STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

WATER SUPPLY BANK LEASE CONTRACT No. 826

This Lease Contract ("**Lease**") is between the Idaho Water Resource Board ("**Board**"), and

LESSOR: ONE SOURCE PARTNERS LLC
970 W BROADWAY #446
JACKSON, WY 83001

RECEIVED
DEC 24 2018
DEPARTMENT OF
WATER RESOURCES

RECITALS

1. The Board is authorized under chapter 17, title 42, Idaho Code to operate a water supply bank and to contract with lessors to act as an intermediary in facilitating the rental of water.

2. The Lessor has filed a completed application to lease water rights described below into the Water Supply Bank on forms supplied by the Idaho Department of Water Resources and received by the Department on August 28, 2018.

3. The Director of the Idaho Department of Water Resources has reviewed the application for compliance with the Water Supply Bank rules and has approved the Lease subject to conditions listed below.

NOW, THEREFORE, in consideration of the mutual covenants and contracts herein contained, and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

1. **WATER RIGHTS**: The Lessor shall lease and the Board shall accept into the Bank the Applicant's water rights described as follows:

Summary of Water Rights or Portions Leased to the Bank

Water Right No.	Priority Date	Source	Diversion Rate (CFS)	Diversion Volume (AF)	Acres (AC)
21-7154	6/29/1978	GROUND WATER	0.92	Not Stated	50.0
21-7155	6/29/1978	SAND CREEK, tributary to SINKS	0.81	175.00	50.0
Combined Limit Totals			**1.0**	**175.00**	**50.0**
Combined Lease Totals			**1.0**	**175.0**	**50.0**

2. **COMPENSATION**: The Lessor shall accept and the Board shall pay compensation determined by the amount of water rented under the following rental rate during such times as the water is rented from the Bank over the term of this Lease.

   Minimum Payment Acceptable: Current Rental Rate

3. **TERM OF LEASE**: The term of this lease shall be January 1, 2018 to December 31, 2022. This Lease shall bind the parties and take effect when both parties have signed it.

4. **WATER SUPPLY BANK CONDITIONS OF ACCEPTANCE**: The Lessor shall abide by all terms and conditions contained in the Water Supply Bank Conditions of Acceptance, attached hereto as "Attachment A" and incorporated herein by this reference.

WATER SUPPLY BANK LEASE CONTRACT No. 826

5. **CHANGE OF WATER RIGHT:** This lease specifies water right elements including but not limited to: diversion rates; diversion volumes; number of acres authorized to be irrigated; places of use; points of diversion; beneficial uses; and seasons of use. During the term of this lease, if a water right is administratively changed due to a water right split and renumbering, this lease may be reduced by an equal amount to reflect the water right elements as legally defined under the water right. If a lease contract cannot be reduced sufficient to reflect the legal definition of a water right as amended through a water right split and/or water right transfer, the Board may release the water right from the Water Supply Bank.

6. **ASSIGNMENT OF CONTRACT:** This lease is between the Board and the Lessor, who is the recognized owner or designated representative of the recognized owners of water rights described herein. Should ownership of any part of a water right herein described change during the term of this lease, either through a water right split, a water right transfer, sale of property to which the water right is appurtenant, or through any other recognized water right reassignment, the lease benefits and obligations to the conditions of acceptance for any such water rights will be assigned to the new owners.

7. **DUPLICATE ORIGINAL**: This Lease is executed in duplicate. Each of the documents with an original signature of each party shall be an original.

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

WATER SUPPLY BANK LEASE CONTRACT No. 826

IN WITNESS WHEREOF, the parties have executed this Contract on the date following their respective signatures.

LESSOR: ONE SOURCE PARTNERS LLC
970 W BROADWAY #446
JACKSON, WY 83001

By _____
Title Managing member
Date 12-14-18

IDAHO WATER RESOURCE BOARD
322 East Front Street
P.O. Box 83720
Boise, ID 83720-0098

By _____ Date 12/27/2018
Brian Patton, Acting Administrator
Idaho Water Resource Board

Lease approved by IDWR _____ Date 12-27-2018

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

WATER SUPPLY BANK LEASE CONTRACT No. 826

ATTACHMENT A
WATER SUPPLY BANK CONDITIONS OF ACCEPTANCE

The water rights or portions thereof leased to the bank are described as follows:

Source and Location of Point(s) of Diversion for Water Right No(s): 21-7154

GROUND WATER	L7 NWSWSW	Sec. 6	Twp 08N	Rge 42E	FREMONT County

Source and Location of Point(s) of Diversion for Water Right No(s): 21-7155

SAND CREEK	NENWSE	Sec. 1	Twp 08N	Rge 41E	FREMONT County
SAND CREEK	NENWSE	Sec. 1	Twp 08N	Rge 41E	FREMONT County

Water Right	Beneficial Use	Season of Use			Diversion Rate (CFS)	Volume (AF)
		From		To		
21-7154	IRRIGATION	04/01	to	10/31	0.92 cfs	Not Stated
21-7155	IRRIGATION	04/01	to	11/01	0.81 cfs	175.0 AF
	IRRIGATION STORAGE	01/01	to	12/31	N/A	18.0 AF
	IRRIGATION FROM STORAGE	04/01	to	11/01	Not stated	18.0 AF
				Totals:	1.00 cfs	175.0 AF

PLACES OF USE TO BE IDLED UNDER THIS LEASE: 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	41E	1				1									25			14	40.0
08N	42E	6							0.1 L5			9.9 L6							10.0

Total Acres: 50.0

PLACES OF USE TO BE IDLED UNDER THIS LEASE: IRRIGATION STORAGE

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	41E	1				X									X	X			

PLACES OF USE TO BE IDLED UNDER THIS LEASE: IRRIGATION FROM STORAGE
Same as IRRIGATION

ADDITIONAL CONDITIONS OF ACCEPTANCE

1. The water rights referenced above will be rented from the bank at the current rental rate.
2. There is no rental payment to the lessor of the water right if the right or a part thereof is not rented from the bank.
3. While a right is in the bank, the lessor may not use the right without approval of the Department even if the right is not rented from the bank. Any violation of the terms of this lease may result in enforcement procedures pursuant to Idaho Code § 42-351 for illegal diversion and use of water and may include civil penalties pursuant to Idaho Code § 42-1701B.

