

WATER SUPPLY BANK LEASE CONTRACT

RECEIVED
AUG 14 2015
DEPARTMENT OF
WATER RESOURCES

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

Lessor: SMOKEY DOME LLC
PO BOX 1607
BELLEVUE WA 98009
425-460-2542

COPY

RECITALS

1. The Board is authorized under chapter 17, title 42, Idaho Code to operate a water supply bank and to contract with lessors to act as an intermediary in facilitating the rental of water.
2. The Lessor has filed a completed application on March 3, 2015 to lease water rights described below into the Water Supply Bank on forms supplied by the Idaho Department of Water Resources.
3. The Director of the Idaho Department of Water Resources has reviewed the application for compliance with the Water Supply Bank rules and has approved the Lease subject to conditions listed below.

NOW, THEREFORE, in consideration of the mutual covenants and contracts herein contained, and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

1. **WATER RIGHTS:** The Lessor shall lease and the Board shall accept into the Bank the Applicant's water rights described as follows:

Summary of Water Rights or Portions Leased to the Bank

<u>Water Right</u>	<u>Lease Rate</u>	<u>Lease Volume</u>	<u>Acre Limit</u>	<u>Total Leased Acres</u>
37-2103	4.70 CFS	Not Stated	NA	220.0 AC
Combined Lease Totals:	4.70 CFS	Not Stated	NA	220.0 AC

The water rights described herein shall be available for rental from the Bank as follows:
Authorized Period of Use under Lease: April 15 to October 31- Irrigation
January 1 to December 31-Domestic

2. **COMPENSATION:** The Lessor shall accept and the Board shall pay compensation determined by the amount of water rented under the following rental rate during such times as the water is rented from the Bank over the term of this Lease.

Minimum Payment Acceptable: Current Rental Rate

3. **TERM OF LEASE:** This Lease shall take effect when both parties have signed it and shall continue in effect until December 31, 2019.
4. **WATER SUPPLY BANK CONDITIONS OF ACCEPTANCE:** The Lessor shall abide by all terms and conditions contained in the Water Supply Bank Conditions of Acceptance, attached hereto as "Attachment A" and incorporated herein by this reference.
5. **DUPLICATE ORIGINAL:** This Lease is executed in duplicate. Each of the documents with an original signature of each party shall be an original.

IN WITNESS WHEREOF, the parties have executed this Contract on the date following their respective signatures.

SMOKEY DOME LLC
PO BOX 1607
BELLEVUE WA 98009

By 
Printed Name GREG VIK

Date 8/7/15
Title PRESIDENT

IDAHO WATER RESOURCE BOARD
322 East Front Street
P.O. Box 83720
Boise, ID 83720-9098

By 
Brian Patton, Acting Administrator
Idaho Water Resource Board

Date 8/14/2015

Lease approved by IDWR 

Date 8-14-2015

ATTACHMENT A
WATER RIGHT NO. 37-2103
WATER SUPPLY BANK CONDITIONS OF ACCEPTANCE

The water right or portion thereof leased to the bank is described as follows:

Lessor: SMOKEY DOME LLC
 PO BOX 1607
 BELLEVUE WA 98009
 425-460-2542

Priority Date: 02/05/1908

Source: UNNAMED STREAM **Tributary to:** MC MAHAN CREEK
 SPRING MC MAHAN CREEK
 MC MAHAN CREEK WEST FORK THREE MILE CREEK

<u>BENEFICIAL USE</u>	<u>From</u>	<u>To</u>	<u>Diversion Rate</u>	<u>Volume</u>
IRRIGATION	04/15	10/31	4.70 CFS	Not Stated
DOMESTIC	01/01	12/31	0.20 CFS	Not Stated
	Total:		4.70 CFS	Not Stated

LOCATION OF POINT(S) OF DIVERSION:

UNNAMED STREAM	NE 1/4 NW 1/4	Sec. 22, Twp 01N, Rge 13E, CAMAS County
SPRING	NW 1/4 NE 1/4 SE 1/4	Sec. 21, Twp 01N, Rge 13E, CAMAS County
MC MAHAN STREAM	SE 1/4 SW 1/4 NE 1/4	Sec. 15, Twp 01N, Rge 13E, CAMAS County

PLACE OF USE TO BE IDLED UNDER THIS LEASE: IRRIGATION and DOMESTIC

Twp	Rge	Sec	NE				NW				SW				SE				Totals
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
01N	13E	22					22.0	29.0	36.0	39.0	39.0	25.0		30.0					220.0

