

WATER SUPPLY BANK LEASE CONTRACT NO. 618

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

LESSOR: TELFORD LANDS LLC
1450 W HIGHWAY 24
PAUL, ID 83347-8666

RECEIVED

MAY 04 2017

**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 Tuesday, December 13, 2016.
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)
34-618	9/1/1884	BIG LOST RIVER	0.42	63.4	18.1
34-13659	6/1/1889	BIG LOST RIVER	0.13	43.0	5.6
34-13661	6/1/1896	BIG LOST RIVER	0.13	43.0	5.6
Total Annual Combined Limit			0.13	43.0	5.6
34-7077	9/5/1974	GROUND WATER	1.04	91.3	26.1
34-7080B	9/23/1974	GROUND WATER	0.70	130.5	37.3
34-7092	1/14/1975	GROUND WATER	1.56	289.8	82.8
34-13842	12/17/1975	GROUND WATER	0.06	25.6	18.3
34-7121B	1/9/1976	GROUND WATER	0.49	144.2	41.2
34-7121A	1/9/1976	GROUND WATER	0.06	22.0	37.3
34-2330B	6/1/1977	GROUND WATER	0.23	55.9	16.0
34-12376	6/1/1977	GROUND WATER	0.16	39.9	11.4
34-13840	4/6/1982	GROUND WATER	0.16	32.4	9.3
34-7179	4/6/1982	GROUND WATER	0.36	154.5	276.7
Combined Limit Totals			4.82	914.2	276.7

Annual Combined Lease Totals 5.05 967.5 276.7

SUPPORT DATA

IN FILE # 34-618

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, 2017 to December 31, 2021. 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: TELFORD LANDS LLC

1450 W HIGHWAY 24

PAUL, ID 83347-8666

By Mike Telford
Title Managing member
Date 5-29-17

IDAHO WATER RESOURCE BOARD

322 East Front Street

P.O. Box 83720

Boise, ID 83720-0098

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

Date 5/5/2017

Lease approved by IDWR By WWR

Date 5-5-2017

ATTACHMENT A
WATER SUPPLY BANK CONDITIONS OF ACCEPTANCE
FOR LEASE CONTRACT NO. 618

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

LOCATION OF POINT(S) OF DIVERSION for Rights 34-7080B, 34-7121A, 34-7077, 34-7179, 34-2330B, 34-7121B, 34-7092, 34-12376, 34-13840, 34-13842

GROUND WATER	NWNW	Sec. 21, Twp 05N, Rge 26E, BUTTE County
GROUND WATER	NWSE	Sec. 29, Twp 05N, Rge 26E, BUTTE County
GROUND WATER	SWNE	Sec. 32, Twp 05N, Rge 26E, BUTTE County
GROUND WATER	NWSE	Sec. 32, Twp 05N, Rge 26E, BUTTE County
GROUND WATER	L3 (NENW)	Sec. 5, Twp 04N, Rge 26E, BUTTE County
GROUND WATER	L2 (NWNE)	Sec. 4, Twp 04N, Rge 26E, BUTTE County
GROUND WATER	L2 (NWNE)	Sec. 4, Twp 04N, Rge 26E, BUTTE County

