



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

HEART ROCK RANCH LLC
PO BOX 3724
HAILEY ID 83333

RESPONSE DEADLINE
2/1/2017

RE: Water Supply Bank Rental Fees for 2017 Rental Agreements

Dear Renter,

The following are your 2017 water rentals from the Water Supply Bank:

Rental	Start	End	Water Right	Rental Volume (AF)	Total Rental Fee	Owner Fee (90%)	Admin Fee (10%)	Rental Fee Due Date
1	2016	2020	37-26	427.5	\$7,267.50	\$6,540.75	\$726.75	1/1/2017

Our records indicate that payment has not yet been received for the above water right rentals.

If you have not already done so, please remit payment of **\$7,267.50** prior to the due dates above and enclose a copy of this letter with your payment.

If you have questions about your rental, you can contact me at 208-287-4918.

Regards,

Remington Buyer
Water Supply Bank Coordinator

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

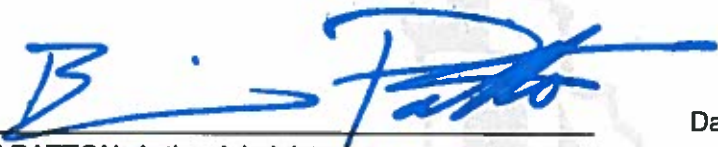
The undersigned renter agrees to use the water rented under this agreement in accordance with the Water Supply Bank rules and in compliance with the limitations and conditions of use described in this agreement:

 HARRY HAGEY-OWRON 3/16/16
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 3/22/2016
BRIAN PATTON, Acting Administrator
Idaho Water Resource Board

Rental Approved by IDWR  Date 3-22-2016

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

WATER USE DETAILS

LOCATION OF POINT(S) OF DIVERSION

BIG WOOD RIVER	NW¼SE¼SW¼	Sec. 12	Twp 01N	Rge 18E	BLAINE County
BIG WOOD RIVER	SE¼NW¼SE¼	Sec. 2	Twp 01S	Rge 18E	BLAINE County
BIG WOOD RIVER	NE¼SW¼SE¼	Sec. 2	Twp 01S	Rge 18E	BLAINE County (Rediversion)

BENEFICIAL USE

WILDLIFE, RECREATION, AND AESTHETIC

SEASON OF USE

04/15 TO 10/31

RENTER'S PLACE OF USE: WILDLIFE, RECREATION, AND AESTHETIC

Twp	Rge	Sec	NE				NW				SW				SE				Totals
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
01S	18E	10													X		X	X	
01S	18E	11	X	X	X	X	X		X	X	X	X	X	X	X	X			
01S	18E	12						X	X										
01S	18E	14					X	X											
01S	18E	15	X	X	X	X	X	X		X	X	X	X	X	X	X	X	X	
01S	18E	21	X		X	X										X			
01S	18E	22					X	X	X										

Total Acres: NA

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.

