

WATER SUPPLY BANK LEASE CONTRACT No. 724

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)
2-7064	4/23/1970	SNAKE RIVER, tributary to COLUMBIA RIVER	6.360	1,590.00	318.00
Combined Lease Totals			6.360	1,590.00	318.00

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. 724**

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): 2-7064

SNAKE RIVER L 9SESW Sec. 34 Twp 05S Rge 04E OWYHEE County

Water Right	Beneficial Use	Season of Use			Diversion Rate (CFS)	Volume (AF)
		From		To		
2-7064	IRRIGATION	03/15	to	11/15	6.360 cfs	1,590.00 AF
Totals:					6.360 cfs	1,590.00 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	02E	12									40.0			40.0		40.0	40.0		160.0
06S	02E	13	39.0	40.0			40.0												119.0
06S	03E	18						39.0	L1										39.0

Total Acres: 318.0

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 following rights are diverted through point of diversion described above: 02-7059, 02-7060B, 02-7061, 02-7062, 02-7064, 02-7168A, 02-7168B, 02-7168C, 02-7237A, 02-7275, 02-7279A, 02-10180, & 02-10181.
13. The use of water for irrigation under this right may begin as early as March 1 provided other elements of the right are not exceeded. The use of water before March 15 under this remark is subordinate to all water rights having no subordinated early irrigation use and a priority date earlier than the date a partial decree is entered for this right.

