

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

WATER SUPPLY BANK RENTAL AGREEMENT No. 349

This is to certify that:

EGIN BENCH CANALS INC
PO BOX 15
ST ANTHONY, ID 83445

RECEIVED

JUL 12 2019

**DEPARTMENT OF
WATER RESOURCES**

filed an application to rent water from the Water Supply Bank ("Bank"). The Idaho Water Resource Board ("Board"), being authorized to operate a Bank and to contract by and through the Director of the Idaho Department of Water Resources ("Director, Department") for rental of water from the Bank, agrees to rent water as follows:

Summary of Water Rights or Portions Rented from the Bank

Water Right No.	Priority Date	Source	Diversion Rate (CFS)	Diversion Volume (AF)	Acres (AC)	Rate Per Acre (CFS/AC)	Volume Per Acre (AF/AC)
21-12961	2/9/1897	HENRYS FORK	9.54	560.1	160.0	0.059	3.5
21-12962	2/9/1897	HENRYS FORK	5.20	559.9	160.0	0.032	3.5
Combined Rental Totals			9.54	560.1	160.0	0.059	3.5

Term of Rental: This rental agreement shall take effect when all parties have signed it and shall continue in effect until December 31, 2023. Use of rental water shall be authorized as of either the date this rental agreement takes effect or the first day of the rental season of use, in 2019, whichever occurs last.

Annual Rental Fee:

2019 - 2022: \$1,120.00 annually
2023: \$1,288.23 annually

The full fee for the rental of the above-described right(s) is \$1,120.00 per year for years 2019 - 2022 and \$1,288.23 for 2023. The rental fee includes an administrative fee of \$1,120.00 per year for years 2019 - 2022 and \$1,288.23 for 2023. Note that the renter is obligated to pay only the administrative fees associated with the water right(s): 21-12961, 21-12962.

An annual payment shall be received by the Department on or before December 31 each year preceding the use of the rented water rights. The agreement will be void if payment is not received by the due date in a given year. Rental fees are non-refundable. To voluntarily terminate the agreement early, notify the Department in writing prior to the rental fee due date.

Total Water Use Authorized Under Rental Agreement

Beneficial Use	Diversion Rate (CFS)	Diversion Volume (AF)	Acres (AC)	Rate/Acre (CFS/AC)	Volume/Acre (AF/AC)	Season of Use (SOU)
IRRIGATION	9.54	560.1	160.0	0.059	3.5	4/1 - 7/1
IRRIGATION	5.20	559.9	160.0	0.032	3.5	7/2 - 10/31
Combined Total	9.46	560.1	160.0	0.059	3.5	N/A

*** The authorized water usage reflects a reduction from the water right elements rented, to account for combined limits and season of use.**

Detailed water right conditions are attached.

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

WATER SUPPLY BANK RENTAL AGREEMENT No. 349

The undersigned renter agrees to use the water rented under this agreement in accordance with the Water Supply Bank rules and in compliance with the limitations and conditions of use described in this agreement:

Michael Rasmussen
Signature of Renter

July 10 2019
Date

Michael Rasmussen
Printed Name

Pres. Egin Bench Cards Inc
Title

*Title required if signing on behalf of a company or organization or with power of attorney

Having determined that this agreement satisfied the provisions of Idaho Code § 42-1763 and IDAPA 37.02.03.030 (Water Supply Bank Rule 30), for the rental and use of water under the terms and condition herein provided, and none other, I hereby execute this Rental Agreement on behalf of the Idaho Water Resource Board.

By Brian Patton
BRIAN PATTON, Acting Administrator
Idaho Water Resource Board

Date 7/15/2019

Rental approved by IDWR Aug 12/19

Date 7-15-2019

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

WATER SUPPLY BANK RENTAL AGREEMENT No. 349

WATER USE DETAILS

LOCATION OF POINT(S) OF DIVERSION

HENRYS FORK NWSE Sec. 14, Twp 08N, Rge 41E, FREMONT County

BENEFICIAL USE
IRRIGATION

DIVERSION RATE
9.54 CFS

VOLUME
560.1 AF

SEASON OF USE

Water Right No.	From	To
21-12961	4/1	7/1
21-12962	7/2	10/31

RENTERS PLACE OF USE: IRRIGATION

Twp	Rng	Sec	NE				NW				SW				SE				Totals
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
08N	39E	36							4.0	25.0	36.0	35.0	30.0	30.0					160.0

Total Acres: 160.0

RENTAL AGREEMENT CONDITIONS OF ACCEPTANCE

1. The use of water under this agreement shall be subject to the provisions of Idaho Code § 42-1766.
2. Rental of the specified right from the bank does not, in itself, confirm the validity of the right or any elements of the water right, or improve the status of the right including the notion of resumption of use. It does not preclude the opportunity for review of the validity of this water right in any other department application process.
3. Use of water under this agreement does not constitute a dedication of the water to renter's place of use, and upon expiration of this agreement, the points of diversion and place of use of the water shall revert to those authorized under the water right and/or again be available to rent from the bank.
4. Use of water under this agreement shall not prejudice any action of the Department in its consideration of an application for transfer or permit filed by the applicant for this same use.
5. Renter agrees to comply with all applicable state and federal laws while using water under this agreement.
6. Renter agrees to hold the Board, the Director and the state of Idaho harmless from all liability on account of negligent acts of the renter while using water.
7. Renter acknowledges and agrees that the Director may terminate authorization for the use of a water right based on a water right's priority date.
8. Failure of the renter to comply with the conditions of this agreement is cause for the Director to rescind approval of the rental agreement.
9. Rental of Right Nos. 21-12961 and 21-12962 are limited to the irrigation of a combined total of 160.0 acres in a single irrigation season and are limited to a total combined diversion rate of 9.54 cfs.
10. Water is delivered through Last Chance Canal.

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

WATER SUPPLY BANK RENTAL AGREEMENT No. 349

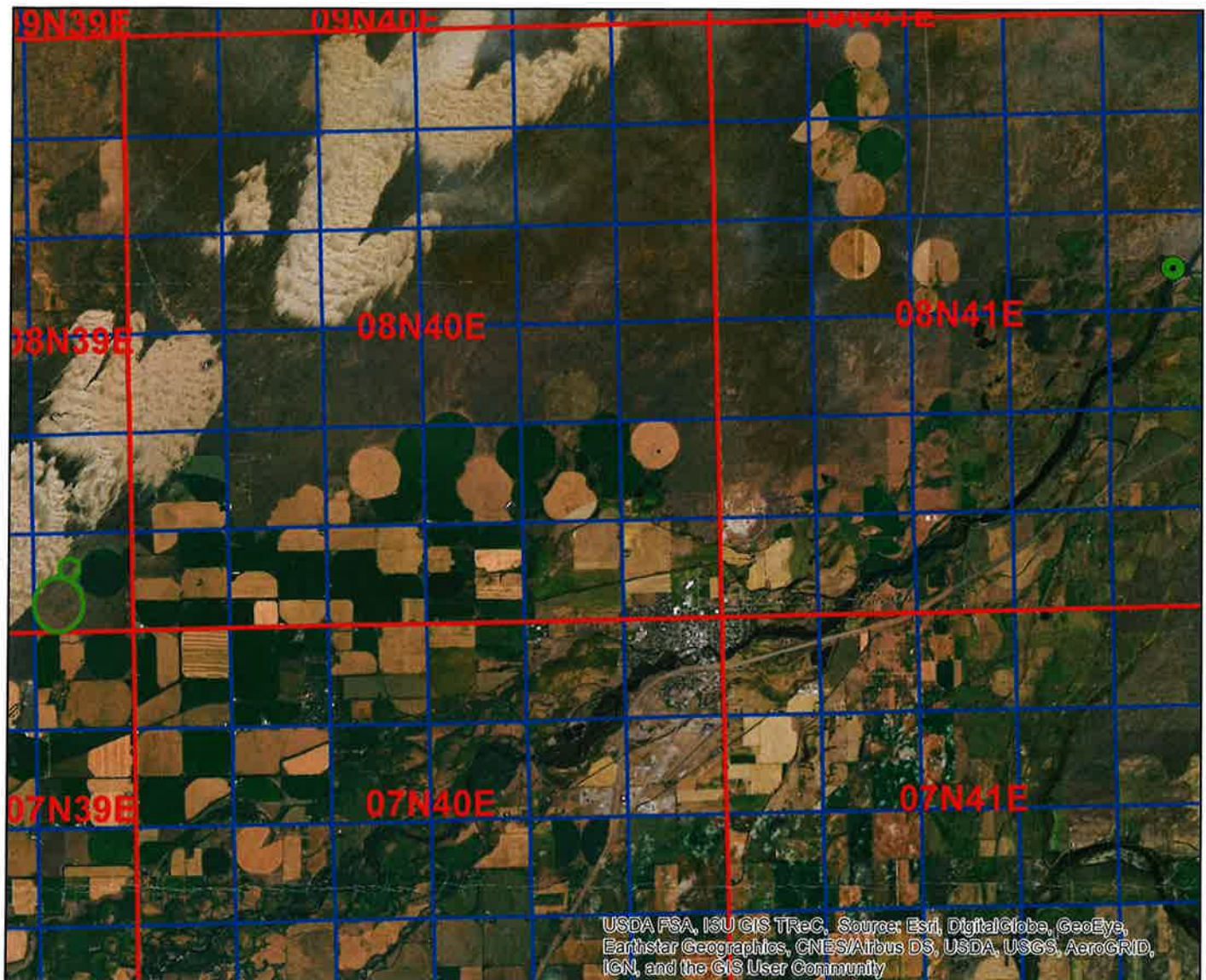
11. Use of water under this agreement will be regulated by a watermaster with responsibility for the distribution of water among appropriators within a water district. At the time of this approval, this water right is within State Water District No. 01.