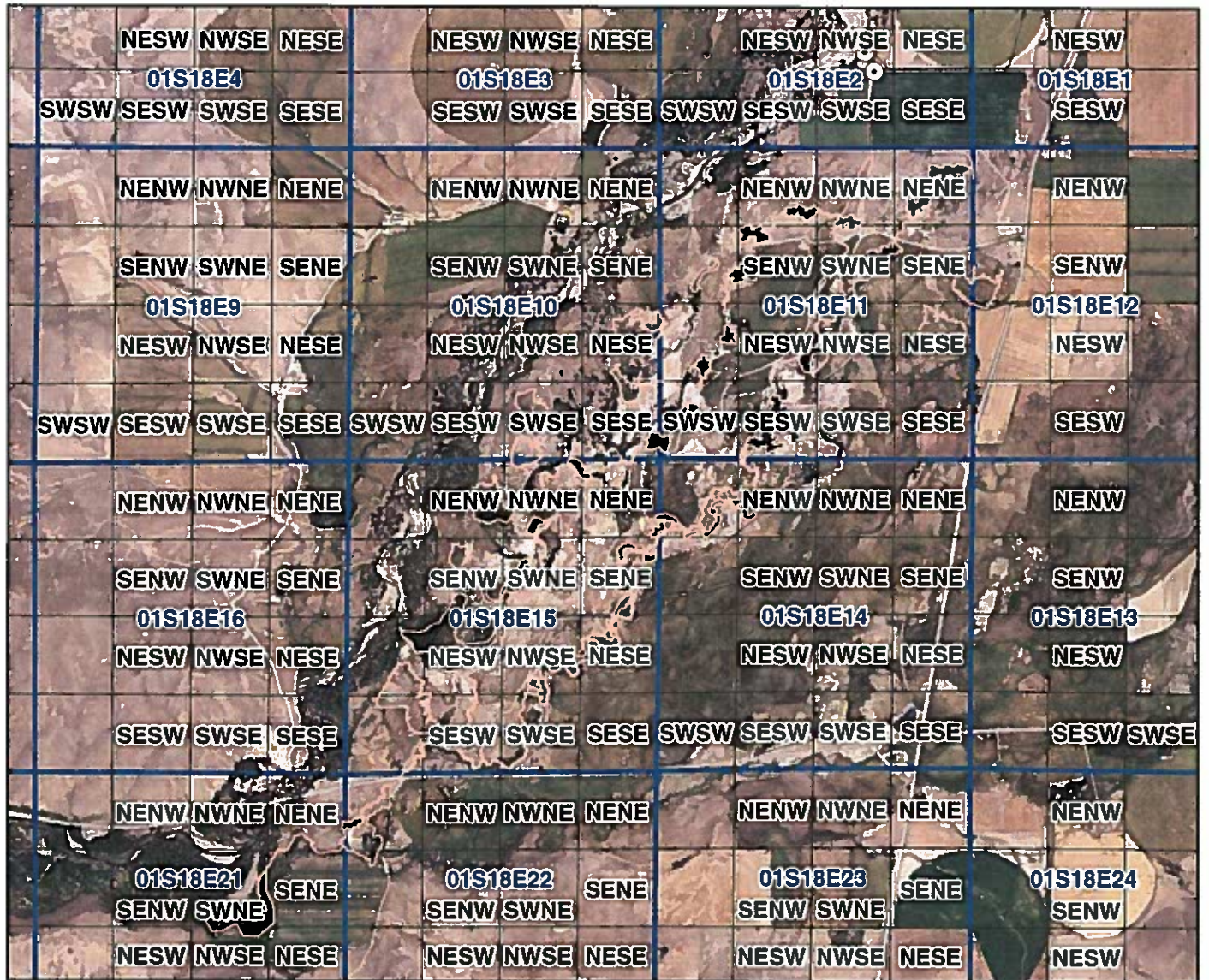
9. Failure of the renter to comply with the conditions of this agreement is cause for the Director to rescind approval of the rental agreement.
10. A measuring device and lockable controlling works of a type acceptable to the Department shall be permanently installed and maintained as part of the diverting works.
11. The water rented under this agreement is appurtenant to irrigation of 171.0 acres.
12. The renter must diligently pursue a permanent water right to provide for the uses authorized under this rental agreement.
13. Use of water under this agreement 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. 37.
14. These rights are measured and administered at the point of redirection.
15. The following rights are diverted through point(s) of diversion described above: 37-60, 37-61, 37-62, 37-63A, 37-64A, 37-66A, 37-67B, 37-68A, 37-230, 37-231B, 37-232 and 37-577AZ.



Idaho Water Resource Board Water Supply Bank Rental Agreement

Effective until December 31, 2020

This map depicts the rental place of use pursuant to the rental agreement and is attached to the agreement solely for illustrative purposes.



- Authorized Rental Point of Diversion
- Authorized Rental Place of Use
- Townships
- PLS Sections
- Quarter Quarters



0 0.25 Miles

STATE OF IDAHO
WATER RESOURCE BOARD

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

RECEIVED

NOV 17 2015

DEPARTMENT OF
WATER RESOURCESApplicant Name: Heart Rock Ranch 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 <i>Application to Rent Water from the Board's Water Supply Bank</i>
		☒	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)

37-26

37-27

STATE OF IDAHO
WATER RESOURCE BOARD

Application to Rent Water (Continued)

1. CONTACT INFORMATION

A. Applicant Heart Rock Ranch LLC

Mailing Address P.O. Box 3724 Hailey, ID 83333

Street City State Zip Code

Email Address Phone Number 208-788-2548

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 Zach Latham Professional Title Hydrologist

Organization Brockway Engineering PLLC Relationship to Applicant Consultant

Mailing Address 2016 Washington St. N Suite #4 Twin Falls, ID 83301

Email Address zach.latham@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**:

Rental proposes to use water for same uses as was approved in 2014, aesthetic, recreation, and wildlife flow
through use in existing storage features on applicant's property.