Total Acres: 220.0

ADDITIONAL CONDITIONS OF ACCEPTANCE

1. The water rights referenced above will be rented from the bank at the current rental rate.
2. There is no rental payment to the lessor of the water right if the right or a part thereof is not rented from the bank.
3. While a right is in the bank, the lessor may not use the right without approval of the Department even if the right is not rented from the bank. Any violation of the terms of this lease may result in enforcement procedures pursuant to Idaho Code § 42-351 for illegal diversion and use of water and may include civil penalties pursuant to Idaho Code § 42-1701B.
4. A right accepted into the bank stays in the bank until the Board releases it, the lease term expires, or upon request from the lessor to change the term of the lease, provided the Board approves the release. Unless approved by the Department, leased rights may not be immediately available for release.
5. While a water right is in the bank, forfeiture provisions are stayed.
6. Rental of water under this right is subject to the limitations and conditions of approval of the water right.

7. Failure of the right holder to comply with the conditions of acceptance is cause for the Director to rescind acceptance of the lease.
8. Acceptance of a right into the bank does not, in itself, confirm the validity of the right or any elements of the water right, or improve the status of the right including the notion of resumption of use. It does not preclude the opportunity for review of the validity of this water right in any other Department application process.
9. In accordance with Idaho Code §§ 42-248 and 42-1409(6), all owners of water rights are required to notify the Department of any changes in mailing address or change in ownership of all or part of a water right. Notice must be provided within 120 days of the change.
10. If a water right leased into the Water Supply Bank is sold or conveyed during the lease term, and if the leased right was rented, the rental proceeds will be disbursed in the following manner regardless of any arrangements between the buyer(s) and seller(s) to the contrary:
 - a. Rental payments will go to the lessor(s) of record at the beginning of the rental season.
 - b. If a change in ownership is processed by the Department during a rental season, rental payment will be made to the person or entity who is the lessor of record at the beginning of that rental season.
 - c. New lessor(s) of record will receive payment after the following rental season.
11. The water right(s) is leased to the bank subject to all prior water rights and shall be administered in accordance with Idaho law and applicable rules of the Department of Water Resources.
12. Use of water under this right will be regulated by a watermaster with responsibility for the distribution of water among appropriators within a water district. At the time of this approval, this water right is within State Water District No. 37B.

STATE OF IDAHO
WATER RESOURCE BOARD

RECEIVED

WATER SUPPLY BANK LEASE OR SALE
APPLICATION CHECKLIST

MAR 03 2015

DEPARTMENT OF
WATER RESOURCES

An application to lease or sell a water right into the Water Supply Bank must be prepared in accordance with the minimum requirements listed below to be acceptable for processing by the Department. Use this checklist to ensure all necessary documentation has been provided. This checklist is part of the lease application and must be included with the lease application. **Incomplete applications will be returned to applicants for completion.**

Designated Applicant Smokey Dome LLC C/O Gregory VikWater Right No. 37-2103

One water right per application

All items must be checked as either *Attached (Yes)* or *Not Applicable (N/A)*

YES

- ☒ Completed *Water Supply Bank Lease or Sale Application Checklist* (this form).
- ☒ Completed *Application to Sell or Lease a Water Right to the Water Supply Bank* (pages 2-3).
- ☒ Application filing fee of \$250.00. If you are submitting more than one lease application and the water rights have a common place of use, or common diversion rate, or common diversion volume, the combined maximum fee is \$500.00.

Attachment N/A YES

- 1A ☐ ☒ Contact information for *all owners* of the water right that is being leased or sold on this application.
- 1B ☐ ☒ An [Internal Revenue Service \(IRS\) Form W-9](#) for the Designated Applicant.
- 1C ☒ ☐ *Notice of Change in Water Right Ownership* form (accessible from www.idwr.idaho.gov).
- 1D ☒ ☐ Written consent from irrigation district or water delivery company.
- 1E ☒ ☐ Contact information for an authorized representative and documentary proof they are authorized to represent the Designated Applicant on this application. If the Designated Applicant is a business, partnership, municipality, organization or association, include documents identifying officers authorized to sign or act on behalf of the entity.
- 2 ☐ ☒ Description of a water right portion offered to the Water Supply Bank.
- 3D ☒ ☐ Evidence demonstrating that a water right has not been lost through abandonment or forfeiture pursuant to Section 42-222(2), Idaho Code.
- 4 ☐ ☒ A map that clearly outlines the specific location where irrigated acres will be dried up, or where a beneficial use of water will be suspended. If you don't already have a detailed map, you can create one using IDWR's online General Mapping Tool (<http://maps.idwr.idaho.gov/mapall/>) to locate a water right place of use or point of diversion.

