

WATER SUPPLY BANK LEASE CONTRACT No. 725

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

LESSOR: CROWN FARM OUTBACK LLC
C/O CROWN WEST REALTY LLC
3808 N SULLIVAN RD, BUILDING
N-15, STE 202
SPOKANE, WA 99216

RECEIVED

FEB 13 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 Friday, December 22, 2017.
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)
2-10189	2/25/1963	SNAKE RIVER, tributary to COLUMBIA RIVER	2.830	473.60	141.50
Combined Lease Totals			2.830	473.60	141.50

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, 2018. 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.

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.

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

LESSOR: CROWN FARM OUTBACK LLC
C/O CROWN WEST REALTY LLC
3808 N SULLIVAN RD, BUILDING
N-15, STE 202
SPOKANE, WA 99216

By 
Title Authorized Party
Date 2/12/18

IDAHO WATER RESOURCE BOARD

322 East Front Street
P.O. Box 83720
Boise, ID 83720-0098

By 
Brian Patton, Acting Administrator
Idaho Water Resource Board

Date 2/15/2018

Lease approved by IDWR 

Date 2-15-2018

**ATTACHMENT A
WATER SUPPLY BANK CONDITIONS OF ACCEPTANCE
FOR LEASE CONTRACT NO. 725**

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): 2-10189

SNAKE RIVER L 6NWSW Sec. 9 Twp 06S Rge 11E ELMORE County

Water Right	Beneficial Use	Season of Use			Diversion Rate (CFS)	Volume (AF)
		From		To		
2-10189	IRRIGATION	04/01	to	10/31	2.830 cfs	473.60 AF
Totals:					2.830 cfs	473.60 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	
06S	10E	12	40.0	40.0	40.0	21.5													141.5

Total Acres: 141.5

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.
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. The period of use for the irrigation described in this approval may be extended to a beginning date of 3/15 and an ending date of 11/15 provided that beneficial use of the water can be shown and other elements of the right are not exceeded. The use of water before 4/1 and after 10/31 is subordinate to all water rights having no subordinated early or late irrigation use and a priority date earlier than the date of this approval.