WATER SUPPLY BANK LEASE CONTRACT No. 826

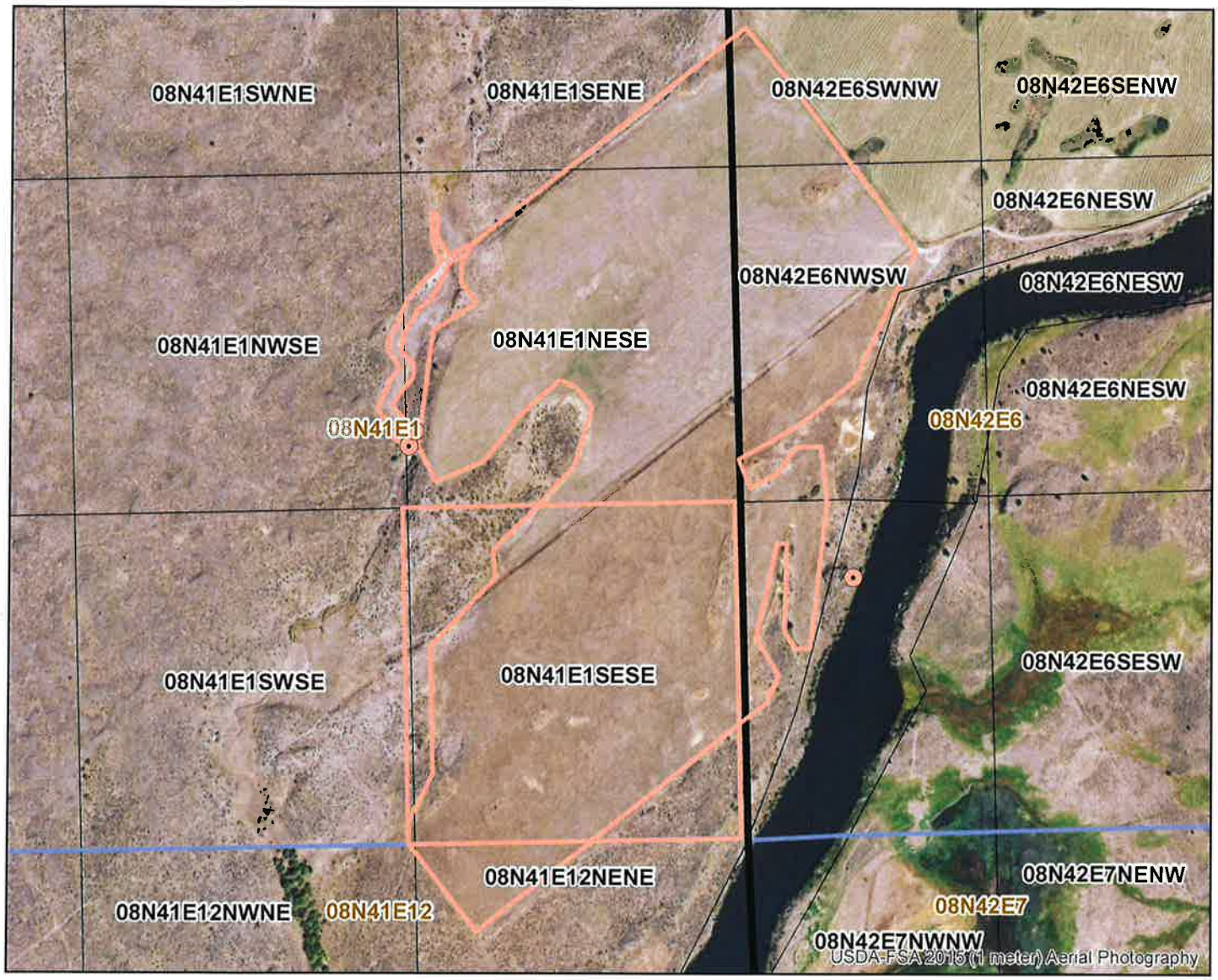
4. A right accepted into the bank stays in the bank until the Board releases it, or the lease term expires. A right may be released from the bank upon request, provided the Board approves the release. Unless approved by the Department, leased rights may not be immediately available for release.
5. While a water right is in the bank, forfeiture provisions are stayed pursuant to Idaho Code § 42-223(5).
6. Rental of water under this right is subject to the limitations and conditions of approval of the water right.
7. Failure of the right holder to comply with the conditions of acceptance is cause for the Director to rescind acceptance of the lease.
8. Acceptance of a right into 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.
9. In accordance with Idaho Code § 42-248 and § 42-1409(6), all owners of water rights are required to notify the Department of any changes in mailing address or change in ownership of all or part of a water right. Notice must be provided within 120 days of the change.
10. If a water right leased into the Water Supply Bank is sold or conveyed during the lease term, and if the leased right was rented, the rental proceeds will be disbursed in the following manner regardless of any arrangements between the buyer(s) and seller(s) to the contrary:
    a. Rental payments will go to the lessor(s) of record at the beginning of the rental season, even if the Department processes a Notice of Change in Water Right Ownership during the rental season.
    b. New lessor(s) of record will receive payment for any subsequent rental seasons.
11. The water right(s) is leased to the bank subject to all prior water rights and shall be administered in accordance with Idaho law and applicable rules of the Department of Water Resources.
12. Leased portions of right nos. 21-7155 and 21-7154 are limited to a total combined diversion rate of 1.00 cfs and to a total combined annual diversion volume of 175.0 AF.
13. Leased portions of right nos. 21-7155 and 21-7154 are limited to the irrigation of a combined total of 50.0 acres in a single irrigation season.
14. The storage of water under this right is contingent upon the certification of the dam and authorization of storage per the dam safety provisions of the Idaho Code.
15. This right is subject to regulation by the Watermaster of Water District No. 1.
16. Rental of water right 21-7155 should be limited to times when the water right is in priority and surface water flows are measurable from Sand Creek.

Idaho Water Resource Board

Water Supply Bank Lease Contract No. 826

21-7154 & 21-7155
Effective until December 31, 2022

This map depicts the **place of use to be idled** pursuant to the lease contract and is attached to the contract solely for illustrative purposes.