Department Use Only

Fee Amount \$ <u>2000.00</u>	Received By: <u>J. Strange</u>	Date Received: <u>3-2-15</u>	Receipt # <u>C099996</u>
W-9 received? Yes ☒ No ☐	(Route W-9 to Fiscal)	Name on W-9: <u>Smokey Dome LLC</u> <u>C/O Gregory Vik</u>	

**STATE OF IDAHO
WATER RESOURCE BOARD**

APPLICATION TO SELL OR LEASE A WATER RIGHT TO THE WATER SUPPLY BANK

1. CONTACT INFORMATION

- A. An application to sell or lease a water right to the Water Supply Bank must be completed by a Designated Applicant who is a recognized owner of the water right being sold or leased to the Water Supply Bank. If there are additional owners recorded for the property to which the water right is appurtenant, those individuals must authorize the Designated Applicant to represent them on this application by completing and signing Attachment 1A of this application package.

Designated Applicant Smokey Dome LLC C/O Gregory Vih Email Address _____
Mailing Address PO Box 1607 Bellevue, WA 98009 Phone Number _____

☒ The Designated Applicant is the sole owner of the water right being sold or leased to the Water Supply Bank.

OR

☐ The Designated Applicant is representing additional water right holders who have completed Attachment 1A.

B. Has the designated applicant completed an IRS Form W-9 (Attachment 1B)? Yes ☒ No ☐

C. Are all applicants on this form listed in IDWR's records as the current owners of the water right? Yes ☒ No ☐
If no, attach a *Notice of Change in Water Right Ownership* form along with the required documentation and fee (Attachment 1C).

D. Is the diversion works or system owned or managed by an irrigation district or water delivery company? Yes ☐ No ☒
If yes, provide written consent from the company, corporation or irrigation district authorizing the proposed sale or lease (Attachment 1D).

E. Is this application being completed by an authorized representative of the Designated Applicant? Yes ☒ No ☐
If yes, representatives (includes employees of Designated Applicant companies) must complete this section and submit documentary proof of their authority to represent the Designated Applicant (Attachment 1E).

Name of Representative Greg Sullivan Organization Brockway Engineering
Professional Title Engineer Email Address greg.sullivan@brockwayeng.com
Mailing Address 2016 North Washington Street, Suite 4 Phone Number 208-736-8543

☐ Send all correspondence for this application to the representative and not to the Designated Applicant.

OR

☒ Send original correspondence to the Designated Applicant and copies to the representative.

2. DESCRIPTION OF WATER RIGHT OFFERED TO THE BANK

Water Right Number 37-2103 ☒ The full water right is being offered to the Bank.

OR

☐ A part of the water right is being offered to the Bank.
(If a portion of a water right is being offered, complete Attachment 2)

3. GENERAL INFORMATION

A. Please provide a description of the current water diversion system.
Pipes in creeks, sprinkler irrigation.

B. Describe any other water rights used for the same purpose at the same place of use as the water right being offered to the Bank.
None

C. Will the present place of use continue to receive water from any other source?

Yes ☐ No ☒

If yes, describe. _____

D. Has any portion of this water right undergone a period of five or more consecutive years of non-use?

Yes ☐ No ☒

If yes, describe and attach Watermaster records or other evidence to demonstrate that the water right has not been lost through abandonment or forfeiture pursuant to Section 42-222(2), Idaho Code. _____

E. Is this water right involved in any other IDWR process such as an application for transfer or a mitigation plan? Yes ☐ No ☒

If yes, describe. _____

4. SALE/LEASE AGREEMENT

A. Is the water right, or portion thereof, offered to the Idaho Water Resource Board (IWRB) for sale ☐ or lease ☒?

If lease, for a period from 1/1/2015 to 12/31/2019 (maximum lease period 5 years).
(Month / Day / Year) (Month / Day / Year)

B. Show the minimum payment acceptable to the seller/lessor. The minimum payment may be shown as the "current rental rate" as established by the IWRB. Include the method of determining the minimum payment if other than the current rental rate.
current rental rate _____

I hereby assert that the information contained in this application is true to the best of my knowledge, and that I have the authorities necessary to offer this water right for sale or lease to the Idaho Water Resource Board.