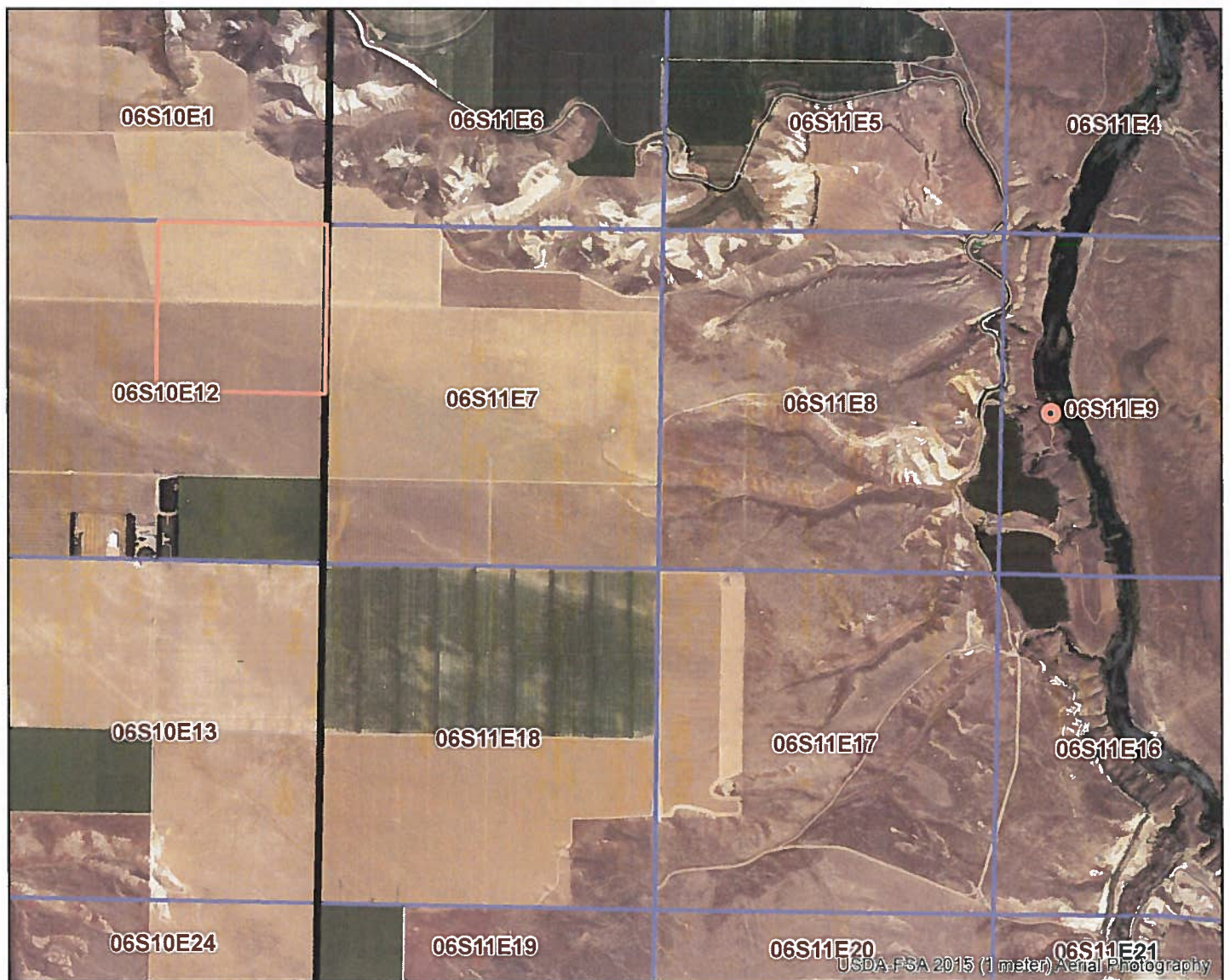


Idaho Water Resource Board Water Supply Bank Lease

2-10189

Effective until December 31, 2018

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



STATE OF IDAHO
WATER RESOURCE BOARD

RECEIVED

DEC 22 2017

DEPARTMENT OF
WATER RESOURCESAPPLICATION TO SELL OR LEASE A WATER RIGHT
TO THE WATER SUPPLY BANKDesignated Applicant Crown Farm Outback, LLC c/o Crown Realty, LLC
(Select one owner – see item 1A on the application)Water Right No. 02-10189
(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.**

MINIMUM 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 \$ 250.00 Received By: TE Date Received: 12/22/2017 Receipt # C104438

W-9 received? Yes ☐ No ☒ (Route W-9 to Fiscal) Name on W-9:

943

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 Crown Farm Outback, LLC c/o Crown West Realty, LLC

Mailing Address 3808 N. Sullivan Road, Building N-15, Suite 202, Spokane Valley, WA 99216

Street

City

State

Zip Code

Email Address olawrence@crowwest.com

Phone Number (509) 924-1720

☒ 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 S. Bryce Farris

Organization Sawtooth Law Offices, PLLC

Professional Title Attorney for Applicant

Email Address bryce@sawtoothlaw.com

Mailing Address P.O. Box 7985, Boise, ID 83707

Phone Number (208) 629-7447

☐ 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.

N/A. This water right is currently in the Water Supply Bank, has been in the Water Supply Bank for several years, and the Applicant is renewing the application for another year.

- 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. N/A. See above.

- 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. N/A. See above.

- 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.

- 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: 1/1/18 to 12/31/18 (maximum lease period 5 calendar years).
(Year) (Year)

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.

For Crown Farm Outback, LLC

Signature of Designated Applicant

Oliver Lawrence, Authorized Representative

Printed Name

12-20-2017

Date

Signature of Authorized Representative

S. Bryce Farris, Attorney for Applicant

Printed Name

12/21/17

Date

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



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

February 16, 2018

CROWN FARMS OUTBACK LLC
C/O CROWN WEST REALTY LLC
3808 N SULLIVAN RD BLDG N-15 STE 202
SPOKANE WA 99216

RE: WATER SUPPLY BANK LEASE CONTRACTS FOR WATER RIGHTS 2-7064, 2-7237A, 2-10181, and 2-10189

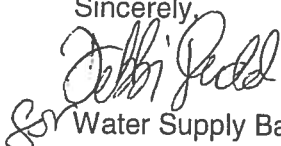
Dear Lessor:

Water rights **2-7064, 2-7237A, 2-10181, and 2-10189** were leased into the Water Supply Bank (Bank) as of December 22, 2017, in accordance with the enclosed executed lease contracts. **Your water rights, as described on the lease contracts, are considered leased into the Bank and should remain unused until they are formally released from the Bank.** More information and further restrictions placed on your water rights while leased can be found in conditions of acceptance of the lease contracts. Read the conditions of acceptance carefully.

