



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

October 10, 2017

FORMATION CAPITAL CORP
812 SHOUP ST
SALMON ID 83467

RE: LEASED WATER RIGHT NO(S). 75-7073 RELEASED FROM THE WATER SUPPLY BANK

Dear Lessor:

On October 2, 2017, the Department of Water Resources (Department) received your request to cancel the existing Water Supply Bank (Bank) Lease Contract executed on March 4, 2013 and release water right(s) 75-7073 from the Bank. **At this time the Department acknowledges that the Bank Lease Contract for water right(s) 75-7073 has been canceled releasing the right(s) from the Bank.**

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.

You can reapply to lease the water right(s) in the future by submitting new application form(s) from the Department's website at www.idwr.idaho.gov along with applicable fees.

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

Sincerely,

for
Clay Webster
Water Rights Supervisor
WSB Process Point of Contact

STATE OF IDAHO
WATER RESOURCE BOARD

RECEIVED

OCT 02 2017

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: 75-7073

Name(s) of Lessor(s): Formation Capital Corporation U.S.

Mailing Address: 812 Shoup St.

City: Salmon State: Idaho Zip: 83467

Telephone No: 208-756-4578 Email Address: shilton@formcap.com

Lease Contract Expiration Date: 12/31/17

Requested Release Date: 10/1/17

Reason for Early Release:

Release of agreement to allow for a new lease and rental agreement by same

Shana Hilton
Signature of Lessor

Shana Hilton Admin Dir. 9/26/2017
Printed Name and Title* 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



Formation Capital Corporation, U.S.
812 Shoup Street, Salmon, Idaho 83467
Tel: 208.756.4578
Fx: 208.756.2573

RECEIVED
OCT 02 2017
DEPARTMENT OF
WATER RESOURCES

Idaho Department of Water Resources
PO Box 83720
Boise, Idaho 83720-0098

September 24, 2017

Re: 75-7073

Enclosed please find an 1) application to lease, 2) application to rent, and 3) a request to release water right 75-7073. Formation Capital Corporation would like to reinstate their rental and lease agreements for this right.

In December of 2015, we requested our rental agreement be suspended due to an interim shutdown of mining activities. We are now reinitiating mine construction and operation.

We contacted Clay Webster of IDWR on September 10, 2017 to determine the process for a new rental agreement. He notified us that, as our lease was due to expire, our best course of action would be to release our existing lease and initiate a new one.

Please find the enclosed forms and application fee.

If you have any questions please contact us at 208-756-4578.

Thank you,