The Designated Applicant acknowledges the following:

1. Payment to the Designated Applicant is contingent upon the sale or rental of the water right from the Bank.
2. While a water right is in the Bank, the seller/lessor of the water right may not use the water right even if the water right is not rented from the Bank.
3. A water right accepted into the Bank stays in the Bank until the Designated Applicant receives written confirmation from the Board or Water Supply Bank that the water right has been released from the Bank.
4. While a water right is in the Bank, forfeiture provisions are stayed.
5. Acceptance of a water right into the ank does not, in itself, confirm the validity of the water right or any elements of the water right.

Signature of Designated Applicant

Printed Name

Date

Signature of Authorized Representative

Printed Name

Date

Mail to:

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

**STATE OF IDAHO
WATER RESOURCE BOARD**

ATTACHMENT 1A

Additional Water Right Holders Party to the Lease Application

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

Water Right No. 37-2103

	Designated Applicant	Applicant #2	Applicant #3
Name	Smokey Dome LLC C/O Gregory Vik		
Mailing Address	PO Box 1607 Bellevue, WA 98009		
Phone Number			
Email Address			
Applicant Declaration	As Designated Applicant, I submit this lease application on behalf of all other water right holders.	I authorize the Designated Applicant to submit this application on my behalf.	I authorize the Designated Applicant to submit this application on my behalf.
Signature			

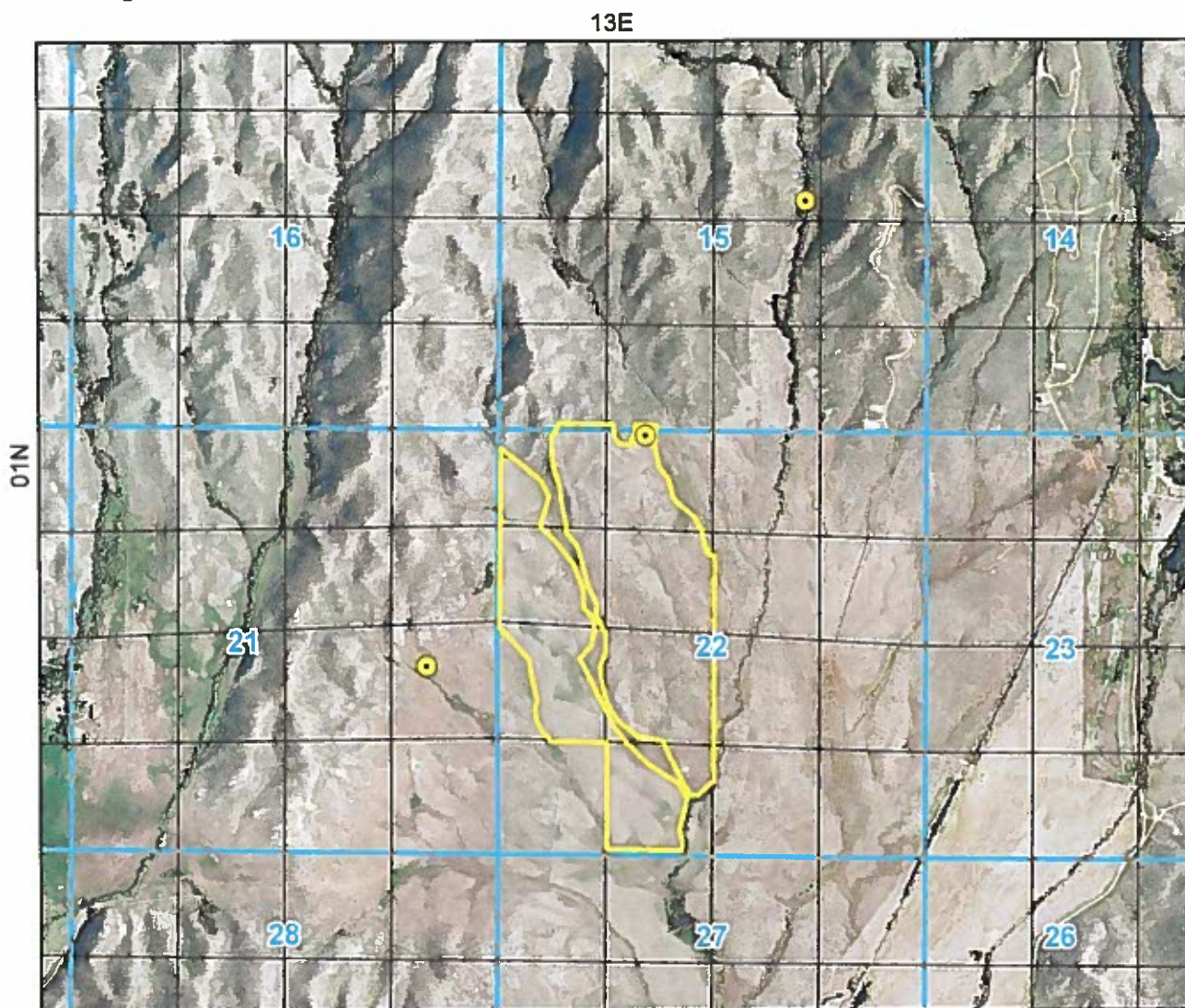
	Applicant #4	Applicant #5	Applicant #6
Name			
Mailing Address			
Phone Number			
Email Address			
Applicant Declaration	I authorize the Designated Applicant to submit this application on my behalf.	I authorize the Designated Applicant to submit this application on my behalf.	I authorize the Designated Applicant to submit this application on my behalf.
Signature			

