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JUL 06 2015

DEPARTMENT OF
WATER RESOURCES

WATER SUPPLY BANK LEASE CONTRACT

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

Lessor: GRINDSTONE BUTTE MUTUAL CANAL CO.
575 W BANNOCK ST
BOISE ID 83702
208-342-6524
john@jmarshalllaw.com

RECITALS

1. The Board is authorized under chapter 17, title 42, Idaho Code to operate a water supply bank and to contract with lessors to act as an intermediary in facilitating the rental of water.
2. The Lessor has filed a completed application to lease water rights described below into the Water Supply Bank on forms supplied by the Idaho Department of Water Resources.
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>
02-02262	27.62 CFS	8,200 AF	NA	2,050.0 AC
Combined Lease Totals: 27.62 CFS 8,200 AF NA 2,050.0 AC				

The water rights described herein shall be available for rental from the Bank as follows:
Authorized Period of Use under Lease: March 15, 2015 to November 15, 2015

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, 2015.
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.

GRINDSTONE BUTTE MUTUAL CANAL CO.
575 W BANNOCK ST
BOISE ID 83702

By Allen Noble
Printed Name Allen Noble

Date 7-1-15
Title V.P.

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

By Brian Patton
Brian Patton, Acting Administrator
Idaho Water Resource Board

Date July 8, 2015

Lease approved by IDWR Heide Palmer

Date 7/8/2015

ATTACHMENT A
WATER RIGHT NO. 02-02262
WATER SUPPLY BANK CONDITIONS OF ACCEPTANCE

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

Lessor: GRINDSTONE BUTTE MUTUAL CANAL CO.
 575 W BANNOCK ST
 BOISE ID 83702
 208-342-6524

Priority Date: 12/06/1963

Source: SNAKE RIVER

Tributary to: COLUMBIA RIVER

<u>BENEFICIAL USE</u>	<u>From</u>	<u>To</u>	<u>Diversion Rate</u>	<u>Volume</u>
IRRIGATION	03/15	to 11/15	27.62 CFS	8,200 AF
	Total:		27.62 CFS	8,200 AF

LOCATION OF POINT(S) OF DIVERSION:

SNAKE RIVER L4(NWSW) Sec. 34, Twp 05S, Rge 09E, ELMORE County

PLACE OF USE TO BE IDLED UNDER THIS LEASE: IRRIGATION

Twp	Rge	Sec	NE				NW				SW				SE				Totals
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
06S	09E	22													28.4			32.3	60.7
		23					7.5	7.5	7.5	7.5					7.5	7.5	7.5	7.5	60
		24									7.5	7.5	7.5	7.5					30
		25									7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	60
		26	7.5	7.5	7.5	7.5													30
		34	7.5	7.5	3.0	7.5									11				36.5
		35	7.5	7.5	7.5	7.5						18.4	8.0				7.5	7.5	71.4
		36	7.5	7.5	7.5	7.5	7.5	7.5		5	7.5	5	7.5	7.5	7.5	7.5	7.5	7.5	107.5
06S	10E	31		6.5	6.5		1	7.5	7.5	1	7.5	9	7.5	9.0	7.5	7.5	7.5	7.5	93
07S	09E	1			7.5	7.5												24.4	39.4
		10																38	38
		11			39	38					40		30	32		40	36.5		255.5
		12															17.5		17.5
		13	40	40	40	40	40			33					36	33			302
		14						40											40
		15	40																40
07S	10E	4									7.5	7.5	7.5	7.5	7.5	4	7.5	7.5	56.5
		5									7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	60
		6									7.5	7.5	7.5	7.5					30
		7				7.5													7.5
		8						7.5	7.5										15
		9	7.5			7.5	7.5	7.5	7.5	7.5					7.5	7.5	7.5	7.5	75
		15									7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	60
		16					7.5	7.5	7.5	7.5	7.5	7.5	6.5	0.5	7.5	7.5	7.5	7.5	82
		18							40		40	40							120
		20														7.5	7.5	7.5	22.5
		21	7.5	7.5	7.5	7.5				30					20				80

Twp	Rge	Sec	NE				NW				SW				SE				Totals
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
		22	7.5	7.5	7.5	7.5					7.5	7.5	7.5	7.5					60
		26	7.5	7.5	7.5	7.5													30
		28			7.5						7.5	7.5				7.5			30
		29															40		40

Total Acres: 2,050.0

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. This right when combined with all other rights shall provide no more than 0.02 cfs per acre nor more than 4.0 afa per acre at the field headgate for irrigation of the lands above.
13. During the lease term, the unleased portion of this right is limited to the irrigation of 11,126.5 acres.

