

WATER SUPPLY BANK LEASE CONTRACT

This Lease Contract ("**Lease**") is effective July 24, 2014, between the Idaho Water Resource Board ("**Board**"), and

Lessor: GREGORY RANCH LLC
C/O R MILES STANISLAW
PO BOX 5749
KETCHUM ID 83340
(208) 726-0730

RECEIVED

NOV 07 2014

DEPARTMENT OF
WATER RESOURCES

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>Total Leased Acres</u>
37-00510A	2.09 CFS	Not Stated	53.3 AC
37-00685D	1.19 CFS	Not Stated	53.3 AC
Combined Lease Totals: 3.28 CFS*		Not Stated	53.3 AC

***The lease of these rights is limited to 2.62 cfs, the remaining portion is used for conveyance losses.**

The water rights described herein shall be available for rental from the Bank as follows:
Authorized Period of Use under Lease: 04/15 to 10/31

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, 2018.

SUPPORT DATA

IN FILE # 37-00510A

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.

GREGORY RANCH LLC
C/O R MILES STANISLAW
PO BOX 5749
KETCHUM ID 83340

By _____

Printed Name _____

Date _____

Title _____

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 _____

Lease approved by IDWR _____

Date _____

ATTACHMENT A
WATER RIGHT NO. 37-00510A
WATER SUPPLY BANK CONDITIONS OF ACCEPTANCE

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

Lessor: GREGORY RANCH LLC
C/O R MILES STANISLAW
PO BOX 5749
KETCHUM ID 83340
(208) 726-0730

Priority Date: 10/15/1884

Source: BIG WOOD RIVER

Tributary to: MALAD RIVER

<u>BENEFICIAL USE</u>	<u>From</u>	<u>To</u>	<u>Diversion Rate</u>	<u>Volume</u>
IRRIGATION	04/15	to 10/31	2.09 CFS	Not Stated
DIVERSION TO STORAGE	04/15	to 10/31	2.09 CFS	Not Stated
Total:			2.09 CFS	Not Stated

LOCATION OF POINT(S) OF DIVERSION:

BIG WOOD RIVER L3(NESWNW) Sec. 36, Twp 02N, Rge 18E, BLAINE County

PLACE OF USE TO BE IDLED UNDER THIS LEASE: IRRIGATION

			NE				NW				SW				SE				Totals
Twp	Rng	Sec	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
01N	18E	13	23.5			29.8													53.3

Total Acres: 53.3

COMBINED LIMITS OF LEASED RIGHT:

<u>Combined Rights</u>	<u>Lease Rate</u>	<u>Lease Volume</u>	<u>Total Leased Acres</u>
37-00510A and 37-00685D	3.28 CFS*	Not Stated	53.3 AC

* This amount is reduced to 2.62 CFS for conveyance loss.

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. Recreation storage under Right Nos. 37-00510A and 37-00685D shall not exceed the total combined pond volume of 70.3 af.
13. Unleased portions of Right Nos. 37-00510A and 37-00685D are limited to a total combined diversion rate of 1.12 cfs.
14. Leased portions of the rights listed below are limited to the irrigation of a combined total of 53.3 acres in a single irrigation season. Combined Right Nos.: 37-00510A and 37-00685D
15. Use of water under this water right will be regulated by the watermaster of State Water District No. 37.
16. A portion of this right provides conveyance for other right holders in the shared delivery of water through the Irrigation District #45 canal. To prevent injury to other water right holders, the watermaster shall deliver 20% or 0.82 cfs of the leased portion of this right into the Irrigation District #45 Canal whether it is rented or not.

ATTACHMENT A
WATER RIGHT NO. 37-00685D
WATER SUPPLY BANK CONDITIONS OF ACCEPTANCE

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

Lessor: GREGORY RANCH LLC
C/O R MILES STANISLAW
PO BOX 5749
KETCHUM ID 83340
(208) 726-0730

Priority Date: 10/15/1884

Source: BIG WOOD RIVER

Tributary to: MALAD RIVER

<u>BENEFICIAL USE</u>	<u>From</u>	<u>To</u>	<u>Diversion Rate</u>	<u>Volume</u>
IRRIGATION	04/15	to 10/31	1.19 CFS	Not Stated
DIVERSION TO STORAGE	04/15	to 10/31	1.19 CFS	Not Stated
	Total:		1.19 CFS	Not Stated