LOCATION OF POINT(S) OF DIVERSION for Right 34-618, 34-13659 and 34-13661

BIG LOST RIVER	SESE	Sec. 4, Twp 05N, Rge 26E, BUTTE County
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Water Right	Beneficial Use	Season of Use			Diversion Rate (CFS)	Volume (AF)
		From		To		
34-13840	IRRIGATION	04/01	to	10/31	0.16 cfs	32.4 AF
34-618	IRRIGATION	05/01	to	10/15	0.42 cfs	63.4 AF
34-7179	IRRIGATION	04/01	to	11/01	0.36 cfs	154.5 AF
34-2330B	IRRIGATION	04/01	to	10/31	0.23 cfs	55.9 AF
34-7080B	IRRIGATION	04/01	to	11/01	0.70 cfs	130.5 AF
34-7121B	IRRIGATION	04/01	to	11/01	0.49 cfs	144.2 AF
34-7121A	IRRIGATION	04/15	to	10/15	0.06 cfs	22.0 AF
34-7092	IRRIGATION	04/15	to	10/15	1.56 cfs	289.8 AF
34-7077	IRRIGATION	04/01	to	11/01	1.04 cfs	91.3 AF
34-12376	IRRIGATION	04/01	to	10/31	0.16 cfs	39.9 AF
34-13842	IRRIGATION	04/01	to	11/01	0.06 cfs	25.6 AF
34-13659	IRRIGATION	05/01	to	10/15	0.13 cfs	43.0 AF
34-13661	IRRIGATION	05/01	to	10/15	0.13 cfs	43.0 AF
Totals:					5.05 cfs	967.5 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	
03N	25E	12	6.7	8.1	6.5	9.1	6.4	9.0	8.2	10.0	0.2			1.6	6.4	7.0	3.8	3.8	86.8
03N	26E	17						7.7	1.4										9.1
03N	26E	18																	27.4
04N	25E	35	7.9	7.0		7.8									6.9		6.4	7.0	43.0
04N	25E	36	8.9	7.4	6.9	8.4	5.7	5.6	5.2	5.6	6.2	6.2	6.9	7.3	8.0	7.7	7.0	7.4	110.4

Total Acres: 276.7

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. Use of water under this right is regulated by a watermaster with responsibility for the distribution of water among appropriators within a water district. At the time of this approval, this water right is within State Water District No. 34.
13. When combined with all other rights, the leased rights shall provide not more than 0.02 cfs per acre nor more than 3.5 afa per acre at the field headgate for irrigation of the lands above.
14. Un-leased portions of rights 34-7179, 34-2330B, 34-7080B, 34-7121B, 34-7121A, 34-7092, 34-7077, 34-12376, 34-13840, 34-13842 are limited to irrigation of a combined total of 1,847.3 acres in a single irrigation season, a total combined diversion rate of 35.25 cfs, and a total combined annual diversion volume of 6,596.4 af.
15. The un-leased portions of rights 34-13659 and 34-13661 are limited to irrigation of a combined total of 37.4 acres in a single irrigation season, a total combined volume of 107.5.
16. The un-leased portion of rights 34-618 and the portion of ground water right 34-7179 associated with 34-618, when combined, shall not exceed a total annual maximum diversion volume of 423.1 af at the field headgate.

17. A lockable device subject to the approval of the Department shall be maintained on the diverting works in a manner that will provide the watermaster suitable control of the diversion.
18. Rights 34-618, 34-2330B, 34-7077, 34-7080B, 34-7092, 34-7121A, 34-7121B, 34-7179, 34-12376, 34-13659, 34-13661, 34-13840, and 34-13842 are delivered through the Moore Diversion and/or the Timberdome Canal.
19. The right holder shall make full beneficial use of all surface water rights available to the right holder for irrigation of the land authorized to be irrigated under this right. The right holder shall limit the diversion of ground water under this right to those times when the surface water supply is not available or the surface water supply is not reasonably sufficient to irrigate the place of use authorized under this right.
20. Should all or any portion of water right nos. 34-2330B, 34-7077, 34-7080B, 34-7092, 34-7121A, 34-7121B, 34-12376, 34-7179, 34-13840, and 34-13842 ever be curtailed as a result of a delivery call, the irrigated place of use for water right nos. 34-2330B, 34-7077, 34-7080B, 34-7092, 34-7121A, 34-7121B, 34-12376, 34-13840, 34-13842 (all describing a place of use of 258.6 acres) and water right no. 34-7179 (276.7 acres) shall be reduced by the number of irrigated acres authorized to be irrigated by the individual water right that is curtailed.

CONDITIONS APPLICABLE TO RIGHT(S) 34-618

21. The period of use for irrigation described above may be extended in seasons of unusual period characteristics to a beginning date of 04/20 and an ending date of 10/31 at the discretion of the Director of the Idaho Department of Water Resources.

