



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 6, 2017

CSS POTATO FARMS
C/O MILTON G. CARTER
76944 TOWER ROAD
BOARDMAN OR 97818

RE: Expiration of Water Supply Bank Rental Agreement for water rights: 17-2028, 17-2045, 17-2052, 17-7007, 17-7063

Renter,

This letter is to inform you that your rental agreement(s) to rent the above listed water rights from the Water Supply Bank (Bank) expired at the end of 2016.

Once the rental agreement concludes, any diversion or use of water under the rental agreement will no longer be authorized and, if occurring, may be subject to an enforcement action.

If you wish to rent water in the future, please download a rental application from: <http://idwr.idaho.gov>. You may submit rental applications on November 1 of the year prior to the intended use of rental water. **YOU ARE ENCOURAGED TO FILE AN APPLICATION AT LEAST 3 MONTHS PRIOR TO THE DATE YOU DESIRE TO USE RENTAL WATER.**

If you have any questions about this matter, please contact me at (208) 287-4918.

Sincerely,

A handwritten signature in black ink, appearing to be 'RB' followed by a stylized flourish.

Remington Buyer
Water Supply Bank Coordinator

Enclosures:

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES
WATER SUPPLY BANK RENTAL AGREEMENT RECEIVED

This is to certify that: **CSS POTATO FARMS, LLC**
C/O MILTON G. CARTER
76944 TOWER ROAD
BOARDMAN OR 97818

JUN 17 2016

DEPT OF WATER RESOURCES
SOUTHERN REGION

filed an application to rent water from the Water Supply Bank ("Bank"). The Idaho Water Resource Board ("Board"), being authorized to operate a Bank and to contract by and through the Director of the Idaho Department of Water Resources ("Director, Department") for rental of water from the Bank, agrees to rent water as follows:

Summary of Water Rights or Portions Rented from the Bank

Water Right	Priority Date	Source	Tributary	Rented Rate	Annual Rented Volume	Rented Acres
17-2028	07/30/1953	Ground Water		0.25 cfs	93.5 af	24.4 ac
17-2030	03/04/1954	Ground Water		0.18 cfs	34.9 af	7.1 ac
17-2045	07/24/1959	Ground Water		0.33 cfs	54.3 af	23.9 ac
17-7007	08/24/1970	Ground Water		0.67 cfs	190.7 af	51.3 ac
Total Annual Combined Limit				1.43 cfs	373.4 af	106.7 ac

17-2052	04/15/1966	Ground Water		0.06 cfs	23.5 af	16.4 ac
17-7063	09/12/1975	Ground Water		0.18 cfs	50.1 af	19.3 ac
Total Annual Combined Limit				0.24 cfs	73.6 af	35.7 ac

Annual Combined Rental Totals

1.67 cfs 447.0 af *142.4 ac

*This rental is limited to the irrigation of 125 acres.

Term of Rental: This rental is in effect from the day the Idaho Water Resource Board signs the rental agreement and shall be in effect until December 31, 2016.

Rental Fee: **\$7,599.00**

The fee for rental of the above-described water is \$7,599.00 per year. Ten percent (\$759.90) will be retained by the Department to offset administrative costs, and the remainder will be paid to the lessor(s).

No rental fees will be refunded once the fee is collected and the start date for a Rental Agreement has passed.

Detailed water right conditions are attached.

SUPPORT DATA

IN FILE # 17-2028

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES
WATER SUPPLY BANK RENTAL AGREEMENT

The undersigned renter agrees to use the water rented under this agreement in accordance with the Water Supply Bank rules and in compliance with the limitations and conditions of use described in this agreement:

 Reagan Grabner, Manager 6-17-2016
Signature of Renter Printed Name and Title* Date

Signature of Renter Printed Name and Title* Date

*Please provide title of signatory if signing on behalf of a company or organization or with power of attorney

Having determined that this agreement satisfied the provisions of Idaho Code § 42-1763 and IDAPA 37.02.03.030 (Water Supply Bank Rule 30), for the rental and use of water under the terms and condition herein provided, and none other, I hereby execute this Rental Agreement on behalf of the Idaho Water Resource Board.