The rights will automatically be released from the Bank on **December 31, 2018**, unless the rights are 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 contracts upon your request. To release the water 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. This form is available on our public website at www.idwr.idaho.gov. **Please note your water rights may not be available for immediate release if they have been rented or are 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,


Terri Judd
Water Supply Bank

Enclosures: Executed Lease Contracts

c: Angie Grimm - IDWR Western Region
Rob Whitney - Water District 02
S Bryce Farris - Sawtooth Law Offices PLLC



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

January 31, 2018

CROWN FARMS OUTBACK LLC
C/O CROWN WEST REALTY LLC
3808 N SULLIVAN RD BLDG N-15 STE 202
SPOKANE WA 99216

**RE: APPLICATIONS TO LEASE WATER RIGHTS 2-7064, 2-7237A, 2-10181, and 2-10189
TO THE WATER SUPPLY BANK**

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

Dear Applicant:

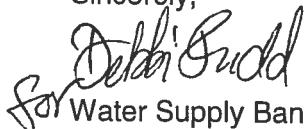
The Department of Water Resources has completed its review of your applications to lease the above-mentioned water rights to the Water Supply Bank. **I have enclosed two original Water Supply Bank Lease Contracts for your review and signature. Please sign and return ALL Lease Contracts along with signing authority 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 Contracts are not considered final until you and the Department have both signed.

The rights will automatically be released from the Bank on **December 31, 2018**, 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,


for Water Supply Bank

Enclosures: Proposed Lease Contracts
Receipt # C104438

c: S Bryce Farris – Sawtooth Law Offices PLLC

Memorandum

To: Water Rights 2-10189

From: Remington Buyer

Date: January 30, 2018

Re: Water Supply Bank Lease Application Nos. 943

Purpose/Narrative: Application to renew the Water Supply Bank lease of water right 2-10189 was received from Crown Farm Outback LLC on December 22, 2017.

Authority to File: These rights are recorded in IDWR's records as belonging to Crown Farm Outback LLC (C/O Crown West Realty). The lease applications have been submitted by Oliver Lawrence, listed as an authorized representative of Crown Farm Outback LLC. The applications have also been signed by Bryce Farris, who listed himself as the attorney for the applicants. The relationship of Mr. Lawrence to Crown Farm Outback is unclear and confirmation of Mr. Lawrence's capacity to transact on behalf of Crown Farm Outback will be sought prior to execution of new lease contracts.

Per a review of water right documentation (summarized below in the validity/forfeiture evaluation section of this memo) it is understood that water right 2-10189 was deeded to Crown Farm Outback LLC by Robert and Connie Smith, who acquired the water right from Cottonwood Mutual Canal Company (CMCC) in 2001. No concerns about authority to file.

Water Right Validity/Forfeiture Evaluation: Water right 2-10189 is a split from parent water right 2-2209, which was permitted in 1963 and authorized the Cottonwood Mutual Canal Company (CMCC) to supply water for irrigation of 4,480 acres in Elmore County on lands known as Black Mesa Farms. The right to water under permit 2-2209 was subsequently licensed by IDWR to CMCC in 1970, authorizing irrigation of 3,985 acres of the Black Mesa farm project with a maximum diversion of 79.7 cfs of Snake River water.

The farmland being irrigated under water right 2-2209 was part of a desert land entry initiative of the BLM and the desert land entries were cancelled in 1972. BLM repossessed and cease agricultural irrigation of the farmlands in 1981.

In 1985 BLM filed an Application for Extension of Time to Avoid Forfeiture on water right 2-2209, along with a Water Supply Bank lease application in which BLM proposed to lease the entirety of water right 2-2209 (79.7 cfs) into the Bank. Legal notice was issued for BLM's forfeiture extension application, resulting in a protest to the application by CMCC. CMCC also filed a competing Extension of Time to Avoid Forfeiture application in 1986. In 1988, BLM and CMCC stipulated that they agreed IDWR should process the Extension of Time to Avoid Forfeiture applications and delay determination of ownership of water right 2-2209 until a later date. IDWR approved an extension of time to avoid forfeiture for water right 2-2209 in 1998, and required that resumption of use commence under 2-2209 on or prior to Jul 1, 1991.