CONDITIONS APPLICABLE TO RIGHT(S) 34-7092

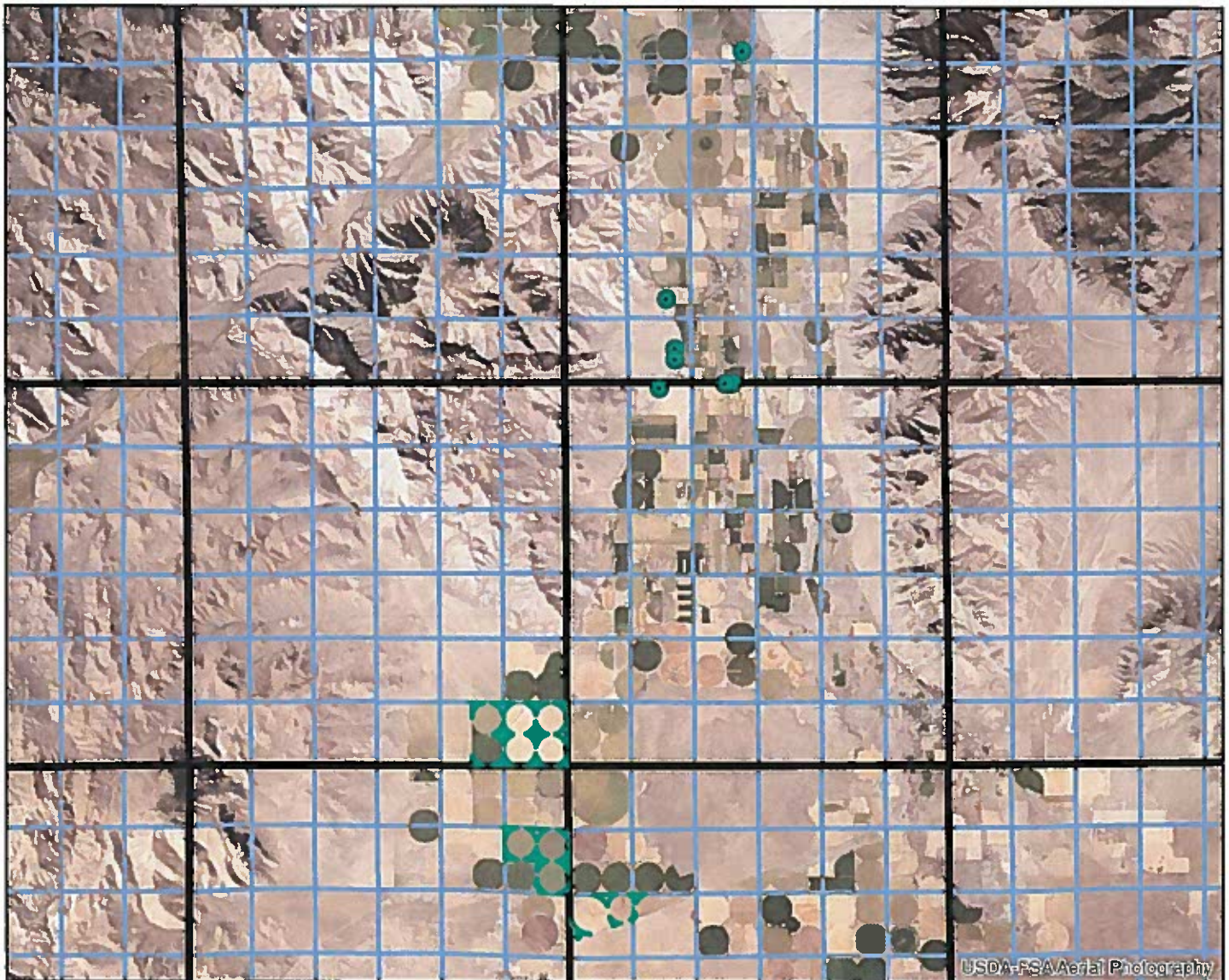
22. The period of use for the irrigation described in this approval may be extended to a beginning date of 4/1 and an ending date of 10/31 provided that beneficial use of the water can be shown and other elements of the right are not exceeded. The use of water before 4/15 and after 10/15 is subordinate to all water rights having no subordinated early or late irrigation use and a priority date earlier than 7/15/2002.