By  Date 6/22/2016
BRIAN PATTON, Acting Administrator
Idaho Water Resource Board

Rental Approved by IDWR  Date 6-29-2016

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES
WATER SUPPLY BANK RENTAL AGREEMENT

WATER USE DETAILS

LOCATION OF POINT(S) OF DIVERSION

GROUND WATER	NE $\frac{1}{4}$ NE $\frac{1}{4}$	Sec. 08	Twp 15S	Rge 33E	ONEIDA County
GROUND WATER	NW $\frac{1}{4}$ NE $\frac{1}{4}$	Sec. 08	Twp 15S	Rge 33E	ONEIDA County

BENEFICIAL USE

IRRIGATION

SEASON OF USE

06/01 TO 10/15

RENTER'S PLACE OF USE: IRRIGATION

Twp	Rge	Sec	NE				NW				SW				SE				Totals
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
15S	33E	6													31.1	31.4	31.4	31.1	125

Total Acres: 125

CONDITIONS APPLICABLE TO ALL RENTED WATER RIGHTS

1. The use of water under this agreement shall be subject to the provisions of Idaho Code § 42-1766.
2. Rental of the specified right from 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.
3. Use of water under this agreement does not constitute a dedication of the water to renter's place of use, and upon expiration of this agreement, the points of diversion and place of use of the water shall revert to those authorized under the water right and/or again be available to rent from the bank.
4. This rental does not grant any right-of-way or easement to use the diversion works or conveyance works of another party.
5. Use of water under this agreement shall not prejudice any action of the Department in its consideration of an application for transfer or permit filed by the applicant for this same use.
6. Renter agrees to comply with all applicable state and federal laws while using water under this agreement.
7. Renter agrees to hold the Board, the Director and the state of Idaho harmless from all liability on account of negligent acts of the renter while using water.
8. Renter acknowledges and agrees that the Director may terminate diversion of water if the Director determines there is not a sufficient water supply for the priority of the right or portion thereof being rented.
9. Failure of the renter to comply with the conditions of this agreement is cause for the Director to rescind approval of the rental agreement.
10. These rights 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.
11. The following rights are diverted through point(s) of diversion described above: 17-2028, 17-2030, 17-2045 and 17-7007.

No. W 148512	Due no later than Feb 29, 2016 Annual Report Form		2. Registered Agent and Address (NO PO BOX)			
Return to: SECRETARY OF STATE 700 WEST JEFFERSON PO BOX 83720 BOISE, ID 83720-0080 NO FILING FEE IF RECEIVED BY DUE DATE	1. Mailing Address: Correct in this box if needed. CSS POTATO FARMS, L.L.C. 76944 TOWER RD BOARDMAN OR 97818 USA		C T CORPORATION SYSTEM 921 S ORCHARD ST STE G BOISE ID 83705			
			3. New Registered Agent Signature:*			
4. Limited Liability Companies: Enter Names and Addresses of at least one Member or Manager.						
Office Held	Name	Street or PO Address	City	State	Country	Postal Code
MANAGER	ROBIN STAMP	76944 TOWER RD	BOARDMAN	OR	USA	97818
MANAGER	REAGAN GRABNER	76944 TOWER RD	BOARDMAN	OR	USA	97818
MANAGER	STEVEN GANGWISH	76944 TOWER RD	BOARDMAN	OR	USA	97818
MANAGER	MILTON CARTER	76944 TOWER RD	BOARDMAN	OR	USA	97818
5. Organized Under the Laws of: SD W 148512		6. Annual Report must be signed.* Signature: Ryan Nelson Name (type or print): Ryan Nelson Date: 01/08/2016 Title: POA				
Processed 01/08/2016		* Electronically provided signatures are accepted as original signatures.				

STATE OF IDAHO
WATER RESOURCE BOARD

RECEIVED

APR 08 2016

DEPARTMENT OF
WATER RESOURCES

APPLICATION TO RENT WATER
FROM THE BOARD'S WATER SUPPLY BANK

Applicant Name: CSS Potato Farms, LLC

Is this application being submitted with a lease application as a lease/rental package?

Yes ☒ No ☐

If yes, specify companion water rights in Section 4

This application must be completed according to the minimum requirement checklist below. This checklist is part of the rental application and must be included with the rental application. Applications that do not meet the minimum requirements will not be placed in the processing queue and may be returned until all minimum requirements have been met.

Rental applications should be submitted well in advance of the desired start date for the use of rental water. Rental applications may be processed as early as November 1 of the year prior to the intended use of rental water. Any rental application received on or before November 1 for use in the next year will be assigned a received date of November 1. Rental applications submitted more than one year in advance of the proposed start date for the use of rental water will not be accepted and will be returned to applicants. Rental applications may be returned to applicants if the desired start date for the use of rental water cannot be accommodated by the Water Supply Bank. Rental requests will not be accepted once the rental season of use period has concluded.

One rental application per beneficial use of water. For multiple beneficial uses of water, separate rental requests should be submitted for each unique beneficial use of water. One rental application can be submitted if you propose to rent water from multiple sources.

For additional instructions on completing a rental application, visit the Bank's website at http://idwr.idaho.gov/water_supply_bank.