RECEIVED

MAY 29 2015

DEPARTMENT OF
WATER RESOURCES

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

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 Grindstone Butte Mutual Canal Co.
(Select one owner – see item 1A on the application)

Water Right No. 2-2262
(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 per water right. If you are submitting more than one lease application and the water rights have an overlapping, common place of use, or a common diversion rate or volume, the total fee for all water rights is \$500.00. For places of use, multiple water rights must be used to irrigate the same lands in order to qualify for the joint filing fee. Individual filing fees are required for water rights that share a common permissible place of use but which cover separate acres within the permissible place of use.

Attachment N/A YES

- | | | | |
|----|-------------------------------------|-------------------------------------|--|
| 1A | ☒ | ☐ | Contact information for <i>all owners</i> of the water right that is being leased or sold on this application. |
| 1B | ☒ | ☐ | An <u>Internal Revenue Service (IRS) Form W-9</u> for the Designated Applicant. |
| 1C | ☒ | ☐ | <i>Notice of Change in Water Right Ownership</i> 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. |
| 3E | ☒ | ☐ | Evidence demonstrating that a water right has not been lost through abandonment or forfeiture pursuant to <u>Section 42-222(2), Idaho Code</u> . |
| 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. You have the option of printing a map using the map tool on IDWR's website at: www.idwr.idaho.gov . |

Department Use Only

Fee Amount \$ <u>250.00</u>	Received By: <u>J. Strange</u>	Date Received: <u>5-29-15</u>	Receipt # <u>C10054</u>
W-9 received? Yes ☐ No ☒ (Route W-9 to Fiscal)		Name on W-9:	

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 Grindstone Butte Mutual Canal Co. Email Address john@jmarshalllaw.com

Mailing Address 575 W Bannock St, Boise, ID 83702 Phone Number 208-342-6524

☒ 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 Allen Noble Organization Grindstone Butte Mutual Canal Co.

Professional Title Director Email Address john@jmarshalllaw.com

Mailing Address 575 W Bannock St, Boise, ID 83702 Phone Number 208-342-6524

☒ 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 2-2262 ☐ 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.

Pumps at river, penstocks and an open canal that feeds mainlines.

- 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. Are any of the water rights identified in question 3B stacked with the water right proposed for lease? Yes ☐ No ☐

Stacked water rights are water rights that are utilized together to achieve a common beneficial use, such as irrigation of the same lands. Stacked water rights cannot be separated and must be jointly leased to the Water Supply Bank. Stacked water rights qualify for the multiple fee payment of \$500.

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

Yes ☐ No ☒

If yes, describe. _____

E. 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. _____

F. 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. MAP

Plat map, survey map, or aerial photograph clearly showing the specific acres proposed to be idled by this lease application.

5. SALE/LEASE AGREEMENT

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

If lease, specify the years when the use of water will be suspended: 3/1/15 to 1/1/16 (maximum lease period 5 years).
(Year) (Year)

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

Current rental rate _____

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

The Designated Applicant acknowledges the following:

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

<u>Twn</u>	<u>Rng</u>	<u>Sec</u>	<u>Tract</u>	<u>Acres</u>	<u>Tract</u>	<u>Acres</u>	<u>Tract</u>	<u>Acres</u>	<u>Tract</u>	<u>Acres</u>	<u>Totals</u>
06S	09E	22	NENE		SENE						0
			NESE	28.4	SESE	32.3					60.7
		23	SENE								0
			NENW	7.5	NWNW	7.5	SWNW	7.5	SENE	7.5	30
			NESW		SESW						0
			NESE	7.5	NWSE	7.5	SWSE	7.5	SESE	7.5	30
		24	SWNW								0
			NESW	7.5	NWSW	7.5	SWSW	7.5	SESW	7.5	30
		25	NENE		NWNE		SWNE		SENE		0
			NENW		NWNW		SWNW		SENE		0
			NESW	7.5	NWSW	7.5	SWSW	7.5	SESW	7.5	30
			NESE	7.5	NWSE	7.5	SWSE	7.5	SESE	7.5	30
		26	NENE	7.5	NWNE	7.5	SWNE	7.5	SENE	7.5	30
			NENW		SWNW		SENE				0
			NESW		NWSW		SWSW		SESW		0
			NESE		SESE						0
		27	SENE								0
			SWSW		SESW						0
			NESE		SWSE		SESE				0
		28	SWSW		SESW						0
			SWSE		SESE						0
		33	NENE		NWNE						0
			NENW		NWNW						0
		34	NENE	7.5	NWNE	7.5	SWNE	3	SENE	7.5	25.5
			NENW		NWNW		SWNW		SENE		0
			NESE	11							11
		35	NENE	7.5	NWNE	7.5	SWNE	7.5	SENE	7.5	30
			NENW		NWNW		SWNW		SENE		0
			NWSW	18.4	SWSW	8					26.4
			SWSE	7.5	SESE	7.5					15
		36	NENE	7.5	NWNE	7.5	SWNE	7.5	SENE	7.5	30
			NENW	7.5	NWNW	7.5	SWNW		SENE	5	20
			NESW	7.5	NWSW	5	SWSW	7.5	SESW	7.5	27.5
			NESE	7.5	NWSE	7.5	SWSE	7.5	SESE	7.5	30
	10E	30	NENW		SWNW		SENE				0
			NESW		NWSW		SWSW		SESW		0
			SWSE		SESE						0
		31	NENE		NWNE	6.5	SWNE	6.5	SENE		13
			NENW	1	NWNW	7.5	SWNW	7.5	SENE	1	17
			NESW	7.5	NWSW	9	SWSW	7.5	SESW	9	33
			NESE	7.5	NWSE	7.5	SWSE	7.5	SESE	7.5	30
		32	NWNW		SWNW						0
			NESW		NWSW		SWSW		SESW		0
07S	09E	1	NENE		NWNE		SWNE	7.5	SENE	7.5	15
			NENW		NWNW						0
			NESW		NWSW		SESW				0
			NESE		NWSE		SWSE		SESE	24.4	24.4
		2	NENE		NWNE						0

	NENW	NWNW			0
	3 NENE				0
	10 SESE	38			38
	11 SWNE	39 SENE	38		77
	NESW	40 SWSW	30 SESW	32	102
	NESE	NWSE	40 SWSE	36.5 SESE	76.5
	12 NESW	NWSW	SWSW	SESW	0
	SWSE	17.5			17.5
	13 NENE	40 NWNE	40 SWNE	40 SENE	40
	NENW	40 SENW	33		73
	NESE	36 NWSE	33		69
	14 NWNW	40			40
	15 NENE	40			40
10E	4 SWNW	SEW			0
	NESW	7.5 NWSW	7.5 SWSW	7.5 SESW	7.5
	NESE	7.5 NWSE	4 SWSE	7.5 SESE	7.5
	5 SWNE	SENE			0
	SWNW	SEW			0
	NESW	7.5 NWSW	7.5 SWSW	7.5 SESW	7.5
	NESE	7.5 NWSE	7.5 SWSE	7.5 SESE	7.5
	6 SENE				0
	SWNW	SEW			0
	NESW	7.5 NWSW	7.5 SWSW	7.5 SESW	7.5
	NESE	SESE			0
	7 NENE	NWNE	SENE	7.5	7.5
	8 NENE	NWNE	SWNE	SENE	0
	NENW	NWNW	7.5 SWNW	7.5 SENW	15
	NESW	NWSW			0
	NWSE	SWSE			0
	9 NENE	7.5 NWNE	SWNE	SENE	7.5
	NENW	7.5 NWNW	7.5 SWNW	7.5 SENW	7.5
	NESW	NWSW			0
	NESE	7.5 NWSE	7.5 SWSE	7.5 SESE	7.5
	10 NWNW	SWNW			0
	NESW	NWSW	SWSW	SESW	0
	14 SWSW				0
	15 NWNE	SWNE			0
	NENW	NWNW	SWNW	SEW	0
	NESW	7.5 NWSW	7.5 SWSW	7.5 SESW	7.5
	NESE	7.5 NWSE	7.5 SWSE	7.5 SESE	7.5
	16 NENE	NWNE	SWNE	SENE	0
	NENW	7.5 NWNW	7.5 SWNW	7.5 SENW	7.5
	NESW	7.5 NWSW	7.5 SWSW	6.5 SESW	0.5
	NESE	7.5 NWSE	7.5 SWSE	7.5 SESE	7.5
	17 NENE	NWNE	SWNE	SENE	0
	18 SWNW	40			40
	NESW	40 NWSW	40		80
	20 SWNE				0
	NENW	NWNW	SWNW	SEW	0