Idaho Water Resource Board
Attachment to Water Supply Bank Rental Agreement No. 349

Effective until December 31, 2023

This map depicts the **rental place of use** pursuant to the rental agreement and is attached to the agreement solely for illustrative purposes.



● Authorized Rental Point of Diversion

■ Authorized Rental Place of Use

■ Township/Range

■ Sections



0 1 2 Miles

STATE OF IDAHO
WATER RESOURCE BOARDAPPLICATION TO RENT WATER
FROM THE BOARD'S WATER SUPPLY BANK

RECEIVED

MAR 21 2019

DEPARTMENT OF
WATER RESOURCESApplicant Name: Egin Bench Canals Inc.

Is this application being submitted with a lease application as a lease/rental package?

Yes ☒ No ☐

If yes, specify companion water rights in Section 4

This application must be completed according to the minimum requirement checklist below. This checklist is part of the rental application and must be included with the rental application. **Applications that do not meet the minimum requirements will not be placed in the processing queue and may be returned until all minimum requirements have been met.**

Rental applications should be submitted well in advance of the desired start date for the use of rental water. Rental applications may be processed as early as November 1 of the year prior to the intended use of rental water. Any rental application received on or before November 1 for use in the next year will be assigned a received date of November 1. Rental applications submitted more than one year in advance of the proposed start date for the use of rental water will not be accepted and will be returned to applicants. Rental applications may be returned to applicants if the desired start date for the use of rental water cannot be accommodated by the Water Supply Bank. Rental requests will not be accepted once the rental season of use period has concluded.

One rental application per beneficial use of water. For multiple beneficial uses of water, separate rental requests should be submitted for each unique beneficial use of water. One rental application can be submitted if you propose to rent water from multiple sources.

For additional instructions on completing a rental application, visit the Bank's website at http://idwr.idaho.gov/water_supply_bank.

MINIMUM REQUIREMENT CHECKLIST

Check All Items as Either Attached (Yes) or Not Applicable (N/A)

Yes

- ☒ Completed *Application to Rent Water from the Board's Water Supply Bank*
- ☒ Confirmation that this form has been printed single sided, per requirement of the Water Supply Bank

Attachment N/A Yes

- 2 ☒ A map showing the proposed point(s) of diversion, place(s) of use, and water diversion and distribution systems proposed to be used with your rental request
- 3A ☒ ☐ Detailed information on a proposed use of rental water
- 3F ☒ ☐ Authorization from the owner/operator of the rental point(s) of diversion
- 3H ☒ ☐ Water modeling to account for the impacts of the rental request
- 3J ☒ ☐ Documents justifying a rate of flow greater than 0.02 cfs/acre
- 3K ☐ ☒ Authorization from the owner/operator of the property at the proposed rental place(s) of use
- 4B ☒ ☐ Explanation of how the rental water will sufficiently accomplish your rental purposes
- 4C ☒ ☐ Explanation of consumptive use amounts for water rights experiencing a change in nature of use

Department Use Only – Proposed Water Right(s)

21-12961

21-12962

1302

STATE OF IDAHO
WATER RESOURCE BOARD

Application to Rent Water (Continued)

1. CONTACT INFORMATION

A. Applicant Egin Bench Canals Inc.

Mailing Address PO BOX 15 St. Anthony Idaho 83445

Street City State Zip Code

Email Address aaron.fmid@myidahomail.com Phone Number 208-624-3381

B. Is this application being completed by an authorized representative on behalf of the applicant? Yes ☒ No ☐

If yes, representatives (includes company employees if the applicant is a corporation, as well as legal counsel or consultants) should provide their information below if they desire to be included on correspondence with the rental applicant.

Representative Aaron Dalling Professional Title Secretary

Organization Egin Bench Canals Inc. Relationship to Applicant Secretary

Mailing Address PO BOX 15 St. Anthony Idaho 83445

Email Address aaron.fmid@myidahomail.com Phone Number 208-624-3381

2. MAP

Create a map of the proposed point(s) of diversion, place(s) of use and water diversion, delivery and distribution systems. Make sure the rental place of use is outlined and annotated with legal land descriptions (Township, Range, Section and Quarter-Quarters) or with GPS coordinates. For irrigation purposes, mark the number of acres you desire to irrigate. Attach the map to this application and label it **Attachment 2**.

3. DESCRIPTION OF PROPOSED USE FOR RENTAL WATER

A. Describe why you desire to rent water and provide a detailed description of your proposed use. If the proposed use is not for irrigation, describe in detail how you determined the amount of rental water required. If the space below is insufficient, attach additional sheets as required and label them **Attachment 3A**:

The desire to rent water through the Water Supply Bank is because the land is located just outside of Egin Bench Canals Inc. Boundary.

B. Enter the desired and/or minimum rates of flow, volume, or irrigable acres requested for your rental purposes:

Desired Rate (Cubic Feet/Second)	Desired Volume (Acre-Foot)	Minimum Rate* (Cubic Feet/Second)	Minimum Volume* (Acre-Foot)	Desired Acres (if applicable)
3 CFS	AF	CFS	320 AF	160 AC

* Sometimes water rights provide an exceptionally low rate per acre and/or low volume per acre. This section is meant to establish an acceptable range of water sufficient for your proposed water use. Please see question 4B and complete if necessary.

C. This section must be completed in full. Enter the proposed start date and latest possible start date for using rental water as well as the number of years you would like to rent water. The latest possible start is the latest possible date by which you would be willing to pay for a rental and be able to benefit from utilizing rental water.

Desired Start Date (month/day/year)	Latest Possible Start Date (month/day/year)	*Mark Desired Rental Duration (Calendar Years)					**Applicant's preference if rental application cannot be processed prior to the latest possible start?	
5/1/2019	6/1/2019	☐ 1	☐ 2	☐ 3	☐ 4	☒ 5	☒ Process application as soon as possible	☐ Return application to applicant

* The number of years permissible for a rental is subject to the lease contract duration for the water right(s) being rented.

** Per Idaho Code 42-201, it is unlawful to divert or use water without a valid water right. Water Supply Bank rental applicants are not authorized to utilize rental water prior to the execution of an approved rental agreement. Rental requests may be returned to applicants if no water is available from the Bank to fulfill a rental request.

STATE OF IDAHO
WATER RESOURCE BOARD

Application to Rent Water (Continued)

- D. Describe your water distribution system and how rental water will be delivered from the point(s) of diversion (POD) to the proposed place of use (POU):

The water will continue to be diverted through the Last Change Canal.

- E. Describe the physical type (pump, headgate, etc.) and location of the POD from which rental water is proposed to be diverted:

POD Description	Water Source	Other Water Rights Diverted from this POD
Headgate	Henrys Fork	None

If the POD(s) above are located where water is turned into a canal, lateral or ditch, or if they are located on your property but are serviced by water that is delivered via a canal, lateral or ditch, your rental request must include documented authorization from all relevant canal companies, irrigation districts and/or water delivery entities, confirming that they consent to your diversion of water from their system.

- F. Has documented consent from all relevant water delivery entities been obtained? Yes ☐ N/A ☒
If yes, include documented consent as **Attachment 3F**.

- G. Do any POD(s) identified in Question 3E divert from a water source that may require water modeling? Yes ☐ No ☒
Refer to the Water Modeling Requirements Information Sheet to determine if a rental POD may require water modeling.

- H. Has water modeling been provided with your rental request? Yes ☐ N/A ☒
If yes, label modeling Attachment 3 H.
Rental applications that require modeling will be returned if modeling is not provided.

- I. Specify the desired beneficial use of water and the requested season of use or number of acres required:

- ☒ Irrigation 160 (number of acres) Duration: Subject to IDWR standard seasons of use
☐ Commercial from: _____ (mm/dd) to: _____ (mm/dd)
☐ Stockwater from: _____ (mm/dd) to: _____ (mm/dd)
☐ Industrial from: _____ (mm/dd) to: _____ (mm/dd)
☐ Other: _____ from: _____ (mm/dd) to: _____ (mm/dd)

- J. For irrigation uses, do you propose to divert water at a rate greater than 0.02 cfs/acre? N/A ☐ Yes ☐ No ☒
If yes, justify the rate of flow and attach any supporting documents as **Attachment 3J**. Justification may include information on soil composition, conveyance losses, crop type, irrigation systems, public access areas, etc. A rate of 0.03 cfs/acre is permissible for irrigation of 5 acres or less.

- K. Do you own the land at the proposed rental place of use (POU)? Yes ☐ No ☒
If no, attach documentation from the POU owner/operator confirming your authorization to use the POU and label it **Attachment 3K**.

- L. List all other water rights and sources of water at the rental place of use for the same purpose, including privately owned water rights and water received from a municipal supplier, an irrigation district, a canal company or any other water delivery entity. Explain why additional water is required:

There are no current water rights for the proposed POU.

STATE OF IDAHO
WATER RESOURCE BOARD

Application to Rent Water (Continued)

4. RENTAL REQUESTS FOR SPECIFIC WATER RIGHTS

A. Are you requesting to rent specific water rights?

Yes ☐ No ☐

If yes, specify below the elements of the water rights you are requesting to rent. If no, continue to Question 4B.

Important Information: Diversion rates and volumes sought for rent must be proportionate to the per acre diversion rates and per acre volume limits of the water right under lease contract to the Water Supply Bank. Prior to completing this section, applicants should review all water right lease contracts and any active rental agreements to determine which elements of a water right are available to satisfy a rental request. Lease and rental documents are searchable via [IDWR's website](#).

