

WATER SUPPLY BANK LEASE CONTRACT No. 350

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

LESSOR: JASON READING
405 NICOLE DR
JEROME, ID 83338

RECEIVED
DEC 29 2016
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 October 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)
34-13873	9/30/1882	ALDER CREEK, tributary to BIG LOST RIVER	0.410	49.00	14.00
34-14047	4/29/1955	GROUND WATER, tributary to	0.380	66.50	19.00
Combined Limit Totals			0.480	66.50	19.00
Combined Lease Totals			0.480	66.50	19.00

** The water right elements rentable have been reduced from the water right elements leased to account for combined limits*

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.

SUPPORT DATA

IN FILE # 34-13873

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: JASON READING

405 NICOLE DR

JEROME, ID 83338

By

Title

Date

Jason A. Reading
Owner / Representative
12/26/16

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

12/30/2016

Lease approved by IDWR

Chy Usher

Date

12-30-2016

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 will be 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. The period of use for irrigation described above may be extended in seasons of unusual 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.
14. If the surface water right(s) appurtenant to the place of use is sold, transferred, leased or used on any other place of use, this right to divert groundwater shall not be used without an approved transfer pursuant to Section 42-222, Idaho Code, or approval of the Department if a transfer is not required.
15. After specific notification by the Department, the right holder shall record the quantity of water diverted or shall enter into an agreement with the Department to determine the amount of water diverted from power records and shall annually report the information to the Department.
16. The right holder shall make full beneficial use of all surface water rights available to the right holder for irrigation of the lands 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.
17. This right when combined with all other rights shall provide no 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.
18. Rights 34-14047 and 34-13873 when combined shall not exceed a total diversion rate of 0.48 cfs and the irrigation of 19.0 acres.
19. Rights 34-12050B, 34-365A, 34-13858, 34-13872, 34-13873 and 34-12050D are also diverted through the Alder Creek point of diversion described above.
20. To avoid injury, 14 acres of these two water rights need to be rented together. 5 acres of water right 34-14047 can be rented as a primary right.

Idaho Water Resource Board
Water Supply Bank Lease

34-13873 and 34-14047
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

Quarter Quarters



0 0.25 0.5 Miles

STATE OF IDAHO
WATER RESOURCE BOARD

RECEIVED

OCT 13 2016

DEPARTMENT OF
WATER RESOURCESAPPLICATION TO SELL OR LEASE A WATER RIGHT
TO THE WATER SUPPLY BANKDesignated Applicant Jason Reading
(Select one owner - see item 1A on the application)Water Right No. 34-13873
(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 \$ <u>250.00</u>	Received By: <u>Jan</u>	Date Received: <u>10-13-16</u>	Receipt # <u>C102586</u>
W-9 received? Yes ☒ No ☐	(Route W-9 to Fiscal)	Name on W-9: <u>Jason A. Reading</u>	

APPLICATION TO SELL OR LEASE A WATER RIGHT

(Continued)

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.

Diversion off of Alder Creek with delivery through a ditch system

- 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.

34-14047

- 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.

Water rights 34-13873 and 34-14047 have been leased to the Water Bank for the last 5 years

- 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 2022 (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.

Jason A. Reading
Signature of Designated Applicant

Jason A. Reading
Printed Name

17 sept 2016
Date

Signature of Authorized Representative

Printed Name

Date

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

STATE OF IDAHO
WATER RESOURCE BOARD

RECEIVED

OCT 13 2003

DEPARTMENT OF
WATER RESOURCES

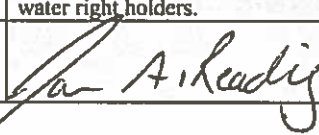
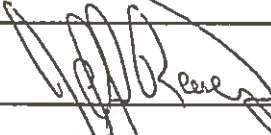
ATTACHMENT 1A

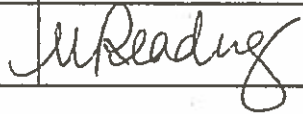
Additional Water Right Holders Party to the Lease Application

For the water right on this application, list all owners (individuals or business entities) of the right or the property to which it is appurtenant. All water right holders must sign a Water Supply Bank Lease Application. However, only the Designated Applicant needs to provide a completed IRS Form W-9 (Attachment 1B). All correspondence and any financial payment associated with the rental of this water right will be directed to the Designated Applicant. If additional space is needed to list any other water right holders, attach a second copy of Attachment 1A.