	NWSE	7.5 SWSE	7.5 SESE	7.5		22.5
21	NENE	7.5 NWNE	7.5 SWNE	7.5 SENE	7.5	30
	SENE	30				30
	NESE	20 NWSE				20
22	NENE	7.5 NWNE	7.5 SWNE	7.5 SENE	7.5	30
	NWNW	SWNW	SENE			0
	NESW	7.5 NWSW	7.5 SWSW	7.5 SESW	7.5	30
	NESE	NWSE	SESE			0
23	NENW	NWNW	SWNW	SENE		0
	NESW	NWSW	SWSW	SESW		0
	NWSE	SWSE	SESE			0
26	NENE	7.5 NWNE	7.5 SWNE	7.5 SENE	7.5	30
	NENW	NWNW				0
27	NENE	NWNE	SWNE	SENE		0
	NENW	SENE				0
	NESW	SESW				0
	NESE	NWSE	SWSE	SESE		0
28	SWNE	7.5 SENE				7.5
	NWNW	SWNW				0
	NESW	7.5 NWSW	7.5			15
	NESE	NWSE	7.5			7.5
29	NENE	NWNE	SWNE	SENE		0
	NESE	NWSE	SWSE	40 SESE		40
34	NENE	NWNE				
						2050





State of Idaho

DEPARTMENT OF WATER RESOURCES

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

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

C.L. "BUTCH" OTTER
Governor

GARY SPACKMAN
Director

July 9, 2015

GRINDSTONE BUTTE MUTUAL CANAL CO
c/o ALLEN NOBLE
575 W BANNOCK ST
BOISE ID 83702-5917

RE: WATER SUPPLY BANK LEASE CONTRACT FOR RIGHT 02-2262

Dear Lessor:

Water Right **02-2262** was leased into the Water Supply Bank on July 8, 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 right will automatically be released from the Bank on **December 31, 2015**, 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,

Clay Webster
Water Resource Agent
WSB Process Point of Contact

Enclosure: Executed Lease Contract

- c. John Marshall – John Marshall Law PLLC
IDWR Western Region
Corbin Knowles Watermaster – Water District 02



State of Idaho

DEPARTMENT OF WATER RESOURCES

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

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

C.L. "BUTCH" OTTER
Governor

GARY SPACKMAN
Director

June 29, 2015

GRINDSTONE BUTTE MUTUAL CANAL CO
c/o ALLEN NOBLE
575 W BANNOCK ST
BOISE ID 83702-5917

RE: APPLICATION(S) TO LEASE WATER RIGHT(S) 02-02262 TO THE WATER SUPPLY BANK

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

Dear Applicant:

The Department of Water Resources has completed its review of your application to lease the above-mentioned water right to the Water Supply Bank. I have enclosed two original Water Supply Bank Lease Contracts for your review and signature. Please sign and return BOTH 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.

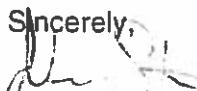
The rights will automatically be released from the Bank on **December 31, 2015**, unless the rights are released earlier by the Board, or upon your request. To release the right from the Bank prior to the release date, submit a written request on the Request to Release a Water Right from the Bank form. 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 287-4933.

Sincerely,

FOR - 
Steven Visosky
Water Resource Agent

Enclosure: Proposed Lease Contracts
Receipt #C100514

c. John Marshall – John Marshall Law PLLC

MEMORANDUM

To: Water Right File No(s). 2-2262

From: Steven Visosky

Date: June 19, 2015

Re: Review of Application to Lease Water Right to the State Water Supply Bank

PURPOSE/NARRATIVE: On May 29, 2015, we received an application to lease a portion of water right 02-2262 into the WSB. Grindstone Butte Mutual Canal Co has already leased a portion of this water right in to the WSB and this is a second lease with different areas being offered with this lease.

The amount to be leased is 27.62 cfs or 8,200 ac-ft. from the Snake River. A total of 2,050 acres are offered with this lease. A map of the water right area already leased in to the WSB along with the areas offered with this lease was created by John Marshall along with a second map with a shape file created by Steven Visosky is attached for reference.