Water rights identified below must either already be leased to the Bank or a lease proposal should accompany this rental request. **Rental requests for water rights not yet leased to the Bank will be returned if companion lease applications are not provided with the rental request.** For leased rights featuring combined limits, rentals must be consistent with combined diversion rate, volume or acre limits. Combined limits should be listed on a row below water right numbers.

Water Right Elements Leased to Water Supply Bank					Leased totals, minus water right elements involved in active rental agreements, equals water right elements available for rent	Water Supply Bank Rental Request		
Water Right Number (leave blank if sub-total of combined limits)	Nature of Use	Diversion Rate (CFS)	Volume (AF)	Acres (AC)		Diversion Rate (CFS)	Volume (AF)	Acres (AC)
21-12961	Irrigation	220	463.4	160		3	320	160
21-12962	Irrigation	120	463.4	160				
Applicants must ensure the requested rate per acre and volume per acre do not exceed the rate per acre and volume per acre limits of water rights leased to the Water Supply Bank					TOTAL	3	320	160
						CFS	AF	AC

**Attach multiple copies of this page if space above is insufficient to list all water rights requested to be rented on this application.*

B. If water right conditions, combined limits, or the sum of all water right elements being requested provide an unconventional duty of water (e.g., an unusually low rate per acre or volume per acre for irrigation use), explain how your proposed rental will sufficiently accomplish your intended purposes. Attach a separate page if space is insufficient and label it **Attachment 4B**:

C. Does your rental request propose to change the nature of use for any water right(s) being rented?

Yes ☐ No ☒

If yes, explain how the water right(s) will be converted to new uses. Include the historic, consumptive use amounts for the water right being rented if you have it, as well as the new consumptive use amount for your proposed beneficial use. If space below is insufficient, attach a separate page and label it **Attachment 4C**:

STATE OF IDAHO
WATER RESOURCE BOARD

Application to Rent Water (Continued)

5. ADDITIONAL INFORMATION

- A. Is this the first time that rental water is being requested for this purpose at the rental place of use? Yes ☒ No ☐
If no, list previous rental requests/agreements and explain why you have not secured a permanent water right for your needs:

- B. Have you or do you intend to submit an application for permit or transfer proposing a similar use as this rental? Yes ☐ No ☒
If yes, describe:

- C. Was this rental application submitted in response to a Notice of Violation (NOV) or a pending NOV? Yes ☐ No ☒
If yes, describe the date and location of the NOV.

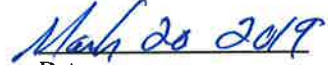
- D. Additional Information

DECLARATION

I hereby assert that the information contained in this application is true to the best of my knowledge. I understand that any willful misrepresentations made in this application may result in rejection of the application or cancellation of an approval. I understand that if this rental application is approved, it will be subject to the provisions of Section 42-1766, Idaho Code and all applicable state and federal laws. I understand that the submission of a rental application provides no guarantee for approval of a rental agreement. I also understand that, per Idaho Code 42-201, it is unlawful to divert or use water without a valid water right and that I am not authorized to utilize water as proposed in this application prior to the execution of an approved rental agreement.


Signature of Applicant

Mike Rasmussen
Printed Name of Applicant


Date


Signature of Representative

Aaron Dalling
Printed Name of Representative


Date

Mail to:

Idaho Department of Water Resources
P.O. Box 83720
Boise, ID 83720-0098

STATE OF IDAHO
WATER RESOURCE BOARD

Water Modeling Requirement Information Sheet

Information on water modeling requirements for rental requests within special administrative areas

Important information on requesting rental water within special administrative areas: Refer to the information below to determine whether the modeling of potential impacts from your rental request is necessary. Use Section 4 of the rental application to identify selected water rights. **If you submit an application to rent water from within a special administrative area and water modeling is required, your rental request will be returned if water modeling is not provided.**

Water modeling may be required when an application to rent water involves one of two scenarios:

Scenario 1: The rental request proposes to divert water from a regulated water source and/or within a special administrative area AND the distance between the rental point(s) of diversion (POD) and the POD(s) for the leased water right(s) is greater than the administratively established, acceptable distance.

Regulated water sources may areas include:

- A. Ground water resources within the modeled area of the Eastern Snake Plain Aquifer (ESPA) and tributary aquifers;
- B. Ground water within Ground Water Management Areas (GWMAs) or Critical Ground Water Areas (CGWAs);
- C. Water resources within other specified administrative areas, as established by the Idaho Water Resource Board (IWRB) or the Idaho Department of Water Resources.

The distance between any rental POD(s) and the POD(s) for a leased water right to be rented is important. On the ESPA, distance is measured in terms of model cells that cover an area of one square mile. Ground water modeling is not required if lease POD(s) and rental POD(s) are located within the same model cell or within adjacent model cells. If the lease and rental PODs are separated by more than one model cell groundwater modeling must be completed using the IDWR ESPA Transfer Tool and modeling results must be submitted with the rental application. ESPA modeling tools can be accessed and freely downloaded from IDWR's website by visiting: www.idwr.idaho.gov/WaterManagement/WaterRights/WaterRightTransfers/resources.htm.

Ground water modeling may be required within GWMAs, CGWAs or other regulated administrative areas. Applicants who desire to rent water within an established GWMA, CGWA or other regulated administrative area should consult IDWR's website before submitting their application to review the current status of administrative orders related to regulated administrative areas. Consult www.idwr.idaho.gov/WaterInformation/GroundWaterManagement/designated_areas.htm for information on GWMAs or CGWAs, visit <https://idwr.maps.arcgis.com/home/> to use mapping tools to find other regulated areas.

Applicants interested in renting water within a GWMA, CGWA or other regulated administrative areas should request water rights that have been leased into the Bank from within the same administrative area. Generally, the Bank will not permit a rental of water within a regulated administrative area if the leased water rights are not located within that same administrative area.

Scenario 2: A rental request proposes to divert water from a different but hydraulically connected water source.

Modeling situations may include:

- A. Rental requests that propose to divert surface water rights via ground water POD(s) (wells); and
- B. Rental requests that propose to divert ground water from one aquifer when the right being rented authorizes the diversion of ground water from a hydraulically connected, tributary aquifer.

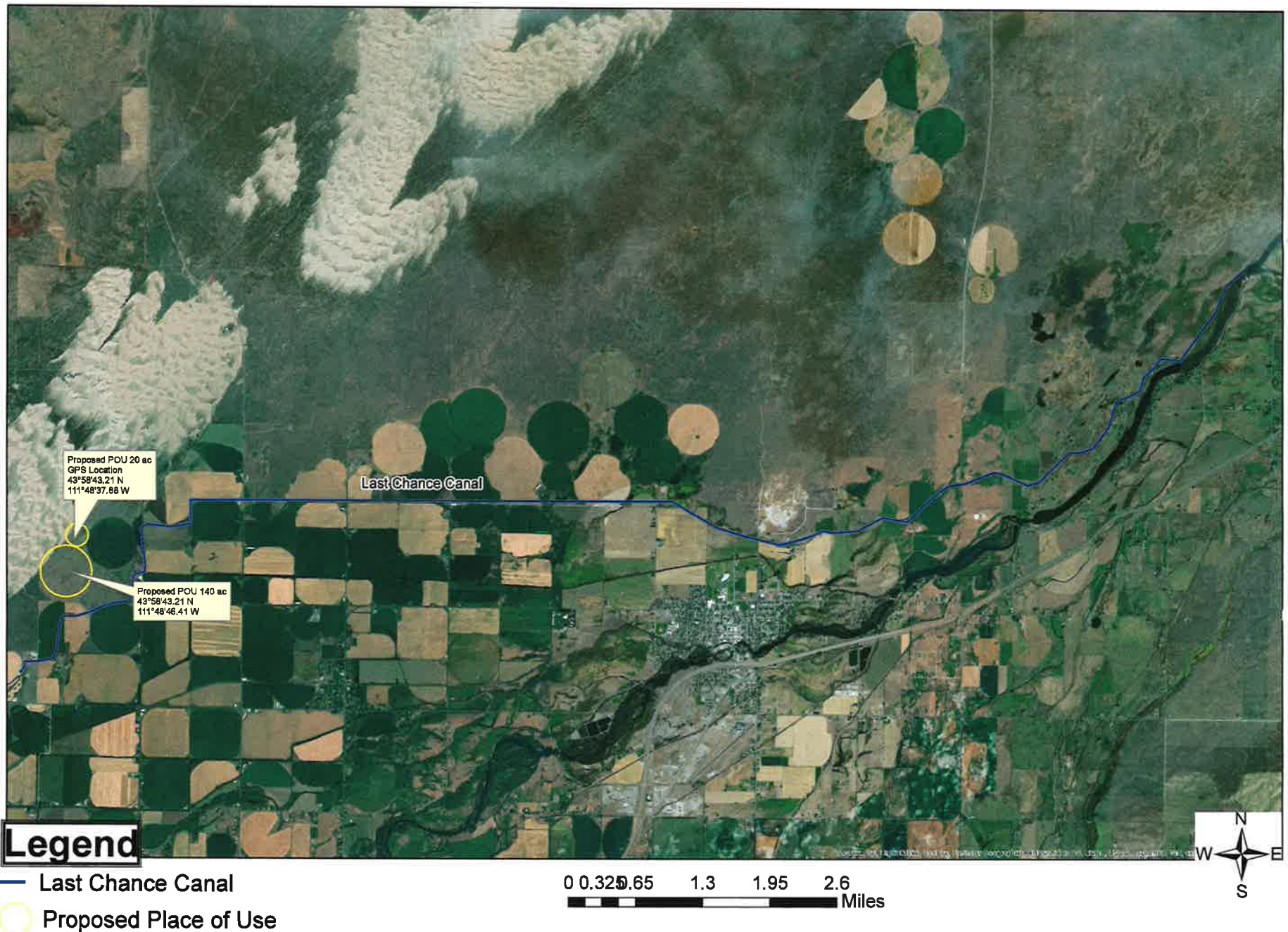
Rental requests that propose to divert surface water rights from ground water points of diversion may be considered if ground water modeling establishes that the surface and ground water resources are directly and immediately hydraulically connected. An acceptable hydraulic connection occurs when at least 50 percent of the total depletions from a well are detectable from the original water source within a 24 hour period. The existing (leased) POD and proposed (rental) POD must be proximate such that diversion and use of water from the proposed POD would have substantially the same effect on the hydraulically-connected source as diversion and use of water from the original POD.