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)
5.85 CFS	AF	5.85 CFS	AF	W,R,J 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?	
4/15/16	7/1/16	☐ 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 diversion conveys water to existing storage facilities on applicant's property as authorized by 37-22459.

- 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
Black #61 Diversion	Big Wood River	37-60 et. al.
Bypass Canal at Glendale	Big Wood River	37-60 et. al.

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 _____ (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: Wildlife, Recreation, Aesthetic from: 4/15 (mm/dd) to: 10/31 (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.

N/A.

- 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:

Applicant seeks to rent all portions of 37-26 and 37-27 for Wildlife, Aesthetic and Recreation uses on the property.

See 2014 rental approval (attached).

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)
37-26	Irrigation	4.05		171.0		4.05		W,R,J
37-27	Irrigation	1.80		171.0		1.80		W,R,J
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	5.85		W,R,J
						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**:

Applicant seeks to rent all portions of 37-26 and 37-27 for Wildlife, Aesthetic and Recreation uses on applicant's property, water right discharge rates to be rented are those decreed per water right in the SRBA.

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**:

Rental proposes to divert water under 37-26 and 37-27 for Wildlife, Recreation and Aesthetic uses in existing storage features on applicant's property that are authorized under 37-22459.

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:
See attached rental approval, identical to this rental request, which authorized applicant to rent water during the
2014 and 2015 seasons.

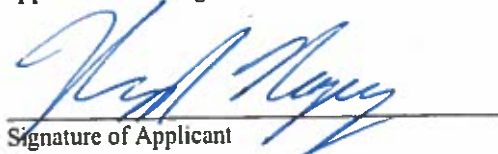
- B. Have you or do you intend to submit an application for permit or transfer proposing a similar use as this rental? Yes ☐ No ☒
If yes, describe:
N/A.

- 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.
N/A.

- D. Additional Information

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.