The total leased for the season including both this lease and the previous lease include;
Total leased rate 31.06 cfs Total leased volume 9,222 af Total leased acres 2305.5 acres

The remainder of the original right after subtracting the two leases that can still be used by Grindstone at their place of use under water right 2-2262 for the 2015 season includes:
Rate 149.94 cfs Volume 44,508 af 11,126.5 Acres

Grindstone Butte Mutual Canal Co is a large POU with a place of use of 13,432.0 acres. The GIS shape used to create the map is 13,610.8 acres. It has been concluded that permanently idled roadways comprised the 178.8 acre difference between the GIS shape file and the place of use map. The permissible irrigated area within the place of use for the 2015 season with this lease is 11,126.5 acres. This 11,126.5 acres matches on the two maps attached within a small margin of error that is the result of duplicating a non shape file map of such a large area.

This water right is a large POU for irrigation in the Water District #2 – Snake River from Milner Dam to Murphy Gage.

AUTHORITY TO FILE: The application was submitted and signed by Allen Noble, the Director of Grindstone Butte Mutual Canal Co. It was verified with the Idaho SOS that he is a current registered agent for the business. All correspondences for this lease will be sent to Allen Noble.

WATER RIGHT VALIDITY: This water right was partially decreed in the Snake River Basin Adjudication in 2008. Forfeiture is not an issue at this time.

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: Lease application memo was sent to the Watermaster of Water District #2 for review. On 6/19/15 correspondence was returned from Watermaster with no concerns to proceed as outlined.

Visosky, Steven

From: Knowles, Corbin
Sent: Friday, June 19, 2015 2:34 PM
To: Visosky, Steven
Subject: RE: 02-02262 Grindstone Butte Mutual Canal Co WSB lease memo

Steve

I am okay with moving forward on this lease, I think in these large PPU water rights the short summary provides good feedback to the watermaster for review that may or may not require further follow up by the watermaster. Please proceed as outlined.

Thanks
Corbin

From: Visosky, Steven
Sent: Friday, June 19, 2015 2:08 PM
To: Knowles, Corbin
Subject: 02-02262 Grindstone Butte Mutual Canal Co WSB lease memo

Corbin,

Attached is the lease review memo with the map that Grindstone submitted along with our created shape file map that we discussed this morning. My numbers are different than what we discussed as far as remainder after the two leases. I double checked the numbers and they appear to be correct so I am not sure where we were off this morning. Here is a brief summary. Please let me know if you have any other concerns as I would like to submit the lease after your feedback.

Water Right 02-02260	Rate 181 cfs	Volume 53,730 AF	Acres 13,432.0
<u>Total leased this year</u>	<u>Rate 31.06 cfs</u>	<u>Volume 9,222 AF</u>	<u>Acres 2,305.5</u>
Remainder after 2 leases	Rate 149.94 cfs	Volume 44,508 AF	Acres 11,126.5

Thanks,

Steven Visosky
Water Resource Agent
Idaho Department of Water Resources
322 E Front St
PO Box 83720
Boise ID 83720-0098
Phone (208) 287-4933
Fax (208) 287-6700
steven.visosky@idwr.idaho.gov

Visosky, Steven

From: John Marshall [john@jmarshalllaw.com]
Sent: Thursday, June 18, 2015 7:12 PM
To: Visosky, Steven
Subject: Re: Grindstone Butte Mutual Canal Co. lease application questions 2-2262

Steve, thanks for the map and email. Sorry I have been delayed in reviewing and getting back to you. I am away from the office the next couple of days. I have this as a top priority when I return. We'll get this all sorted out the latter part of next week. Thanks,

John

On Fri, Jun 12, 2015 at 3:15 PM, Visosky, Steven <Steven.Visosky@idwr.idaho.gov> wrote:

John,

I created a map using the information you provided and have a few more questions regarding the amount of land to be leased, irrigated, and left idled.

The amount of land associated with the GIS shape file as your place is 13,610.8 acres.

The amount of land listed as the place of use is 13,432 acres.

The amount of land permitted to be irrigated per season is 13,432 acres.

The amount of land already leased this year is 255.5 acres.

The amount of land offered with this lease is 2,050 acres.

The map I created shows a total amount to not be irrigated this season is 2,266 acres including the previous lease (attached). This is compared to the 2,305.5 acres you submitted with your map. I understand the difference of the 39.5 acres on the two maps as it was difficult to determine the exact location of shading on your map in various locations.

The difference between the GIS shape file used and the Place of Use area is 178.8 acres.