State of Idaho
Department of Water Resources

Water Right 37-2103

IRRIGATION

The map depicts the place of use for the water use listed above and point(s) of diversion of this right as currently derived from interpretations of the paper records and is used solely for illustrative purposes. Discrepancies between the computer representation and the permanent document file will be resolved in favor of the actual water right documents in the water right file.



-  Point of Diversion
-  Place Of Use Boundary
-  Townships
-  PLS Sections
-  Quarter Quarters
-  Taxlots

0 0.275 0.55 1.1 Miles





State of Idaho

DEPARTMENT OF WATER RESOURCES

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

Phone: (208) 287-4800 • Fax: (208) 287-6700 • Web Site: www.idwr.idaho.gov

GARY SPACKMAN
Director

C.L. "BUTCH" OTTER
Governor

August 17, 2015

SMOKEY DOME LLC
BLACK BUTTE HILLS LLC
SOUTH COVE VENTURES LLC
PO BOX 1607
BELLEVUE WA 98009

RE: WATER SUPPLY BANK LEASE CONTRACT FOR RIGHTS 37-591B, 37-592B, 37-593B, 37-594B and 37-595B (South Cove Ventures LLC), 37-596, 37-21364, 37-21366 and 37-21368 (Black Butte Hills LLC), 37-38, 37-404A, 37-2103 and 37-2131 (Smokey Dome LLC)

Dear Lessor:

The water rights **listed above** were leased into the Water Supply Bank on March 3, 2015 in accordance with the executed original Lease Contract enclosed. **Your water rights as described on the Lease Contract are considered leased into the Bank and should remain unused until they are formally released from the Bank.**

The rights will automatically be released from the Bank on **December 31, 2019**, unless the rights are released earlier by the Board, or upon your request. **Please note your rights may not be available for immediate release if they have been rented.** To release the right from the Bank prior to the release date, submit a written request on the *Request to Release a Water Right from the Bank* form. This form is available from our public website at www.idwr.idaho.gov.

Please review the conditions of acceptance listed on the Lease Contract, including #3 which says:

"While a right is in the bank, **the lessor may not use the right** without approval of the department even if the right is not rented from the bank. Any violation of the terms of this lease may result in enforcement procedures pursuant to Idaho Code § 42-351 for illegal diversion and use of water and may include civil penalties pursuant to Idaho Code § 42-1701B."

If you have questions regarding this matter, please contact me at 287-4910.

Sincerely,

for 
Clay Webster
Water Resource Agent
WSB Process Point of Contact

Enclosure: Executed Lease Contract

c: Brockway Engineering PLLC
IDWR Southern Region
Rusty Kramer – Water District No. 37B



BROCKWAY
ENGINEERING
P.L.L.C.