Approved Lease Point of Diversion
Approved Lease Place of Use
Townships
PLS Sections
Quarter Quarters

N

Feet
0 250 500

Form 42-1761-1 10/15

STATE OF IDAHO
WATER RESOURCE BOARD

RECEIVED
AUG 27 2018
DEPARTMENT OF WATER RESOURCES

APPLICATION TO SELL OR LEASE A WATER RIGHT TO THE WATER SUPPLY BANK

Designated Applicant One Source Partners LLC
(Select one owner – see item 1A on the application)

Water Right No. 21-7154
(One water right per application)

Is this application being submitted with a rental application as a lease/rental package? Yes ☐ No ☑

This application must be prepared in accordance with the minimum requirement checklist below. Use this checklist to ensure all necessary documentation has been provided. This checklist is part of the lease application and must be included with the lease application. **Applications that do not meet the minimum requirements will not be processed and may be returned or denied.**

MIMUMUM REQUIREMENT CHECKLIST

All items must be checked as either *Attached* (Yes) or *Not Applicable* (N/A)

Yes	
☑	Completed *Application to Sell or Lease a Water Right to the Water Supply Bank.*
☑	Application filing fee of $250.00 per water right. If you are submitting more than one lease application and the water rights have an overlapping, common place of use, or a common diversion rate or volume, the total fee for all water rights is $500.00. For places of use, multiple water rights must be used to irrigate the same lands in order to qualify for the joint filing fee. Individual filing fees are required for water rights that share a common permissible place of use but which cover separate acres within the permissible place of use.
☑	Confirmation this form has been printed **single sided**, per requirement of the Water Supply Bank.

Attachment	N/A	Yes	
1A	☐	☑	Signatures and contact information for ***all owners*** of the water right to be leased or sold on this application.
1B	☐	☑	An Internal Revenue Service (IRS) Form W-9 for the Designated Applicant.
1C	☑	☐	*Notice of Change in Water Right Ownership* form (accessible from www.idwr.idaho.gov).
1D	☐	☑	Contact information for an authorized representative and documentary proof they are authorized to represent the Designated Applicant on this application. If the Designated Applicant is a business, partnership, municipality, organization or association, include documents identifying officers authorized to sign or act on behalf of the entity.
2	☑	☐	Description of a water right portion offered to the Water Supply Bank.
3	☐	☑	A map that clearly outlines the specific location where irrigated acres will be dried up, or where a beneficial use of water will be suspended. You have the option of printing a map using the map tool on IDWR's website at: www.idwr.idaho.gov.
4A	☑	☐	Written consent from irrigation district or water delivery company.
4G	☐	☐	Evidence demonstrating the water right has not been forfeited pursuant to Section 42-222(2), Idaho Code.

Department Use Only

Fee Amount $ 250	Received By: AW	Date Received: 8/27/18	Receipt # 605553
W-9 received? Yes ☑ No ☐	(Route W-9 to Fiscal)	Name on W-9: One Source Partners	

1157

STATE OF IDAHO
WATER RESOURCE BOARD

APPLICATION TO SELL OR LEASE A WATER RIGHT
(Continued)

1. CONTACT INFORMATION

A. This application must be completed by a Designated Applicant who is a current owner of the water right being sold or leased to the Water Supply Bank. If there are additional current owners, those individuals must authorize the Designated Applicant to represent them on this application by completing and signing Attachment 1A of this application package.

Designated Applicant One Source Partners LLC

Mailing Address 970 W Broadway #446/ PO Box 30,000 Jackson Wyoming 83001
Street City State Zip Code

Email Address _____ Phone Number 800-914-2689

☐ The Designated Applicant is the sole owner of the water right being sold or leased to the Water Supply Bank.

OR

☑ The Designated Applicant is representing additional water right holders who have completed Attachment 1A.

B. Has the Designated Applicant submitted an IRS Form W-9 to this Department within the last 2 years? Yes ☑ No ☐
If no, complete the form and attach to this application (Attachment 1B).

C. Are all applicants on this form listed in IDWR's records as the current owners of the water right? Yes ☑ No ☐
If no, attach a *Notice of Change in Water Right Ownership* form along with the required documentation and fee (Attachment 1C).

D. Is this application being completed by an authorized representative of the Designated Applicant? Yes ☑ No ☐
If yes, representatives (includes employees of Designated Applicant companies) must complete this section and submit documentary proof of their authority to represent the Designated Applicant (Attachment 1D).

Name of Representative Kristin Moore Organization Rocky Mountain Environmental Assoc. Inc.

Professional Title Senior Water Right Consultant Email Address kristin.rmea@gmail.com

Mailing Address 482 Constitution Way Ste 303, Idaho Falls, ID 83402 Phone Number 208-524-2353

☐ Send all correspondence for this application to the representative and not to the Designated Applicant.

OR

☑ Send original correspondence to the Designated Applicant and copies to the representative.

2. DESCRIPTION OF WATER RIGHT OFFERED TO THE BANK

☑ The full water right is being offered to the Bank.

OR

☐ A part of the water right is being offered to the Bank.
If a portion of the water right is being offered, **complete Attachment 2**.

3. MAP

Attach a map of the point(s) of diversion and place(s) of use proposed to be idled by this lease application. Make sure the idled 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 idle. If the water right proposed for lease is located within a permissible place of use (PPU) and portions of the PPU will continue to receive water from non-leased water rights, clearly outline on a map the acres within the PPU that will continue to be irrigated, as well as acres that will be idled during the lease term. Label the map **Attachment 3**.

STATE OF IDAHO
WATER RESOURCE BOARD

APPLICATION TO SELL OR LEASE A WATER RIGHT
(Continued)

4. GENERAL INFORMATION

A. Is the diversion works or system owned or managed by an irrigation district or water delivery company? Yes ☐ No ☑
If yes, provide written consent from the company, corporation or irrigation district authorizing the proposed sale or lease (Attachment 4A).

If your water right is delivered through a canal, lateral or ditch operated by a canal company, irrigation district, or similar delivery entity, your lease request must include written consent from the company, district, or similar entity for your removal of water from its system pursuant to Section 42-108, Idaho Code and IDAPA WSB Rule 37.02.03.25.02e.

B. Please provide a description of the current water diversion and delivery system.
A well adjacent to the property has delivered the water into hand lines for irrigation.

C. Describe any other water rights used for the same purpose at the same place of use as the water right being offered to the Bank. Water right 21-7155, from Sand Creek, overlaps the same place of use. It is also proposed to put this water right into the Water Supply Bank.

D. Are any of the water rights identified in Section 4C stacked with the water right proposed for lease? Yes ☑ No ☐
Stacked water rights are used together to achieve a common beneficial use, such as irrigation of the same lands. Stacked water rights cannot be separated and must be jointly leased to the Water Supply Bank. Stacked water rights qualify for the multiple fee payment of $500.