If submitting multiple applications, it is only necessary to complete one Attachment 1A for the group of applications. List each water right below.

Water Right No(s). 34-13873 and 34-14047

	Designated Applicant	Applicant #2	Applicant #3
Name	Jason Reading	Desiree Reading	Jeff Reading
Mailing Address	405 Nicole Drive Jerome, ID 83338	405 Nicole Drive Jerome, ID 83338	1804 W. 350 N. West Point, UT 84015
Phone Number	208-681-5897	208-681-5961	801-775-0284
Email Address	jasonreading2003@yahoo.com	reading.desiree@yahoo.com	jmrreading33@hotmail.com
Applicant Declaration	As Designated Applicant, I submit this lease application on behalf of all other water right holders.	I authorize the Designated Applicant to submit this application on my behalf.	I authorize the Designated Applicant to submit this application on my behalf.
Signature			

	Applicant #4	Applicant #5	Applicant #6
Name	Michelle Reading		
Mailing Address	1804 W. 350 N. West Point, UT 84015		
Phone Number	801-775-0284		
Email Address	michellemreading@gmail.com		
Applicant Declaration	I authorize the Designated Applicant to submit this application on my behalf.	I authorize the Designated Applicant to submit this application on my behalf.	I authorize the Designated Applicant to submit this application on my behalf.
Signature			