Hydraulics

Hydrology

Water Resources

RECEIVED

AUG 14 2015

DEPARTMENT OF
WATER RESOURCES

August 13, 2015

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

Re: Smokey Dome LLC, South Cove Ventures LLC, Black Butte Hills LLC

Dear Mrs. Hersley:

Attached to this letter are the lease contracts for water rights owned by Smokey Dome LLC, South Cove Ventures LLC and Black Butte Hills LLC. These contracts have been signed by Greg Vik.

It is my understanding that you have previously received another signed copy of these contracts. The attached copies will provided IDWR with the two signed copies that IDWR requires to conclude processing the leases.

If there is any additional information that you need, please contact me.

Sincerely,

Greg Sullivan, M.S., Engineer

Enc: Signed Lease Contracts

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

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

2016 NORTH
WASHINGTON
STREET • SUITE 4

TWIN FALLS,
IDAHO 83301

208•736•8543

FAX: 736•8506

Hersley, Jean

From: Greg Sullivan <greg.sullivan@brockwayeng.com>
Sent: Tuesday, August 04, 2015 4:46 PM
To: Hersley, Jean
Subject: FW: WSB Lease Contracts for Smokey Dome LLC, South Cove Ventures and Black Butte Hills

Jean,

I just talked with Rod and he is OK with everything. All of the paperwork should be in the mail tomorrow. It will come to my office. I will send them your way as soon as I receive them.

Greg Sullivan
Brockway Engineering
2016 North Washington Stree, Suite 4
Twin Falls, Idaho 83301
208-736-8543

From: Greg Sullivan [mailto:greg.sullivan@brockwayeng.com]
Sent: Tuesday, August 04, 2015 4:33 PM
To: Hersley, Jean <Jean.Hersley@idwr.idaho.gov> (Jean.Hersley@idwr.idaho.gov) <Jean.Hersley@idwr.idaho.gov>
Subject: FW: WSB Lease Contracts for Smokey Dome LLC, South Cove Ventures and Black Butte Hills

Jean,

Here is what I found out. Sounds like they are about ready to be returned. I know that I gave them several bundles of water bank lease contracts, new lease applications and transfer applications to sign. I will give Rod a call and see if I can speed things along.

Greg Sullivan
Brockway Engineering
2016 North Washington Stree, Suite 4
Twin Falls, Idaho 83301
208-736-8543

From: Nancy Lukacs [mailto:nancyl@pistolcreek.com]
Sent: Tuesday, August 04, 2015 4:11 PM
To: Greg Sullivan <greg.sullivan@brockwayeng.com>
Cc: Rod Gonsales <camascreek@hughes.net>
Subject: RE: WSB Lease Contracts for Smokey Dome LLC, South Cove Ventures and Black Butte Hills

Greg signed them late last week but had a question for Rod about one of them being for just one year as opposed to the others being for five years. Rod said he needed to review all of them so I

forwarded your earlier emails to him. Still waiting to hear from Rod and then I can send them all to you.

From: Greg Sullivan [<mailto:greg.sullivan@brockwayeng.com>]
Sent: Tuesday, August 04, 2015 3:05 PM
To: Nancy Lukacs
Cc: Rod Gonsales
Subject: FW: WSB Lease Contracts for Smokey Dome LLC, South Cove Ventures and Black Butte Hills

Nancy,

Can you give me an update on the water right applications that I have sent to Greg Vik for signature? IDWR is requesting that the lease contracts be submitted promptly. If IDWR does not receive the signed lease contract within 10 days, the lease applications will be returned without being processed.

Greg Sullivan
Brockway Engineering
2016 North Washington Street, Suite 4
Twin Falls, Idaho 83301
208-736-8543

From: Hersley, Jean [<mailto:Jean.Hersley@idwr.idaho.gov>]
Sent: Tuesday, August 04, 2015 3:21 PM
To: gregv@pistolcreek.com
Cc: Greg Sullivan <greg.sullivan@brockwayeng.com>
Subject: WSB Lease Contracts for Smokey Dome LLC, South Cove Ventures and Black Butte Hills

RE: Smokey Dome LLC- Water Right Nos. 37-38, 37-404A, 37-2103 and 37-2131
South Cove Ventures Water Right Nos. 37-591B, 37-592B, 37-593B, 37-594B and 37-595B
Black Butte Hills Water Right Nos. 37-596, 37-21364, 37-21366 and 37-21368

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

Dear Applicant,

The Department of Water Resources (Department) mailed **two original of each Water Supply Bank Lease Contracts for your review and signature** on July 20, 2015. The signed contracts have not been returned to the Department.