Requests to rent ground water across tributary aquifer sources may be considered if ground water modeling is provided to demonstrate that two aquifers are hydraulically connected and the anticipated impacts of diverting ground water from one source through the other is modeled accordingly.

For more information about rental application requirements, contact IDWR at (208) 287-4800.

Attachment 2

Egin Bench Canals Inc. Water Supply Bank Lease



Attachment 3K

Whitesands Enterprises (Zak Miller)

1811 E 600 N

St. Anthony ID 83445

3/18/19

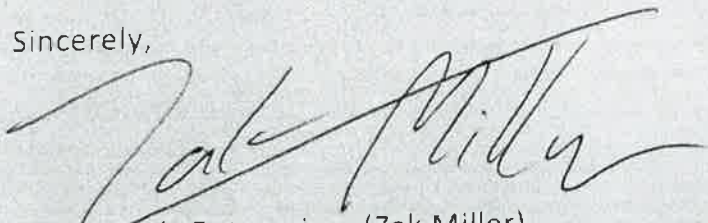
Permission for Water delivery

RE: Water delivery authorization Whitesands Enterprises (Zak Miller),

Permission for Water delivery:

Please accept this permission letter as authorization from the operators of the referenced land to have water delivered to the property listed in the accompanying form

Sincerely,

A handwritten signature in black ink, appearing to read 'Zak Miller', with a stylized, cursive script.

Whitesands Enterprises (Zak Miller)

EASTERN SUPERVISORY AREA
Idaho Falls Office
3563 Ririe Highway
Idaho Falls, ID 83401
Phone (208) 525-7167
Fax (208) 525-7011
ctaylor@idl.idaho.gov



STATE BOARD OF LAND COMMISSIONERS
Brad Little, Governor
Lawrence E. Denney, Secretary of State
Lawrence G. Wasden, Attorney General
Brandon Woolf, State Controller
Sherri Ybarra, Sup't of Public Instruction

March 25, 2019

Aaron Dalling
Fremont-Madison Irrigation District
PO Box 15
St. Anthony, ID 83445

Dear Aaron:

In 2016, the Miller family consulted with the Idaho Department of Lands regarding their state of Idaho grazing lease. Specifically, they expressed interest in converting their grazing lease to an irrigated cropland production lease. The Idaho Department of Lands (IDL) seeks to fulfill the Idaho Constitution's directive to manage state endowment lands in such a way as to generate maximum long term revenue for the state endowments. IDL has analyzed the Miller's proposal, and believes that the department's directive is best fulfilled by converting the Miller's current grazing lease to an irrigated cropland production lease. To facilitate their efforts to successfully operate an irrigated cropland production lease, IDL will permit/authorize the Miller's to irrigate the subject land.

Please don't hesitate to contact me with any further questions you may have regarding this matter.

Sincerely,



Chad Taylor
Senior Resource Specialist-Range/Crop/Conservation



GRAZING LEASE
No. G800353
M. LEE MILLER

SUMMARY OF LEASE PROVISIONS:

Lessor: STATE OF IDAHO
By and through the State Board of Land Commissioners
300 North 6th Street, Suite 103
PO Box 83720
Boise ID 83720-0050

Lessee: M. Lee Miller
1811 E 600 N
St. Anthony, ID 83445

Lease Term: Commencement: January 1, 2017
Expiration: December 31, 2036

Rent: The annual rent payment is due on May 1st of each year.

GRAZING:

Number of AUMs by Class for Billing

Cattle 20
Acres 320

Rent terms are more particularly described in *Section 2. Rental Rate and Modification of Rent* of the Lease Provisions.

Leased Premises Legal Description:

See Attachment B

The Lessor, in consideration of the rental paid and the covenants, conditions and restrictions hereinafter set forth, in the Lease (including the Lease Provisions, Signature Page and all Attachments, including any Special Terms and Conditions), does hereby lease and demise unto the Lessee the lands (Leased Premises) described in Attachment B for the uses specified herein.

Primary Use of Leased Premises:

Grazing

Bond:

N/A

Liability Insurance:

N/A

Lease Index:

SUMMARY OF LEASE PROVISIONS
LEASE PROVISIONS
SIGNATURE PAGE
ATTACHMENT A – SPECIAL TERMS AND CONDITIONS
ATTACHMENT B – LEASED PREMISES LEGAL DESCRIPTION
ATTACHMENT C – SITE MAP(S)
ATTACHMENT D – REPORTS

LEASE PROVISIONS

1. Use of Premise.

- A. **Grazing Use.** The Lessee is authorized to use the number of acres identified on this lease for grazing domestic livestock at the identified rate. The location and management of grazing livestock shall be designated in this written Lease. Said use shall be in accordance with this Lease, the Lessee's approved Summary of Lease Provisions, Lease Provisions, and all Attachments, including any Special Terms and Conditions attached hereto. No use of the leased land for grazing purposes shall occur prior to the final approval of the written Lease by Lessor.

The grazing period, AUM's and the number of stock shall be determined by Lessor and may be adjusted from time to time after giving Lessee thirty (30) calendar days notice of any such modifications. Lessee shall furnish such information as may be required to assist Lessor in determining the grazing period and number of stock to be grazed.

2. Rental Rate and Modification of Rent.

- A. **Annual Rent Payment.** Lessee agrees to pay to Lessor, in lawful money of the United States, each year's rent for every acre and/or AUM covered by this Lease, in an amount to be calculated pursuant to Lessor's most current formulas for each applicable use at the time the rental is calculated or recalculated. The rent shall be payable on or before the annual rental payment due date of each successive year. Lessee shall pay the annual rental to Lessor without abatement, offset, or deduction of any kind, unless otherwise authorized by the Lessor through a completed Lease Adjustment form provided by the Lessor. Lessor reserves the right to increase or decrease the annual rent. Lessee will be notified one hundred eighty (180) calendar days in advance of the due date of any increase in rental.
- B. **Late Payment Charge.** In the event any rent due hereunder is not paid in full when due, Lessee shall pay, in addition to such rent, a late charge in the first calendar month of such delinquency the amount of Twenty-five Dollars (\$25.00) or one percent (1%) of the unpaid rent, whichever is greater. For each subsequent calendar month of such delinquency, Lessee shall pay an additional late charge equal to one percent (1%) of the then unpaid delinquency. The parties acknowledge and agree that the late charge described herein is a reasonable attempt to estimate and to compensate Lessor for higher administration costs associated with administering such late payments and is not intended as a penalty. By assessing this late charge, Lessor does not waive any right to declare a breach and to pursue any right or remedy available to Lessor by reason of such breach, after expiration of any applicable notice or cure period.
- C. **Lien.** The amount of the rent, late charge, and interest shall constitute a lien in favor of the State of Idaho against all of Lessee's improvements and other property on the Leased Premises, including, but not limited to, crops and livestock.

3. Lease Provisions and Special Terms and Conditions.

- A. **Lease Provisions and Special Terms and Conditions.** Prior to issuance of this Lease, Lessee and Lessor must agree to written Lease Provisions and any Special Terms and Conditions. The content of the Lease Provisions and any Special Terms and Conditions shall address all activities that may take place under this Lease and include, but not be limited to, farming, the construction of improvements, the vegetation, noxious weed control and other factors identified by Lessor as necessary for inclusion in the Lease Provisions and any Special Terms and Conditions based on the specific characteristics of the Leased Premises and/or of Lessee's use of the Leased Premises.
- B. **Modification of Lease Provisions and Special Terms and Conditions.** Lessor may review and modify any Lease Provisions or any Special Terms and Conditions upon changes in conditions, laws, or regulations, provided that Lessor shall give Lessee thirty (30) calendar days notice of any such modifications prior to the effective date thereof. Prior to Lessee instituting any changes, Lessee must submit, in writing, the proposed changes to Lessor for approval. No changes shall occur prior to Lessor's written approval of the amended Lease Provisions and any Special Terms and Conditions. Modifications mutually agreeable to both Lessor and Lessee may be made at any time.

- C. **Compliance Required.** Lessee shall abide by all Lease Provisions and any Special Terms and Conditions. If Lessee fails to abide by all Lease Provisions and any Special Terms and Conditions, Lessee will be deemed in breach of this Lease and the Lease will be subject to cancellation in accordance with *Section 17. Lessee's Default*, of these Lease Provisions.
- D. **Reimbursement for Non-Standard Administrative Costs.** The Lessee shall reimburse the Lessor for administrative costs incurred to address issues of compliance. Lessor's request for payment to Lessee will include a detailed description of the work completed and actual expense incurred.
- E. See Attachment A of this Lease for any Special Terms and Conditions in effect as of the date of execution of this Lease.