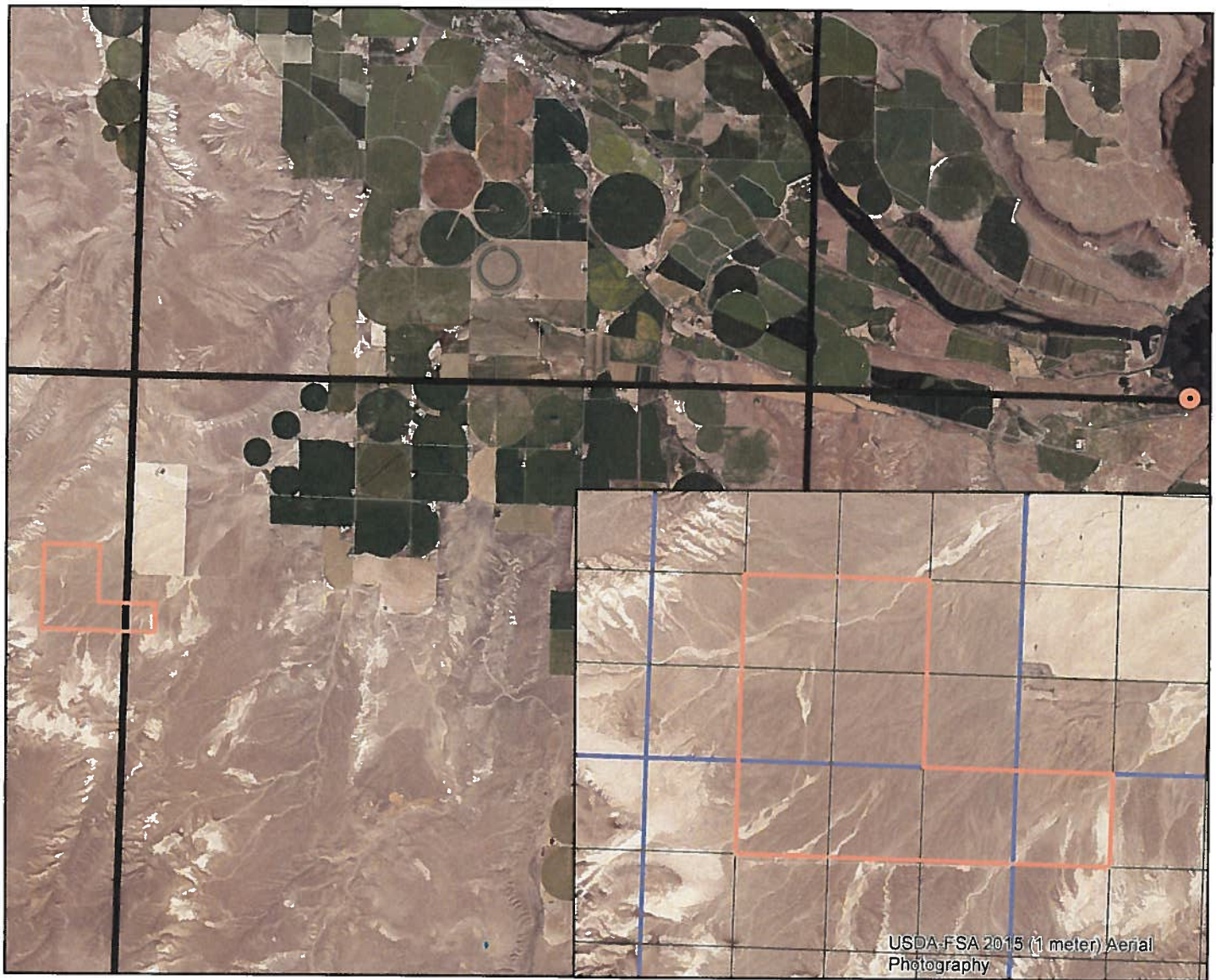


Idaho Water Resource Board
Water Supply Bank Lease

2-7064

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



0 1 2 3 Miles

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 1.A on the application)

Water Right No. 02-07064

(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 \$ 250.00Received By: TEDate Received: 12/22/2017 Receipt # C104438W-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@crownwest.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

BUSINESS INFORMATION

Business Name:

CROWN FARM OUTBACK, LLC

UBI Number:

604 009 158

Business Type:

FOREIGN LIMITED LIABILITY COMPANY

Business Status:

ACTIVE

Principal Office Street Address:

3808 N. SULLIVAN RD. BLDG. N-15, SPOKANE, WA, 99216, UNITED STATES

Principal Office Mailing Address:

Expiration Date:

06/30/2018

Jurisdiction:

UNITED STATES, DELAWARE

Formation/ Registration Date:

06/30/2016

Period of Duration:

Perpetual

Inactive Date:

Nature of Business:

REGISTERED AGENT INFORMATION

Registered Agent Name:

JOHN ZEIMANTZ

Street Address:

**3808 N SULLIVAN RD BLDG, N15-101 # 202, SPOKANE VALLEY, WA, 99216-1615,
UNITED STATES**

Mailing Address:

421 W RIVERSIDE AVE STE 1600, SPOKANE, WA, 99201-0406, UNITED STATES

GOVERNORS

Title	Governors Type	Entity Name	First Name	Last Name
GOVERNOR	INDIVIDUAL			PETRUS FARMLAND INVEST. I, LP

NYS Department of State

Division of Corporations

Entity Information

The information contained in this database is current through December 28, 2017.

Selected Entity Name: PETRUS PARTNERS LTD.

Selected Entity Status Information

Current Entity Name: PETRUS PARTNERS LTD.

DOS ID #: 1616091

Initial DOS Filing Date: FEBRUARY 26, 1992

County: NEW YORK

Jurisdiction: DELAWARE

Entity Type: FOREIGN BUSINESS CORPORATION

Current Entity Status: ACTIVE

Selected Entity Address Information

DOS Process (Address to which DOS will mail process if accepted on behalf of the entity)

PETRUS PARTNERS LTD.

1350 AVE OF THE AMERICAS

STE 3000

NEW YORK, NEW YORK, 10019-4801

Chief Executive Officer

FRANK J WALTER III

1350 AVE. OF THE AMERICAS

SUITE 3000

NEW YORK, NEW YORK, 10019

Principal Executive Office

PETRUS PARTNERS LTD.

1350 AVE OF THE AMERICAS

SUITE 3000
NEW YORK, NEW YORK, 10019-4801

Registered Agent

NONE

This office does not record information regarding the names and addresses of officers, shareholders or directors of nonprofessional corporations except the chief executive officer, if provided, which would be listed above. Professional corporations must include the name(s) and address(es) of the initial officers, directors, and shareholders in the initial certificate of incorporation, however this information is not recorded and only available by [viewing the certificate](#).

