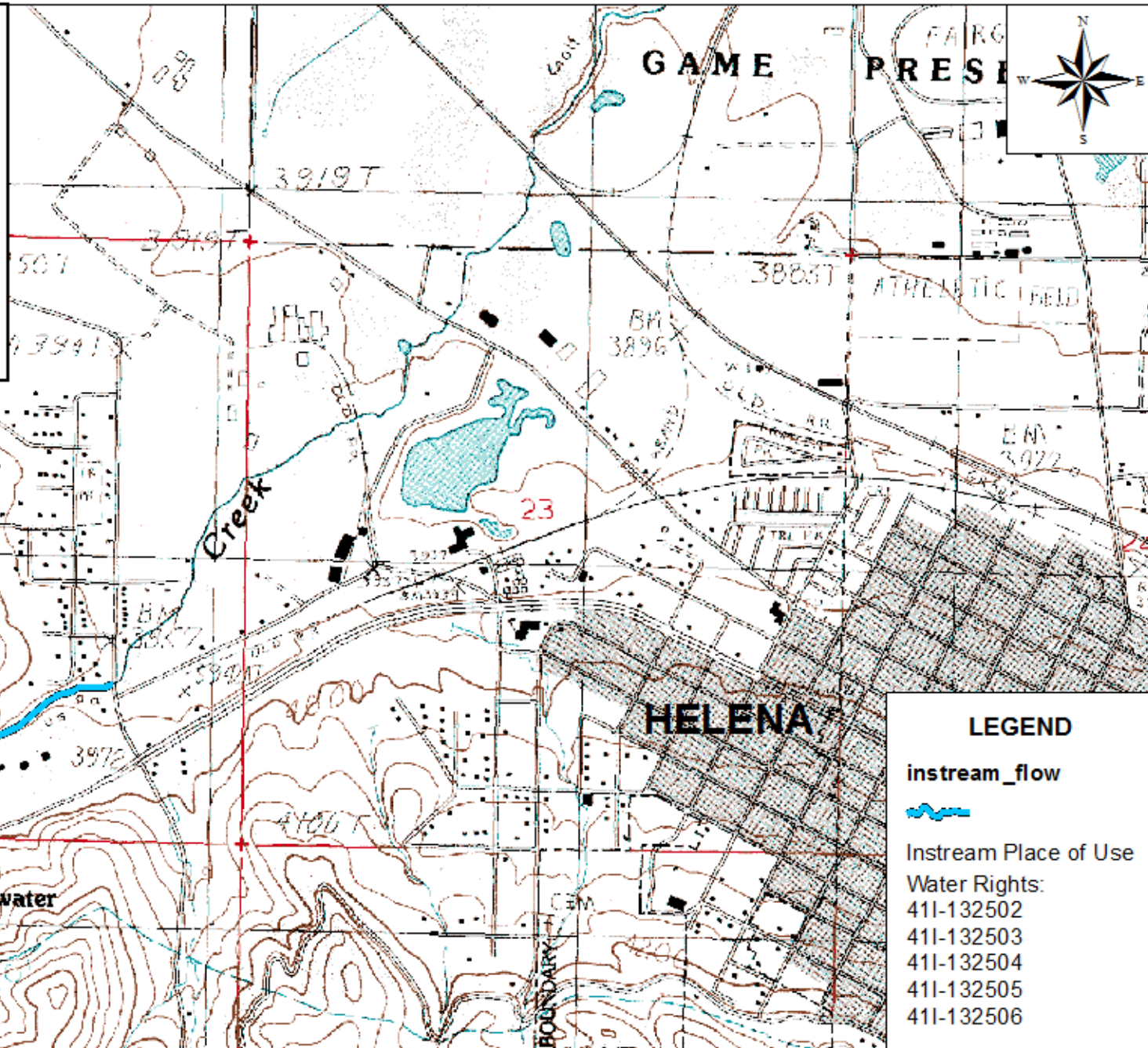
***Place of Use:**

ID	Acres	Govt Lot	Qtr Sec	Sec	Twp	Rge	County
1			SESESW	22	10N	4W	LEWIS AND CLARK
2			SWSE	22	10N	4W	LEWIS AND CLARK
3			SWNESE	22	10N	4W	LEWIS AND CLARK

EXHIBIT “C”