4. Subleasing or Assignment.

- A. **Written Approval Required.** Lessee shall not sublease or authorize another person to use any part of Lessee's interest under this Lease, or assign this Lease, without the prior written consent of Lessor to be evidenced by Lessor's execution of consent forms provided by Lessor for that purpose. Any request for approval of a sublease or assignment must be in writing, complying with the statutes or rules governing subleasing, and accompanied by a copy of the proposed sublease agreement and the appropriate processing fee. Lessor may withhold consent for any reason. Any attempt by Lessee to sublease Lessee's interest in the Leased Premises or any part of the Leased Premises or to assign this Lease, shall be void unless Lessor has given such prior written consent. No request for Lessor's approval of any assignment or sublease will be considered unless all rent due has been paid in full, and Lessee is in good standing under the terms of the Lease. No sublease will act as a release of Lessee's obligations hereunder unless Lessor executes a separate written release of Lessee. Lessor has no obligation to so release Lessee, and Lessor can withhold such release at Lessor's sole discretion. Any sublease or assignment will be subject to, but not limited to, to the existing Lease Provisions and any Special Terms and Conditions. The sublease cannot go beyond the Lease expiration date.
- B. **Additional Rental Due.** In the event the Leased Premises is subleased in accordance with all terms and conditions of *Section 4. Subleasing or Assignment* of these Lease Provisions, for an amount greater than the base rental, Lessee shall in addition to Lessee's annual base rental pay to Lessor an amount equal to one-half (1/2) the difference between Lessee's base rental rate herein established, and the rental rate paid by Sublessee.
- C. **Improvements.** Upon approved sublease or assignment, ownership of any existing Lessee-owned improvements under this Lease must be separately negotiated between Lessee and such Sublessee or Assignee.
- D. **Copies to be Filed.** Copies of all assignments, subleases, pasturage or any other agreement of any kind or nature involving the use of the Leased Premises by another person shall be timely filed with Lessor.

5. Leasehold Mortgage.

Lessee shall not mortgage, pledge or otherwise dispose of Lessee's interest in the Lease, or any portion thereof, without prior written consent of Lessor. Lessee shall use mortgage or deed of trust forms provided by Lessor, and shall submit completed forms and appropriate fee to Lessor for review and approval. The term of a mortgage agreement shall not exceed the Lease term. Lessor may accept or reject a leasehold mortgage at its discretion.

6. Environmental, Safety and Sanitary Requirements.

- A. **No Hazardous Materials.** Lessee shall neither commit nor permit the use, placement, transport or disposal of any hazardous waste, including, but not limited to, petroleum products, such as oil, gasoline, or any other substance that is or is suspected to be a hazardous substance or material on the Leased Premises except the customary use associated with weed and pest control, machinery, equipment and vehicles. Lessee shall be responsible, and shall pay all costs for the removal or other appropriate remedial action regarding any hazardous waste, substances, or materials which Lessee may have caused to be introduced on the Leased Premises. Any such remediation or removal or storage must be conducted in accordance with applicable federal, state, or local law, regulation, rule or ordinance and Lessee shall immediately, upon the introduction

of any hazardous waste, substances or materials onto the Leased Premises, contact the Idaho Department of Environmental Quality (DEQ) and enter into a consent order for remediation with DEQ, provided however, Lessee shall not forestall commencing any necessary remediation while negotiating the terms of any consent order with DEQ, unless Lessee is so authorized in writing by Lessor. In event of introduction of any hazardous waste, substances or materials, Lessor may also require Lessee to enter into consent orders or other agreements with any other relevant agency. Lessee shall indemnify, defend and hold Lessor harmless from all costs, expenses, damages or fines relating to pollution and hazardous materials including, without limiting the generality of the foregoing, attorney fees and costs of defense or of enforcement of Lessor's rights hereunder. The amount of any costs incurred by Lessor due to Lessee's violation of this provision shall constitute a lien in favor of the State of Idaho against all of the Lessee's improvements and other property on the Leased Premises including, but not limited to, crops.

- B. Fire and Safety Regulations. Lessee shall comply with all applicable federal, state and local laws, rules, regulations and ordinances for fire protection and prevention. Lessee agrees to keep the Leased Premises free from fire hazards as determined by Lessor. Lessee is prohibited from burning garbage or household trash and any burning on the land, including the burning of wood, weeds or other debris, but excepting campfires necessary for the use under this Lease, requires the prior written permission of Lessor. Any burning must comply with applicable federal, state or local law, regulation, rule or ordinance.
- C. Sanitary Requirements. Concerning activities authorized under this Lease, Lessee shall at all times keep the Leased Premises in a clean and sanitary condition, free of trash, garbage and litter so the Leased Premises is maintained in the same or better condition as when this Lease was issued. Lessee shall not dispose of sewage except in conformity with applicable federal, state, and local law, rules and regulations pertinent to Lessee's use and shall dispose of sewage on the Leased Premises only if specifically authorized by Lessor. The Lessee shall not store trash on the Leased Premises nor transport trash, garbage, litter or debris onto the Leased Premises. Lessee shall dispose of all trash, garbage and carcasses in conformity with all legal requirements. Lessee is responsible for all costs associated with sewage, garbage and litter disposal.

7. No Warranty of Suitability - Quiet Enjoyment - Public Use.

- A. No Warranty. Lessee acknowledges that neither Lessor nor any agent of Lessor has made any representation or warranty with respect to the Leased Premises or concerning the suitability of the Leased Premises for the uses intended by Lessee. Lessee acknowledges that it has accepted the Leased Premises in an AS IS CONDITION, accepting any and all known or unknown faults therein.
- B. Quiet Enjoyment. Lessor agrees that Lessee, upon payment of the rent and performing the terms of this Lease, may quietly have, hold and enjoy the Leased Premises, for the purposes and uses allowed hereunder, during the term hereof. Lessee acknowledges that the Lease is non-exclusive, and Lessor retains the right to use of the Leased Premises, or to grant rights to others for use of the Leased Premises, to the extent any such use does not materially interfere with Lessee's purpose and uses allowed hereunder, unless otherwise provided for in this Lease.
- C. Public Use. Lessee must allow the general public the right to use the Leased Premises for any lawful use available to the public for lands owned by the State of Idaho. However, nothing in this Lease authorizes or purports to authorize trespass on private lands to reach state-owned lands, including the Leased Premises. Public use of State lands shall not be restricted without prior written approval of Lessor. This Lease is not an exclusive control lease as described under Idaho Code § 36-1603(b).

8. Water Right and Water Use.

- A. Water Use on the Leased Premises. Lessee shall be entitled to use the water on the Leased Premises, if any, during the term of this Lease, but only for the use allowed in this Lease and only in conformance with Idaho water law.
- B. Future Water Rights and Water Use Generally. The establishment of any new water rights during the term of this Lease shall be by and for Lessor and no claim thereto shall be made by Lessee. Such water rights shall attach to and become appurtenant to the Leased Premises, and the Lessor shall be the owner thereof. The use of any water rights by the Lessee shall be in conformance with Idaho water law. Lessee must

receive the prior written consent of Lessor or its authorized agent, and the prior written consent of any department or agency of the State of Idaho having jurisdiction to regulate water rights or water use in and for the State of Idaho for any of the following:

- i. To drill and use a water well,
 - ii. To develop and use any source of water,
 - iii. To cause any water to be conveyed off the Leased Premises,
 - iv. To bring water onto the Leased Premises.
- C. **Water Systems.** If water is supplied to the Leased Premise by a water system operated by the State of Idaho, the use of such system and the supply of water provided thereby may be curtailed or terminated upon thirty (30) calendar days written notice of Lessee from Lessor or its authorized agent. Neither Lessor nor its agents and employees nor any entity of the State of Idaho shall be liable in any manner for damage or inconvenience to the Lessee by reason of failure or, damage to, or termination or curtailment of the operation of any water system or source supplying water to the Leased Premises.
- D. **Improvements in Aid of Water Use.** Improvements (pre-existing or future) made in aid of any and all water use on, or diversion from, the Leased Premises are subject to the permit requirements of this Lease.
- E. **No Right of Access to Water Rights Upon Expiration or Termination of Lease.** Upon Expiration or Termination of this Lease, the Lessee shall have no right to access any point of diversion or any place of use of any water right on the Leased Premises without the prior written consent of the Lessor.

9. Noxious Weeds.

- A. The Lessee shall cooperate with Lessor or any other agency authorized to undertake programs for control or eradication of noxious weeds. Lessee shall take measures to control noxious weeds on the Leased Premises in accordance with Title 22, Chapter 24, Idaho Code, except those resulting from activities beyond the Lessee's control. Costs for control of noxious weeds on the Leased Premises shall be the responsibility of the Lessee, unless otherwise provided for in the Special Terms and Conditions included in Attachment A.
- B. The Lessee shall ensure that prior to moving onto the Leased Premises that all equipment is free of noxious weeds and their seeds as defined by the Idaho Department of Agriculture and local Coordinated Weed Management Area. Cleaning of contaminated equipment and vehicles shall not take place on any state endowment land, including the Leased Premises.
- C. All straw and forage used for livestock feed, with the exception of that grown on the Leased Premises or on Lessee's immediately adjacent land, must be certified in accordance with the Idaho Department of Agriculture Forage and Straw Certification Rules (IDAPA 02.06.31) and must be certified as Idaho State Noxious Weed Free.