Signature of Applicant

HARRY HAGEY
Printed Name of Applicant

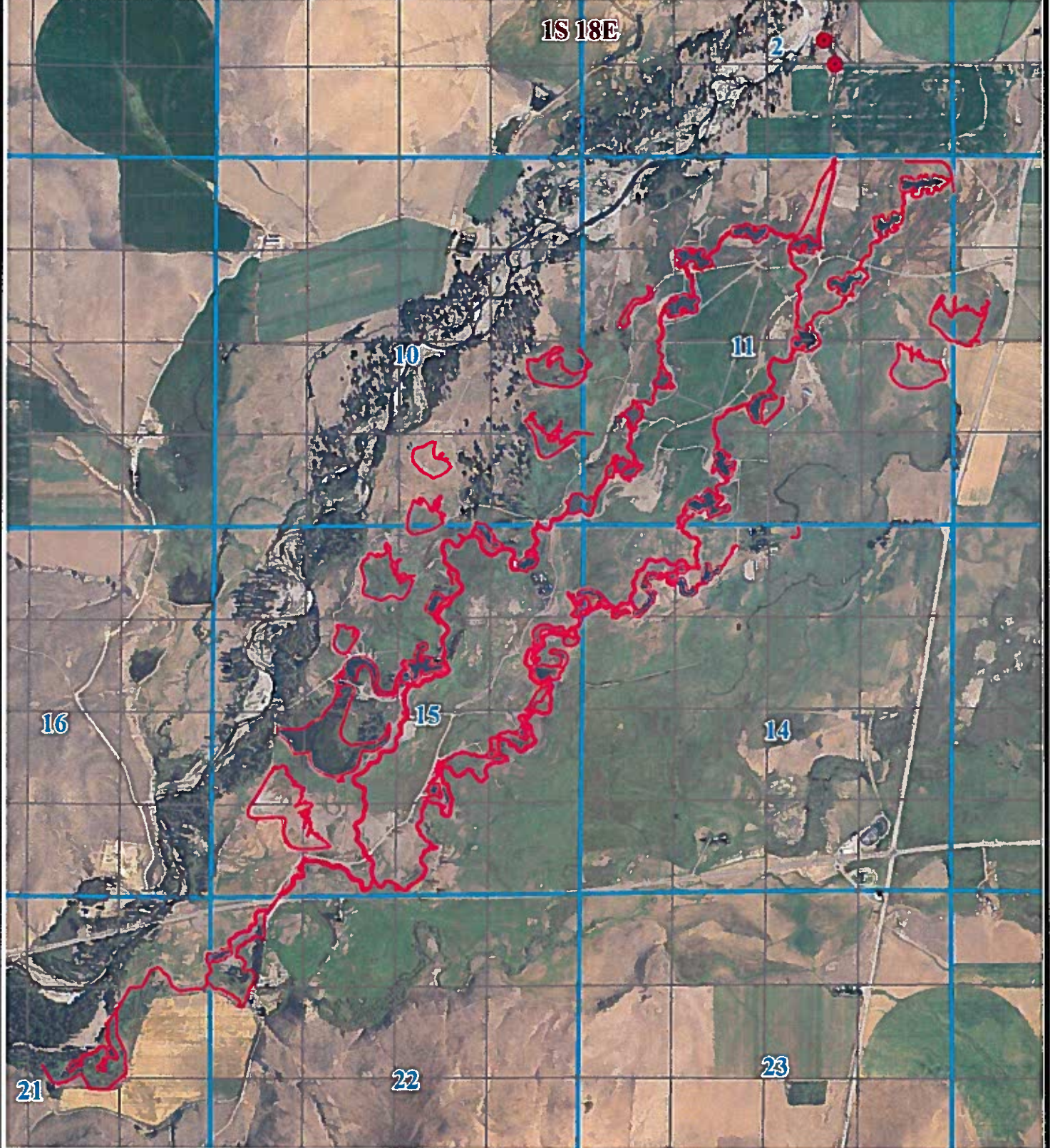
11/10/15
Date

Signature of Representative

Printed Name of Representative

Date

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



0 700 1,400 2,800 Feet

HEART ROCK RANCH
WATER BANK RENTAL 2016-2020
WATER RIGHTS 37-26 & 37-27
NAIP 2013 AERIAL

- Legend**
- BWR_POD's
 - WSB_Rental_POU
 - ▭ township
 - ▭ sections
 - ▭ lades



ATTACHMENT 2:

PLACE OF USE: WILDLIFE (W), RECREATION (R), AESTHETICS (J)

<u>Township</u>	<u>Range</u>	<u>Section</u>	<u>Lot</u>	<u>Tract</u>	<u>Acres</u>	<u>Lot</u>	<u>Tract</u>	<u>Acres</u>	<u>Lot</u>	<u>Tract</u>	<u>Acres</u>	<u>Lot</u>	<u>Tract</u>	<u>Acres</u>
01S	18E	10		NESE	WRJ		SWSE	WRJ		SESE	WRJ			
		11		NENE	WRJ		NWNE	WRJ		SWNE	WRJ		SENE	WRJ
				NENW	WRJ		SWNW	WRJ		SENE	WRJ			
				NESW	WRJ		NWSW	WRJ		SWSW	WRJ		SESW	WRJ
				NESE	WRJ		NWSE	WRJ						
		12		SWNW	WRJ		NWSW	WRJ						
		14		NENW	WRJ		NWNW	WRJ		SWNW	WRJ			
		15		NENE	WRJ		NWNE	WRJ		SWNE	WRJ		SENE	WRJ
				NENW	WRJ		SENE	WRJ						
				NESW	WRJ		NWSW	WRJ		SWSW	WRJ		SESW	WRJ
				NESE	WRJ		NWSE	WRJ		SWSE	WRJ			
		21		NENE	WRJ		SWNE	WRJ		SENE	WRJ			
				NWSE	WRJ									
		22		NWNW	WRJ		SWNW	WRJ						

No. W 98265		Due no later than Nov 30, 2015 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. HEART ROCK RANCH, LLC HARRY HAGEY PO BOX 3724 HAILEY ID 83333		FRITZ X HAEMMERLE 400 S MAIN ST SUITE 102 HAILEY ID 83333			
				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	
MEMBER	SHIRLEY & HARRY R HAGEY COMMUNITY PROPERTY TRUST	936 OLIVE ST	MENLO PARK	CA	USA	94025	
5. Organized Under the Laws of: ID W 98265		6. Annual Report must be signed.*					
		Signature: Harry Hagey		Date: 10/15/2015			
		Name (type or print): Harry Hagey		Title: Trustee of Member Trust			
Processed 10/15/2015		* Electronically provided signatures are accepted as original signatures.					