In 1989, BLM transferred title of much of the land to which water right 2-2209 was appurtenant to Wesley and Christine Wootan. Wootans then quitclaim to CMCC all their interest in water right 2-2209 in 1990, in exchange for CMCC quitclaiming to Wootans 12.8 cfs of the 79.7 cfs licensed under 2-2209. Thus, by the end of 1990, 12.8 cfs was split off from 2-2209 and conveyed to the Wootans (through water right 2-2209B) and the remaining 66.9 cfs of 2-2209 remained subject to rivalrous ownership claims by BLM and CMCC.

In January 1991, in advance of the required resumption of irrigation use under 2-2209, legal representatives of CMCC notified IDWR that CMCC desired for their remaining interest in water right 2-2209 (58.1 cfs) to be leased into the Water Supply Bank. A letter from IDWR to CMCC (c/o Ringer Law, dated March 22, 1991) confirmed that 58.1 cfs of water right 2-2209 was now leased into the Bank. The remaining balance of water right 2-2209 (8.8 cfs) was then proposed for lease into the Bank, by BLM, in May 1991, and was accepted for lease to the Bank by IWRB resolution on May 31, 1991. Thus, beginning June 1, 1991, all of water right 2-2209, with the exception of the 12.8 cfs split out via water right 2-2209B, was under active lease to the Water Supply Bank.

In 2001, CMCC deeded to Bruce and Connie Smith 4.87% of the 58.1 cfs authorized for diversion under water right 2-2209, resulting in the creation of water right 2-10189, which authorized irrigation of 141.5 acres through diversion of 2.83 cfs of Snake River water. Water right 2-10189 remained leased to the Bank through December 31, 2017. No concerns about water right validity/forfeiture.

Injury Evaluation/Rentability: No injury is apparent through lease alone. Proper rental review should evaluate for injury.

Enlargement of Use/Rentability: These water rights are appurtenant to 141.5 acres within what was previously known as the Black Mesa desert land entry farmland project, and which are now known as Black Mesa Farm, on lands owned by Black Mesa Farms LLC. A review of 2017 satellite imagery reveals that approximately 2,500 acres were irrigated within and adjacent to the places of use for water rights associated with the former Black Mesa farmland project. Black Mesa Farms LLC holds title to water rights 2-2209B and 2-103, which authorize irrigation of 640 acres and 198 acres respectively. Black Mesa Farms LLC also has an agreement with neighboring property owners Walter and Terrie Trail, who are authorized to irrigate 600 acres under water right 2-4021. Water rights 2-10450 and 2-10189 also authorize irrigation of 750 acres and 141.5 acres respectively. Additively, these five water rights might authorize up to 2,200 acres of land within and adjacent to the boundaries of Black Mesa farm. However, water right 2-10189 (the subject of review for this memo) is proposed for lease to the Bank and water right 2-1045 is under active lease to the Bank. Enlargement in water use may be occur if this water right is both accepted for lease to the Bank and irrigation of Black Mesa farms continues in excess of authorizations under available, non-leased water rights. Further review of the leased place of use is recommended to ensure no enlargement occurs through the lease of this water right.

Local Public Interest: Staff have no information to suggest the lease is contrary to the local public interest.

Beneficial Use/Conservation of Water Resources: No concerns about beneficial use/conservation of water.

Department/Watermaster Comments: Western Region and WD 2 comments were sought 1/16/2018. No responses received.

Water Supply Bank Evaluation: It is recommended that these leases be approved.

Buyer, Remington

From: Buyer, Remington
Sent: Tuesday, January 16, 2018 2:40 PM
To: Whitney, Rob; Miller, Nick
Cc: Webster, Clay; Palmer, Cherie
Subject: RE: Crown Farm Outback Lease
Attachments: Lease Contract - 2-10189.docx; Lease Map 2-10189.pdf; Lease Review Memo 2-10189.docx

Nick, Rob,

A follow up my Friday email regarding 2018 leases by Crown Farm Outback LLC. This email pertains to their lease of water right 2-10189.

My review memo, draft lease contract and map are attached. Please advise if you have questions, comments or concerns.