Please sign ALL original Lease Contracts and return them to the Department within ten (10) days of this letter to complete processing. The Lease Contract is not considered final until both you and the Department have signed.

If the signed lease contracts are not received by the Department within the 10-day period, the lease application(s) will be returned, and the application fee will not be refunded. You can reapply to lease the water right(s) in the future by submitting new application form(s) along with applicable fees.

Please note the forfeiture period is not tolled unless a right is accepted into the Bank, or unless an exception or defense to forfeiture applies as described under Idaho Code § 42-223. If forfeiture is a concern, you may consider filing an Application for Extension of Time to Avoid Forfeiture of a Water Right form. This and other water right forms are available from the Department's web site at www.idwr.idaho.gov.

If you have questions regarding this matter, please contact me at 287-4942.

Sincerely,

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

No virus found in this message.

Checked by AVG - www.avg.com

Version: 2015.0.6086 / Virus Database: 4392/10345 - Release Date: 07/31/15

CONFIDENTIALITY NOTICE:

This message (including attachments) contains information which is intended for the use of the addressee(s) only. It is confidential, privileged or otherwise protected. If you are not the intended recipient, you are prohibited from reviewing, using, copying, or disclosing it to anyone. This message or any information contained in the message may not be posted to any social networking site (e.g. Facebook, Myspace), blog or internet site. If you have received this message in error, please notify the sender immediately by replying to the email and deleting it from your computer. Thank you.

No virus found in this message.

Checked by AVG - www.avg.com

Version: 2015.0.6086 / Virus Database: 4392/10345 - Release Date: 07/31/15



State of Idaho

DEPARTMENT OF WATER RESOURCES

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

Phone: (208) 287-4800 • Fax: (208) 287-6700 • Web Site: www.idwr.idaho.gov

GARY SPACKMAN
Director

C.L. "BUTCH" OTTER
Governor

July 20, 2015

SMOKEY DOME LLC
PO BOX 1607
BELLEVUE WA 98009

**RE: APPLICATION(S) TO LEASE WATER RIGHT(S) 37-38, 37-404A, 37-2103 AND 37-2131 TO
THE WATER SUPPLY BANK**

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

Dear Applicant:

The Department of Water Resources has completed its review of your application to lease the above-mentioned water right(s) to the Water Supply Bank. **I have enclosed two original of three (3) Water Supply Bank Lease Contracts for your review and signature. Please sign and return ALL Lease Contracts within 14 days.** Upon signature and return of the contracts, the Department will also sign the original contracts and return an executed copy to you. The Lease Contract is not considered final until you and the Department have both signed.

The rights will automatically be released from the Bank on **December 31, 2019**, unless the rights are released earlier by the Board, or upon your request. To release the right from the Bank prior to the release date, submit a written request on the Request to Release a Water Right from the Bank form. To propose a new lease period, submit a new Application to Sell or Lease a Water Right to the Water Supply Bank form along with applicable fees to the Department. These forms are available from any IDWR office or from our public website at <http://www.idwr.idaho.gov>. Please note your rights may not be available for immediate release if they have been rented.

Please review the conditions of acceptance listed on the Lease Contract, including #3 which says:

"While a right is in the bank, **the lessor may not use the right** without approval of the department even if the right is not rented from the bank. Any violation of the terms of this lease may result in enforcement procedures pursuant to Idaho Code § 42-351 for illegal diversion and use of water and may include civil penalties pursuant to Idaho Code § 42-1701B."

If you have questions regarding this matter, please contact me at 287-4910.

Sincerely,

Clay Webster
Water Resource Agent
WSB Process Point of Contact

Enclosure: Proposed Lease Contracts

c. Brockway Engineering PLLC

Hersley, Jean

From: Rusty Krame <waterdistrict37b@outlook.com>
Sent: Friday, July 10, 2015 2:28 PM
To: Hersley, Jean; Merritt, Allen
Subject: RE: Proposed Leases for WSB

I have no concerns with one exception. Under South Cove Ventures you have listed 37-519B I believe it should read 37-591B.

Thank You

Rusty Kramer - Water Master
Water District 37B
208-870-3217

From: Jean.Hersley@idwr.idaho.gov
To: waterdistrict37b@outlook.com; Allen.Merritt@idwr.idaho.gov
Subject: Proposed Leases for WSB
Date: Fri, 10 Jul 2015 18:40:25 +0000

Attached is the review memos for several water rights to be leased to the Bank.

