

DEC 11 2015

WATER RESOURCES
WESTERN REGION

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES
APPLICATION FOR PERMIT
To appropriate the public waters of the State of Idaho

Ident. No. 63-34176

1. Name of applicant(s) Sage Meadows Ranch, Inc., James Risch and Vicki Risch Phone 208-345-9929
Name connector (check one): ☐ and ☐ or ☒ and/or
Mailing address 5400 South Cole Road City Boise
State Idaho Zip 83709 Email jason16@risch.org
2. Source of water supply Ground water which is a tributary of N/A
3. Location of point(s) of diversion:

TWP	RGE	SEC	Govt Lot	1/4	1/4	1/4	County	Source	Local name or tag #
3N	2E	31	3	SW	NW		Ada	Ground Water	D0070060

4. Water will be used for the following purposes:
Amount 360 acre feet for Irrigation purposes from March 15th to Nov. 15th (both dates inclusive)
(cfs or acre-feet per year)
Amount _____ for _____ purposes from _____ to _____ (both dates inclusive)
(cfs or acre-feet per year)
Amount _____ for _____ purposes from _____ to _____ (both dates inclusive)
(cfs or acre-feet per year)
Amount _____ for _____ purposes from _____ to _____ (both dates inclusive)
(cfs or acre-feet per year)
5. Total quantity to be appropriated is (a) _____ cubic feet per second (cfs) and/or (b) 360 acre feet per year (af).
6. Proposed diverting works:
a. Describe type and size of devices used to divert water from the source. 125 HP pump
b. Height of storage dam N/A feet; active reservoir capacity _____ acre-feet; total reservoir capacity _____ acre-feet. If the reservoir will be filled more than once each year, describe the refill plan in item 11. For dams 10 feet or more in height OR reservoirs with a total storage capacity of 50 acre-feet or more, submit a separate Application for Construction or Enlargement of a New or Existing Dam. Application required? ☐ Yes ☐ No
c. Proposed well diameter is 19 inches; proposed depth of well is 415 feet.
d. Is ground water with a temperature of greater than 85°F being sought? ☐ Yes ☒ No
e. If well is already drilled, when? 9/2015; drilling firm Post Drilling, Inc.; well was drilled for (well owner) Applicants; Drilling Permit No. D0070060
7. Description of proposed uses (if irrigation only, go to item 8):
a. Hydropower; show total feet of head and proposed capacity in kW. N/A
b. Stockwatering; list number and kind of livestock. _____
c. Municipal; complete and attach the Municipal Water Right Application Checklist.
d. Domestic; show number of households _____
e. Other; describe fully. _____

8. Description of place of use:

- a. If water is for irrigation, indicate acreage in each subdivision in the tabulation below.
b. If water is used for other purposes, place a symbol of the use (example, D for Domestic) in the corresponding place of use below. See instructions for standard symbols.

TWP	RGE	SEC	NE				NW				SW				SE				TOTALS
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
3N	2E	31									40			40					80

Total number of acres to be irrigated: 80

9. Describe any other water rights used for the same purposes as described above. Include water delivered by a municipality, canal company, or irrigation district. If this application is for domestic purposes, do you intend to use this water, water from another source, or both, to irrigate your lawn, garden, and/or landscaping?

N/A

10. a. Who owns the property at the point of diversion? James Risch and Vicki Risch, Applicants
b. Who owns the land to be irrigated or place of use? State of Idaho Department of Lands
c. If the property is owned by a person other than the applicant, describe the arrangement enabling the applicant to make this filing. 10 year Farm Lease #C600005, see attached

11. Describe your proposal in narrative form, and provide additional explanation for any of the items above. Attach additional pages if necessary.

Applicants currently own the 40 acres where the point of diversion is located. Applicants irrigate that land under Water Permit # 63-9166 which Applicants obtained in 1978. Applicants intend to irrigate and farm subject parcel out of the same well pursuant to Farm Lease described above. Applicants formally farmed subject 80 acre parcel but transferred the water right back to the State Department of Lands who then forfeited it.

12. Time required for completion of works and application of water to proposed beneficial use is 1 years (minimum 1 year).

13. **MAP OF PROPOSED PROJECT REQUIRED** - Attach an 8 1/2" x 11" map clearly identifying the proposed point of diversion, place of use, section #, township & range. A photocopy of a USGS 7.5 minute topographic quadrangle map is preferred.

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 any approval.

Signature of Applicant

Signature of Applicant

Sage Meadows Ranch, Inc., James Risch II, President
Print Name (and title, if applicable)

James E. Risch and Vicki Risch
Print Name (and title, if applicable)

Received by CS Date 12/11/15 Time 11:40 Preliminary check by DM
Fee \$ 370.00 Receipted by CS Receipt No. WD43743 Date 12/11/15

Township 3 North, Range 2 East, Section 31

Desert Ave.

S. Cule Road

Place
of
Use
↓
NW SW
↓
Point of
Diversion

NE SW

SE SW



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DEC 23 2015

WATER RESOURCES
WESTERN REGION

This is to certify that this is a true and correct
copy of this document, the original of which is on
file with the Idaho Department of Lands (IDL):

IDL Representative

Date

GRAZING LEASE
No. C600005

SAGE MEADOWS RANCH INC.

SUMMARY OF LEASE PROVISIONS:

Lessor: STATE OF IDAHO
By and through the State Board of Land Commissioners
300 North 6th Street, Suite 103
PO Box 83720
Boise ID 83720-0050

Lessee: Sage Meadows Ranch Inc
5776 S. Cole
Boise ID 83709

Lease Term: Commencement: January 1, 2016
Expiration: December 31, 2025

Rent: The annual rent payment is due on January 1st of each year.

FARMING:

Irrigation 80 acres at \$61.00 per acre

GRAZING:

Number of AUMs by Class for Billing

Cattle _____ Horse 20
Acres _____

Rent terms are more particularly described in *Section 2. Rental Rate and Modification of Rent* of the Lease Provisions.

**Leased Premises Legal
Description:**

See Attachment B

The Lessor, in consideration of the rental paid and the covenants, conditions and restrictions hereinafter set forth, in the Lease (including the Lease Provisions, Signature Page and all Attachments, including any Special Terms and Conditions), does hereby lease and demise unto the Lessee the lands (Leased Premises) described in Attachment B for the uses specified herein.

**Primary Use of Leased
Premises:**

Agriculture

Bond:

N/A

Liability Insurance:

N/A

Lease Index:

SUMMARY OF LEASE PROVISIONS
LEASE PROVISIONS
SIGNATURE PAGE
ATTACHMENT A – SPECIAL TERMS AND CONDITIONS
ATTACHMENT B – LEASED PREMISES LEGAL DESCRIPTION
ATTACHMENT C – SITE MAP(S)
ATTACHMENT D – REPORTS

RECEIVED

NOV 17 2015

Idaho Department of Lands
SW

63-34174

LEASE PROVISIONS

1. Use of Premise.

- A. **Farming Use.** The Lessee is authorized to use the number of acres identified on this lease as cropland. The location and management of said acres shall be designated in this written Lease. Said use shall be in accordance with this Lease, the Lessee's approved Summary of Lease Provisions, Lease Provisions, and all Attachments, including any Special Terms and Conditions attached hereto. No use of the leased land for cropping purposes shall occur prior to the final approval of the written Lease by Lessor. Lessee shall pay to Lessor an additional rental for the identified acres of cropland whether cultivated or not in an amount determined by Lessor pursuant to Lessor's current cropland rental policy, along with the annual base rental payment as set forth in *Section 2. Rental Rate and Modification of Rent* of these Lease Provisions.
- B. **Grazing Use.** The Lessee is authorized to use the number of acres identified on this lease for grazing domestic livestock at the identified rate. The location and management of grazing livestock shall be designated in this written Lease. Said use shall be in accordance with this Lease, the Lessee's approved Summary of Lease Provisions, Lease Provisions, and all Attachments, including any Special Terms and Conditions attached hereto. No use of the leased land for grazing purposes shall occur prior to the final approval of the written Lease by Lessor.