Also, per 2017 Sentinel imagery, it appears that perhaps as many as 2,500 acres might be under active irrigation within and adjacent the boundaries of Black Mesa Farms. Prior to finalization of our lease review, it should be determined whether irrigation in excess of the appurtenant water rights is occurring. I intend to this week conduct a thorough review of the acreage under active irrigation, and am cc'ing Cherie here in case this results in a referral for the Enforcement program.

Thanks all,

Remington

From: Buyer, Remington
Sent: Friday, January 12, 2018 4:51 PM
To: Whitney, Rob <Rob.Whitney@idwr.idaho.gov>; Miller, Nick <Nick.Miller@idwr.idaho.gov>
Cc: Webster, Clay <Clay.Webster@idwr.idaho.gov>
Subject: Crown Farm Outback Lease

Nick, Rob,

Crown Farm Outback holds title to water rights that authorize irrigation of lands above CJ Strike, via diversions through the Bybee Canal. Attached are three lease contracts/maps and a review memo for these three water rights. On behalf of IDWR Western Region and WD 02, please advise if you have any questions, concerns or comments about the proposed lease.

Thanks,

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 • Web Site: www.idwr.idaho.gov

GARY SPACKMAN
Director

C.L. "BUTCH" OTTER
Governor

January 17, 2017

CROWN FARM OUTBACK LLC
C/O CROWN WEST REALTY LLC
3808 N SULLIVAN RD
BUILDING N-15 STE 202
SPOKANE WA 99216

RE: AMENDED RELEASE DATE OF LEASED WATER RIGHT NO. 2-7064, 2-7237A, 2-10181 and 2-10189 FROM THE WATER SUPPLY BANK

Dear Lessors:

As requested on the Request to Release a Water Right From the Bank form received by the Department of Water Resources on May 29, 2013, all of water rights 2-7064, 2-7237A, 2-10181 and 2-10189 will be released from the Water Supply Bank as of **December 31, 2017**. The term of lease has been modified to reflect this **amended release date** in our database and water right file.

The five (5) year period of nonuse related to forfeiture of a water right shall begin to accrue upon release of the right from the bank or shall continue to accrue if a period of nonuse occurred prior to the lease date of the right to the bank.

Contact this office at 208-287-4800 if you have questions.

Sincerely,


Water Supply Bank

c: S Bryce Farris- Sawtooth Law Offices, PLLC

STATE OF IDAHO
WATER RESOURCE BOARD

RECEIVED
DEC 21 2016
DEPARTMENT OF
WATER RESOURCES

WATER SUPPLY BANK
REQUEST TO RELEASE A WATER RIGHT FROM THE BANK

ONE FORM PER WATER RIGHT

All water rights leased into the Water Supply Bank shall remain unused by the water right holder for the duration of the Lease Contract. The water right will not be released from the Water Supply Bank until the conclusion of the Lease Contract unless otherwise authorized by the Idaho Water Resource Board. Water right holders may use this form to petition for early termination of their Water Supply Bank Lease Contract.

Water right holders seeking an early termination of a Lease Contract must demonstrate justifiable need for the release. Water rights under Lease Contract that are eligible for early termination can be released from the Water Supply Bank if the release will not impair administration of the Water Supply Bank. **If a water right is currently rented, it cannot be considered for release until the Rental Agreement concludes.** A water right is not released from the Water Supply Bank until written release confirmation is issued by the Water Supply Bank.

Water Right No: 02-10189

Name(s) of Lessor(s): Crown Farm Outback, LLC c/o Crown West Realty, LLC

Mailing Address: 3808 N. Sullivan Road, Building N-15, Suite 202

City: Spokane

State: WA

Zip: 99216

Telephone No: (509) 924-1720

Email Address: rgragg@crownwest.com

Lease Contract Expiration Date: 12/31/2020

Requested Release Date: 12/31/2017

Reason for Early Release:

Lessor desires to have a Lease Contract on a year to year basis. Thus, Lessor may, as it deems necessary,
renew the lease for the above-referenced water rights on an annual basis.


Signature of Lessor

S. Bryce Farries, G. Horney
Printed Name and Title*

12/21/16
Date

Signature of Lessor

Printed Name and Title*

Date

*Please provide title of signatory if signing on behalf of a company or organization or with power of attorney.

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