MINIMUM REQUIREMENT CHECKLIST

Check All Items as Either Attached (Yes) or Not Applicable (N/A)

Yes

- ☒ Completed *Application to Rent Water from the Board's Water Supply Bank*
- ☒ Confirmation that this form has been printed single sided, per requirement of the Water Supply Bank

Attachment N/A Yes

- 2 ☒ A map showing the proposed point(s) of diversion, place(s) of use, and water diversion and distribution systems proposed to be used with your rental request
- 3A ☐ ☒ Detailed information on a proposed use of rental water
- 3F ☒ ☐ Authorization from the owner/operator of the rental point(s) of diversion
- 3H ☒ ☐ Water modeling to account for the impacts of the rental request
- 3J ☒ ☐ Documents justifying a rate of flow greater than 0.02 cfs/acre
- 3K ☐ ☐ Authorization from the owner/operator of the property at the proposed rental place(s) of use
- 4B ☐ ☒ Explanation of how the rental water will sufficiently accomplish your rental purposes
- 4C ☒ ☐ Explanation of consumptive use amounts for water rights experiencing a change in nature of use

Department Use Only – Proposed Water Right(s)

17-2052 ☒ 17-2028 ☒ 17-2030 ☒

17-2063 ☒ 17-7007 ☒ 17-2045 ☒

**STATE OF IDAHO
WATER RESOURCE BOARD**

Application to Rent Water (Continued)

1. CONTACT INFORMATION

A. Applicant CSS Potato Farms, LLC

Mailing Address 76944 Tower Road Boardman, OR 97818

Street

City

State

Zip Code

Email Address _____

Phone Number _____

B. Is this application being completed by an authorized representative on behalf of the applicant? Yes ☒ No ☐

If yes, representatives (includes company employees if the applicant is a corporation, as well as legal counsel or consultants) should provide their information below if they desire to be included on correspondence with the rental applicant.

Representative Greg Sullivan

Professional Title Engineer

Organization Brockway Engineering

Relationship to Applicant Consultant

Mailing Address 2016 N. Washington St Ste. 4 Twin Falls, Idaho 83301

Email Address greg.sullivan@brockwayeng.com

Phone Number 208-736-8543

2. MAP

Create a map of the proposed point(s) of diversion, place(s) of use and water diversion, delivery and distribution systems. Make sure the rental 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 irrigate. Attach the map to this application and label it Attachment 2.

3. DESCRIPTION OF PROPOSED USE FOR RENTAL WATER

A. Describe why you desire to rent water and provide a detailed description of your proposed use. If the proposed use is not for irrigation, describe in detail how you determined the amount of rental water required. If the space below is insufficient, attach additional sheets as required and label them Attachment 3A:

This rental will provide the necessary water to irrigate a new pivot.

B. Enter the desired and/or minimum rates of flow, volume, or irrigable acres requested for your rental purposes:

Desired Rate (Cubic Feet/Second)	Desired Volume (Acre-Foot)	Minimum Rate* (Cubic Feet/Second)	Minimum Volume* (Acre-Foot)	Desired Acres (if applicable)
1.67 CFS	446.8 AF	1.67 CFS	446.8 AF	125.0 AC

* Sometimes water rights provide an exceptionally low rate per acre and/or low volume per acre. This section is meant to establish an acceptable range of water sufficient for your proposed water use. Please see question 4B and complete if necessary.

C. This section must be completed in full. Enter the proposed start date and latest possible start date for using rental water as well as the number of years you would like to rent water. The latest possible start is the latest possible date by which you would be willing to pay for a rental and be able to benefit from utilizing rental water.

Desired Start Date (month/day/year)	Latest Possible Start Date (month/day/year)	*Mark Desired Rental Duration (Calendar Years)					**Applicant's preference if rental application cannot be processed prior to the latest possible start?	
5/1/2016	6/1/2016	☒ 1	☐ 2	☐ 3	☐ 4	☐ 5	☐ Process application as soon as possible	☒ Return application to applicant

* The number of years permissible for a rental is subject to the lease contract duration for the water right(s) being rented.

** Per Idaho Code 42-201, it is unlawful to divert or use water without a valid water right. Water Supply Bank rental applicants are not authorized to utilize rental water prior to the execution of an approved rental agreement. Rental requests may be returned to applicants if no water is available from the Bank to fulfill a rental request.

STATE OF IDAHO
WATER RESOURCE BOARD

Application to Rent Water (Continued)

- D. Describe your water distribution system and how rental water will be delivered from the point(s) of diversion (POD) to the proposed place of use (POU):

Existing wells, pumps and motors. New main line and pivot system will be installed.