E. Will the present place of use continue to receive water from any other source? Yes ☐ No ☑
If yes, explain the relationship between the different water sources and how enlargement of the authorized use will not occur if this water right is leased.

F. Identify annual volumes and/or rates of water diverted in the last 5 years to accomplish the beneficial use authorized by this water right. This right has been used primarily as the source of water for irrigation of alfalfa. The surface water right is rarely available. No measuring devices have been installed on the well, but applicant estimates the full diversion rate was used and typical volumes for irrigation of alfalfa (about the full volume of the right).

G. Has any portion of this water right undergone a period of five or more consecutive years of non-use? Yes ☑ No ☐
If yes, describe the circumstances and attach evidence to demonstrate how the water right has not been lost through forfeiture (Attachment 4G). See Section 42-223, Idaho Code for exceptions to forfeiture. Your application may be denied if forfeiture concerns are not addressed. Land was last irrigated in 2012. According to the Administrator's Memorandum from Gary Spackman regarding Forfeiture Review Period, dated March 5, 2012, the water right is in the sixth year since it was last used and the Department would not yet find forfeiture since action is being taken to preserve the right.

H. Is this water right involved in any other IDWR process, such as an application for transfer or a mitigation plan?
If yes, describe. Yes ☐ No ☑

STATE OF IDAHO
WATER RESOURCE BOARD

APPLICATION TO SELL OR LEASE A WATER RIGHT
(Continued)

5. SALE/LEASE AGREEMENT

A. Is the water right, or portion thereof, offered to the Idaho Water Resource Board (IWRB) for sale ☐ or lease ☑?

If lease, specify the years when the use of water will be suspended: 2018 (Year) to 2022 (Year) (maximum lease period 5 calendar years).

B. Show the minimum payment acceptable to the seller/lessor. The minimum payment may be shown as the "current rental rate" as established by the IWRB. Include the method of determining the minimum payment if other than the current rental rate.

Current Rental Rate

I hereby assert that the information contained in this application is true to the best of my knowledge, and that I have the authorities necessary to offer this water right for sale or lease to the Idaho Water Resource Board.

The Designated Applicant acknowledges the following:

1. Payment to the Designated Applicant is contingent upon the sale or rental of the water right from the Bank.
2. While a water right is in the Bank, the seller/lessor of the water right may not use the water right, even if the water right is not rented from the Bank.
3. A water right accepted into the Bank stays in the Bank until the Designated Applicant receives written confirmation from the Board or Water Supply Bank that the water right has been released from the Bank.
4. While a water right is in the Bank, forfeiture is stayed.
5. Acceptance of a water right into the Bank does not, in itself, confirm the validity of the water right or any element of the water right.

[signature]	THOMAS GARLOCK	8-9-18
Signature of Designated Applicant	Printed Name MANAGER ONE SOURCE PARTNERS, LLC	Date
KAREN GARLOCK	KAREN GARLOCK	8-9-18
Signature of Authorized Representative	Printed Name	Date

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

Form 42-1761-1 10/15

STATE OF IDAHO
WATER RESOURCE BOARD

ATTACHMENT 1A

Additional Water Right Holders Party to the Lease Application

For the water right on this application, list all owners (individuals or business entities) of the right or the property to which it is appurtenant. All water right holders must sign a Water Supply Bank Lease Application. However, only the Designated Applicant needs to provide a completed IRS Form W-9 (Attachment 1B). **All correspondence and any financial payment associated with the rental of this water right will be directed to the Designated Applicant**. If additional space is needed to list any other water right holders, attach a second copy of Attachment 1A.

If submitting multiple applications, it is only necessary to complete one Attachment 1A for the group of applications. List each water right below.

Water Right No(s). 21-7154, 21-7155

	Designated Applicant	Applicant #2	Applicant #3
Name	One Source Partners LLC	Karen Garlock	Thomas Garlock
Mailing Address	970 W Broadway #446, PO Box 30,000, Jackson, WY 83001	970 W Broadway #446, PO Box 30,000, Jackson, WY 83001	970 W Broadway #446, PO Box 30,000, Jackson, WY 83001
Phone Number	800-914-2689	800-914-2689	800-914-2689
Email Address			
Applicant Declaration	As Designated Applicant, I submit this lease application on behalf of all other water right holders.	I authorize the Designated Applicant to submit this application on my behalf.	I authorize the Designated Applicant to submit this application on my behalf.
Signature	Thomas Garlock Managing Member	Karen Garlock	Thomas Garlock

	Applicant #4	Applicant #5	Applicant #6
Name			
Mailing Address			
Phone Number			
Email Address			
Applicant Declaration	I authorize the Designated Applicant to submit this application on my behalf.	I authorize the Designated Applicant to submit this application on my behalf.	I authorize the Designated Applicant to submit this application on my behalf.
Signature			

TO: IDAHO DEPARTMENT OF WATER RESOURCES

FROM: ONE SOURCE PARTNERS LLC

RE: Authorized Representatives

Rocky Mountain Environmental Associates, Inc.
482 Constitution Way 303
Idaho Falls, ID 83402
(208) 524-2353 / (208) 524-1795 Fax