10. Construction of Improvements.

- A. **Permit Required.** Lessee shall not construct or reconstruct, initiate or place improvements or structures of any character (herein referred to as "improvements") on or to the Leased Premises without the prior expressed, and written permission of Lessor. Said permission shall be in the form of a permit issued by Lessor, and shall be required for any improvement or structure on the Leased Premises including, but not limited to, range improvements, buildings or other structures, water developments, fences, vegetation treatment, or the clearing of land. Lessee shall submit project plans to the Lessor. If the project plans are approved and permitted in writing by Lessor, then Lessee shall construct and implement the improvements in full compliance with the approved plans, the permit and all applicable building codes, rules and laws. Permitted improvements shall be the property of Lessee, unless otherwise provided in the permit or this Lease. Failure to obtain a written permit prior to construction and implementation of any improvement will be considered a trespass violation and may result in cancellation of the Lease or cause the Lessor to initiate proceedings to recover damages as provided for in IDAPA 20.03.14. Any improvement associated with the uses authorized in this Lease and placed on endowment land prior to January 1, 1970 is considered grandfathered and properly authorized even though there may be no documentation of authorization.

- B. Condition of Improvements. At all times during the term of this Lease, Lessee shall keep all improvements in good repair and functional condition to the satisfaction of Lessor. Any and all fences shall be neat, stock-proof, lawful fences and gates.
- C. Maintenance of Improvements. Lessee may be required to remove or reconstruct improvements in poor or non-servicable condition. Existing maintenance agreements on lands acquired from the federal government shall remain in effect until amended by the parties involved. If maintenance is not being accomplished, Lessor shall provide a letter to Lessee informing Lessee of the violation of the Lease. If work is not begun within thirty (30) calendar days and completed in a timeframe specified by the Lessor, Lessor may contract repairs and bill Lessee for actual costs incurred.
- D. Removing Improvements. Lessee shall not remove, relocate or otherwise alter any improvements without prior written permission from Lessor.
- E. Cost of Improvements. Any permitted improvement constructed by or at the request of Lessee, shall be constructed at Lessee's own expense, unless Lessor and Lessee shall have entered into a prior written cost sharing agreement for construction of such improvement.
- F. Permitted Improvements At Lease Expiration/Termination. Upon expiration or termination of this Lease for any reason, other than a default by Lessee, and in the event Lessor leases the Leased Premises to a new lessee, Lessor shall require the new lessee to pay Lessee the then existing value of the permitted improvements in accordance with the then existing statutes and rules. Said value shall be determined through a valuation conducted by Lessor or by Lessee's documented cost of construction if the improvement was authorized after July 1, 2009. Improvement payments shall be first applied towards any rent or other monies due to Lessor before being disbursed to Lessee. Lessor does not hereby agree or become obligated to pay any such value to Lessee, such obligation shall be solely on the subsequent lessee, if any. Any improvement which Lessee is entitled or required to remove upon expiration of the Lease must be removed within six (6) months of the expiration of the Lease, otherwise it is deemed abandoned and title to such abandoned improvement shall vest in the State of Idaho. Provided, however, Lessor may authorize, in writing, prior to the expiration of the six (6) month time period, additional time for removal of improvement(s) by Lessee. Failure of Lessee to remove any such improvement within the extended time period established by Lessor shall constitute an abandonment of Lessee's rights to such improvement.
- G. Improvements Not Approved. At any time during the term of the Lease, or upon expiration or termination of this Lease for any reason, Lessor may require, at Lessor's sole discretion, that Lessee remove any improvement placed on the Leased Premises without a prior permit from Lessor. The full cost of such removal, including the restoration of the Leased Premises, shall be solely Lessee's. In the event Lessor does not elect to require such removal, Lessee's failure to secure such permit shall constitute forfeiture. Title to any improvement placed on the Leased Premises without a permit from Lessor shall, at Lessor's option, immediately vest in Lessor without waiver of Lessor's right to require removal of the same by Lessee.
- H. Lessor's Removal of Improvement. Lessor may, at its discretion, remove or have removed the abandoned or non-permitted improvement and Lessee shall be responsible for the full cost of removal and restoration of the Leased Premises. Nothing in this section of the Lease shall relieve Lessee from the obligation to remove any improvement as required by Lessor under other terms within this Lease or the permit authorizing the improvement.

11. No Liens.

Lessee will not permit or suffer any liens of any kind or nature to be effected on or enforced against the Leased Premises, including, but not limited to, any mechanics' liens or material suppliers' liens for any work done or materials furnished on the Leased Premises at Lessee's instance or request. Lessee shall ensure that full payment is made for any and all materials joined or affixed to the Leased Premises pursuant to this Lease and for any and all persons who perform labor on the land.

12. Sale, Exchange or Change in Use of Leased Premises.

- A. Sale. Lessor may sell all or any portion of the Leased Premises during the term of this Lease. Lessor will notify Lessee that the Leased Premises are being considered for sale at the time the proposed sale is scheduled for submission to the Land Board for approval. Lessee will be notified of a scheduled sale at least thirty (30) calendar days prior to sale date. Lessee shall deliver immediate possession of the land sold unto Lessor, or to the person or party as may be specified in writing by Lessor or Lessor's designee, unless the land remains subject to the Lease, or unless Lessee is to be permitted to harvest a growing crop before surrendering possession. When creditable improvements are present, and Lessee delivers possession of the land, Lessor shall value them in accordance with Idaho Code § 58-313, or the then existing applicable statute or rule, and Lessee shall be paid for the improvements by the purchaser on the day of sale. Lessee shall have the rights provided by *Section 10. Construction of Improvements, F. Permitted Improvements At Lease Expiration/Termination* of these Lease Provisions, and the then existing statutes or rules with respect to compensation for permitted improvements placed upon the Leased Premises by Lessee.
- B. Consent To Land Exchange. Lessee acknowledges that the Leased Premises, or any portion thereof, may be the subject of a future land exchange by Lessor, and Lessee hereby consents to the inclusion of any such land, or portion thereof, in any land exchange deemed necessary or appropriate by Lessor. This consent is given in compliance with Idaho Code § 58-138. In the event Lessor chooses to include the Leased Premises, or any portion thereof, in any proposed land exchange in the future, Lessor shall provide Lessee with at least thirty (30) days written notice from the Director of the Department of Lands. Upon the consummation of the proposed land exchange, that portion of lands included within the exchange shall be deleted from this Lease, and Lessee's lease payment obligation for the ensuing year shall be reduced proportionately. Lessee shall be entitled to continue to use the lands included within any such exchange for the balance of the year in which the exchange occurs unless otherwise notified in writing by Lessor, in which event the lease payment for such year shall be prorated.
- C. Change in Use. The Lease may be cancelled in whole or in part upon one hundred eighty (180) calendar days written notice by Lessor if the use of the Leased Premises is to be changed to any other use that is incompatible with the use authorized by this Lease, as designated by Lessor. In the event of early cancellation due to change in land use, Lessee will be entitled to a prorata refund of the premium bid for a conflicted lease.

13. Relationship of the Parties.

Lessee is not an officer, employee or agent of Lessor. In no event shall any official, officer, employee or agent of Lessor or of the State of Idaho be in any way personally liable or responsible for any covenant or obligation contained in this Lease, express or implied, nor for any statement, representation or warranty made in connection herewith.

14. Reservations by Lessor.

Lessor expressly reserves and excepts the following rights:

- A. To enter upon the Leased Premises, or any portion thereof, during the term of this Lease for any purpose, including, but not limited to, the purpose of inspecting the Leased Premises.
- B. All rights not expressly granted to Lessee under this Lease, including, but not limited to, all rights to timber, oil and gas, geothermal rights, mineral rights, easements and rights-of-way, water, and fee title to the Leased Premises, and title to all appurtenances and improvements placed thereon by Lessor.
- C. To grant easements and rights-of-way over and across the Leased Premises. Lessor shall coordinate with Lessee before processing any easement applications on the Leased Premises. The grantee of such easement shall, before exercising the same, pay Lessee the reasonable value of any permitted improvements and any growing and immature crops, if crops or improvements are impacted by the easement. Said value shall be determined by Lessor's valuation.

- D. To issue other leases on the Leased Premises. Such other leases may be for any purpose deemed appropriate by Lessor, including, but not limited to, the exploration and development of oil, gas, geothermal and mineral resources as provided by Title 47, Idaho Code. In the event any such other lease is granted by Lessor, the other lessee shall, before exercising the same, pay Lessee the reasonable value of any permitted improvements and any growing and immature crops, if crops or improvements are impacted by the other lease. Said value shall be determined by Lessor's valuation. If the other lease conflicts with the grazing use or makes consumptive use of forages, the grazing rental will be adjusted to reflect such loss of use.
- E. To require that changes be made in the use under this Lease, and/or to the improvements on the Leased Premises, including, but not limited to, the sanitation or other facilities for the protection of public health, safety, preservation of property or water quality.
- F. To reserve as Lessor's sole property any and all water appurtenant to Lessor's land or from any source arising thereon and to hold water rights for any beneficial use that may be developed as a result of this Lease, and as further provided in *Section 8. Water Right and Water Use* of these Lease Provisions.
- G. Rights of ingress, egress, and access, over and across the Leased Premises for Lessor and its lessees, permittees, contractors, and assigns on existing roads, or on suitable alternative roads provided by Lessee.
- H. To change the use of the Leased Premises, in whole or in part, for other uses that will better achieve the objective of Lessor. Upon a change in use this Lease may, at Lessor's discretion, be terminated in whole or as to the affected part. In the event of any such termination due to a change in use, the provisions of *Section 10. Construction of Improvements* of these Lease Provisions, relating to compensation for permitted improvements shall apply.
- I. To sell timber on the Leased Premises or otherwise conduct forest management activities, Lessor reserves the right to restrict or prohibit grazing use on all or portions of the Leased Premises for timber management purposes. Lessee will be given not less than one hundred eighty (180) calendar days written notice of any such restrictions or termination of grazing use, together with a map of the restricted area.
- J. To restrict or prohibit grazing on all or any portion thereof of the Leased Premises in response to emergency conditions such as, but not limited to, fires, flooding and drought.
- K. To sell all or any portion of the Leased Premises at any time during the term of this Lease, and as further provided in *Section 12. Sale, Exchange or Change-in-Use of Leased Premises* of these Lease Provisions.
- L. To harvest seed from plants on land not under a farming lease. Lessor will coordinate the harvesting activities with Lessee to minimize impacts on farming operations.
- M. To close roads for road protection, wildlife protection or administrative purposes. Planned road closures will be reviewed with Lessee prior to action by Lessor.
- N. To claim all permanent improvements placed upon the Leased Premises remaining after six (6) months in cases of abandonment by Lessee or to take possession immediately in cases of cancellation upon breach of any of the conditions of the Lease. No improvements will be disposed of by Lessor until all appeals have been exhausted.