- E. Describe the physical type (pump, headgate, etc.) and location of the POD from which rental water is proposed to be diverted:

POD Description	Water Source	Other Water Rights Diverted from this POD
15S33ESec8 NENE	Ground Water	17-7007, 17-2028, 17-2045, 17-2030
15S33ESec8 NWNE	Ground Water	17-7007, 17-2028, 17-2045, 17-2030

If the POD(s) above are located where water is turned into a canal, lateral or ditch, or if they are located on your property but are serviced by water that is delivered via a canal, lateral or ditch, your rental request must include documented authorization from all relevant canal companies, irrigation districts and/or water delivery entities, confirming that they consent to your diversion of water from their system.

- F. Has documented consent from all relevant water delivery entities been obtained? Yes ☐ N/A ☒
If yes, include documented consent as Attachment 3F.

- G. Do any POD(s) identified in Question 3E divert from a water source that may require water modeling? Yes ☐ No ☒
Refer to the Water Modeling Requirements Information Sheet to determine if a rental POD may require water modeling.

- H. Has water modeling been provided with your rental request? Yes ☐ N/A ☒
If yes, label modeling Attachment 3 H.
Rental applications that require modeling will be returned if modeling is not provided.

- I. Specify the desired beneficial use of water and the requested season of use or number of acres required:

- ☒ Irrigation 125.0 (number of acres) Duration: Subject to IDWR standard seasons of use
- ☐ Commercial from: _____ (mm/dd) to: _____ (mm/dd)
- ☐ Stockwater from: _____ (mm/dd) to: _____ (mm/dd)
- ☐ Industrial from: _____ (mm/dd) to: _____ (mm/dd)
- ☐ Other: _____ from: _____ (mm/dd) to: _____ (mm/dd)

- J. For irrigation uses, do you propose to divert water at a rate greater than 0.02 cfs/acre? N/A ☐ Yes ☐ No ☒
If yes, justify the rate of flow and attach any supporting documents as Attachment 3J. Justification may include information on soil composition, conveyance losses, crop type, irrigation systems, public access areas, etc. A rate of 0.03 cfs/acre is permissible for irrigation of 5 acres or less.

- K. Do you own the land at the proposed rental place of use (POU)? Yes ☐ No ☒
If no, attach documentation from the POU owner/operator confirming your authorization to use the POU and label it Attachment 3K.

- L. List all other water rights and sources of water at the rental place of use for the same purpose, including privately owned water rights and water received from a municipal supplier, an irrigation district, a canal company or any other water delivery entity. Explain why additional water is required:

None

**STATE OF IDAHO
WATER RESOURCE BOARD**

Application to Rent Water (Continued)

4. RENTAL REQUESTS FOR SPECIFIC WATER RIGHTS

A. Are you requesting to rent specific water rights?

Yes ☒ No ☐

If yes, specify below the elements of the water rights you are requesting to rent. If no, continue to Question 4B.

Important Information: Diversion rates and volumes sought for rent must be proportionate to the per acre diversion rates and per acre volume limits of the water right under lease contract to the Water Supply Bank. Prior to completing this section, applicants should review all water right lease contracts and any active rental agreements to determine which elements of a water right are available to satisfy a rental request. Lease and rental documents are searchable via [IDWR's website](#).

Water rights identified below must either already be leased to the Bank or a lease proposal should accompany this rental request. Rental requests for water rights not yet leased to the Bank will be returned if companion lease applications are not provided with the rental request. For leased rights featuring combined limits, rentals must be consistent with combined diversion rate, volume or acre limits. Combined limits should be listed on a row below water right numbers.

Water Right Elements Leased to Water Supply Bank					Leased totals, minus water right elements involved in active rental agreements, equals water right elements available for rent	Water Supply Bank Rental Request		
Water Right Number (leave blank if sub-total of combined limits)	Nature of Use	Diversion Rate (CFS)	Volume (AF)	Acres (AC)		Diversion Rate (CFS)	Volume (AF)	Acres (AC)
17-2052	Irrigation	0.06	23.7	16.5		0.06	23.7	16.5
17-2063	Irrigation	0.18	50.5	36.0		0.18	50.5	36.0
17-7007	Irrigation	0.69	190.2	71.7		0.69	190.2	71.7
17-2028	Irrigation	0.26	93.3	34.1		0.26	93.3	34.1
17-2045	Irrigation	0.35	54.2	33.3		0.35	54.2	33.3
17-2030	Irrigation	0.18	34.8	10.0		0.18	34.8	10.0
Applicants must ensure the requested rate per acre and volume per acre do not exceed the rate per acre and volume per acre limits of water rights leased to the Water Supply Bank					TOTAL	1.67	446.8	125.0
						CFS	AF	AC