Idaho Water Resource Board
Water Supply Bank Lease Contract No. 618

34-618, 34-2330B, 34-7077, 34-7080B, 34-7092, 34-7121A, 34-7121B, 34-7179, 34-12376, 34-13659, 34-13661, 34-13840, and 34-13842
Effective until December 31, 2021

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



0  6 Miles

STATE OF IDAHO
WATER RESOURCE BOARD

RECEIVED

DEC 13 2016

DEPARTMENT OF
WATER RESOURCESAPPLICATION TO SELL OR LEASE A WATER RIGHT
TO THE WATER SUPPLY BANKDesignated Applicant Telford Lands LLC

(Select one owner – see item 1A on the application)

Water Right No. 34-7092

(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 \$ 500Received By: VCDate Received: 12/13/16Receipt # C102781W-9 received? Yes ☐ No ☒ (Route W-9 to Fiscal)

Name on W-9:

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 Telford Lands LLC

Mailing Address <u>1450 W. Hwy 24</u>	Paul	ID	83347
Street	City	State	Zip Code
Email Address <u>telfordsunvalleyseed@gmail.com</u>	Phone Number <u>(208) 431-5957</u>		

☒ 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 <u>Robert L. Harris</u>	Organization <u>Holden, Kidwell, Hahn & Crapo, P.L.L.C.</u>
Professional Title <u>Attorney</u>	Email Address <u>rharris@holdenlegal.com</u>
Mailing Address <u>PO Box 50130, Idaho Falls, ID 83405</u>	Phone Number <u>(208) 523-0620</u>

☐ 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.

Nothing will change from current diversion practices into Moore Canal. Water is only used differently at the tail end of this system from Applicant's pond into Applicant's ditch that crosses over to the Isom Farm.

- 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. All water rights associated with the place of use are: 34-618, 34-2330B, 34-7077, 34-7080B, 34-7092, 34-7121A, 34-7121B, 34-7179, 34-12376, 34-13659, 34-13661, 34-13840, and 34-13842.

- 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 water right portion was leased and rented last year combined with all other stacked water rights for a total of 5.26 cfs through the Idaho Water Supply Bank.

- 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: 2017 to 2021 (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.

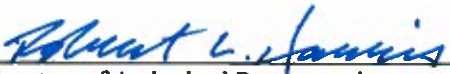
The Designated Applicant acknowledges the following:

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.

Signature of Designated Applicant

Printed Name

Date


Signature of Authorized Representative

Robert L. Harris

December 7, 2016

Printed Name

Date

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

**STATE OF IDAHO
WATER RESOURCE BOARD**

Complete Attachment 2 if only a portion of the water right is offered to the Bank.

ATTACHMENT 2

DESCRIPTION OF A WATER RIGHT PORTION OFFERED TO THE WATER SUPPLY BANK

<u>1. Water Right Number</u>	<u>Nature of Use</u>	<u>Leased Rate</u> (cfs)	<u>Leased Volume</u> (af)	<u>Leased Acres</u> (ac)
<u>34-7092</u>	<u>Irrigation</u>	<u>1.56</u>	<u>289.5</u>	<u>82.7</u>
	Total Amounts:	<u>1.56</u>	<u>289.5</u>	<u>82.7</u>

2. Source of water Ground water tributary to _____

3. Point(s) of diversion:

Twp	Rge	Sec	Lot	¼	¼	¼	County
4N	26E	4	2	NE	NW	NE	BUTTE
		4	2	NW	NW	NE	BUTTE
		5	3	NE	NE	NW	BUTTE
5N	26E	21		SW	NW	NW	BUTTE
		29		SE	NW	SE	BUTTE
		32		SE	SW	NE	BUTTE
		32		SE	NW	SE	BUTTE