15. Indemnification.

Lessee shall indemnify, defend and hold harmless Lessor, the State of Idaho, its officers, agents and employees from and against any liability, claims, actions, damages, costs, expenses or losses, including reasonable attorney's fees and costs caused by or arising out of the performance, acts or omissions of Lessee, Lessee's agents, officers or employees, or persons using the Leased Premises with Lessee's permission, or otherwise arising out of Lessee's use or occupation of the Leased Premises; or arising from the failure of the same to comply with any applicable state, federal, local, law, statute, rule, regulation, act, or provision of this Lease. This duty to indemnify, defend and hold harmless shall encompass any claims which include or allege negligence of Lessor, its agents, officers or employees other than claims which arise solely out of negligence on the part of Lessor, and this duty shall survive the termination or expiration of this Lease.

16. Payment of Taxes, Assessments or Fees – Lien.

Unless otherwise provided, Lessee shall pay all water charges, fees, assessments or taxes of whatsoever nature that may be legally levied or assessed against the Leased Premises herein described, or any portion thereof or on any improvements thereto. If the same is not paid, it shall constitute a lien in favor of the State of Idaho against all improvements, or crops growing on the Leased Premises.

17. Lessee's Default.

- A. Lessee's Failure to Comply. Lessee's failure to comply with the Lease Provisions and any Special Terms and Conditions shall be a breach giving rise to a basis for termination of the Lease. Lessor shall provide Lessee thirty (30) calendar days written notice of the cancellation and, if applicable, the corrective action required of Lessee. The notice shall specify a reasonable time to make a correction or cure the violation or breach, if such breach is subject to correction or cure. If the corrective action or cure is not taken within the specified time or does not occur, then the Lease shall be automatically terminated on the date specified in the written cancellation notice without any further notice or demand, unless otherwise agreed by Lessor in writing. Lessee shall not, while in default, remove any of the improvements, or crops thereon, whether crops are harvested or not unless directed by Lessor. In addition to the rights and remedies specifically granted to Lessor under this Lease, Lessor shall have such other rights and remedies against Lessee as are available at law or in equity, and Lessor's pursuit of any particular remedy for breach shall not, in and of itself, constitute a waiver or relinquishment of any other compatible claim of Lessor against Lessee.
- B. Lessor's Performance Upon Lessee Default. In the event Lessee fails to perform any act or do anything which Lessee is required to do under the terms of this Lease, Lessor shall have the right, but not the obligation, to perform on behalf of Lessee, any such action. Lessee shall immediately reimburse Lessor for all costs and expenses, including attorney fees, (including fees from the Office of the Attorney General of the State of Idaho), incurred by Lessor in performing any such act or thing. Lessee's obligation to pay costs hereunder shall be deemed to be additional rent fully due and payable on demand from Lessor.

18. Surrender of Land.

Lessee shall, at the termination or expiration of this Lease, deliver immediate possession and vacate the Leased Premises, leaving it in the same or better condition than it was in at the time of Lessee's entry on such premises under this agreement, except for reasonable use and wear, acts of God, or damage by causes beyond the control of Lessee, and upon vacating shall leave the demised land free and clear of all rubbish and debris, and with all improvements in good order and condition.

19. Cancellation By Mutual Agreement.

Leases may be cancelled by mutual agreement between the Lessor and the Lessee. The Lessor will not unreasonably withhold approval of a request for cancellation by a Lessee.

20. Notices.

- A. Notices. Any notice or any demand given under the terms of this Lease shall be deemed given and delivered on the date when personally delivered or if mailed, the date same is deposited in the United States Mail, and mailed by regular or certified mail, postage prepaid and properly addressed to the appropriate party.
- B. Addresses. Until changed by notice in writing, notice, demands, and communications under this Lease shall be addressed to Lessor at:

Idaho State Board of Land Commissioners
300 North 6th Street, Suite 103
PO Box 83720
Boise ID 83720-0050

and to Lessee at the address set forth at the beginning of this Lease. Any notice or correspondence mailed to Lessee at the last identified address shall be deemed effective delivery. It is Lessee's duty to notify Lessor, in writing, of any change in mailing address.

21. Waiver.

The waiver by Lessor of any breach of any term, covenant or condition of this Lease shall not be deemed to be a waiver of any past, present or future breach of the same or any other term, covenant or condition of this Lease. The acceptance of rent by Lessor hereunder shall not be construed to be a waiver of any violation of the term(s) of this Lease. No payment by the Lessee of a lesser amount than shall be due according to the terms of this Lease shall be deemed or construed to be other than a part payment on account of the most recent rent due, nor shall any endorsement or statement of any check or letter accompanying any payment be deemed to create an accord and satisfaction.

22. Attorneys' Fees and Costs.

In the event Lessor initiates a legal proceeding of any kind instituted under this Lease or to obtain performance of any kind under this Lease, and Lessor prevails, Lessor shall be awarded such additional sums as the court may adjudge for reasonable attorney's fees (including fees from the Office of the Attorney General of the State of Idaho) and to pay all costs and disbursements incurred in such proceeding, including, but not limited to, accountants' fees and fees of appraisers or other experts.

23. Lessee's Compliance with Applicable Laws and Rules.

- A. Full compliance. Lessee shall fully comply with all applicable federal, state, or local statutes, ordinances, rules, regulations and laws now existing or hereafter enacted. This shall include, but not be limited to, all applicable rules and regulations and standards promulgated by the State Board of Land Commissioners or the Idaho Department of Lands, including but not limited to, the rules governing leasing of endowment lands, IDAPA 20.03.14.
- B. No Waste or Nuisance. Lessee shall not use the Leased Premises in any manner that would constitute loss or waste, nor shall Lessee allow the same to be committed thereon. Lessee shall not do anything which will create a nuisance or a danger to persons or property.

24. Miscellaneous.

- A. No Trespass. Lessee shall not allow Lessee's livestock to graze or run at large over any lands of Lessor in a manner not approved within the Lease Terms and Special Provisions, nor shall Lessee authorize any other person to graze or run livestock over Lessor's lands without the express written consent of Lessor.
- B. Appraisals and Valuations. Any appraisal or valuation by Lessor called for in this Lease shall be done by Lessor in accordance with applicable state law and regulations, and the then existing policy of Lessor.

- C. Subject to Existing Leases/Easements. This Lease is expressly subject to any right-of-way, easement, lease or contract, including, but not limited to, any present or future timber sale contract, that are now in force and effect or that may hereafter be granted relating to the Leased Premises.
- D. Timber. This Lease does not authorize Lessee to cut any timber growing on the Leased Premises. Any unauthorized use of such timber by the Lessee or with his knowledge or consent, shall work a forfeiture of this Lease without notice, and said Lessee shall be responsible for damages in the amount of treble the value of the timber used or taken and all other damages. Said timber value to be determined by Lessor.
- E. Modification. This Lease may be modified only by a fully executed Lease Adjustment on a form provided by Lessor.
- F. Binding on Heirs and Successors. This Lease, including the Lease Provisions and any Special Terms and Conditions, shall inure to the benefit and be binding upon the heirs, executors, successors, sublessees, and assigns of the parties.
- G. Lessee's Non-Discrimination. Lessee shall not discriminate against any person because of race, creed, religion, color, sex, national origin or disability.
- H. Entire Agreement. This Lease, including the Summary of Lease Provisions, the Lease Provisions, the Signature Page and all Attachments attached hereto, contains the entire agreement between the parties concerning the subject matter hereof and supersedes any and all prior agreements. The execution of this Lease has not been induced by either party, or any agent of either party, by representations, promises or undertakings not expressed herein and, further, there are no collateral agreements, stipulations, covenants, promises, inducements or undertakings whatsoever between the respective parties concerning this Lease except those which are expressly contained herein.
- I. Governing Law and Forum. This Lease shall be construed in accordance with and governed by the laws of the State of Idaho and the parties consent to the jurisdiction of Idaho State courts located in Ada County in the event of any dispute with respect to this Lease.
- J. Severability. In the event any provision of this Lease shall be held invalid or unenforceable according to law, for any reason whatsoever, then the validity, legality or enforceability of the remaining provisions shall not in any way be affected or impaired.
- K. Counterparts. This agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute but one and the same instrument.