**Attach multiple copies of this page if space above is insufficient to list all water rights requested to be rented on this application.*

B. If water right conditions, combined limits, or the sum of all water right elements being requested provide an unconventional duty of water (e.g., an unusually low rate per acre or volume per acre for irrigation use), explain how your proposed rental will sufficiently accomplish your intended purposes. Attach a separate page if space is insufficient and label it **Attachment 4B**:

N/A

C. Does your rental request propose to change the nature of use for any water right(s) being rented?

Yes ☐ No ☒

If yes, explain how the water right(s) will be converted to new uses. Include the historic, consumptive use amounts for the water right being rented if you have it, as well as the new consumptive use amount for your proposed beneficial use. If space below is insufficient, attach a separate page and label it **Attachment 4C**:

STATE OF IDAHO
WATER RESOURCE BOARD

Application to Rent Water (Continued)

5. ADDITIONAL INFORMATION

- A. Is this the first time that rental water is being requested for this purpose at the rental place of use? Yes ☒ No ☐
If no, list previous rental requests/agreements and explain why you have not secured a permanent water right for your needs:

- B. Have you or do you intend to submit an application for permit or transfer proposing a similar use as this rental? Yes ☐ No ☒
If yes, describe:

- C. Was this rental application submitted in response to a Notice of Violation (NOV) or a pending NOV? Yes ☐ No ☒
If yes, describe the date and location of the NOV.

- D. Additional Information
N/A

DECLARATION

I hereby assert that the information contained in this application is true to the best of my knowledge. I understand that any willful misrepresentations made in this application may result in rejection of the application or cancellation of an approval. I understand that if this rental application is approved, it will be subject to the provisions of Section 42-1766, Idaho Code and all applicable state and federal laws. I understand that the submission of a rental application provides no guarantee for approval of a rental agreement. I also understand that, per Idaho Code 42-201, it is unlawful to divert or use water without a valid water right and that I am not authorized to utilize water as proposed in this application prior to the execution of an approved rental agreement.