State of Idaho
DEPARTMENT OF WATER RESOURCES

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C.L. "BUTCH" OTTER
Governor

GARY SPACKMAN
Director

RECEIVED

JAN 10 2017

DEPARTMENT OF
WATER RESOURCES

January 3, 2017

HEART ROCK RANCH LLC
PO BOX 3724
HAILEY ID 83333

.....
• **RESPONSE DEADLINE** •
• **2/1/2017** •
.....

RE: Water Supply Bank Rental Fees for 2017 Rental Agreements

Dear Renter,

The following are your 2017 water rentals from the Water Supply Bank:

Rental	Start	End	Water Right	Rental Volume (AF)	Total Rental Fee	Owner Fee (90%)	Admin Fee (10%)	Rental Fee Due Date
1	2016	2020	37-26	427.5	\$7,267.50	\$6,540.75	\$726.75	1/1/2017

Our records indicate that payment has not yet been received for the above water right rentals.

If you have not already done so, please remit payment of **\$7,267.50** prior to the due dates above and enclose a copy of this letter with your payment.

If you have questions about your rental, you can contact me at 208-287-4918.

Regards,

Remington Buyer
Water Supply Bank Coordinator



State of Idaho

DEPARTMENT OF WATER RESOURCES

322 East Front Street • P.O. Box 83720 • Boise, Idaho 83720-0098

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C.L. "BUTCH" OTTER
Governor

GARY SPACKMAN
Director

March 24, 2016

HEART ROCK RANCH LLC
PO BOX 3724
HAILEY ID 83333

**RE: RENTAL OF WATER FROM THE WATER SUPPLY BANK
WATER RIGHT NOS. 37-26 and 37-27**

Dear Renter:

Please find enclosed a receipt in the amount of \$7,267.50 and a copy of a fully executed Water Supply Bank Rental Agreement in connection with the rental of 427.5 acre-feet of water for wildlife, recreation, and aesthetic use 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 \$6,540.75 of the rental fee will be paid to the lessor(s) and 10% or \$726.75 will be retained by the Department to offset administrative costs.

If you have any questions, please contact me at (208) 287-4946.

Sincerely,

for Michele Edl
Sr. Water Resource Agent

Enclosures: Receipt No. C101614
Rental Agreement (copy)

c: Sascha Marston – Fiscal
Allen Merritt – IDWR Southern Regional Office
Kevin Lakey – State Water District No. 37
Zach Latham – Brockway Engineering



State of Idaho

DEPARTMENT OF WATER RESOURCES

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C.L. "BUTCH" OTTER
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March 2, 2016

HEART ROCK RANCH LLC
PO BOX 3724
HAILEY ID 83333

**RE: APPLICATION TO RENT WATER FROM THE WATER SUPPLY BANK
WATER RIGHT NOS. 37-26 and 37-27**

*****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 \$7,267.50 was calculated based on the current rental rate of \$17.00 per acre-foot times a diversion volume of 427.5 acre-feet. An annual payment shall be received by the Department prior to the execution of this agreement and prior to January 1 in all subsequent years for the duration of the rental period. The agreement will be void if payment is not received prior to the due date in a given year. If you would like to terminate the agreement prior to the end of the rental period, you must submit written notice of your intent to the Department at least 30 days prior to the rental fee due date.

Please send a check for \$7,267.50 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 \$6,540.75 of the rental fee will be paid to the lessor(s) and 10% or \$726.75 will be retained by the Department to offset administrative costs.

If you have any questions, please contact me at (208) 287-4946.

Sincerely,

Michele Edl
Sr. Water Resource Agent

Enclosure

c: IDWR Front Desk
Zach Latham - Brockway Engineering PLLC

MEMORANDUM

Date: March 7, 2016
To: 37-26 and 37-27
From: Michele Edl
Re: WSB rental phone conversation

This morning, March 7, 2016, I received a phone call on behalf of Heart Rock Ranch's WSB rental agreement. Lindy Cogan, accountant for Heart Rock Ranch, explained that the agreement would not be returned within the 14-day window. To her knowledge, Mr. Harry Hagey is the only person with signatory authority for Heart Rock Ranch. He would not be in the states until the 4th week in March. But he would be likely to sign and mail the agreement from California at that time.

Ms. Cogan said she could send the required payment as an indication of Heart Rock Ranch's commitment to the rental. I told her that if she could provide the check timely, then the WSB would consider the water committed to Heart Rock Ranch.