LOCATION OF POINT(S) OF DIVERSION:

BIG WOOD RIVER L3(NESWNW) Sec. 36, Twp 02N, Rge 18E, BLAINE County

PLACE OF USE TO BE IDLED UNDER THIS LEASE: IRRIGATION

			NE				NW				SW				SE				Totals
Twp	Rng	Sec	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
01N	18E	13	23.5			29.8													53.3

Total Acres: 53.3

Limited to acres within place of use described above: NA

COMBINED LIMITS OF LEASED RIGHT:

<u>Combined Rights</u>	<u>Lease Rate</u>	<u>Lease Volume</u>	<u>Acre Limit</u>	<u>Total Leased Acres</u>
37-00510A and 37-00685D	3.28 CFS*	NA	NA	53.3 AC

* This amount is reduced to 2.62 CFS for conveyance loss.

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. Recreation storage under Right Nos. 37-00510A and 37-00685D shall not exceed the total combined pond volume of 70.3 af.
13. Unleased portions of Right Nos. 37-00510A and 37-00685D are limited to a total combined diversion rate of 1.12 cfs.
14. Leased portions of the rights listed below are limited to the irrigation of a combined total of 53.3 acres in a single irrigation season. Combined Right Nos.: 37-00510A and 37-00685D
15. Use of water under this water right will be regulated by the watermaster of State Water District No. 37.
16. A portion of this right provides conveyance for other right holders in the shared delivery of water through the Irrigation District #45 canal. To prevent injury to other water right holders, the watermaster shall deliver 20% or 0.82 cfs of the leased portion of this right into the Irrigation District #45 Canal whether it is rented or not.

STATE OF IDAHO
WATER RESOURCE BOARDWATER SUPPLY BANK LEASE OR SALE
APPLICATION CHECKLISTRECEIVED
JUL 24 2014
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 Gregory Ranch, L.L.C.Water Right No. 37-685D

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>500.00</u>	Received By: <u>ds</u>	Date Received: <u>7/24/14</u>	Receipt # <u>C099231</u>
W-9 received? Yes ☒ No ☐	(Route W-9 to Fiscal)	Name on W-9: <u>Gregory Ranch, LLC</u>	

STATE OF IDAHO
WATER RESOURCE BOARD

RECEIVED
JUL 24 2014
DEPARTMENT OF
WATER RESOURCES

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 Gregory Ranch, L.L.C. Email Address milesstanislaw@msn.com
Mailing Address C/o R. Miles Stanislaw, PO Box 5749, Ketchum, ID 83340 Phone Number (206) 399-0198

☒ 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 James P. Speck Organization Speck & Aanestad, A Professional Corp.
Professional Title attorney Email Address jim@speckandaanestad.com
Mailing Address P.O. Box 987, Ketchum, ID 83340 Phone Number (208) 726-4421

☐ 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 37-685D ☐ 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.

District 45 headgate & canal system, diversion from canal to sprinkler irrigation system

- 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.
37-510A

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 08/01/2014 to 07/31/2019 (maximum lease period 5 years).
(Month / Day / Year) (Month / Day / Year)

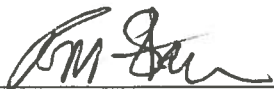
B. Show the minimum payment acceptable to the seller/lessor. The minimum payment may be shown as the "current rental rate" as established by the IWRB. Include the method of determining the minimum payment if other than the current rental rate.

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 Bank does not, in itself, confirm the validity of the water right or any elements of the water right.