Milton J. Carter

Signature of Applicant

Printed Name of Applicant

Date

4-6-16

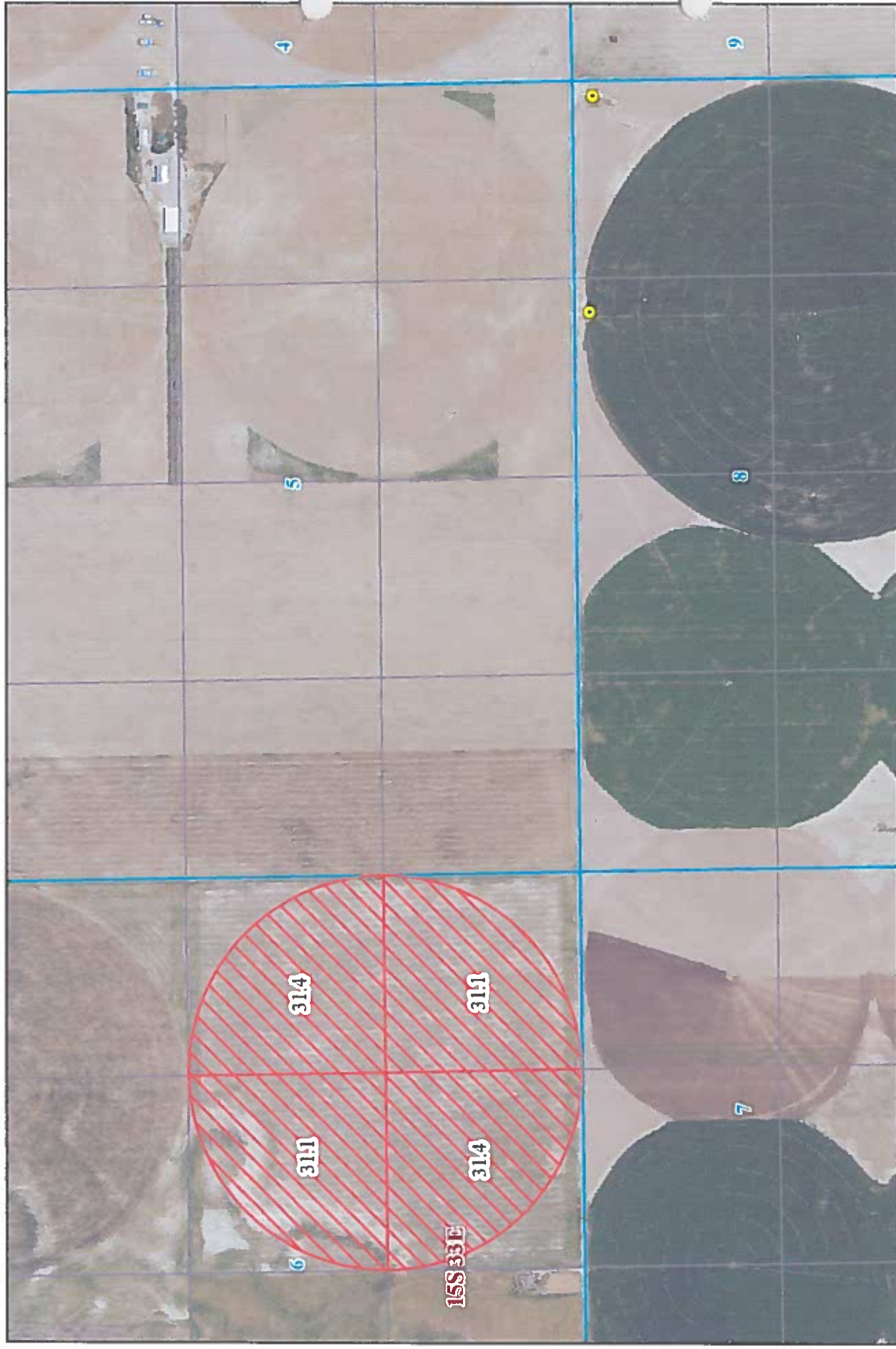
Signature of Representative

Printed Name of Representative

Date

Mail to:

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



CSS FARMS

WATER BANK RENTAL 2016
NAIP 2015 AERIAL

0 300 600 1,200 Feet

Legend
WR_POD
Rental 2016
Rental 2015
first
ladesc

No. W 148512		Due no later than Feb 29, 2016		2. Registered Agent and Address (NO PO BOX)		
Return to: SECRETARY OF STATE 700 WEST JEFFERSON PO BOX 83720 BOISE, ID 83720-0080 NO FILING FEE IF RECEIVED BY DUE DATE		1. Mailing Address: Correct in this box if needed. CSS POTATO FARMS, L.L.C. 76944 TOWER RD BOARDMAN OR 97818 USA		C T CORPORATION SYSTEM 921 S ORCHARD ST STE G BOISE ID 83705		
				3. <u>New</u> Registered Agent Signature:*		
4. Limited Liability Companies: Enter Names and Addresses of at least one Member or Manager.						
Office Held	Name	Street or PO Address	City	State	Country	Postal Code
MANAGER	ROBIN STAMP	76944 TOWER RD	BOARDMAN	OR	USA	97818
MANAGER	REAGAN GRABNER	76944 TOWER RD	BOARDMAN	OR	USA	97818
MANAGER	STEVEN GANGWISH	76944 TOWER RD	BOARDMAN	OR	USA	97818
MANAGER	MILTON CARTER	76944 TOWER RD	BOARDMAN	OR	USA	97818
5. Organized Under the Laws of:		6. Annual Report must be signed.*				
SD		Signature: Ryan Nelson		Date: 01/08/2016		
W 148512		Name (type or print): Ryan Nelson		Title: POA		
Processed 01/08/2016		* Electronically provided signatures are accepted as original signatures.				

FARM LEASE

1. **PARTIES:** The parties of this lease are:

Landlord: Brad Wolstenhulme
Address: 101 Valleyview Drive
Montpelier, Idaho 83254

Social Security or Federal I.D. Number: 

Tenant: CSS Potato Farms, LLC
1200 33rd St. SE
Watertown, SD 57201

2. **PROPERTY:** The Landlord leases to the Tenant the following described real property located in Oneida County, Idaho:

Approx'y 125 irrigated acres in either the SW 1/4 of Section 5 of T-15-S, R-33-E, or the NW 1/4 of Section 5 of T-15-S, R-33-E, or the SE 1/4 of Section 6 T-15-S, R-33-E. (Tenant will plant potatoes on one of these three quarters in rotation each year during the term of the lease. In 2016, the potatoes will be planted in the SE 1/4 of Section 6.)

3. **TERM:** The term of this Lease shall be for ten (10) years, commencing April 10, 2016, and ending on December 31, 2025.

4. **RENTAL AMOUNT:** The total annual rental amount will be \$15,000 – to be paid by April 15 of each year of the lease.

In addition, CSS will reimburse Landlord for seed, fertilizer, and other inputs on the 125 acres rented in 2016 at the rate of \$50 per acre, for a total of \$6,250.

Prior to the end of the lease, all leasehold improvements shall remain the property of the Tenant. If the lease is terminated prior to the end of the ten (10) year term for any reason, the Tenant will have the option to remove its center pivot irrigation system and ancillary equipment.