State of Idaho

DEPARTMENT OF WATER RESOURCES

322 E Front Street, Suite 648 • PO Box 83720 • Boise ID 83720-0098

Phone: (208) 287-4800 • Fax: (208) 287-6700

Website: idwr.idaho.gov • Email: idwrinfo@idwr.idaho.gov

BRAD LITTLE
Governor

GARY SPACKMAN
Director

July 16, 2019

EGIN BENCH CANALS INC
PO BOX 15
ST ANTHONY ID 83445

**RE: RENTAL OF WATER FROM THE WATER SUPPLY BANK
WATER RIGHT NOS. 21-12961 AND 21-12962, AGREEMENT 349**

Dear Renter:

Please find enclosed a receipt in the amount of **\$1,120.00** and a copy of a fully executed Water Supply Bank Rental Agreement in connection with the rental of 560.1 acre-feet of water for irrigation of 160.0 acres during 2019. Upon receipt of this fully executed agreement, you are authorized to divert water in compliance with the conditions of water use described in the agreement.

Pursuant to the Water Supply Bank Rules, the rental fee will be retained by the Department to offset administrative costs since you are the owner of the rights.

If you have any questions, please contact this office at (208) 287-4800.

Sincerely,


for Water Supply Bank

Enclosures: Receipt No. C107196
Rental Agreement (copy)

c: Sascha Marston – Fiscal
James Cefalo – IDWR Eastern Regional Office
Tony Olenichak – State Water District No. 01



State of Idaho

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BRAD LITTLE
Governor

GARY SPACKMAN
Director

July 2, 2019

EGIN BENCH CANALS INC
PO BOX 15
ST ANTHONY ID 83445

RE: **APPLICATION TO RENT WATER FROM THE WATER SUPPLY BANK
WATER RIGHT NOS. 21-12961 and 21-12962, AGREEMENT 349**

*****TIME SENSITIVE RESPONSE REQUIRED*****

Dear Applicant:

The Department of Water Resources acknowledges receipt of your application to rent water from the Water Supply Bank. **I have enclosed a Water Supply Bank Rental Agreement for your review and signature.** Upon signature and return of the original agreement, together with the rental fee described below, the Department will also sign the original agreement and return an executed copy to you. Execution of the agreement and compliance with the conditions of approval authorize diversion and use of water as provided in the agreement.

A rental fee of **\$11,202.00** was calculated based on the current rental rate of \$20.00 per acre-foot times a diversion volume of 560.1 acre-feet. Since you are both the lessor and the renter of the rights, **you are only obligated to pay the 10% administrative fee or \$1,120.00.** An annual payment shall be received by the Department prior to the execution of this agreement and prior to January 1 in all subsequent years for the duration of the rental period. The agreement will be void if payment is not received prior to the due date in a given year. If you would like to terminate the agreement prior to the end of the rental period, you must submit written notice of your intent to the Department at least 30 days prior to the rental fee due date.

Please send a check for \$1,120.00 made payable to the Idaho Department of Water Resources, **together with the signed rental agreement, within 14 days** so I can complete processing.

If you have any questions, please contact this office at (208) 287-4800.

Sincerely,

Water Supply Bank

Enclosures

c: IDWR Front Desk

MEMORANDUM FOR AGREEMENT # 349

To: Water Right(s) 21-12961 & 21-12962
From: Mary Condon
Date: June 5, 2019 (June 9, 2019)
Re: Review & Analysis of Application to Rent Water from the State Water Supply Bank

PURPOSE/NARRATIVE: Companion applications to lease and rent rights 21-12961 & 21-12962, received March 21, 2019, for a 5 year term. Purpose is to temporarily change the place of use, just outside of the irrigation company's boundary.

Land is owned by the state, but under a lease between Mr. Miller and Idaho Department of Lands (IDL) until 2036 for grazing. Additionally, it was recently approved by IDL to change the nature of use from grazing to irrigate crops.

AUTHORITY TO FILE: Application for rental is signed by Mr. Rasmussen, president, and Mr. Dalling, secretary, for Egin Bench Canals, Inc, to provide the water to Mr. Zak Miller (Whitesands Enterprises). As stated above, there is a valid lease of the lands (IDL #G800353) to Mr. M. Lee Miller in the west half of section 36, and Miller Land & Cattle are also the owner of the property in the east half of Section 36. No concerns with authority to file.

WATER RIGHT VALIDITY: These two rights were decreed in 2012, and are split from claims/renumbering of 1-0095 & 1-0096. The two rights are not additive in any rate, volume or acres, but in season of use. The irrigation under right 21-12961 is from 4/1 – 7/1 and the irrigation under right 21-12962 is from 7/2 – 10/31, at a lower rate per acre.

INJURY TO OTHER WATER RIGHTS: The lease of these rights and rental further down the Last Chance Canal system should not cause injury to other water rights held by Egin Bench Canals, Inc., or other surface water users.

ENLARGEMENT OF USE: There are no other water rights available at the rental place of use, and it is expected this will be a new pivot system. The rental values will be equal to the leased values with a headgate standard of 3.5 af per acre, but a high diversion rate of 0.06 cfs per acre in the spring, followed by 0.03 cfs per acre after July 2nd each year, as they are conditioned on the decrees. No enlargement is anticipated.

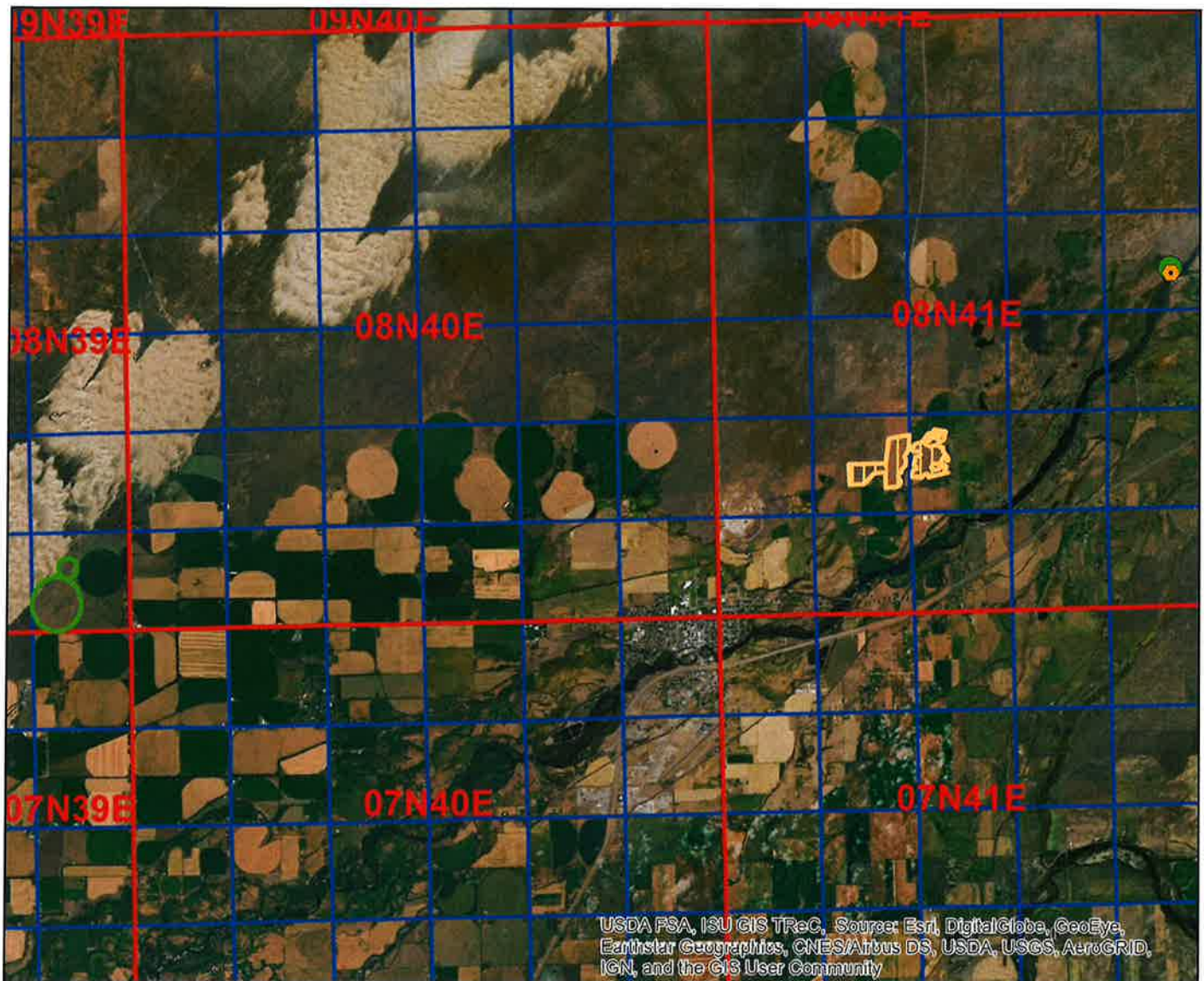
LOCAL PUBLIC INTEREST: Review staff has no information to suggest this application is inconsistent with the local public interest.

BENEFICIAL USE/CONSERVATION OF WATER RESOURCES: The rental appears consistent with the conservation of water resources in Idaho.

DEPARTMENT STAFF OR WATERMASTER COMMENTS: The location for the rental PD is subject to Water District # 01.

Email to the Watermaster and Eastern Region Manager requesting comments or concerns sent on June 9, 2019. Email to IDL on June 7, 2019, and to Egin Bench Canals, Inc., representative on June 9, 2019 requesting attachment B of the grazing lease.

Idaho Water Resource Board
Move Map - RA 349
Egin Bench Canals, Inc
21-12961 & 21-12962



- Active Water Supply Bank Lease POD
- Active Water Supply Bank Lease POU
- Authorized Rental Point of Diversion
- Authorized Rental Place of Use
- Township/Range
- Sections



0 1 2 Miles