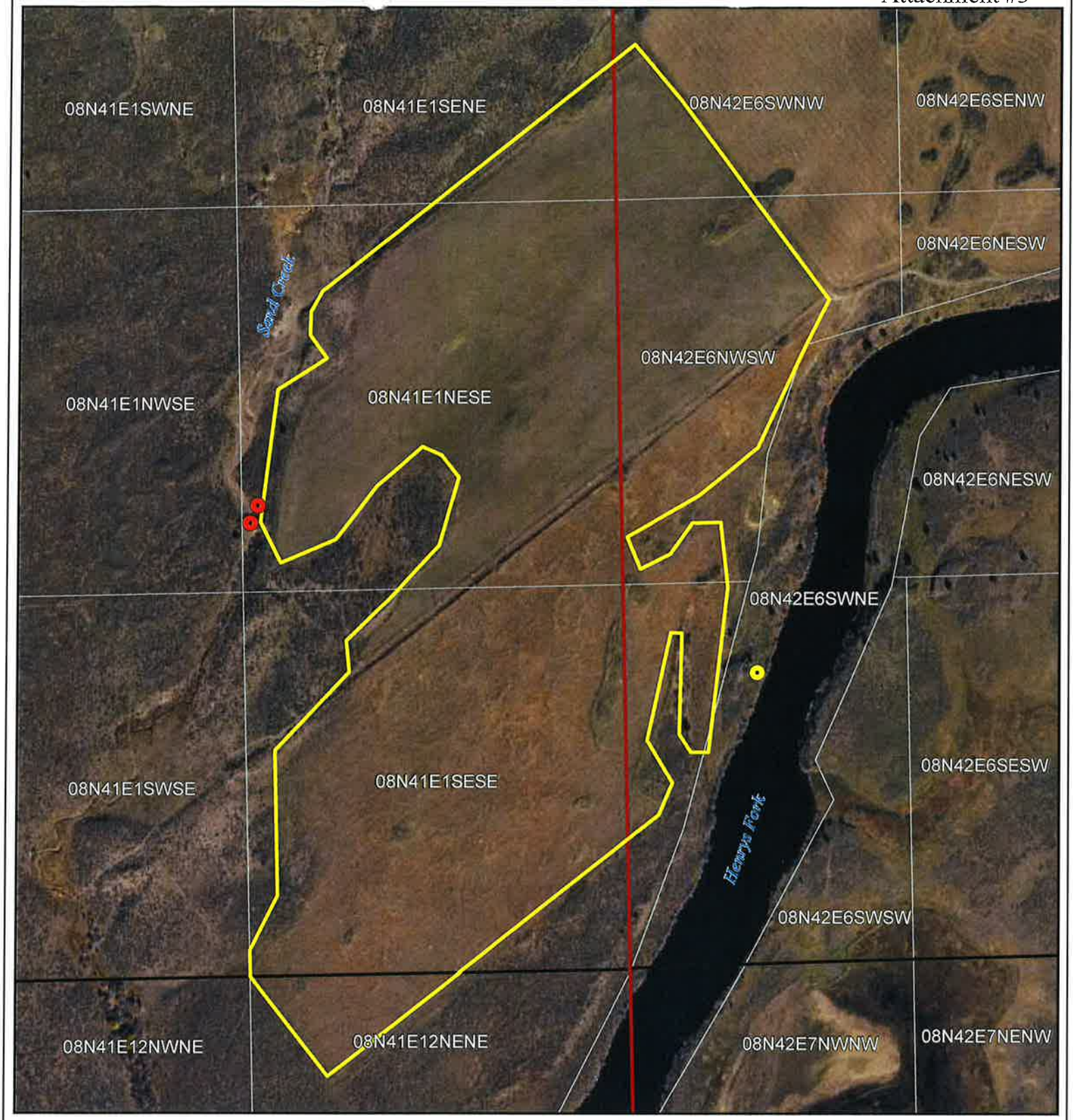
The following are designated representative of Rocky Mountain Environmental Associates, Inc.:

John R. Rice, Jr. ..... President
W. Roger Warner ..... Vice-President
Kristin M. Moore ..... Senior Water Rights Analyst ..... (PRIMARY CONTACT)
Chad Jensen ..... Staff Water Rights Analyst

This authorizes these individuals to act as Representatives on behalf of Once Source Partners LLC. These representatives may submit information for Once Source Partners LLC, but are not authorized to sign on behalf of Once Source Partners LLC. This designation is only for the Water Banking of Water Right Nos. 21-7154 and 21-7155.

Signature	Printed Name	Date
[illegible]	THOMAS GADLOCK	8-9-18
[illegible]	ANDREW GADLOCK	8-9-18

Attachment #3



0 0.05 0.1 0.2 Miles

2017 Aerial Photography

Legend

- WR POD 21-7154
- WR POD 21-7155
- Place of Use
- Twp & Rng
- Section
- QQ

N W E S

Right Nos. 21-7154 and 21-7155

One Source Partners LLC

RMEA #18-0058

by: KM

Date: 7/30/2018

Rocky Mountain ENVIRONMENTAL ASSOCIATES, INC.

No. **W 39993**	**Due no later than Jun 30, 2018** **Annual Report Form**	2. Registered Agent and Address **(NO PO BOX)**
Return to: SECRETARY OF STATE 700 WEST JEFFERSON PO BOX 83720 BOISE, ID 83720-0080 **NO FILING FEE IF RECEIVED BY DUE DATE**	**1. Mailing Address: Correct in this box if needed.** ONE SOURCE PARTNERS, LLC THOMAS GARLOCK 970 W BROADWAY #446 P.O.BOX 30,000 JACKSON WY 83002	THOMAS GARLODE 65 E HOWARD DRIGGS ID 83422 3. New Registered Agent Signature:*

4. Limited Liability Companies: Enter Names and Addresses of at least one Member or Manager.

Office Held	Name	Street or PO Address	City	State	Country	Postal Code
MANAGER	THOMAS GARLOCK	970 W BROADWAY #446	JACKSON	WY		83001

5. Organized Under the Laws of: **ID** **W 39993**	6. Annual Report must be signed.* Signature: Donna Gordon Date: 04/23/2018 Name (type or print): Donna Gordon Title: Controller
Processed 04/23/2018	* Electronically provided signatures are accepted as original signatures.

State of Idaho
DEPARTMENT OF WATER RESOURCES
322 East Front Street • P.O. Box 83720 • Boise, Idaho 83720-0098
Phone: (208) 287-4800 • Fax: (208) 287-6700 • Website: www.idwr.idaho.gov

C.L. "BUTCH" OTTER
Governor

GARY SPACKMAN
Director

December 28, 2018

ONE SOURCE PARTNERS LLC
970 W BROADWAY #446
JACKSON WY 83001

RE: WATER SUPPLY BANK LEASE CONTRACT 826 FOR WATER RIGHTS 21-7154 & 21-7155

Dear Lessor:

Water rights **21-7154 & 21-7155** were leased into the Water Supply Bank (Bank) as of January 1, 2018, in accordance with the enclosed executed lease contract. **Your water right, as described on the lease contract, is considered leased into the Bank and should remain unused until it is formally released from the Bank**. More information and further restrictions placed on your water right while leased can be found in conditions of acceptance of the lease contract. Read the conditions of acceptance carefully.