5. **INSURANCE:** The Tenant shall provide liability insurance for injuries or damages occurring on the premises due to its negligence, acts or failure to act, and those of its employees, agents, and invitees.

The Tenant shall obtain and pay for insurance covering the irrigation systems against wind, lightning, other natural causes, vandalism and any causes other than the Tenant's negligent acts. The Landlord will not be responsible for the deductible on any covered losses.

6. IRRIGATION SYSTEM: Tenant will be responsible for the day-to-day operation of the irrigation system that Tenant places on the property. Tenant will be responsible for all repairs as well as all recommended preventative maintenance to the center pivot, irrigation well, pump, motor, pipeline, and associated electrical equipment.

Tenant will provide the water and will pay all power costs incurred in operating the irrigator on the land rented by the Tenant during the term of this lease.

Landlord will not be liable for any damages to the crop due to lack of water.

Tenant will provide all the water needed by the Landlord in the fall (at no cost to the Landlord) to establish a wheat (or other cover crop) on the acres planted to potatoes each year.

7. FARMING PRACTICE: Tenant agrees to farm the land according to the farming practices that are proper, standard, and accepted in the locality.

Tenant agrees to use only such seeds, fertilizers, herbicides, and other chemicals in such quantities and qualities as are proper, standard, federally labeled according to FIFRA, and accepted in the locality.

8. REAL ESTATE TAXES: Landlord shall be responsible for payment of all real estate and personal property taxes and special assessments due on the property for the full term of this agreement and any extensions thereof.

9. HERBICIDE RESTRICTIONS: Landlord agrees not to use any herbicides on the two quarters not planted to potatoes that would have a negative impact on potato production in subsequent years. Landlord will provide a record of herbicides applied on the quarters not planted to potatoes by November 1 of each year.

10. FIRST OPTION TO RE-LEASE: Tenant will have the first option to re-lease the property at the end of the term of this lease or any extensions of this lease.

11. ENTIRE CONTRACT and AMENDMENT: This agreement shall constitute the entire contract between the parties, and this agreement shall not be changed, nor any provision waived unless in writing signed by both parties. All of the agreements contained in this lease shall extend to and be obligatory upon the heirs, executors, administrators and assigns of the respective parties.

Dated this 6 day of April, 2016.

LANDLORD

[Signature]
By: [Signature]

Title: OWNER

Witness: LEE Ann Woolstencroft

TENANT

[Signature]
By: Milton G. Carter

Title: President

Witness: Grant Steel



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

June 30, 2016

CSS POTATO FARMS LLC
C/O MILTON G CARTER
76944 TOWER ROAD
BOARDMAN OR 97818

**RE: RENTAL OF WATER FROM THE WATER SUPPLY BANK
WATER RIGHT NOS. 17-2028, 17-2030, 17-2045, 17-2052, 17-7007, and 17-7063**

Dear Renter:

Please find enclosed a receipt in the amount of **\$7,599.00** and a copy of a fully executed Water Supply Bank Rental Agreement in connection with the rental of 447.0 acre-feet of water for irrigation of 125.0 acres during 2016. Upon receipt of this fully executed agreement, you are authorized to divert water in compliance with the conditions of water use described in the agreement.

Pursuant to the Water Supply Bank Rules, 90% or \$6,839.10 of the rental fee will be paid to the lessor(s) and 10% or \$759.90 will be retained by the Department to offset administrative costs.

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

Sincerely,

Water Supply Bank

Enclosures: Receipt No. S035534
Rental Agreement (copy)

c: Sascha Marston – Fiscal
James Cefalo – IDWR Eastern Regional Office
Greg Sullivan – Brockway Engineering



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

June 17, 2016

CSS POTATO FARMS LLC
C/O MILTON G CARTER
76944 TOWER RD
BOARDMAN OR 97818

**RE: APPLICATION TO RENT WATER FROM THE WATER SUPPLY BANK
WATER RIGHT NOS. 17-2028, 17-2030, 17-2045, 17-2052, 17-7007, and 17-7063**

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

Dear Applicant:

The Department of Water Resources acknowledges receipt of your application to rent water from the Water Supply Bank. **I have enclosed a Water Supply Bank Rental Agreement for your review and signature.** Upon signature and return of the original agreement, together with the rental fee described below, the Department will also sign the original agreement and return an executed copy to you. Execution of the agreement and compliance with the conditions of approval authorize diversion and use of water as provided in the agreement.

A rental fee of \$7,599.00 was calculated based on the current rental rate of \$17.00 per acre-foot times a diversion volume of 447.0 acre-feet.

Please send a check for \$7,599.00 made payable to the Idaho Department of Water Resources, together with the signed rental agreement, within 14 days so I can complete processing. Pursuant to the Water Supply Bank Rules, 90% or \$6,839.10 of the rental fee will be paid to the lessor(s) and 10% or \$759.90 will be retained by the Department to offset administrative costs.