The grazing period, AUM's and the number of stock shall be determined by Lessor and may be adjusted from time to time after giving Lessee thirty (30) calendar days notice of any such modifications. Lessee shall furnish such information as may be required to assist Lessor in determining the grazing period and number of stock to be grazed.

2. Rental Rate and Modification of Rent.

- A. **Annual Rent Payment.** Lessee agrees to pay to Lessor, in lawful money of the United States, each year's rent for every acre and/or AUM covered by this Lease, in an amount to be calculated pursuant to Lessor's most current formulas for each applicable use at the time the rental is calculated or recalculated. The rent shall be payable on or before the annual rental payment due date of each successive year. Lessee shall pay the annual rental to Lessor without abatement, offset, or deduction of any kind, unless otherwise authorized by the Lessor through a completed Lease Adjustment form provided by the Lessor. Lessor reserves the right to increase or decrease the annual rent. Lessee will be notified one hundred eighty (180) calendar days in advance of the due date of any increase in rental.
- B. **Late Payment Charge.** In the event any rent due hereunder is not paid in full when due, Lessee shall pay, in addition to such rent, a late charge in the first calendar month of such delinquency the amount of Twenty-five Dollars (\$25.00) or one percent (1%) of the unpaid rent, whichever is greater. For each subsequent calendar month of such delinquency, Lessee shall pay an additional late charge equal to one percent (1%) of the then unpaid delinquency. The parties acknowledge and agree that the late charge described herein is a reasonable attempt to estimate and to compensate Lessor for higher administration costs associated with administering such late payments and is not intended as a penalty. By assessing this late charge, Lessor does not waive any right to declare a breach and to pursue any right or remedy available to Lessor by reason of such breach, after expiration of any applicable notice or cure period.
- C. **Lien.** The amount of the rent, late charge, and interest shall constitute a lien in favor of the State of Idaho against all of Lessee's improvements and other property on the Leased Premises, including, but not limited to, crops and livestock.

3. Lease Provisions and Special Terms and Conditions.

- A. Lease Provisions and Special Terms and Conditions. Prior to issuance of this Lease, Lessee and Lessor must agree to written Lease Provisions and any Special Terms and Conditions. The content of the Lease Provisions and any Special Terms and Conditions shall address all activities that may take place under this Lease and include, but not be limited to, farming, the construction of improvements, the vegetation, noxious weed control and other factors identified by Lessor as necessary for inclusion in the Lease Provisions and any Special Terms and Conditions based on the specific characteristics of the Leased Premises and/or of Lessee's use of the Leased Premises.
- B. Modification of Lease Provisions and Special Terms and Conditions. Lessor may review and modify any Lease Provisions or any Special Terms and Conditions upon changes in conditions, laws, or regulations, provided that Lessor shall give Lessee thirty (30) calendar days notice of any such modifications prior to the effective date thereof. Prior to Lessee instituting any changes, Lessee must submit, in writing, the proposed changes to Lessor for approval. No changes shall occur prior to Lessor's written approval of the amended Lease Provisions and any Special Terms and Conditions. Modifications mutually agreeable to both Lessor and Lessee may be made at any time.
- C. Compliance Required. Lessee shall abide by all Lease Provisions and any Special Terms and Conditions. If Lessee fails to abide by all Lease Provisions and any Special Terms and Conditions, Lessee will be deemed in breach of this Lease and the Lease will be subject to cancellation in accordance with *Section 17. Lessee's Default*, of these Lease Provisions.
- D. Reimbursement for Non-Standard Administrative Costs. The Lessee shall reimburse the Lessor for administrative costs incurred to address issues of compliance. Lessor's request for payment to Lessee will include a detailed description of the work completed and actual expense incurred.
- E. See Attachment A of this Lease for any Special Terms and Conditions in effect as of the date of execution of this Lease.

4. Subleasing or Assignment.

- A. Written Approval Required. Lessee shall not sublease or authorize another person to use any part of Lessee's interest under this Lease, or assign this Lease, without the prior written consent of Lessor to be evidenced by Lessor's execution of consent forms provided by Lessor for that purpose. Any request for approval of a sublease or assignment must be in writing, complying with the statutes or rules governing subleasing, and accompanied by a copy of the proposed sublease agreement and the appropriate processing fee. Lessor may withhold consent for any reason. Any attempt by Lessee to sublease Lessee's interest in the Leased Premises or any part of the Leased Premises or to assign this Lease, shall be void unless Lessor has given such prior written consent. No request for Lessor's approval of any assignment or sublease will be considered unless all rent due has been paid in full, and Lessee is in good standing under the terms of the Lease. No sublease will act as a release of Lessee's obligations hereunder unless Lessor executes a separate written release of Lessee. Lessor has no obligation to so release Lessee, and Lessor can withhold such release at Lessor's sole discretion. Any sublease or assignment will be subject to, but not limited to, to the existing Lease Provisions and any Special Terms and Conditions. The sublease cannot go beyond the Lease expiration date.
- B. Additional Rental Due. In the event the Leased Premises is subleased in accordance with all terms and conditions of *Section 4. Subleasing or Assignment* of these Lease Provisions, for an amount greater than the base rental, Lessee shall in addition to Lessee's annual base rental pay to Lessor an amount equal to one-half (1/2) the difference between Lessee's base rental rate herein established, and the rental rate paid by Sublessee.
- C. Improvements. Upon approved sublease or assignment, ownership of any existing Lessee-owned improvements under this Lease must be separately negotiated between Lessee and such Sublessee or Assignee.
- D. Copies to be Filed. Copies of all assignments, subleases, pasturage or any other agreement of any kind or nature involving the use of the Leased Premises by another person shall be timely filed with Lessor.

5. Leasehold Mortgage.

Lessee shall not mortgage, pledge or otherwise dispose of Lessee's interest in the Lease, or any portion thereof, without prior written consent of Lessor. Lessee shall use mortgage or deed of trust forms provided by Lessor, and shall submit completed forms and appropriate fee to Lessor for review and approval. The term of a mortgage agreement shall not exceed the Lease term. Lessor may accept or reject a leasehold mortgage at its discretion.