The right will automatically be released from the Bank on **December 31, 2022,** unless the right is released earlier by the Water Resource Board (Board). On behalf of the Board, the Department of Water Resources (Department) can evaluate an early release of the lease contract upon your request. To release the water right from the Bank prior to the release date, submit a written request on the *Request to Release a Water Right from the Bank* form. This form is available on our public website at www.idwr.idaho.gov. **Please note your water right may not be available for immediate release if it has been rented or is being considered for a future rental. Furthermore, it is at the discretion of the Department whether or not a water right can be released early from a lease contract.**

If you have questions regarding this matter, please contact this office at 287-4800.

Sincerely,

Jean Husley

for Water Supply Bank

Enclosure: Executed Lease Contract

c: James Cefalo- IDWR Eastern Region
Watermaster – Water District 01
Rocky Mountain Environmental

Hersley, Jean

From: Hersley, Jean
Sent: Thursday, December 27, 2018 2:41 PM
To: Cefalo, James; Swank, Lyle; kristin.rmea@gmail.com
Subject: Executed WSB Contract for One Source Partners LLC
Attachments: 20181227143522

I have attached a copy of the executed lease contract for water rights 21-7154 & 21-7155 for your information and files. Please let me know if you have any questions. Thank you.

State of Idaho
DEPARTMENT OF WATER RESOURCES
322 East Front Street • P.O. Box 83720 • Boise, Idaho 83720-0098
Phone: (208) 287-4800 • Fax: (208) 287-6700 • Website: www.idwr.idaho.gov

C.L. "BUTCH" OTTER
Governor

GARY SPACKMAN
Director

November 29, 2018

ONE SOURCE PARTNERS LLC
970 W BROADWAY #446
JACKSON WY 83001

RE: REQUEST FOR RETURN OF SIGNED WATER SUPPLY BANK LEASE CONTRACTS 826 FOR WATER RIGHTS 21-7154 and 21-7155

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

Dear Applicant,

The Department of Water Resources (Department) mailed **two original Water Supply Bank Lease Contracts for your review and signature** on November 9, 2018. The signed contracts have not been returned to the Department.

Please sign both original Lease Contracts and return them to the Department within ten (10) days of this letter to complete processing. The Lease Contract is not considered final until both you and the Department have signed.

If the signed lease contracts are not received by the Department within the 10-day period, the lease application will be returned, and the application fee will not be refunded. You can reapply to lease the water right in the future by submitting new application form along with applicable fees.

Please note the forfeiture period is not tolled unless a right is accepted into the Bank, or unless an exception or defense to forfeiture applies as described under Idaho Code § 42-223. If forfeiture is a concern, you may consider filing an Application for Extension of Time to Avoid Forfeiture of a Water Right form. This and other water right forms are available from the Department's web site at www.idwr.idaho.gov.

If you have questions regarding this matter, please contact this office at 287-4800.

Sincerely,

Water Supply Bank

c: Kristin Moore – Rocky Mountain Environmental

State of Idaho
DEPARTMENT OF WATER RESOURCES
322 East Front Street • P.O. Box 83720 • Boise, Idaho 83720-0098
Phone: (208) 287-4800 • Fax: (208) 287-6700 • Website: www.idwr.idaho.gov

C.L. "BUTCH" OTTER
Governor

GARY SPACKMAN
Director

November 9, 2018

ONE SOURCE PARTNERS LLC
970 W BROADWAY #446
JACKSON WY 83001

RE: APPLICATIONS TO LEASE WATER RIGHTS 21-7154 and 21-7155 TO THE WATER SUPPLY BANK
CONTRACT 826

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

Dear Applicant:

The Department of Water Resources has completed its review of your application to lease the above-mentioned water right to the Water Supply Bank. **I have enclosed two original Water Supply Bank Lease Contracts for your review and signature**. **Please sign and return ALL Lease Contracts within 14 days**. Upon signature and return of the contracts, the Department will also sign the original contracts and return an executed copy to you. The Lease Contract is not considered final until you and the Department have both signed.

The rights will automatically be released from the Bank on **December 31, 2022,** unless the rights are released earlier by the Board, or upon your request. To release the rights from the Bank prior to the release date, submit a written request on the Request to Release a Water Right from the Bank form. To propose a new lease period, submit a new Application to Sell or Lease a Water Right to the Water Supply Bank form along with applicable fees to the Department. These forms are available from any IDWR office or from our public website at http://www.idwr.idaho.gov. Please note your rights may not be available for immediate release if they have been rented.

Please review the conditions of acceptance listed on the Lease Contract, including #3 which says:

> "While a right is in the bank, **the lessor may not use the right** without approval of the department even if the right is not rented from the bank. Any violation of the terms of this lease may result in enforcement procedures pursuant to Idaho Code § 42-351 for illegal diversion and use of water and may include civil penalties pursuant to Idaho Code § 42-1701B."

If you have questions regarding this matter, please contact this office at 287-4800.

Sincerely,

Water Supply Bank

Enclosures: Proposed Lease Contracts
Receipt # C105558

c: Kristin Moore – Rocky Mountain Environmental

Memorandum

To: Water Rights 21-7154 & 21-7155
From: Remington Buyer
Date: October 15, 2018
Re: Water Supply Bank Lease Application 1157 & Contract 826

Purpose/Narrative: Water Supply Bank lease application 1157, proposing to lease into the Bank water rights 21-7154 and 21-7155, was received August 28, 2018. The full extent of water use under both water rights was proposed for lease.

Authority to File: IDWR records show current water right ownership in the name of Thomas Garlock, Karen Garlock, and One Source Partners LLC. Idaho Secretary of State records list Thomas Garlock as the manager of One Source Partners LLC. Both Thomas and Karen have signed the lease applications.

Fremont County Assessor Office records indicate that much of the land to which these water rights are appurtenant is owned by Thomas and Karen Garlock, while some of the lands are listed as being in ownership by Thomas Garlock and James Nedrow. James Nedrow applied for permit and developed these water rights, however the rights were decreed to the Garlocks/One Source Partners LLC during the SRBA. No ownership change documents are accessible in the water right files, however for the purpose of this review, it is accepted that the Garlocks/One Source Partners LLC own these water rights and the land to which they are appurtenant. No concerns about authority to file.