If you have any questions, please contact me at (208) 287-4800.

Sincerely,

SL Water Supply Bank

Enclosure

c: IDWR Front Desk
Greg Sullivan-Brockway Engineering PLLC

MEMORANDUM

To: Water Right No(s). 17-2028, 17-2030, 17-2045, 17-2052, 17-7007 and 17-7063

From: Remington Buyer

Date: June 10, 2016

Re: Review of Applications to Rent Water Rights from the State Water Supply Bank

PURPOSE/NARRATIVE: On April 08, 2015, Brockway Engineering PLLC submitted lease applications for portions of the six above listed water rights, in concert with a rental request for the portions being leased to the Bank. This memo summarizes the rental of the above listed water rights.

The purpose of the rental is to authorize irrigation of 125 acres in the southeast quarter of section 6 in Township 15S, Range 33E. The acres are not presently covered by any irrigation water rights. The applicant is seeking to divert water from points of diversion in the NENE and NENW quarter-quarters of Section 8 in 15S, 33E. The PODs proposed for the rental are the same PODs from which water rights 17-2028, 17-2030, 17-2045 and 17-7007 are already authorized to be diverted.

AUTHORITY TO FILE: The renter is CSS Potato Farms, LLC. The land upon which irrigation is to occur is owned by Brad Woolstenhulme. Applicant did not originally provide consent letter from Brad Woolstenhulme, nor did they answer question 3K on the application. Following a phone conversation with the applicant, the applicant provided the lease document confirming their authority to irrigate acres owned by Bran Wollstenhulme. No concerns about authority to file.

WATER RIGHT VALIDITY: The above water rights are in the process of being leased to the Bank. No concerns about water right validity.

INJURY TO OTHER WATER RIGHTS: The rental location is within the Curlew Valley Critical Ground Water Management Area. Irrigation under this rental is possible in that the water rights being rented are located within the Curlew Valley CGMA, on acres adjacent to the rental POU.

ENLARGEMENT OF USE: The six above listed water rights leased to the Bank authorize a rentable diversion rate of 1.67 cfs and 447 AF, for the irrigation of 142.4 acres. The applicant is seeking a rental diversion rate of 1.67 cfs and 446.8 AF for irrigation of 125 acres (0.013 cfs/AC & 3.6 AF/AC). No concerns about an enlargement of use through rental of these water rights.

LOCAL PUBLIC INTEREST: Review staff has no information to suggest this application is inconsistent with the local public interest.

BENEFICIAL USE/CONSERVATION OF WATER RESOURCES: The lease appears consistent with the conservation of water resources in Idaho.

DEPARTMENT STAFF OR WATERMASTER COMMENTS: There is no watermaster for this area. Comments were requested from IDWR Eastern Region and State Office. No concerns about proceeding with the rental.



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C.L. "BUTCH" OTTER
Governor

GARY SPACKMAN
Director

April 13, 2016

CSS POTATO FARMS LLC
76944 TOWER RD
BOARDMAN OR 97818

RE: APPLICATION(S) TO RENT WATER FROM THE WATER SUPPLY BANK

Dear Applicant:

The Idaho Department of Water Resources (Department) acknowledges receipt of your application(s) to rent water from the Idaho Water Resource Board's Water Supply Bank (Bank) for irrigation of 125 acres. Filing a Bank rental application does not automatically result in approval. Before a rental application can be approved, the rental request must be reviewed, a rental agreement must be prepared, the agreement must be approved by the applicant and the Department, and the rental fee must be paid. To maximize the number of rental applications processed while managing competing priorities, the Department begins accepting rental applications on November 1 for use in the next calendar year, and it processes as many applications as it can before the start of the irrigation season in March or April. Once the irrigation season begins, Department staff members are reassigned to address field work and other duties. Consequently, few rental applications are processed after May 1.

Because your application was received near the beginning of the irrigation season, which is now well underway, it is unlikely the Department will be able to process your application in time for approval in 2016 unless you have proposed a start date late in the year. If your application was for 2016 only and the latest possible start date on your application has passed, the application may be returned to you. If your application requests a rental for more than one year, the rental application may be retained by the Department and evaluated for 2017.

In future years, we encourage you to file your rental applications as soon as possible after November 1 to improve the chances that they will be processed.

Additional information about the Bank may be found on the Department's website at <http://idwr.idaho.gov/water-supply-bank/>.

If you have questions regarding this matter, please contact me at 287-4800.

Sincerely,

Water Supply Bank

C: Greg Sullivan – Brockway Engineering