I also promised to memo the water right files with a record of our conversation.
Ms. Lindy Cogan can be reached at 208-720-5573.

Edl, Michele

From: Amy Runser [amy.runser@brockwayeng.com]
Sent: Monday, February 29, 2016 11:01 AM
To: Edl, Michele
Subject: RE: WSB rental for Heart Rock Ranch ponds
Attachments: HRR WSB Rental pou.zip

Michele,

Here are those shape files for Heart Rock Ranches WSB Rental let me know if I missed anything.

Thanks

Amy

From: Edl, Michele [<mailto:Michele.Edl@idwr.idaho.gov>]
Sent: Wednesday, February 24, 2016 2:17 PM
To: amy.runser@brockwayeng.com
Subject: WSB rental for Heart Rock Ranch ponds

Amy Runser,

I see your work in the application to rent water from the water supply bank that was submitted by Zach Latham on behalf of Heart Rock Ranch LLC for the 2016 - 2020 seasons.

It looks like you provided the map. So you may have information that I need in order to proceed with processing this application.

I have failed to connect with Mr. Latham by phone and he has not responded to my email. I need a confirmation about the rental POU's.

The map and the PLSS grid which were part of the WSB rental application package appear to include fewer ponds than are authorized by the permit for Heart Rock Ranch (37-22459). It is possible that only the flow-through ponds should be the places-of-use for the rental water. And therefore some of the excavated ponds outside the flow-through area should correctly be excluded from the rental request.

Do you have knowledge of the rental intent that you can share with me?

Sincerely,

Michele Edl

287-4946

MEMORANDUM

To: Right(s) 37-26 and 37-27
From: Michele Edl
Date: February 24, 2016
Re: Review & Analysis of Application to Rent Water from the State Water Supply Bank

PURPOSE/NARRATIVE: Applications to rent these rights were received on November 17, 2015 from Zach Latham (Hydrologist, Brockway Engineering) on behalf of Heart Rock Ranch, LLC. The applications propose to continue the rental which was authorized in 2013, 2014 and 2015 for five more years, which makes it effective through 2020.

AUTHORITY TO FILE: Heart Rock Ranch, LLC is listed with ISOS as #W 98265. Mr. Harry R Hagey signed the application. He is a trustee of the Shirley & Harry R. Hagey Community Property Trust which is listed as the sole member of Heart Rock Ranch, LLC.

According to available Blaine County taxlot information the proposed rental points-of-diversion are on property owned by Lakeside Industries of Issaquah WA. The proposed PODs are also the authorized PODs for the following water rights which are held by Heart Rock Ranch LLC: 37-60, 37-61, 37-62, 37-63A, 37-64A, 37-66A, 37-67B, 37-68A, 37-230, 37-231B, 37-232 and 37-577AZ.

WATER RIGHT VALIDITY: Rights 37-26 and 37-27 were leased to the bank in 2003 and no apparent irrigation has occurred at the authorized place-of-use. SRBA Partial Decrees were issued for these rights in 2010. Forfeiture is not a concern at this time.

Water rights 37-26 and 37-27 had been leased to WSB for an indefinite period of time. During the 2015 season all three owners of the rights were contacted and each agreed to extend the term of the leases for five (5) more years.

Portions of the rights are set aside for mitigation (conveyance losses) and not available to rent from the WSB. However, sufficient water is available to fill the rental request by Heart Rock Ranch. With approval of the rental to the Heart Rock Ranch will fully commit the leased portions of the rights for the next five years.

INJURY TO OTHER WATER RIGHTS: The same proposed uses were authorized through previous rentals without any reported problems. No injury is apparent.

ENLARGEMENT OF USE: The rental proposes a change-in-nature of use from irrigation to non-consumptive wildlife, aesthetic and recreation uses. The new uses are limited to the 2.5 af/acre consumptive portion related to irrigation use. No enlargement is evident through the rental.

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 rental appears consistent with the conservation of water resources in Idaho.

DEPARTMENT STAFF OR WATERMASTER COMMENTS: The rented right(s) are subject to Water District # 37. Comment has been solicited from Watermaster Kevin Lakey and Southern Regional Manager Allen Merritt. Neither were opposed to this rental.