***Stock Information**

# of Shares	Type of Stock	\$ Value per Share
No Information Available		

*Stock information is applicable to domestic business corporations.

Name History

Filing Date	Name Type	Entity Name
APR 17, 1992	Actual	PETRUS PARTNERS LTD.
MAR 25, 1992	Actual	PETRUS PARTNERS MANAGEMENT CORPORATION
FEB 26, 1992	Actual	KRIMBRO INC.

A **Fictitious** name must be used when the **Actual** name of a foreign entity is unavailable for use in New York State. The entity must use the fictitious name when conducting its activities or business in New York State.

NOTE: New York State does not issue organizational identification numbers.

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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

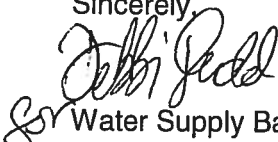
Dear Lessor:

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,

Debi Budd
for Water Supply Bank

Enclosures: Proposed Lease Contracts
Receipt # C104438

c: S Bryce Farris – Sawtooth Law Offices PLLC

Memorandum

To: Water Rights 2-7064, 2-7237A and 2-10181

From: Remington Buyer

Date: January 30, 2018

Re: Water Supply Bank Lease Application Nos. 986, 987 and 988,

Purpose/Narrative: Applications to renew the lease of the above listed water rights were 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.

Owyhee County records indicate the land to which water right 2-7237A is appurtenant belongs to Jeff and Vivian Good as well as Nate and LaVonne Good, while the land to which water rights 2-7064 and 2-10181 is appurtenant belongs to Robert and Michelle Dirks. Per a review of water right documentation (summarized below in the validity/forfeiture evaluation section) it is understood that the water rights were legally conveyed by the land owners to Robert and Connie Smith, who have subsequently conveyed the water rights to Crown Farm Outback. No concerns about authority to file.

Water Right Validity/Forfeiture Evaluation: Water rights 2-7064 and 2-7237A were both licensed in 1985, as was water right 2-7060, which is the parent water right from which water right 2-10181 was split. Applications to fully lease water rights 2-7064, 2-7060 and 2-7237A into the Bank were received by IDWR in 1999.

A letter from IDWR dated May 18, 1999 to Nate Good confirmed his water right (2-7237A) had been accepted for lease into the Bank until December 31, 2002. IDWR also issued a letter to Robert Dirks (dated November 2, 2000) informing him that his water rights (2-7064 and 2-7060) had been accepted into the Bank through December 31, 2000. Mr. Dirks subsequently responded to IDWR's letter and request his water rights be retained in the Bank through December 31, 2001.

The Dirk and Good couples respectively conveyed their water rights to Robert and Connie Smith in December 2000 and January 2001 and IDWR recorded the Smiths as owners of record for water rights 2-7064, 2-10181 and 2-7237A in 2001. The Water Supply Bank water right leases have remained active through December 31, 2017, during which time they were decreed by the SRBA Court (in 2009). No concerns about the validity of these water rights.

Injury Evaluation/Rentability: The water rights authorize diversions from the Bybee Canal. Per Water District No. 2 staff information, I was informed that Chris Alzola is a member of the Bybee Canal "association". I spoke with Chris by phone and emailed her on January 12th, to invite her (or another authorized representative of the Bybee Canal) to provide comments on whether there existed any injury concerns particular to the lease of these water rights to the Bank. No written or verbal comments were received. I have no further concerns about injury.

Enlargement of Use/Rentability: Active irrigation of the lands to which these water rights are appurtenant is not apparent. No concerns about enlargement.

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 No. 02 comments were sought, though no comments were received.

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

Buyer, Remington

From: Buyer, Remington
Sent: Friday, January 12, 2018 2:33 PM
To: 'calzola@earthlink.net'
Cc: Smith, Kellie
Subject: Bybee Canal Authorization
Attachments: Lease Map 2-7237A.pdf; Lease Map 2-10181.pdf; Lease Map 2-7064.pdf

Chris,

Nice speaking with you this afternoon. Attached to this email are three maps depicting the place of use where irrigation is authorized under water rights 2-7064, 2-7237A and 2-10181. These three water rights, held by Crown Farm Outback LLC, have been in the Water Supply Bank from 1999 through December 31, 2017 and applications to lease them back to the Bank through 2018 were recently received by IDWR.