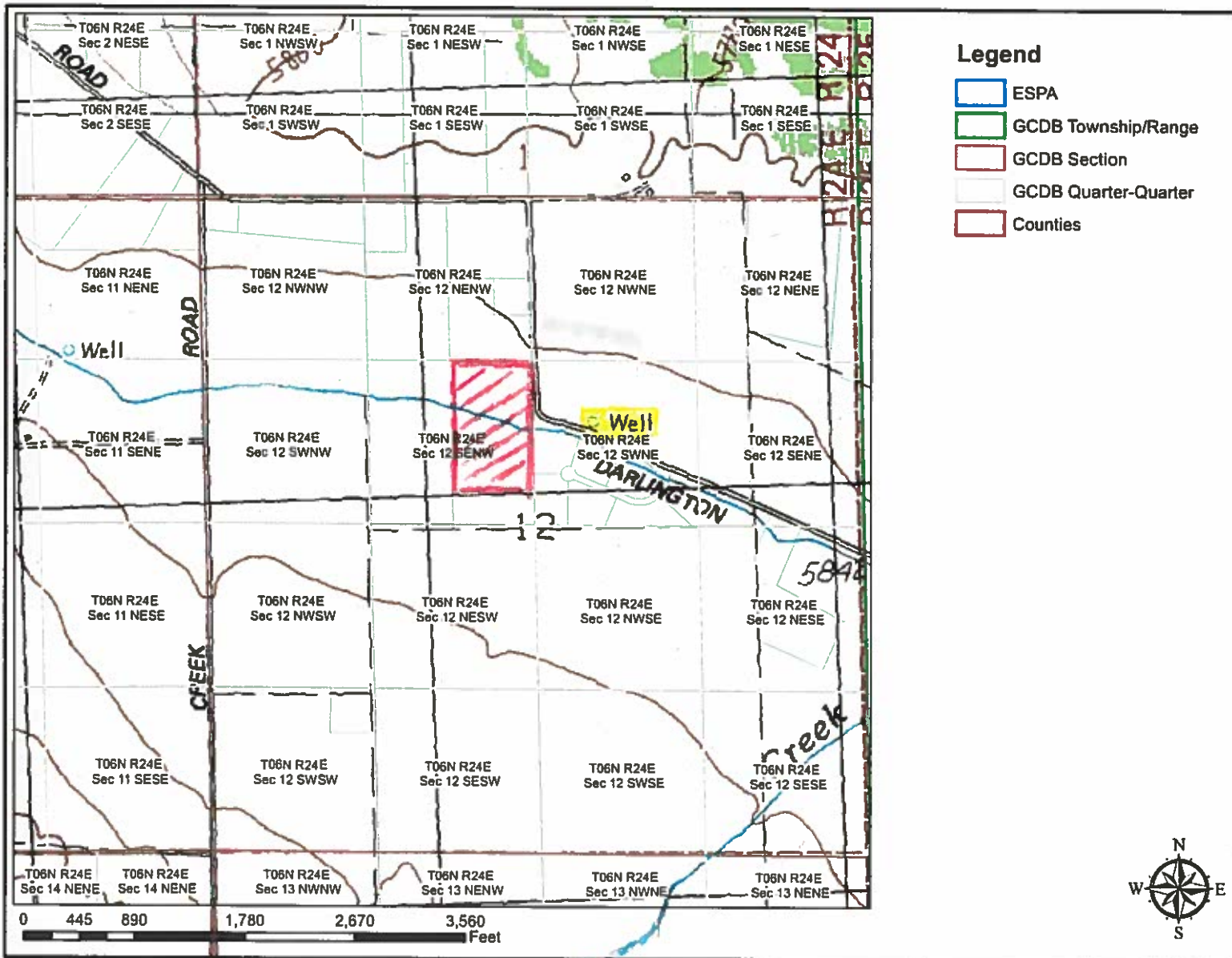
Attachment: 3

Place of use: Township 6 North, Range 24 E. B.M. (All 20 acres will be idled)
 Section 12: East 1/2 SE 1/4 NW 1/4



Point of Diversion Water Right 34-14047: O Well

Point of Diversion Water Right 34-13873: X Division



(34-13873)
 (Division)
 X



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 3, 2017

JASON READING
405 NICOLE DR
JEROME ID 83338

RE: WATER SUPPLY BANK LEASE CONTRACT FOR WATER RIGHTS 34-13873 and 34-14047

Dear Lessor:

Water rights **34-13873** and **34-14047** were leased into the Water Supply Bank (Bank) as of October 13, 2016, in accordance with the enclosed executed lease contract. **Your water rights, as described on the lease contract, 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 contract. Read the conditions of acceptance carefully.

The rights will automatically be released from the Bank on **December 31, 2021**, 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 contract 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,

Water Supply Bank

Enclosure: Executed Lease Contract

c: James Cefalo - IDWR Eastern Region
Lucas Yockey – Water District 34



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

December 19, 2016

JASON READING
405 NICOLE DR
JEROME ID 83338

RE: APPLICATIONS TO LEASE WATER RIGHT 34-13873 and 34-14047 TO THE WATER SUPPLY BANK

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

Dear Applicant:

The Department of Water Resources has completed its review of your application to lease the above-mentioned water right 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 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 Contract is not considered final until you and the Department have both signed.

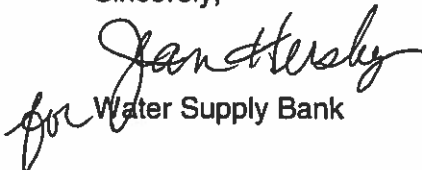
The right will automatically be released from the Bank on **December 31, 2021**, unless the right is released earlier by the Board, or upon your request. To release the right from the Bank prior to the release date, submit a written request on the Request to Release a Water Right from the Bank form. 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