6. Environmental, Safety and Sanitary Requirements.

- A. No Hazardous Materials. Lessee shall neither commit nor permit the use, placement, transport or disposal of any hazardous waste, including, but not limited to, petroleum products, such as oil, gasoline, or any other substance that is or is suspected to be a hazardous substance or material on the Leased Premises except the customary use associated with weed and pest control, machinery, equipment and vehicles. Lessee shall be responsible, and shall pay all costs for the removal or other appropriate remedial action regarding any hazardous waste, substances, or materials which Lessee may have caused to be introduced on the Leased Premises. Any such remediation or removal or storage must be conducted in accordance with applicable federal, state, or local law, regulation, rule or ordinance and Lessee shall immediately, upon the introduction of any hazardous waste, substances or materials onto the Leased Premises, contact the Idaho Department of Environmental Quality (DEQ) and enter into a consent order for remediation with DEQ, provided however, Lessee shall not forestall commencing any necessary remediation while negotiating the terms of any consent order with DEQ, unless Lessee is so authorized in writing by Lessor. In event of introduction of any hazardous waste, substances or materials, Lessor may also require Lessee to enter into consent orders or other agreements with any other relevant agency. Lessee shall indemnify, defend and hold Lessor harmless from all costs, expenses, damages or fines relating to pollution and hazardous materials including, without limiting the generality of the foregoing, attorney fees and costs of defense or of enforcement of Lessor's rights hereunder. The amount of any costs incurred by Lessor due to Lessee's violation of this provision shall constitute a lien in favor of the State of Idaho against all of the Lessee's improvements and other property on the Leased Premises including, but not limited to, crops.
- B. Fire and Safety Regulations. Lessee shall comply with all applicable federal, state and local laws, rules, regulations and ordinances for fire protection and prevention. Lessee agrees to keep the Leased Premises free from fire hazards as determined by Lessor. Lessee is prohibited from burning garbage or household trash and any burning on the land, including the burning of wood, weeds or other debris, but excepting campfires necessary for the use under this Lease, requires the prior written permission of Lessor. Any burning must comply with applicable federal, state or local law, regulation, rule or ordinance.
- C. Sanitary Requirements. Concerning activities authorized under this Lease, Lessee shall at all times keep the Leased Premises in a clean and sanitary condition, free of trash, garbage and litter so the Leased Premises is maintained in the same or better condition as when this Lease was issued. Lessee shall not dispose of sewage except in conformity with applicable federal, state, and local law, rules and regulations pertinent to Lessee's use and shall dispose of sewage on the Leased Premises only if specifically authorized by Lessor. The Lessee shall not store trash on the Leased Premises nor transport trash, garbage, litter or debris onto the Leased Premises. Lessee shall dispose of all trash, garbage and carcasses in conformity with all legal requirements. Lessee is responsible for all costs associated with sewage, garbage and litter disposal.

7. No Warranty of Suitability - Quiet Enjoyment - Public Use.

- A. No Warranty. Lessee acknowledges that neither Lessor nor any agent of Lessor has made any representation or warranty with respect to the Leased Premises or concerning the suitability of the Leased Premises for the uses intended by Lessee. Lessee acknowledges that it has accepted the Leased Premises in an AS IS CONDITION, accepting any and all known or unknown faults therein.
- B. Quiet Enjoyment. Lessor agrees that Lessee, upon payment of the rent and performing the terms of this Lease, may quietly have, hold and enjoy the Leased Premises, for the purposes and uses allowed hereunder, during the term hereof. Lessee acknowledges that the Lease is non-exclusive, and Lessor retains the right to use of the Leased Premises, or to grant rights to others for use of the Leased Premises,

to the extent any such use does not materially interfere with Lessee's purpose and uses allowed hereunder, unless otherwise provided for in this Lease.

- C. **Public Use.** Lessee must allow the general public the right to use the Leased Premises for any lawful use available to the public for lands owned by the State of Idaho. However, nothing in this Lease authorizes or purports to authorize trespass on private lands to reach state-owned lands, including the Leased Premises. Public use of State lands shall not be restricted without prior written approval of Lessor. This Lease is not an exclusive control lease as described under Idaho Code § 36-1603(b).

8. Water Right and Water Use.

- A. **Water Use on the Leased Premises.** Lessee shall be entitled to use the water on the Leased Premises, if any, during the term of this Lease, but only for the use allowed in this Lease and only in conformance with Idaho water law.
- i. Water Rights Held by James E. Risch. Lessee represents that the following water rights are held by Lessee, or are held by a third party from which permission to exercise the right has been obtained by Lessee, for use on, or diversion from, the Leased Premises.
- Water Right No. 63-9166 James E. Risch
- ii. The water right(s) identified in subsections [8(A)(i)] include each and every water right that Lessee, or its authorized agent, will use on, or divert from, the Leased Premises.
- B. **Future Water Rights and Water Use Generally.** The establishment of any new water rights during the term of this Lease shall be by and for Lessor and no claim thereto shall be made by Lessee. Such water rights shall attach to and become appurtenant to the Leased Premises, and the Lessor shall be the owner thereof. The use of any water rights by the Lessee shall be in conformance with Idaho water law. Lessee must receive the prior written consent of Lessor or its authorized agent, and the prior written consent of any department or agency of the State of Idaho having jurisdiction to regulate water rights or water use in and for the State of Idaho for any of the following:
- i. To drill and use a water well,
- ii. To develop and use any source of water,
- iii. To cause any water to be conveyed off the Leased Premises,
- iv. To bring water onto the Leased Premises.
- C. **Water Systems.** If water is supplied to the Leased Premise by a water system operated by the State of Idaho, the use of such system and the supply of water provided thereby may be curtailed or terminated upon thirty (30) calendar days written notice of Lessee from Lessor or its authorized agent. Neither Lessor nor its agents and employees nor any entity of the State of Idaho shall be liable in any manner for damage or inconvenience to the Lessee by reason of failure or, damage to, or termination or curtailment of the operation of any water system or source supplying water to the Leased Premises.
- D. **Improvements in Aid of Water Use.** Improvements (pre-existing or future) made in aid of any and all water use on, or diversion from, the Leased Premises are subject to the permit requirements of this Lease.
- E. **No Right of Access to Water Rights Upon Expiration or Termination of Lease.** Upon Expiration or Termination of this Lease, the Lessee shall have no right to access any point of diversion or any place of use of any water right on the Leased Premises without the prior written consent of the Lessor.

9. Noxious Weeds.

- A. The Lessee shall cooperate with Lessor or any other agency authorized to undertake programs for control or eradication of noxious weeds. Lessee shall take measures to control noxious weeds on the Leased Premises in accordance with Title 22, Chapter 24, Idaho Code, except those resulting from activities beyond the Lessee's control. Costs for control of noxious weeds on the Leased Premises shall be the

responsibility of the Lessee, unless otherwise provided for in the Special Terms and Conditions included in Attachment A.

- B. The Lessee shall ensure that prior to moving onto the Leased Premises that all equipment is free of noxious weeds and their seeds as defined by the Idaho Department of Agriculture and local Coordinated Weed Management Area. Cleaning of contaminated equipment and vehicles shall not take place on any state endowment land, including the Leased Premises.
- C. All straw and forage used for livestock feed, with the exception of that grown on the Leased Premises or on Lessee's immediately adjacent land, must be certified in accordance with the Idaho Department of Agriculture Forage and Straw Certification Rules (IDAPA 02.06.31) and must be certified as Idaho State Noxious Weed Free.