Water Right Validity/Forfeiture Evaluation: These water rights were decreed in 2007 and 2009 for amounts as follows:

Water Right	Source	Beneficial Use	Div. Rate	Div. Volume	Acres	Rate/Acre	Vol/Acre
21-7154	Groundwater	Irrigation	1.480 cfs	Not Stated	80.5 ac	0.018 cfs/ac	Not Stated
21-7155	Sand Creek	Irrigation	1.480 cfs	318.50 af	91.0 ac	0.016 cfs/ac	3.5 afa/ac
		Irrigation Storage		18.00 af			
		Irrigation from Storage		18.00 af			
		Stockwater	0.020 cfs	4.00 af			
	Combined Limits	**Irrigation**	**1.820 cfs**	**340.50 af**	**91.0 ac**	**0.020 cfs/ac**	**3.5 afa/ac**

Note: ground water right 21-7154 was licensed with an annual diversion volume of 243.0 af (3.0 afa/ac), however the Snake River Basin Adjudication (SRBA) Court decreed it without a volume. For the purposes of this review, the right shall be considered for lease without a volume, per the SRBA decree.

Image 1 immediately to the right outlines the recorded places of use for irrigation storage (delineated in blue), irrigation (delineated in green) and stockwater (delineated in purple), along with the points of diversion for irrigation from storage, and irrigation from ground water (symbolized by orange circles).

Image 1 – POUs and PODs

Lease application information states that the last time that water was beneficially used for irrigation at this place of use was in 2012. Color satellite imagery confirms partial irrigation of the place of use during 2011 (see Image 2 on the next page) while near-infrared satellite imagery suggests a potential partial irrigation of the place of use may have occurred in 2013 (see Image 3 on the next page where vegetated area is delineated in yellow).

Color imagery is unavailable for 2012 and 2012 near-infrared imagery does not confirm evidence of any vegetation/irrigation.

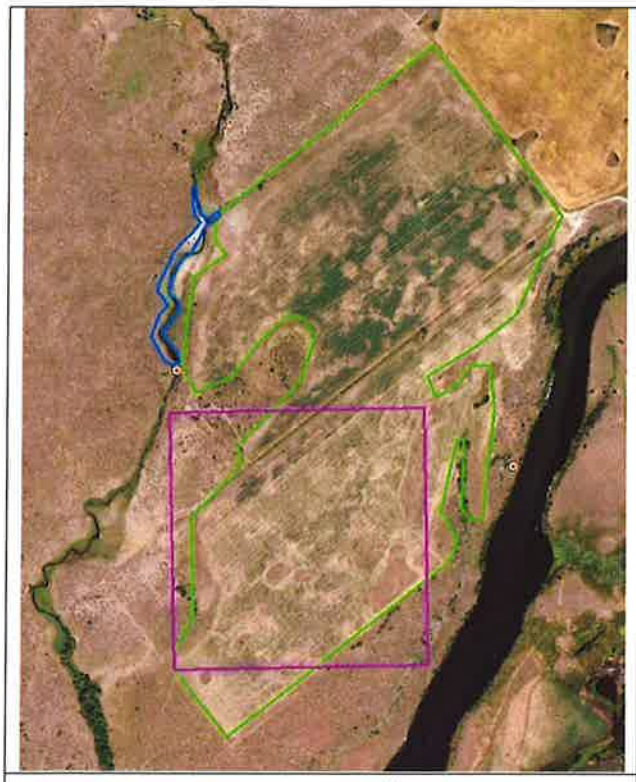


Image 2 – 2011 Color Satellite Imagery

Image 3 – 2013 Near-Infrared Satellite Imagery

If the last time irrigation occurred was during 2012, an action is required during 2018 to avoid notions of forfeiture of irrigation use under water rights 21-7154 and 21-7155. Because evidence of irrigation in 2012 is not apparent, it is proposed that the lease of irrigation use under these water rights be based on the vegetated area observed in Image 3, which is 50 acres. Note: lease applications contain no documented evidence of stock watering in recent years.

The applicant was notified of the Department's intent to accept for lease 50 acres of irrigation use under these water rights, and they were presented with an opportunity to provide evidence establishing the extent of irrigation above and beyond 50.0 acres, as well as the opportunity to provide evidence of irrigation storage and stock watering. No additional evidence was provided by the applicant. As such, consistent with Water Supply Bank Rule 25.06.c, stock watering elements of water rights 21-7154 and 21-7155 are not being accepted for lease into the Bank.

Injury Evaluation: No injury is foreseeable through the none-use of water for irrigation purposes, through a lease to the Bank of 50.0 acres under these water rights. Proper rental review should guard against injury if this water right is requested for rental.

Enlargement of Use: Water right 21-7154 authorizes irrigation of 80.5 acres from ground water, while 21-7155 authorizes irrigation of an additional 10.5 acres (for a total of 91.0 acres) from Sand Creek, a surface water source. Though the rights feature equal priority dates, licensing notes for water right 21-7155 indicate that ground water is the primary source for irrigation of the place of use, and this is corroborated by Water District 1 staff comments which suggest the bed of Sand Creek is often dry during most of the summer, and flows from Sand Creek into the Henrys Fork reportedly only occur during wet years and during the peak of spring runoff.

Avoiding enlargement in water use under these two water rights requires ensuring that an equal acre-for-acre amount of surface water right 21-7155 is kept together with ground water right 21-7154. Because only 50.0 acres of Sand Creek and ground water irrigation is being accepted into the Bank, the water rights can be leased as follows:

Water Right	Source	Beneficial Use	Div. Rate	Div. Volume	Acres	Rate/Acre	Vol/Acre
21-7154	Groundwater	Irrigation	0.919 cfs	Not Stated	50.0 ac	0.018 cfs/ac	Not Stated
21-7155	Sand Creek	Irrigation	0.813 cfs	175.00 af	50.0 ac	0.016 cfs/ac	3.5 afa/ac
		Irrigation Storage		18.00 af			
		Irrigation from Storage		18.00 af			
Combined GW+SW Rental		**Irrigation**	**1.000 cfs**	**175.00 af**	**50.0 ac**	**0.020 cfs/ac**	**3.5 afa/ac**

Note: although the applicant did not provide evidence of irrigation storage under water right 21-7155 in recent years, 50.0 acres of the irrigated place of use common to both water rights 21-7154 and 21-7155 is accepted as not forfeited, and irrigation storage is also accepted as not forfeited, since diversions of ground water provided water for the common beneficial use. However, in light of Water District 01 comments about the itinerant nature of surface water flows from Sand Creek, a condition will be place of this lease recognizing that water right 21-7155 should only be rented if and when surface water flows from Sand Creek are observed as reaching the Henrys Fork River. Finally, if a future Water Supply Bank request to rent the above water rights involves a change in nature of use evaluation, it should be noted that the lease applications suggest the most recent water use was for irrigation of alfalfa.