Our WSB rules (IDAPA 37.02.03.25.02e – WSB Rule 25.02.e) require that where the right to water includes diversion via a joint diversion works owned or operated by a company, corporation (or in the case of the Bybee Canal, an association/organization), that written consent from the owner/operator of the diversion works should be included with the lease application.

Because the three above-listed water rights authorize diversion of Snake River water via the Bybee Canal, I'm reaching out to you, to obtain written comments from a representative of the Bybee Canal, regarding this lease proposal. You mentioned that Jack Post and/or Darren Agenbroad may be the presently authorized representative of the Bybee Canal. If that is correct, could you please forward this email to Mr. Post or Mr. Agenbroad, so that I might obtain from them written confirmation that the Bybee Canal does not object and does consent to the lease of these three water rights into the Bank for 2018?

Please feel free to give me call if you have any questions, thanks,

Remington Buyer
Water Supply Bank Coordinator
Idaho Department of Water Resources
322 East Front Street, Boise, ID, 83720
T: (208) 287-4918 | F: (208) 287-6700

Field, Christine

From: Bryce Farris <bryce@sawtoothlaw.com>
Sent: Wednesday, December 27, 2017 12:55 PM
To: Field, Christine
Cc: Debby Long
Subject: Re: W9 Form Needed for Lease Applications

Thanks Christine. Yes the prior W-9 is still accurate.

Thanks,
Bryce

Sent from my iPhone

On Dec 27, 2017, at 11:31 AM, Field, Christine <Christine.Field@idwr.idaho.gov> wrote:

Dear Bryce,

After doing a bit of research, here is what I found out: your clients are in the system.

Their W9 we have on file is listed as **Petrus Farmland Investment** which created confusion with the Fiscal team with my inquiry yesterday.

Attached is the data we have on file for your client: under Petrus Farmland Investment, with Crown Farm Outback as dba.

Let me know if the attached data we have on file for this W9, is what you would like to move forward with and IDWR will continue with the processing of the Lease Applications.

Regards,

Christine

From: Field, Christine
Sent: Tuesday, December 26, 2017 3:46 PM
To: bryce@sawtoothlaw.com
Subject: W9 Form Needed for Lease Applications

Dear Mr. Farris,

The ID Dept. of Water Resources has received the Lease Applications for the following Water Rights W/R 2-7064, W/R 2-7237A, W/R 2-10181 and W/R 2-10189 from Crown Farm Outback, LLC.

Please have your client fill out the attached W9 form at your earliest convenience so the Lease Applications may be processed.

Regards,

Christine Field
Water Supply Bank Support

<DOC.pdf>

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Golden Eagle Building
1101 W. River St., Ste. 110
P.O. Box 7985
Boise, Idaho 83707
Tel. (208) 629-7447

Challis Office
1301 E. Main Ave.
P.O. Box 36
Challis, Idaho 83226
Tel. (208) 879-4488

Twin Falls Office
236 River Vista Place
Suite 301
Twin Falls, Idaho 83301
Tel. (208) 969-9585

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OFFICES, PLLC

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DEC 22 2017

DEPARTMENT OF
WATER RESOURCES

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December 22, 2017

Via Hand Delivery

Mary Condon
Idaho Department of Water Resources
322 E. Front Street
P.O. Box 83720
Boise, ID 83720-0098

Re: Crown Farm Outback, LLC
Water Supply Bank Lease Application Renewals
Water Right Nos. 02-07064, 02-07237A, 02-10181, and 02-10189

Dear Mary:

Please find enclosed Crown Farm Outback, LLC's Water Supply Bank Lease Application Renewals for the four water rights listed above. Also enclosed is a check for \$1,000 for the application fees.

Thank you for your assistance with these applications. If you have any questions, please contact my office.

Very truly yours,

S. Bryce Farris

SBF/dll
Enclosures
cc: Client