10. Construction of Improvements.

- A. **Permit Required.** Lessee shall not construct or reconstruct, initiate or place improvements or structures of any character (herein referred to as "improvements") on or to the Leased Premises without the prior expressed, and written permission of Lessor. Said permission shall be in the form of a permit issued by Lessor, and shall be required for any improvement or structure on the Leased Premises including, but not limited to, range improvements, buildings or other structures, water developments, fences, vegetation treatment, or the clearing of land. Lessee shall submit project plans to the Lessor. If the project plans are approved and permitted in writing by Lessor, then Lessee shall construct and implement the improvements in full compliance with the approved plans, the permit and all applicable building codes, rules and laws. Permitted improvements shall be the property of Lessee, unless otherwise provided in the permit or this Lease. Failure to obtain a written permit prior to construction and implementation of any improvement will be considered a trespass violation and may result in cancellation of the Lease or cause the Lessor to initiate proceedings to recover damages as provided for in IDAPA 20.03.14. Any improvement associated with the uses authorized in this Lease and placed on endowment land prior to January 1, 1970 is considered grandfathered and properly authorized even though there may be no documentation of authorization.
- B. **Condition of Improvements.** At all times during the term of this Lease, Lessee shall keep all improvements in good repair and functional condition to the satisfaction of Lessor. Any and all fences shall be neat, stock-proof, lawful fences and gates.
- C. **Maintenance of Improvements.** Lessee may be required to remove or reconstruct improvements in poor or non-servicable condition. Existing maintenance agreements on lands acquired from the federal government shall remain in effect until amended by the parties involved. If maintenance is not being accomplished, Lessor shall provide a letter to Lessee informing Lessee of the violation of the Lease. If work is not begun within thirty (30) calendar days and completed in a timeframe specified by the Lessor, Lessor may contract repairs and bill Lessee for actual costs incurred.
- D. **Removing Improvements.** Lessee shall not remove, relocate or otherwise alter any improvements without prior written permission from Lessor.
- E. **Cost of Improvements.** Any permitted improvement constructed by or at the request of Lessee, shall be constructed at Lessee's own expense, unless Lessor and Lessee shall have entered into a prior written cost sharing agreement for construction of such improvement.
- F. **Permitted Improvements At Lease Expiration/Termination.** Upon expiration or termination of this Lease for any reason, other than a default by Lessee, and in the event Lessor leases the Leased Premises to a new lessee, Lessor shall require the new lessee to pay Lessee the then existing value of the permitted improvements in accordance with the then existing statutes and rules. Said value shall be determined through a valuation conducted by Lessor or by Lessee's documented cost of construction if the improvement was authorized after July 1, 2009. Improvement payments shall be first applied towards any rent or other monies due to Lessor before being disbursed to Lessee. Lessor does not hereby agree or become obligated to pay any such value to Lessee, such obligation shall be solely on the subsequent lessee, if any. Any improvement which Lessee is entitled or required to remove upon expiration of the Lease must be removed within six (6) months of the expiration of the Lease, otherwise it is deemed abandoned and title to such abandoned improvement shall vest in the State of Idaho. Provided, however,

Lessor may authorize, in writing, prior to the expiration of the six (6) month time period, additional time for removal of improvement(s) by Lessee. Failure of Lessee to remove any such improvement within the extended time period established by Lessor shall constitute an abandonment of Lessee's rights to such improvement.

- G. **Improvements Not Approved.** At any time during the term of the Lease, or upon expiration or termination of this Lease for any reason, Lessor may require, at Lessor's sole discretion, that Lessee remove any improvement placed on the Leased Premises without a prior permit from Lessor. The full cost of such removal, including the restoration of the Leased Premises, shall be solely Lessee's. In the event Lessor does not elect to require such removal, Lessee's failure to secure such permit shall constitute forfeiture. Title to any improvement placed on the Leased Premises without a permit from Lessor shall, at Lessor's option, immediately vest in Lessor without waiver of Lessor's right to require removal of the same by Lessee.
- H. **Lessor's Removal of Improvement.** Lessor may, at its discretion, remove or have removed the abandoned or non-permitted improvement and Lessee shall be responsible for the full cost of removal and restoration of the Leased Premises. Nothing in this section of the Lease shall relieve Lessee from the obligation to remove any improvement as required by Lessor under other terms within this Lease or the permit authorizing the improvement.

11. No Liens.

Lessee will not permit or suffer any liens of any kind or nature to be effected on or enforced against the Leased Premises, including, but not limited to, any mechanics' liens or material suppliers' liens for any work done or materials furnished on the Leased Premises at Lessee's instance or request. Lessee shall ensure that full payment is made for any and all materials joined or affixed to the Leased Premises pursuant to this Lease and for any and all persons who perform labor on the land.

12. Sale, Exchange or Change in Use of Leased Premises.

- A. **Sale.** Lessor may sell all or any portion of the Leased Premises during the term of this Lease. Lessor will notify Lessee that the Leased Premises are being considered for sale at the time the proposed sale is scheduled for submission to the Land Board for approval. Lessee will be notified of a scheduled sale at least thirty (30) calendar days prior to sale date. Lessee shall deliver immediate possession of the land sold unto Lessor, or to the person or party as may be specified in writing by Lessor or Lessor's designee, unless the land remains subject to the Lease, or unless Lessee is to be permitted to harvest a growing crop before surrendering possession. When creditable improvements are present, and Lessee delivers possession of the land, Lessor shall value them in accordance with Idaho Code § 58-313, or the then existing applicable statute or rule, and Lessee shall be paid for the improvements by the purchaser on the day of sale. Lessee shall have the rights provided by *Section 10. Construction of Improvements, F. Permitted Improvements At Lease Expiration/Termination* of these Lease Provisions, and the then existing statutes or rules with respect to compensation for permitted improvements placed upon the Leased Premises by Lessee.
- B. **Consent To Land Exchange.** Lessee acknowledges that the Leased Premises, or any portion thereof, may be the subject of a future land exchange by Lessor, and Lessee hereby consents to the inclusion of any such land, or portion thereof, in any land exchange deemed necessary or appropriate by Lessor. This consent is given in compliance with Idaho Code § 58-138. In the event Lessor chooses to include the Leased Premises, or any portion thereof, in any proposed land exchange in the future, Lessor shall provide Lessee with at least thirty (30) days written notice from the Director of the Department of Lands. Upon the consummation of the proposed land exchange, that portion of lands included within the exchange shall be deleted from this Lease, and Lessee's lease payment obligation for the ensuing year shall be reduced proportionately. Lessee shall be entitled to continue to use the lands included within any such exchange for the balance of the year in which the exchange occurs unless otherwise notified in writing by Lessor, in which event the lease payment for such year shall be prorated.
- C. **Change in Use.** The Lease may be cancelled in whole or in part upon one hundred eighty (180) calendar days written notice by Lessor if the use of the Leased Premises is to be changed to any other use that is incompatible with the use authorized by this Lease, as designated by Lessor. In the event of early

cancellation due to change in land use, Lessee will be entitled to a prorata refund of the premium bid for a conflicted lease.

13. Relationship of the Parties.

Lessee is not an officer, employee or agent of Lessor. In no event shall any official, officer, employee or agent of Lessor or of the State of Idaho be in any way personally liable or responsible for any covenant or obligation contained in this Lease, express or implied, nor for any statement, representation or warranty made in connection herewith.

14. Reservations by Lessor.

Lessor expressly reserves and excepts the following rights:

- A. To enter upon the Leased Premises, or any portion thereof, during the term of this Lease for any purpose, including, but not limited to, the purpose of inspecting the Leased Premises.
- B. All rights not expressly granted to Lessee under this Lease, including, but not limited to, all rights to timber, oil and gas, geothermal rights, mineral rights, easements and rights-of-way, water, and fee title to the Leased Premises, and title to all appurtenances and improvements placed thereon by Lessor.
- C. To grant easements and rights-of-way over and across the Leased Premises. Lessor shall coordinate with Lessee before processing any easement applications on the Leased Premises. The grantee of such easement shall, before exercising the same, pay Lessee the reasonable value of any permitted improvements and any growing and immature crops, if crops or improvements are impacted by the easement. Said value shall be determined by Lessor's valuation.
- D. To issue other leases on the Leased Premises. Such other leases may be for any purpose deemed appropriate by Lessor, including, but not limited to, the exploration and development of oil, gas, geothermal and mineral resources as provided by Title 47, Idaho Code. In the event any such other lease is granted by Lessor, the other lessee shall, before exercising the same, pay Lessee the reasonable value of any permitted improvements and any growing and immature crops, if crops or improvements are impacted by the other lease. Said value shall be determined by Lessor's valuation. If the other lease conflicts with the grazing use or makes consumptive use of forages, the grazing rental will be adjusted to reflect such loss of use.
- E. To require that changes be made in the use under this Lease, and/or to the improvements on the Leased Premises, including, but not limited to, the sanitation or other facilities for the protection of public health, safety, preservation of property or water quality.
- F. To reserve as Lessor's sole property any and all water appurtenant to Lessor's land or from any source arising thereon and to hold water rights for any beneficial use that may be developed as a result of this Lease, and as further provided in *Section 8. Water Right and Water Use* of these Lease Provisions.
- G. Rights of ingress, egress, and access, over and across the Leased Premises for Lessor and its lessees, permittees, contractors, and assigns on existing roads, or on suitable alternative roads provided by Lessee.
- H. To change the use of the Leased Premises, in whole or in part, for other uses that will better achieve the objective of Lessor. Upon a change in use this Lease may, at Lessor's discretion, be terminated in whole or as to the affected part. In the event of any such termination due to a change in use, the provisions of *Section 10. Construction of Improvements* of these Lease Provisions, relating to compensation for permitted improvements shall apply.
- I. To sell timber on the Leased Premises or otherwise conduct forest management activities, Lessor reserves the right to restrict or prohibit grazing use on all or portions of the Leased Premises for timber management purposes. Lessee will be given not less than one hundred eighty (180) calendar days written notice of any such restrictions or termination of grazing use, together with a map of the restricted area.

- J. To restrict or prohibit grazing on all or any portion thereof of the Leased Premises in response to emergency conditions such as, but not limited to, fires, flooding and drought.
- K. To sell all or any portion of the Leased Premises at any time during the term of this Lease, and as further provided in *Section 12. Sale, Exchange or Change-in-Use of Leased Premises* of these Lease Provisions.
- L. To harvest seed from plants on land not under a farming lease. Lessor will coordinate the harvesting activities with Lessee to minimize impacts on farming operations.
- M. To close roads for road protection, wildlife protection or administrative purposes. Planned road closures will be reviewed with Lessee prior to action by Lessor.
- N. To claim all permanent improvements placed upon the Leased Premises remaining after six (6) months in cases of abandonment by Lessee or to take possession immediately in cases of cancellation upon breach of any of the conditions of the Lease. No improvements will be disposed of by Lessor until all appeals have been exhausted.

15. Indemnification.

Lessee shall indemnify, defend and hold harmless Lessor, the State of Idaho, its officers, agents and employees from and against any liability, claims, actions, damages, costs, expenses or losses, including reasonable attorney's fees and costs caused by or arising out of the performance, acts or omissions of Lessee, Lessee's agents, officers or employees, or persons using the Leased Premises with Lessee's permission, or otherwise arising out of Lessee's use or occupation of the Leased Premises; or arising from the failure of the same to comply with any applicable state, federal, local, law, statute, rule, regulation, act, or provision of this Lease. This duty to indemnify, defend and hold harmless shall encompass any claims which include or allege negligence of Lessor, its agents, officers or employees other than claims which arise solely out of negligence on the part of Lessor, and this duty shall survive the termination or expiration of this Lease.

16. Payment of Taxes, Assessments or Fees – Lien.

Unless otherwise provided, Lessee shall pay all water charges, fees, assessments or taxes of whatsoever nature that may be legally levied or assessed against the Leased Premises herein described, or any portion thereof or on any improvements thereto. If the same is not paid, it shall constitute a lien in favor of the State of Idaho against all improvements, or crops growing on the Leased Premises.

17. Lessee's Default.

- A. Lessee's Failure to Comply. Lessee's failure to comply with the Lease Provisions and any Special Terms and Conditions shall be a breach giving rise to a basis for termination of the Lease. Lessor shall provide Lessee thirty (30) calendar days written notice of the cancellation and, if applicable, the corrective action required of Lessee. The notice shall specify a reasonable time to make a correction or cure the violation or breach, if such breach is subject to correction or cure. If the corrective action or cure is not taken within the specified time or does not occur, then the Lease shall be automatically terminated on the date specified in the written cancellation notice without any further notice or demand, unless otherwise agreed by Lessor in writing. Lessee shall not, while in default, remove any of the improvements, or crops thereon, whether crops are harvested or not unless directed by Lessor. In addition to the rights and remedies specifically granted to Lessor under this Lease, Lessor shall have such other rights and remedies against Lessee as are available at law or in equity, and Lessor's pursuit of any particular remedy for breach shall not, in and of itself, constitute a waiver or relinquishment of any other compatible claim of Lessor against Lessee.
- B. Lessor's Performance Upon Lessee Default. In the event Lessee fails to perform any act or do anything which Lessee is required to do under the terms of this Lease, Lessor shall have the right, but not the obligation, to perform on behalf of Lessee, any such action. Lessee shall immediately reimburse Lessor for all costs and expenses, including attorney fees, (including fees from the Office of the Attorney General of the State of Idaho), incurred by Lessor in performing any such act or thing. Lessee's obligation to pay costs hereunder shall be deemed to be additional rent fully due and payable on demand from Lessor.

18. Surrender of Land.

Lessee shall, at the termination or expiration of this Lease, deliver immediate possession and vacate the Leased Premises, leaving it in the same or better condition than it was in at the time of Lessee's entry on such premises under this agreement, except for reasonable use and wear, acts of God, or damage by causes beyond the control of Lessee, and upon vacating shall leave the demised land free and clear of all rubbish and debris, and with all improvements in good order and condition.

19. Cancellation By Mutual Agreement.

Leases may be cancelled by mutual agreement between the Lessor and the Lessee. The Lessor will not unreasonably withhold approval of a request for cancellation by a Lessee.

20. Notices.

- A. Notices. Any notice or any demand given under the terms of this Lease shall be deemed given and delivered on the date when personally delivered or if mailed, the date same is deposited in the United States Mail, and mailed by regular or certified mail, postage prepaid and properly addressed to the appropriate party.
- B. Addresses. Until changed by notice in writing, notice, demands, and communications under this Lease shall be addressed to Lessor at:

Idaho State Board of Land Commissioners
300 North 6th Street, Suite 103
PO Box 83720
Boise ID 83720-0050

and to Lessee at the address set forth at the beginning of this Lease. Any notice or correspondence mailed to Lessee at the last identified address shall be deemed effective delivery. It is Lessee's duty to notify Lessor, in writing, of any change in mailing address.

21. Waiver.

The waiver by Lessor of any breach of any term, covenant or condition of this Lease shall not be deemed to be a waiver of any past, present or future breach of the same or any other term, covenant or condition of this Lease. The acceptance of rent by Lessor hereunder shall not be construed to be a waiver of any violation of the term(s) of this Lease. No payment by the Lessee of a lesser amount than shall be due according to the terms of this Lease shall be deemed or construed to be other than a part payment on account of the most recent rent due, nor shall any endorsement or statement of any check or letter accompanying any payment be deemed to create an accord and satisfaction.

22. Attorneys' Fees and Costs.

In the event Lessor initiates a legal proceeding of any kind instituted under this Lease or to obtain performance of any kind under this Lease, and Lessor prevails, Lessor shall be awarded such additional sums as the court may adjudge for reasonable attorney's fees (including fees from the Office of the Attorney General of the State of Idaho) and to pay all costs and disbursements incurred in such proceeding, including, but not limited to, accountants' fees and fees of appraisers or other experts.