Local Public Interest: Staff have no information to suggest this lease is contrary to any local public interests.

Beneficial Use/Conservation of Water Resources: These water rights propose the lease of beneficial uses of water and it is not expected that the lease should have a negative impact on water conservation practices.

Department/Watermaster Comments: These water rights are subject to administration by the watermaster of Water District 1. Comments from IDWR Eastern Region and Water District 1 staff Lyle Swank and Tony Olenichak suggest Sand Creek is usually dry and the potential rental of surface water right 21-7155 should be carefully scrutinized to ensure a temporary transfer of water right via the Water Supply Bank 21-7155 does not result in an enlargement in the diversion and use of surface water under the right.

Water Supply Bank Evaluation: Subject to a positive recommendation from WD 1 / IDWR Eastern Office, it is recommended these water rights be leased to the Bank.

From: Kristin Moore [mailto:kristin.rmea@gmail.com]
Sent: Monday, October 08, 2018 9:04 AM
To: Buyer, Remington <Remington.Buyer@idwr.idaho.gov>
Subject: RE: One Source Partners Lease

Remington,

I failed to contact you last week, but wanted to let you know there is no dispute with the WSB issuing the lease agreement for the 50 acres. The client was not able to obtain any additional evidence beyond what we reviewed prior to submitting the lease.

Thank you,

Kristin Moore
Senior Water Rights Analyst
482 Constitution Way, Ste 303, Idaho Falls, ID 83402
E-Mail: kristin.rmea@gmail.com
VOICE: 208-524-2353 ||| FAX: 208-524-1795
Rocky Mountain ENVIRONMENTAL™ Associates, Inc.

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From: Buyer, Remington [mailto:Remington.Buyer@idwr.idaho.gov]
Sent: Thursday, September 06, 2018 11:36 AM
To: Kristin Moore <kristin.rmea@gmail.com>
Subject: One Source Partners Lease

Kristin,

I've reviewed the lease of water rights 21-7154 and 21-7155 by One Source Partners LLC. IDWR is prepared to issue a lease contract for 50.0 acres of irrigation use under the two water rights, as this is the extent of irrigation possibly observed in 2013. We did not observe any irrigation during 2012, nor do we have any evidence of stock watering or irrigation storage under 21-7155.

Prior to finalizing our lease review of these water rights, we'll provide One Source Partners with thirty days to submit to our office evidence of irrigation above and beyond 50.0 acres during 2012 along with evidence of stock watering and irrigation storage. The attached letter will be going out by mail tomorrow.

Please feel free to contact me if you have any questions about the processing of this lease proposal.

Regards,

Remington

State of Idaho
DEPARTMENT OF WATER RESOURCES
322 East Front Street • P.O. Box 83720 • Boise, Idaho 83720-0098
Phone: (208) 287-4800 • Fax: (208) 287-6700 • Website: www.idwr.idaho.gov

C.L. "BUTCH" OTTER
Governor

GARY SPACKMAN
Director

September 7, 2018

ONE SOURCE PARTNERS
970 W BROADWAY #446
JACKSON WY 83001

RESPONSE DEADLINE
October 5, 2018

RE: ADDITIONAL INFORMATION REQUEST FOR PROCESSING APPLICATION TO LEASE WATER RIGHTS TO THE WATER SUPPLY BANK

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

Dear Applicant:

The Department of Water Resources ("Department") has reviewed your Application to Lease Water Rights to the Water Supply Bank (Application Number 1157) and determined that additional information is required to continue processing your application. Specifically, the following information is requested:

- ***confirmation of the date when Sand Creek surface water was last stored for irrigation purposes under water right 21-7155;***
- ***confirmation of the date when stock were last watered with Sand Creek surface water diverted under water right 21-7155; and***
- ***documentary evidence confirming the total number of acres irrigated during 2012 under either Sand Creek surface water right 21-7155, or ground water right 21-7154.***

Information provided by you in your lease applications indicate that the last time water was diverted under water rights 21-7154 and 21-7155 for irrigation purposes was 2012. Your lease applications did not confirm the last time that water was diverted to storage for irrigation, nor did it confirm the last time that stock were watered under water right 21-7155.

A review of satellite imagery from 2012 does not reveal any evidence of irrigation of the places of use for your water rights during that year. However, near-infrared imagery from 2013 suggests approximately 50.0 acres within the irrigation place of use for your water rights was vegetated and potentially irrigated during that year. Unless additional evidence of irrigation use above and beyond 50.0 acres is provided, the Department will accept for lease into the Bank 50.0 acres of irrigation use under water rights 21-7154 and 21-7155. Additionally, if we are not provided with evidence of diversion to storage and stock water use during recent years, the Department may be unable to accept for lease into the Bank the storage and stock water elements of water right 21-7155.

Please provide the above requested information within thirty days so that we may conclude our processing of your lease applications. If the requested information is not received by the date above, the Department will proceed in accepting for lease into the Bank irrigation of 50.0 acres under water rights 21-7154 and 21-7155. If you have questions regarding this matter, please contact me at (208) 287-4918.

Sincerely,

Remington Buyer
Water Supply Bank Coordinator

Webster, Clay

From: Swank, Lyle
Sent: Friday, August 31, 2018 4:40 PM
To: Buyer, Remington
Cc: Webster, Clay; Olenichak, Tony
Subject: RE: WSB Rental

Remington,

Tony and I have looked over the information you sent us. Tony has observed that Sand Creek at the location of 21-7155 is usually dry except for wet years during the peak of the spring runoff. We don't have a concern for water right 21-7155 being put into the Water Bank, but we should become concerned if anyone ever tries to lease it back out of the Water Bank to divert it at a location different than the original point of diversion or source due to the limited time period this location is connected to the Henrys Fork.

Lyle

From: Buyer, Remington
Sent: Thursday, August 30, 2018 1:08 PM
To: Swank, Lyle <Lyle.Swank@idwr.idaho.gov>
Cc: Webster, Clay <Clay.Webster@idwr.idaho.gov>
Subject: WSB Rental

Lyle,

We received an application to lease water right 21-7154 and 21-7155 into the Bank. A draft lease contract, review memo and map are attached. Please advise if you have any questions, comments or concerns.

Thanks,

Remington