The map and PLS grid submitted with the rental application excludes some of the ponds which were authorized by Permit 37-22459. The consultant confirmed that some of the ponds cannot receive Big Wood Water and those were excluded from the rental.

[illegible]

Edl, Michele

From: Kevin Lakey [watermanager@cableone.net]
Sent: Wednesday, February 24, 2016 1:30 PM
To: Edl, Michele
Subject: RE: WSB rental of 37-26 & 37-27

Michele,
I have no concerns with this rental.

Kevin Lakey
Water District 37

From: Edl, Michele [<mailto:Michele.Edl@idwr.idaho.gov>]
Sent: Tuesday, February 23, 2016 4:02 PM
To: watermanager@cableone.net
Cc: Merritt, Allen
Subject: WSB rental of 37-26 & 37-27

Kevin and Allen,
I have completed my review of the rental of rights 37-26 & 37-27. In essence this is a re-up of rentals which were approved in 2013-2015.
Until last summer these 2 rights were leased into the bank indefinitely. Now they are leased through 2020. With approval of this rental agreement, the lease availability of the rights is exhausted through 2020.

I have attached 1)a copy of my rental review memo, and 2) a map which shows the relationship of the lease POU and the many rental POUs.

When you get a minute, please let me know if you have any concerns with this rental.

Thanks.
Michele
287-4946

Edl, Michele

From: Skinner, Corey
Sent: Wednesday, February 24, 2016 9:43 AM
To: Edl, Michele
Cc: Merritt, Allen
Subject: RE: WSB rental of 37-26 & 37-27

Michelle,

Southern Region has no objections to the proposed rental.

Corey

From: Merritt, Allen
Sent: Tuesday, February 23, 2016 4:19 PM
To: Skinner, Corey
Subject: Fwd: WSB rental of 37-26 & 37-27

Sent from my iPhone

Begin forwarded message:

From: "Edl, Michele" <Michele.Edl@idwr.idaho.gov>
Date: February 23, 2016 at 4:01:36 PM MST
To: "watermanager@cableone.net" <watermanager@cableone.net>
Cc: "Merritt, Allen" <Allen.Merritt@idwr.idaho.gov>
Subject: WSB rental of 37-26 & 37-27

Kevin and Allen,

I have completed my review of the rental of rights 37-26 & 37-27. In essence this is a re-up of rentals which were approved in 2013-2015.

Until last summer these 2 rights were leased into the bank indefinitely. Now they are leased through 2020. With approval of this rental agreement, the lease availability of the rights is exhausted through 2020.

I have attached 1)a copy of my rental review memo, and 2) a map which shows the relationship of the lease POU and the many rental POUs.

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Thanks.
Michele
287-4946

NOV 17 2015

DEPARTMENT OF
WATER RESOURCESBROCKWAY
ENGINEERING
P.L.L.C.

Hydraulics

Hydrology

Water Resources

November 16th 2015

Clay Webster
Idaho Department of Water Resources
322 E. Front St.
P.O. Box 83720
Boise, ID 83720

Re: Water Supply Bank Rental Applications for Heart Rock Ranch, LLC-
Water Rights 37-26 and 37-27.

Dear Clay,

Attached are two water supply bank rental applications for water rights 37-26 and 37-27 which are currently leased to the WSB and available to be rented. Heart Rock Ranch, LLC intends to rent 4.05 cfs of 37-26 and 1.80 cfs of 37-27 and divert those amounts from existing points of diversion from the Big Wood River for non-consumptive wildlife, recreation and aesthetic uses on Heart Rock Ranch property from 4/15/16 – 10/31/20 (5 years, 2016 through 2020 irrigation seasons). Please recall that IDWR approved this same rental for Heart Rock Ranch using these same water rights and uses listed above during 2013, 2014 and 2015 (2014 and 2015 approval attached).

Please copy our office on all correspondence regarding these water supply bank rental applications. Thank you for your assistance on this matter and if you have questions or comments, please don't hesitate to give me a call.

Regards,

Zach Latham, M.S., Hydrologist

Enc: (2) Water Supply Bank Rental Applications and Rental POU Map.
(1) 2014 WSB Rental Approval.
(1) IDSOS Annual Report Form- Heart Rock Ranch, LLC.

Cc: Harry Hagey
Fritz Haemmerle

CHARLES E.
BROCKWAY,
Ph.D., P.E.

CHARLES G.
BROCKWAY,
Ph.D., P.E.

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WASHINGTON
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