23. Lessee's Compliance with Applicable Laws and Rules.

- A. Full compliance. Lessee shall fully comply with all applicable federal, state, or local statutes, ordinances, rules, regulations and laws now existing or hereafter enacted. This shall include, but not be limited to, all applicable rules and regulations and standards promulgated by the State Board of Land Commissioners or the Idaho Department of Lands, including but not limited to, the rules governing leasing of endowment lands, IDAPA 20.03.14.
- B. No Waste or Nuisance. Lessee shall not use the Leased Premises in any manner that would constitute loss or waste, nor shall Lessee allow the same to be committed thereon. Lessee shall not do anything which will create a nuisance or a danger to persons or property.

24. Miscellaneous.

- A. No Trespass. Lessee shall not allow Lessee's livestock to graze or run at large over any lands of Lessor in a manner not approved within the Lease Terms and Special Provisions, nor shall Lessee authorize any other person to graze or run livestock over Lessor's lands without the express written consent of Lessor.
- B. Appraisals and Valuations. Any appraisal or valuation by Lessor called for in this Lease shall be done by Lessor in accordance with applicable state law and regulations, and the then existing policy of Lessor.
- C. Subject to Existing Leases/Easements. This Lease is expressly subject to any right-of-way, easement, lease or contract, including, but not limited to, any present or future timber sale contract, that are now in force and effect or that may hereafter be granted relating to the Leased Premises.
- D. Timber. This Lease does not authorize Lessee to cut any timber growing on the Leased Premises. Any unauthorized use of such timber by the Lessee or with his knowledge or consent, shall work a forfeiture of this Lease without notice, and said Lessee shall be responsible for damages in the amount of treble the value of the timber used or taken and all other damages. Said timber value to be determined by Lessor.
- E. Modification. This Lease may be modified only by a fully executed Lease Adjustment on a form provided by Lessor.
- F. Binding on Heirs and Successors. This Lease, including the Lease Provisions and any Special Terms and Conditions, shall inure to the benefit and be binding upon the heirs, executors, successors, sublessees, and assigns of the parties.
- G. Lessee's Non-Discrimination. Lessee shall not discriminate against any person because of race, creed, religion, color, sex, national origin or disability.
- H. Entire Agreement. This Lease, including the Summary of Lease Provisions, the Lease Provisions, the Signature Page and all Attachments attached hereto, contains the entire agreement between the parties concerning the subject matter hereof and supersedes any and all prior agreements. The execution of this Lease has not been induced by either party, or any agent of either party, by representations, promises or undertakings not expressed herein and, further, there are no collateral agreements, stipulations, covenants, promises, inducements or undertakings whatsoever between the respective parties concerning this Lease except those which are expressly contained herein.
- I. Governing Law and Forum. This Lease shall be construed in accordance with and governed by the laws of the State of Idaho and the parties consent to the jurisdiction of Idaho State courts located in Ada County in the event of any dispute with respect to this Lease.
- J. Severability. In the event any provision of this Lease shall be held invalid or unenforceable according to law, for any reason whatsoever, then the validity, legality or enforceability of the remaining provisions shall not in any way be affected or impaired.
- K. Counterparts. This agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute but one and the same instrument.

This Lease, including the Summary of Lease Provisions, Lease Provisions, Signature Page, and all Attachments, is made and entered into by and between the State of Idaho, acting by and through the State Board of Land Commissioners and Sage Meadows Ranch, INC.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be duly executed the day and year first above written.

LESSEE SIGNATURES

x _____
(Lessee/Company)
Sage Meadows Ranch, Inc.
by James Rich II President

x _____
(Lessee/Company)

x _____
(Lessee/Company)

x _____
(Lessee/Company)

STATE OF Idaho)

COUNTY OF Ada)^s

On this 12th day of November, in the year 2015, before me, Caroline Rule-DeCoy Notary Public, personally appeared James Rich II President Sage Meadows Ranch, Inc. who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is (are) subscribed to the within instrument, and acknowledged that he (she) (they) executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year last above written.

Notary Public

Commission expires: 1/29/2016

LESSOR SIGNATURES

COUNTERSIGNED: STATE BOARD OF LAND COMMISSIONERS OF THE STATE OF IDAHO

Lawrence E. Denney
Secretary of the State of Idaho

Thomas M. Schultz
Director Department of Lands

STATE OF IDAHO)

COUNTY OF ADA)^s

On this 23rd day of November, in the year 2015, before me, a Notary Public in and for said State, personally appeared C. L. "Butch" Otter, known to me to be the president of the State Board of Land Commissioners of the State of Idaho and the Governor of the State of Idaho; and Lawrence E. Denney, known to me to be the Secretary of the State of Idaho and Thomas M. Schultz, known to me to be the Director, that executed the within instrument, and acknowledged to me that the State Board of Land Commissioners of the State of Idaho and the State of Idaho executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year last above written.

Notary Public: Vanessa Wilson

Commission expires: 8-11-2020

Attachment A
SPECIAL TERMS AND CONDITIONS

This page intentionally left blank

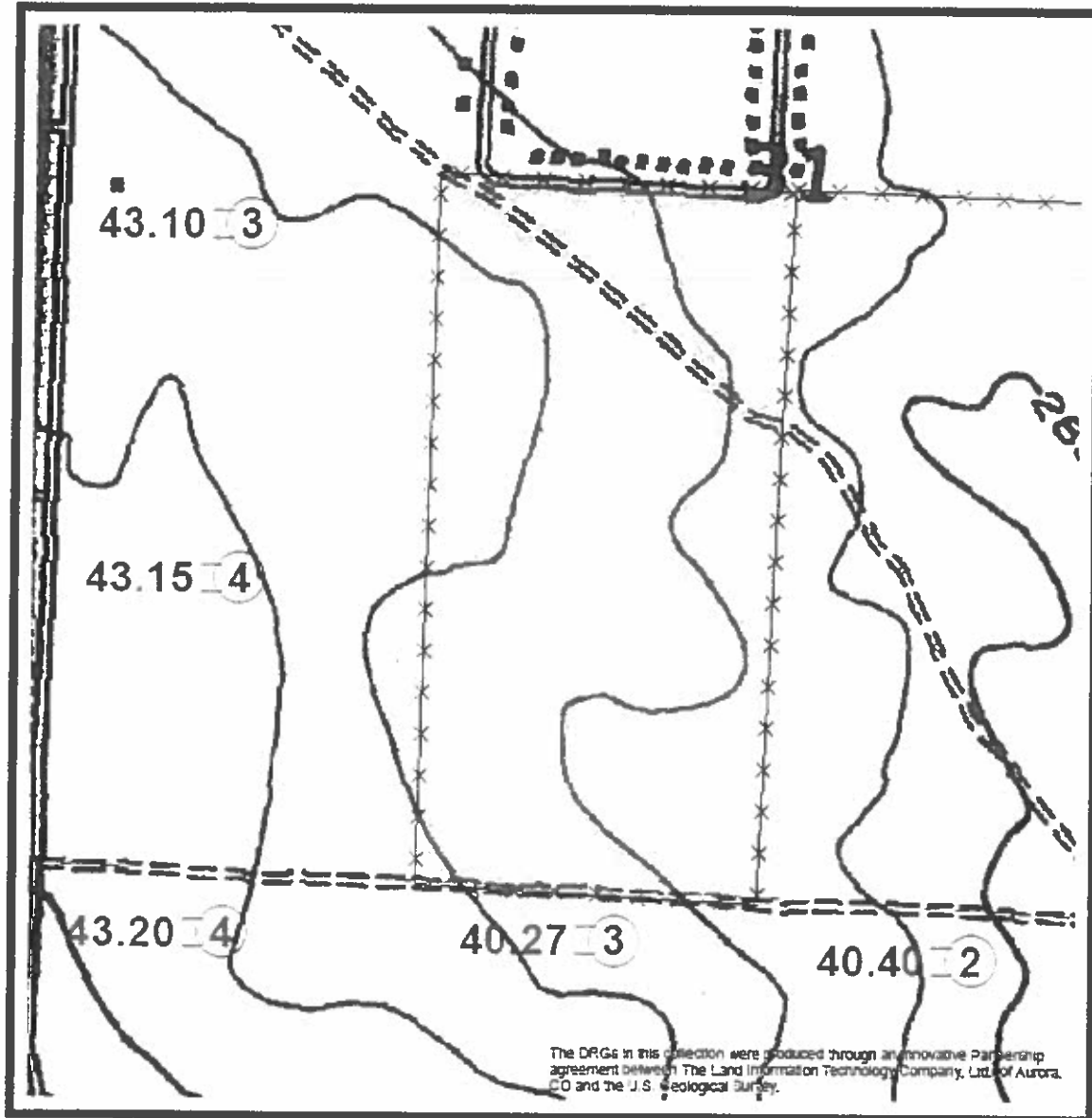
Attachment B
LEASED PREMISES LEGAL DESCRIPTION

