

Lance and Lisa Funk Partnership Annual Water Right Report for 35-14240, 35-14241, 35-14242 and 35-14243

Prepared for: Lance Funk

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Water right permits 35-14240, 35-14241, 35-14242 and 35-14243 were approved by the Idaho Department of Water Resources on March 3, 2015. A condition set forth by IDWR for these permits requires that "By December 1st of each year, the right holder shall provide a written report to the Department describing the number and location of acres irrigated that year, the volume of water diverted under this right, the source of mitigation for the next irrigation season, and the number and location of acres proposed to be irrigated in the following year." This report satisfies the condition set forth by IDWR for water right permits 35-14240, 35-14241, 35-14242 and 35-14243.

Additionally, a condition was set for these permits by IDWR regarding an annual site inspection of the system and water use. The condition states, "As resources allow, the Department will conduct at least one in-person field examination of the authorized place of use of this right each year to verify the required mitigation and authorized irrigation under this right prior to June 15th of each year. It shall be the responsibility of the right holder to follow up with the Department by June 15th of each year to determine if the field examination was performed. If the Department is unable to conduct the field examination for any reason, the right holder or its consultant shall perform the field examination and report findings from the field examination to the Department and the protestants to this right by July 15th of each year."

On July 1, 2016 Greg Sullivan of Brockway Engineering performed a site visit of the farm and verified that water right Permits 35-14240, 35-14241, 35-14242 and 35-14243 were being fully utilized. Irrigation was occurring within the authorized POUs and the water was only being provided by the approved PODs.

At the time of the site visit in July, two flow meters had been installed. A second site visit in October of 2016 verified that the three additional meters had been installed for a total of 5 flow meters. Two meters were installed at the POD for 35-14243 because there is a 15 inch and 18 inch mainline

delivering water from the well. Data from the flow meters should be available on the Water Management Information System (WMIS) data system managed by IDWR regarding annual volumes pumped from ground water wells.

Full irrigation occurred under water right permits 35-14240, 35-14241, 35-14242 and 35-14243 irrigation season for 2016. Water right permit 35-14240 provided 168.7 acres of irrigation. Water right permit 35-14241 provided 369.1 acres of irrigation. Water right permit 35-14242 provided 119.5 acres of irrigation. Water right permit 35-14243 provided 659.0 acres of irrigation.

The contract agreement between Lance Funk and Magnolia Nitrogen Idaho LLC has not been renewed for the 2017 irrigation season due to water rights 35-14014 and 35-14015 being sold to Power County. Lance Funk has approached Power County to utilize 35-14014 and 35-14015 as mitigation. A verbal agreement has been reached but the ownership transaction of 35-14014 and 35-14015 from Magnolia Nitrogen Idaho LLC to Power County has not yet been completed. Because the ownership change has not occurred a signed contract has not been signed at this time. It is expected that a written contract will be signed within the next couple of weeks. Copies of the contract will be provided to IDWR and the protestants.

No additional mitigation is required at this time.

No changes in the authorized POU, PODs or ownership changes are expected during the calendar year of 2017 for Permits 35-14240, 35-14241, 35-14242 and 35-14243.

The proof of beneficial use of these permits was due by April 1, 2016 but was extended until April 1, 2017. The proof of beneficial exams have been performed and the documents are being finalized at this time. The exam documents will be submitted before the extended deadline.

If a contract between Lance Funk and Power County is not finalized. The IDWR and the protestants will be notified of the change in mitigation or the necessary farm management adjustments for the 2017 irrigation season.