Smokey Dome LLC wants to place the entirety of water rights 37-38, 37-404A, 37-2103 and 37-2131 in the Bank.

Black Butte Hills LLC wants to place the entirety of water rights 37-596, 37-21364, 37-21366 and 37-21368.

South Cove Ventures wants to place the entirety of water rights 37-519B, 37-592B, 37-593B, 37-594B and 37-595B in the Bank.

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

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

Hersley, Jean

From: Merritt, Allen
Sent: Monday, July 13, 2015 9:53 AM
To: Hersley, Jean
Subject: RE: Proposed Leases for WSB

I do not have any issues unless there are canal shares from Twin Lakes Canal Co. (Mormon Reservoir) used on the lands covered by the last set of rights listed below.

From: Hersley, Jean
Sent: Friday, July 10, 2015 12:40 PM
To: waterdistrict37b@outlook.com; Merritt, Allen
Subject: Proposed Leases for WSB

Attached is the review memos for several water rights to be leased to the Bank.

Smokey Dome LLC wants to place the entirety of water rights 37-38, 37-404A, 37-2103 and 37-2131 in the Bank.

Black Butte Hills LLC wants to place the entirety of water rights 37-596, 37-21364, 37-21366 and 37-21368.

South Cove Ventures wants to place the entirety of water rights 37-519B, 37-592B, 37-593B, 37-594B and 37-595B in the Bank.

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

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

MEMORANDUM

To: Water Right No(s). 37-2103
From: Jean Hersley
Date: July 10, 2015
Re: Review of Applications to Lease Water Rights to the State Water Supply Bank

PURPOSE/NARRATIVE: This application was received on March 3, 2015. The applicant wishes to place the entire right in the Bank. The water right is located in GWMA Big Wood River, Moratorium area for Eastern Snake River Plain Area

AUTHORITY TO FILE: Gregory Vik, president, signed the application.

WATER RIGHT VALIDITY: This right was decreed in 2012. Forfeiture is not an issue.

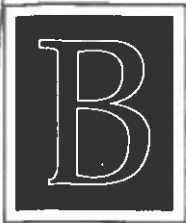
INJURY TO OTHER WATER RIGHTS: No injury is apparent.

ENLARGEMENT OF USE: No enlargement is evident through the lease alone. Proper rental review should protect against enlargement.

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

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

DEPARTMENT STAFF OR WATERMASTER COMMENTS: The leased right(s) are subject to Water District # 37B.



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Water Resources

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MAR 03 2015

DEPARTMENT OF
WATER RESOURCES

February 27, 2015

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

Re: SV Ranch LLC, South Cove Ventures LLC, Black Butte Hills LLC,
Smokey Dome LLC

Dear Mrs. Palmer:

Attached to this letter are the two signed lease contracts for water right 37-20374.

Several lease applications from South Cove Ventures LLC, Black Butte Hills LLC and Smokey Dome LLC. The full amounts of the water rights are being leased to the Idaho Water Supply Bank.

South Cove Ventures LLC is submitting lease applications for 37-591B, 37-592B, 37-593B, 37-594B and 37-595B. These water rights have a combined irrigation limit of 124.0 acres. A signed W-9 Form is attached to the applications. These lease applications require a \$500.00 processing fee.

Black Butte Hills LLC is submitting lease applications for 37-596, 37-21364, 37-21366 and 37-21368. These water rights have a combined irrigation limit of 137.0 acres. A signed W-9 Form is attached to the applications. These lease applications require a \$500.00 processing fee.

Smokey Dome LLC is submitting lease application for 37-2103, 37-2131, 37-38 and 37-404A. Water rights 37-38 and 37-404A have a combined irrigation limit of 78.9 acres. Water right 37-2103 is limited to 220.0 acres. Water right 37-2131 is limited to 14.4 acres. The total processing fee for these four water rights is \$1000.00.

Sincerely,

Greg Sullivan, M.S., Engineer

Cc: Rod Gonsales, Greg Vik

Enc: Brockway Engineering Check # 12499 for \$2000.00, Lease Applications, W-9 Forms, Aerial Maps

CHARLES E.
BROCKWAY,
PH.D., P.E.

CHARLES G.
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