Instrument Number	Township	Range	Section	Legal Description	County	Endowment	Acres	Grazing Acres	Irrigated Acres	AUMS
C600005	03N	02E	31	E2SW	ADA	NS	80	80	80	20

Attachment C
SITE MAP(S)

MAP #1

Crop Lease 600005
T03N. R02E. Sec 31 E2SW



Legend

—x— Fence

Crop Lease C600005

0 0.075 0.15 0.3
Miles



9/16/2015

Attachment D
ANNUAL CROP PRODUCTION REPORT

REPORTING YEAR 20__

Lease No.: C600005 Lessee Name: _____
FSA Office: _____ Farm Number: _____ Tract No(s): _____

Please fill out the information below as it applies to your lease/farm. On the back of this form, please explain your cropping schedule/rotation plan for the next two years.

CONSERVATION RESERVE PROGRAM (CRP)

Acres of State Lease in CRP: _____ Annual Payment / acre: _____

CROPS PLANTED ON LEASE IN 20

NONE (explain): _____ (fallow, enrolled in CRP, etc.)

Dryland – acres: _____ Yield: _____

Irrigated – acres: _____ Yield: _____

CROP 1 – type: _____ (wheat, barley, hay, etc.)

Dryland – acres: _____ Yield: _____

Irrigated – acres: _____ Yield: _____

CROP 3 – type: _____ (wheat, barley, hay, etc.)

Dryland – acres: _____ Yield: _____

Irrigated – acres: _____ Yield: _____

FEDERAL PAYMENTS FOR ACRES IN LEASE IN 20 (Production Flexibility Contract)

Wheat – acres: _____ Yield: _____ Payment Rate: _____

Barley – acres: _____ Yield: _____ Payment Rate: _____

Specify if Other Crop:

_____ – acres: _____ Yield: _____ Payment Rate: _____

_____ – acres: _____ Yield: _____ Payment Rate: _____

SIGNED: _____
LESSEE

DATE

***** **Area and Bureau Office Use Only** *****

Form Distribution: 1) Bureau Copy
2) Area Copy

(IDL DATE STAMP)



State of Idaho

DEPARTMENT OF WATER RESOURCES

Western Region, 2735 Airport Way • Boise, Idaho 83705-5082

Phone: (208) 334-2190 • Fax: (208) 334-2348 • Web Site: www.idwr.idaho.gov

C. L. "BUTCH" OTTER
Governor

GARY SPACKMAN
Director

March 10, 2016

JAMES RISCH
SAGE MEADOWS RANCH INC
VICKI RISCH
5400 S COLE
BOISE, ID 83705

Application for Permit No. 63-34176

Dear Applicant(s):

The Department of Water Resources has received your water right application. Please refer to the number referenced above in all future correspondence regarding this application.

A legal notice of the application has been prepared and is scheduled for publication in the IDAHO STATESMAN on 3/17/2016 and 3/24/2016. Protests to this application may be submitted for a period ending ten (10) days after the second publication.

If the application is protested, you will be sent a copy of each protest. All protests must be resolved before the application can be considered for approval. If the protest(s) cannot be resolved voluntarily, the Department will conduct a conference and/or hearing on the matter.

If the application is not protested, the Department will process your application and notify you of any action taken on the application. If your application is approved, the Department will send you a copy of the permit.

Please contact this office if you have any questions regarding the application.

Sincerely,

Rachel Neely
Administrative Assistant

Neely, Rachel

From: Neely, Rachel
Sent: Thursday, March 10, 2016 10:13 AM
To: 'BOI Legals'
Subject: Ada Legal Ads
Attachments: Ada Cover Letter.docx; Ada Legal Ad.docx; 63W-258-001 Injection Well Cover Letter.docx; 63W-258-001_UIC legal notice.docx

Good Afternoon Legal Clerk,

Please see the attached ads for publication on 3/17/16 & 3/24/16.

Please confirm these are okay to publish as shown.

Thank you,

Rachel Neely

Administrative Assistant I
IDWR-Western Region
2735 Airport Way Boise, ID 83705
Rachel.Neely@idwr.idaho.gov

March 10, 2016

LEGAL NOTICE DEPARTMENT
IDAHO STATESMAN
PO BOX 40
BOISE, ID 83707

RE: Application for Permit No. 63-34176

Dear Legal Notice Department:

Please publish the enclosed legal notice on the dates indicated (once a week for two consecutive weekly issues). If you cannot publish the notice on the proposed dates, please contact us immediately.

An affidavit of publication must be submitted to the Department along with the publication bill. Please send the affidavit and bill to this office before 4/4/2016. Your cooperation is appreciated.

Sincerely,

Rachel Neely
Administrative Assistant

Enclosure(s)

The following application(s) have been filed to appropriate the public waters of the State of Idaho:

63-34176

JAMES RISCH

VICKI RISCH

SAGE MEADOWS RANCH INC

5400 S COLE

BOISE, ID 83709

Point of Diversion L3(NWSW) S31 T03N R02E ADA County Source GROUND WATER

Use: IRRIGATION 03/01 to 11/15 1.6 CFS

Total Diversion: 1.6 CFS

Date Filed: 12/11/2015

Place of Use: IRRIGATION

T03N R02E S31 NESW SESW

Total Acres: 80

Water bearing zone to be appropriated is from 203 to 414 feet.

Permits will be subject to all prior water rights. For additional information concerning the property location, contact Western Region office at (208) 334-2190; or for a full description of the right(s), please see www.idwr.idaho.gov/WaterManagement/WaterRights. Protests may be submitted based on the criteria of Idaho Code § 42-203A. Any protest against the approval of the application(s) must be filed with the Director, Dept. of Water Resources, Western Region, 2735 Airport Way, Boise ID 83705 together with a protest fee of \$25.00 for each application on or before 4/4/2016. The protestant must also send a copy of the protest to the applicant.

GARY SPACKMAN, Director

Published on 3/17/2016 and 3/24/2016

Neely, Rachel

From: Neely, Rachel
Sent: Thursday, March 10, 2016 10:13 AM
To: 'dgreen@idl.idaho.gov'
Subject: Application for Permit No. 63-34176
Attachments: Agency Recommendation Form.docx; Application for Permit No. 63-34176.pdf

March 10, 2016

IDAHO DEPT OF LANDS
ATTN: DIANE GREEN
DGREEN@IDL.IDAHO.GOV

RE: Application for Permit No. 63-34176

Dear Ms. Green:

The Idaho Department of Water Resources (IDWR) is seeking written comment and/or recommendations from your agency regarding the above referenced water right application. A copy of the application is enclosed with this email for your reference. Please review the application, complete the enclosed recommendation form, and submit your reply, if any, to this office by the protest deadline of April 4, 2016.