If all of the land allocated on the GIS shape file (13,610.8 acres) is covered with either your irrigated lands (you mentioned 11,126.5 acres) and the non irrigated (2,305.5 acres), then there is a question of an enlargement of 178.8 acres.

y information that have to help identify the 178.8 acres would be helpful in processing your lease.

Thanks,

Steve

From: John Marshall [mailto:john@jmarshalllaw.com]

Sent: Wednesday, June 10, 2015 7:34 PM

To: Visosky, Steven

Subject: Re: Grindstone Butte Mutual Canal Co. lease application questions

I don't. In the past I have submitted only the map and the land list. I created the map using the land list, highlighting the areas that are not being irrigated this year. My understanding is that the area in the boundary of place of use is 13,432 acres. It is not a permissible place of use, so the irrigated area within the place of use is 11,126.5 acres (13432-2050-255.5). In other words, so long as Grindstone does not irrigate the acres identified as going into the bank, the total irrigated plus the total in the bank can't total more than 13,432 acres. I hope this help. Feel free to call me if it doesn't.

John

208-991-2701

On Tue, Jun 9, 2015 at 5:08 PM, Visosky, Steven <Steven.Visosky@idwr.idaho.gov> wrote:

Dear John Marshall,

I am working on your Water Supply Bank lease application recently submitted for Grindstone Mutual Canal Co. water right number 2-2262. In the application, 2,050 acres were offered with the lease. Do you have the shape file available to verify the acreage total that will not be irrigated?

We are looking to verify that these 2,050 acres for this lease, plus the 255.5 acres already in a lease agreement from earlier this year, along with the irrigated acreage does not exceed the total irrigation acreage limit of 13,432 acres associated with the water right.

Please let me know if you have any questions and I appreciate your help.

Steven Visosky

Water Resource Agent

Idaho Department of Water Resources

322 E Front St

PO Box 83720

Boise ID 83720-0098

Phone (208) 287-4933

Fax (208) 287-6700

steven.visosky@idwr.idaho.gov



IDAHO SECRETARY OF STATE Viewing Business Entity

Lawrence Denney, Secretary of State

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GRINDSTONE BUTTE MUTUAL CANAL COMPANY

P. O. BOX 2673
BOISE, ID 83701

Type of Business: CORPORATION, WATER USERS
ASSOCIATION

Status: GOODSTANDING 03 Apr 1967

State of Origin: IDAHO

Date of 03 Apr 1967

Origination/Authorization:

Current Registered Agent: ALLEN NOBLE
575 W BANNOCK ST
BOISE, ID 83702

**Organizational ID / Filing
Number:** C38313

**Number of Authorized Stock
Shares:**

Date of Last Annual Report: 02 Mar 2015

Annual Report Due: Apr 2016

Original Filing:

[[Help Me Print/View TIFF](#)]

Filed 03 Apr 1967 INCORPORATION

Amendments:

[[Help Me Print/View TIFF](#)]

Amendment Filed 27 Jul 1973 OTHER - AMDT. OF ART. XII

Amendment Filed 05 Jun 1979 OTHER - RA

Amendment Filed 23 Sep 1981 OTHER - CHG RO

Annual Reports:

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Report for year 2015 ANNUAL
REPORT

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Report for year 2014 ANNUAL
REPORT

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Report for year 2013 ANNUAL
REPORT

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Report for year 2012 ANNUAL
REPORT

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Report for year 2011

Legend

-  Grindstone Place of Use
-  non_irrigated_2015_map

John Marshall Law PLLC

575 W Bannock, Suite B
Boise, ID 83702

RECEIVED

MAY 29 2015

DEPARTMENT OF
water 208-901-2701
phone 208-906-8043
john@jmarshalllaw.com

May 29, 2015

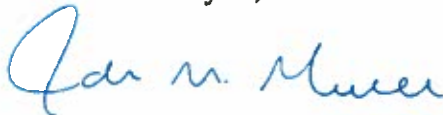
Cheri Palmer
Idaho Department of Water Resources
322 East Front Street
P.O. Box 83720
Boise, ID 83720-0098

Re: Grindstone Butte Water Bank Lease

Dear Cheri

On behalf of Grindstone Butte Mutual Canal Company, I enclose an executed Water Bank Lease Application for a 2050-acre portion of water right 2-2262 along with a check for \$250.00 to cover the required fee. The Department has already processed a separate application for a different portion of this same water right for the 2015 irrigation season. The earlier application contains the W-9 and verification of authority to sign. If you have any questions, please feel free to call.

Thank you,



John M. Marshall