Enclosure: Proposed Lease Contracts
Receipt # C102586

WATER SUPPLY BANK		Quick Tools	
Agent Lease Review Checklist		Decreed Year	No Forfeiture Concerns Thru:
Applicant(s) Name: READING		2010	2016
Memo Date: December 19, 2016		2011	2017
Water Right Number(s): 34-13873 and 34-14047		2012	2018
		2013	2019
		2014	2020
Reviewers Name: Jean			
		Check box	
			COMMENTS/CONCERNS:
1	Fill out WSB Data Entry Checklist for Leases	X	
2	Reason for lease of water rights (Brief description of lease proposal in narrative)		
	Portion of right		
	All of right	X	
3	Check GWMA/CGWA/ADC and basin 63 areas of concern (note area in comments)		
		Yes	No
4	Rentable? If no explain in comments	X	
5	Authority to file		
	Current owner or designated applicant	X	
	SOS Web site checked for business entity		
	Other (explain in comments)		
6	Water Right validity		
	Decreed/Licensed/Statutory claim date (write in comments section)		
	Past irrigation to ensure forfeiture is not an issue if decreed or licensed over 7 years ago (consider transfers that changed the POU, rentals to the POU etc.)		
	Has this right previously been leased to the bank or in CREP?	X	
7	Injury to other water rights		
	If the POD is through a delivery entity, was consent provided?		NA
	If the POD is through a delivery entity, was holdback required? (percentage in comments)		%
8	Enlargement concerns	Check box	
	Complete a POU comparison overlap analysis	X	
	Complete a combined limits review	X	
	Complete POD overlap analysis (if there is an overlap add condition to lease)	X	
		Yes	No
	Are there overlapping rights that need to be placed in the bank also?		X
	Will the place of use continue to receive water?		X
9	Local Public Interest		
	Does the processor know of any problems this action will cause for the local public?		X
10	Have you contacted regional office and watermaster for comment/concerns?	X	
	Send the watermaster comment request form or e-mail request		
11	Area Headgate requirement		3.5
12	Is water right involved in any other department action? Pull file and check database () Ownership Change () Transfer () Mitigation () Other - Explain in comments		X
13	Narrative: The applicant wishes to place the entirety of both right in the Bank. Jason Reading is the designated applicant. These rights have been in the Bank since 2011. Forfeiture is not an issue. Water right 34-13873 is from Alder Creek and delivered through private canals. 34-14047 is a ground water right. To avoid injury, 14 acres of these two water rights would need to be rented together. 5 acres of right 34-14047 could be rented as a primary right. Rights are currently within WD 34.		

Hersley, Jean

From: Cefalo, James
Sent: Monday, December 19, 2016 9:01 AM
To: Hersley, Jean
Subject: RE: WSB Lease for Reading- 34-13873 and 34-14047

Jean,

I don't have any concerns with the proposed WSB Lease.

James

From: Hersley, Jean
Sent: Monday, December 19, 2016 8:47 AM
To: Cefalo, James; Lucas Yockey (watermaster34@atcnet.net)
Subject: WSB Lease for Reading- 34-13873 and 34-14047

Please let me know if you have any comments or concerns within 7 days. Thank you.

*Jean Hersley
Idaho Dept Water Resources
Technical Records Specialist II
208-287-4942*

Hersley, Jean

From: Hersley, Jean
Sent: Monday, December 19, 2016 8:47 AM
To: Cefalo, James; Lucas Yockey (watermaster34@atcnet.net)
Subject: WSB Lease for Reading- 34-13873 and 34-14047
Attachments: Idled Acres.pdf; Lease Application Review Checklist.xls; Report - Lease Contract.docx

Please let me know if you have any comments or concerns within 7 days. Thank you.

*Jean Hersley
Idaho Dept Water Resources
Technical Records Specialist II
208-287-4942*

Hersley, Jean

From: jason reading <jasonreading2003@yahoo.com>
Sent: Friday, December 16, 2016 1:05 PM
To: Hersley, Jean
Subject: Re: WSB Lease Application

Jean,

The water is not delivered through the Darlington ditch. It is through a private set of ditches. The last time I called for water 5-6 years ago, I had to go and make the ditches functional in an attempt to get water to the property.

Hopefully this answer clarifies your question.

Thank-you,

Jason Reading

[Sent from Yahoo Mail on Android](#)

On Fri, Dec 16, 2016 at 11:42 AM, Hersley, Jean
<Jean.Hersley@idwr.idaho.gov> wrote:

Jason,

On your application to lease water right 34-13873 to the Water Supply Bank, you said the water came from Alder Creek with delivery through a ditch system. Which ditch system is your water delivered through?

If the water is delivered through the Darlington or Rodger Ditch, the Department will need consent from the Big Lost Irrigation District to place this right in the Bank.

Please let me know within 30 days if you have to get permission from the Big Lost Irrigation District. Thank you.

Jean Hersley

Idaho Dept Water Resources

Technical Records Specialist II

208-287-4942