Point of Use Map

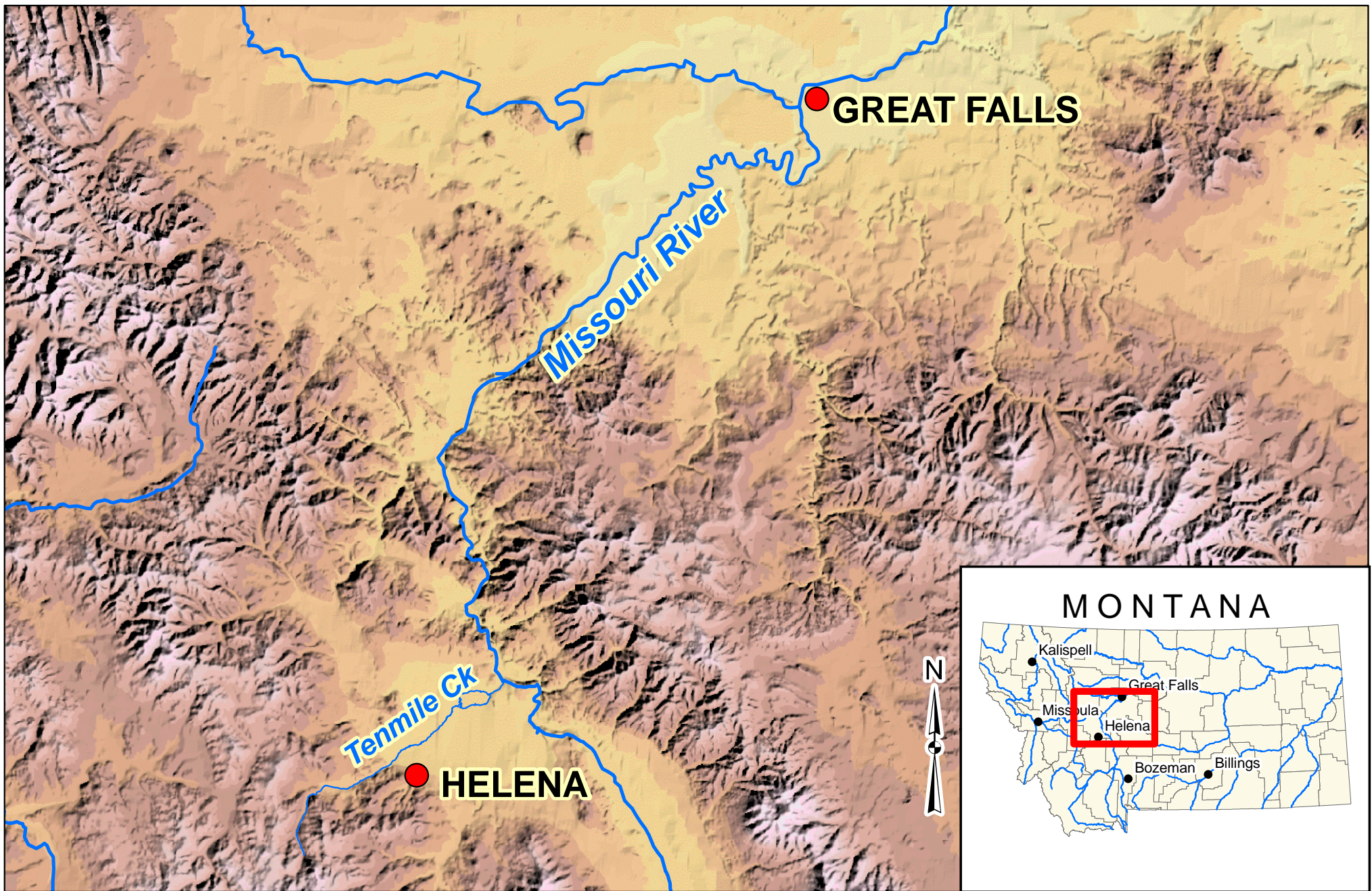
MONTANA



CENTENNIAL LIVESTOCK INC.
Tenmile Creek Instream Water Rights
Sec. 22, T10N, R4W
Lewis & Clark County, Montana

EXHIBIT “D”

Regional Map



CENTENNIAL LIVESTOCK INC.
Tenmile Creek Instream Water Rights
Regional Location Map
Lewis & Clark/Cascade Counties, Montana

BATES • SANDERS • SWAN LAND COMPANY

FOUNDED 1970 AS PATRICK BATES LAND COMPANY



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Toll Free 866-999-7342
Mobile 406-570-4897
Facsimile 406-522-0769
Residence 406-582-8350

Bates • Sanders • Swan Land Company has been authorized by the Sellers, to act as their Exclusive Real Estate Agent on the sale of the Tenmile Creek Water Rights.

This Offering is based on information believed to be correct; however, it is subject to errors, omissions, prior sale and change or withdrawal without notice. Information contained herein has been provided by the Sellers or obtained from other sources deemed reliable. The Agent does not, however, guarantee accuracy and recommends that any Prospective Buyer conduct an independent investigation.

At closing of a purchase, the Buyer will state in writing that such investigation has occurred and the Buyer is satisfied with the Offering and its suitability for the Buyer's intents and purposes.

For more information or to make an appointment please call:

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	Mobile	801-560-4259
	E-Mail	cpb@bateslandco.com