If your agency desires to formally protest approval of this application, you may do so by filing a written protest along with a \$25.00 filing fee for each protested application by the protest deadline.

IDWR will assume your agency does not object to this application if a timely response is not received. Please contact me if you have any questions regarding the application. Thank you for your help.

Sincerely,

Rachel Neely

Administrative Assistant I
IDWR-Western Region
2735 Airport Way Boise, ID 83705
Rachel.Neely@idwr.idaho.gov

Merriman, Danielle

From: Ruth Luke [rluke@idl.idaho.gov]
Sent: Thursday, March 10, 2016 9:09 AM
To: Jason Risch
Cc: Merriman, Danielle
Subject: RE: Lease Number C600005

Jason,

After further review of the stipulations in Crop Lease C600005 (pg 5 section 8 Water Right and Use) water right 63-34176 needs to be in the State of Idaho's name. Conversation with Danielle Merriman from IDWR an assignment of water right needs to be completed. She previously has provided the link to obtain the assignment forms to you.

Ruth Luke
Lands Resource Specialist, Senior
Idaho Department of Lands, Southwest Area Office
Office 208.334.3488

From: Jason Risch [<mailto:jrisch@rischpisca.com>]
Sent: Thursday, March 03, 2016 1:04 PM
To: Ruth Luke
Subject: Lease Number C600005

Ruth, the agent assigned to my application indicated the language below would suffice. If this language is also is acceptable to you please place it in a letter over your signature and mail it directly to: Idaho Department of Water Resources 2735 Airport Way, Boise, Idaho 83705. Please cc me on the letter.

Thanks again.

In reference to State of Idaho Water Permit number 63-34176 and State the Idaho Lease Number C600005; the Idaho Department of Lands, lessor, is aware that Sage Meadows Ranch Inc., the lessee, together with James and Vicki Risch, personally, have applied for a water permit which involves applying water from a point of diversion on land owned by Sage Meadows Ranch Inc. to be applied and used on the leased premises. The Department of Lands consents to this process and to the issue of the water right in the applicants' names.

Jason

Jason S. Risch
Attorney at Law
RISCH PISCA PLLC
LAW AND POLICY
407 W. Jefferson
Boise, Idaho 83702
Telephone: (208) 345-9929
Facsimile: (208) 345-9928
E-mail: jrisch@rischpisca.com
Web: www.rischpisca.com

CONFIDENTIALITY NOTICE: *This message is protected by the attorney/client privilege and is for the exclusive use of the individual or entity to which it is addressed and is confidential. Persons who read, use or disclose such information with unauthorized individuals may face penalties under state and federal law. There is no waiver of any attorney/client or work product privilege by the transmission of this message.*

If you are not the addressee please do not read, use, disclose, copy or distribute this message and do not take any action in reliance upon it. If you have received this message in error, please notify us immediately by telephone to arrange for its return.

MEMORANDUM

TO: 63-34176 Sage Meadows Ranch, Inc. file

FROM: Danie Merriman (Western)

DATE: March 10, 2016

RE : Phone conversation with Ruth Luke and Dean Johnson at 8:45

The following information was acquired per a phone conversation with Ruth and Dean from the Department of Lands regarding an email sent to them on 3/3/16.

Ruth had a couple of questions regarding the circumstances of the Rischs applying for water rights on lands they lease from the Department of Land. She noted that they already have a water right (63-9166) in the area, but it does not expand to the leased land. Based on the water right subsection of farm lease C6000005 between Sage Meadows Ranch and IDL, as well as Department standards for water rights on state lands, I explained the following two options for the Application for Permit.

1. Risch could file an Assignment of Application for Permit to place the application in the name of the Department of Lands. Based on the lease that states that "the establishment of any new water rights during the term of this Lease shall be by and for the Lessor and no claim thereto shall be made by Lessee" as well as Department guidance to place the permit in the name of the state if the use will occur on their property, this would probably be the most standard way to proceed.
2. The Department of Lands could submit written confirmation that they agree to allow Sage Meadows Ranch to file for the permit in their own name. This is not as standard, but could be an exception if IDL so wished to pursue it.

Ruth called in her supervisor Dean (Johnson) and the above were explained to him. He agreed that the best step would be to assign the Application for Permit to the Department of Lands. Ruth said she would follow up with Jason Risch and have him submit the appropriate paperwork.

Ruth and Dean also said that, if there are any questions in the future regarding the Application for Permit, inquiries can be made to the South West Regional Manager Robert Pietras.

Merriman, Danielle

From: Merriman, Danielle
Sent: Thursday, March 03, 2016 3:12 PM
To: 'Jason Risch'
Subject: RE: Application for Permit 63-34176

Thank you!

From: Jason Risch [<mailto:jrisch@rischpisca.com>]
Sent: Thursday, March 03, 2016 1:03 PM
To: Merriman, Danielle
Subject: RE: Application for Permit 63-34176

Danielle –

Please accept this email as proof of consent to those amendments. Thank you.

Jason

Jason S. Risch
Attorney at Law
RISCH PISCA PLLC
LAW AND POLICY
407 W. Jefferson
Boise, Idaho 83702
Telephone: (208) 345-9929
Facsimile: (208) 345-9928
E-mail: jrisch@rischpisca.com
Web: www.rischpisca.com

From: Merriman, Danielle [<mailto:Danielle.Merriman@idwr.idaho.gov>]
Sent: Thursday, March 03, 2016 12:56 PM
To: jason@risch.org
Subject: Application for Permit 63-34176

Good Morning Jason,

Per our phone conversation earlier today, here are the amendments to be made to your Application for Permit.

1. The point of diversion is currently described in government lot 3, SWNW. Based on the map you included, the point of diversion should actually be in government lot 3, NWSW.
2. The quantity was described incorrectly. You requested 360 acre feet for irrigation. It is possible that you found this volume by using the standard headgate volume in your area of 4.5 acre feet per acre. We typically do not include a volume at the permitting stage because it can limit the amount of water you can develop. Normally, we describe irrigation quantities as a diversion rate. The standard rate for irrigation is 0.02 cfs per acre. This translates to an inch to the acre, which is the duty for the most water intensive crops like alfalfa. You are requesting to irrigate 80 acres, which would merit a diversion rate of 1.6 cfs.

3. The place of use described falls entirely on Department of Lands property. Subsection 8B of your submitted lease states that any new water rights shall be established by and for the Lessor. This matches current Department standards of establishing water rights in IDL's name. Based on our conversation, you are going to have the Department of Lands submit a letter that grants permission to apply for a water permit 63-34176 in the name of Sage Meadow Ranch, Inc and James and Vicki Risch on Department of Lands property. If you do end up deciding to assign the Application for Permit to DOL, the appropriate form can be found at <http://idwr.idaho.gov/files/water-rights/assignment-of-application-for-permit.pdf>.

Please reply to this email letting me know if you approve of these amendments or if you have any further changes to make. You will receive a notification from our office when your application is to be advertised. Thanks very much for your patience and diligence!

Regards,

Danie Merriman

Water Resource Agent

Idaho Department of Water Resources

Phone: (208) 334-2190

Fax: (208) 334-2348

Email: danie.merriman@idwr.idaho.gov

2735 Airport Way

Boise, ID 83705