Signature of Designated Applicant

R M STANISLAW

Printed Name

7/22/14

Date



Signature of Authorized Representative

James P. Speck

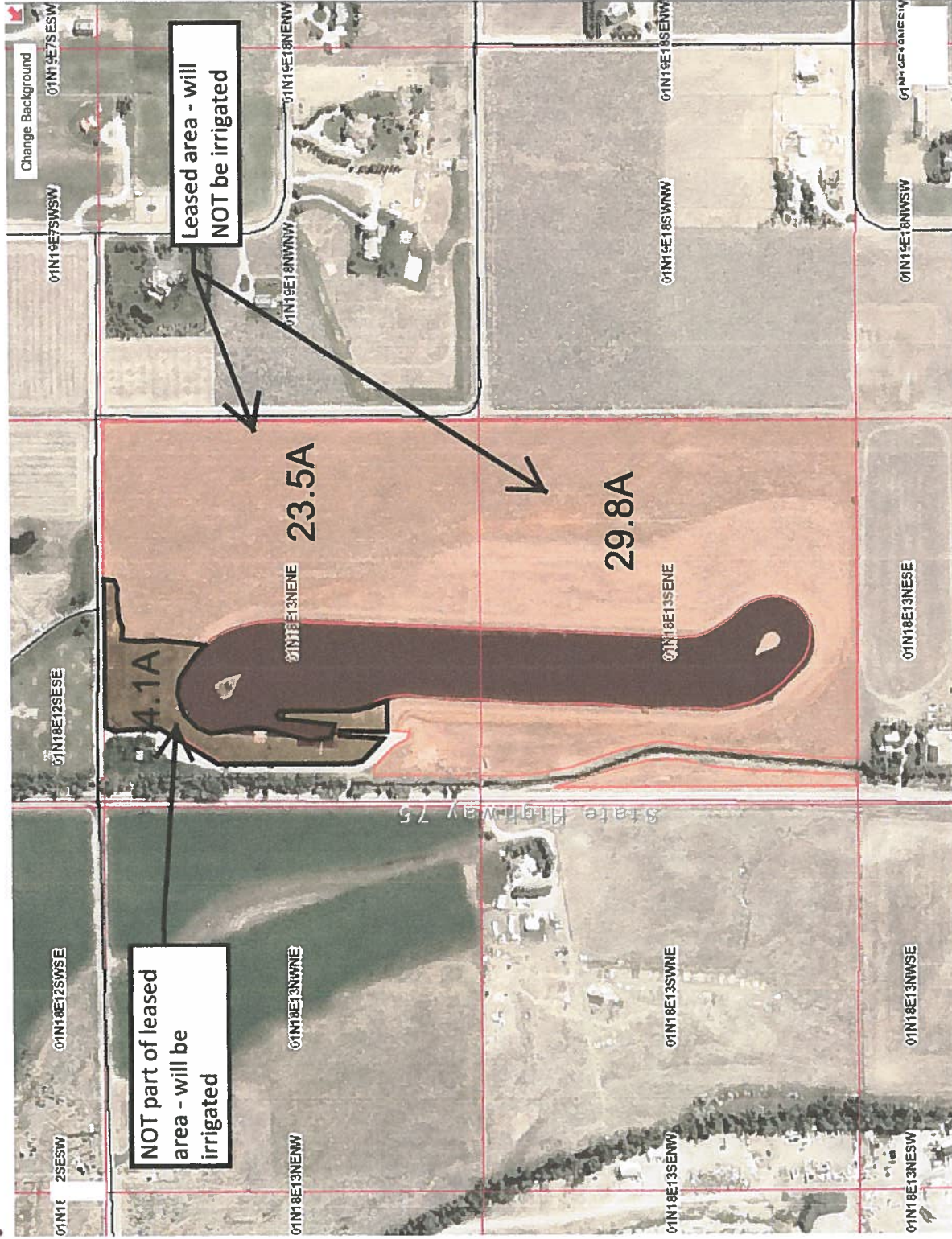
Printed Name

7/22/14

Date

Mail to:

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



- | Layers | Legend |
|--|---|
| ☐ Base Map | ☐ PLSQQ |
| ☐ Major Roads | ☐ Water |
| ☒ Streets | ☒ Major Rivers |
| ☒ Cities | ☐ Minimum Stream Flow Points |
| ☒ Counties | ☐ Minimum Stream Flow |
| ☐ Townships | ☐ Minimum Lake Level |
| ☐ Sections | ☐ Wells |
| ☒ PLSQQ | ☐ Point of Diversion |
| | ☐ POD - Adjudication Claims |
| | ☐ POD - Adjudication Recommendations |
| | ☐ POD - Permits |
| | ☐ POD - Water Rights |
| | ☐ Place of Use |
| | ☐ POJ - Adjudication Claims |
| | ☐ POJ - Adjudication Recommendations |
| | ☐ POJ - Permits |
| | ☐ POJ - Water Rights |
| | ☐ Ground Water |
| | ☐ Eastern Snake Plain Aquifer |

ATTACHMENT 4

GREGORY RANCH, L.L.C.

Applications to Lease portions of 37-510A & 37-685D

SELECT ACTIVE LAYER

POJ - Water Rights