

RECEIVED
JUL 08 2014
DEPARTMENT OF
WATER RESOURCES

filed an application to rent water from the Water Supply Bank ("Bank"). The Idaho Water Resource Board ("Board"), being authorized to operate a Bank and to contract by and through the Director of the Idaho Department of Water Resources ("Director, Department") for rental of water from the Bank, agrees to rent water as follows:

Water Right	Priority Date	Source	Tributary	Rented Rate	Annual Rented Volume	Acre Limit	Total Rented Acres
36-2381A	4/07/1959	Ground Water	NA	0.10 cfs	18.8 af	NA	4.7 ac
36-12043	7/31/1987	Ground Water	NA	0.01 cfs	1.2 af	NA	0.3 ac
Total Annual Combined Limit				0.10 cfs	NA	NA	NA

Term of Rental: March 15, 2014 to December 31, 2016
Rental Fee: \$340.00 annually

Detailed water right conditions are attached.

IN FILE # 36-2381A

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

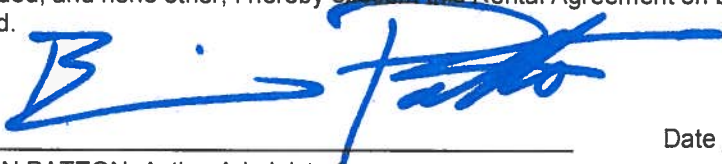
The undersigned renter agrees to use the water rented under this agreement in accordance with the Water Supply Bank rules and in compliance with the limitations and conditions of use described in this agreement:

<u>Taylor Duncan</u> Signature of Renter	<u>Taylor Duncan</u> Printed Name and Title*	<u>July 3, 2014</u> Date
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Signature of Renter	Printed Name and Title*	Date
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*Please provide title of signatory if signing on behalf of a company or organization or with power of attorney

Having determined that this agreement satisfied the provisions of Idaho Code § 42-1763 and IDAPA 37.02.03.030 (Water Supply Bank Rule 30), for the rental and use of water under the terms and condition herein provided, and none other, I hereby execute this Rental Agreement on behalf of the Idaho Water Resource Board.

By 
BRIAN PATTON, Acting Administrator
Idaho Water Resource Board

Date July 8, 2014

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

WATER USE DETAILS

LOCATION OF POINT(S) OF DIVERSION

GROUND WATER	NW¼NE¼	Sec. 20	Twp 07S	Rge 25E	MINIDOKA County
GROUND WATER	NE¼SE¼	Sec. 20	Twp 07S	Rge 25E	MINIDOKA County

BENEFIAL USE

IRRIGATION

SEASON OF USE

03/15 TO 11/15

RENTER'S PLACE OF USE: 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	
07S	25E	20	5.0																5.0

Total Acres: 5.0

CONDITIONS APPLICABLE TO ALL RENTED WATER RIGHTS

1. The use of water under this agreement shall be subject to the provisions of Idaho Code § 42-1766.
2. Rental of the specified right from the bank does not, in itself, confirm the validity of the right or any elements of the water right, or improve the status of the right including the notion of resumption of use. It does not preclude the opportunity for review of the validity of this water right in any other department application process.
3. Use of water under this agreement does not constitute a dedication of the water to renter's place of use, and upon expiration of this agreement, the points of diversion and place of use of the water shall revert to those authorized under the water right and/or again be available to rent from the bank.
4. This rental does not grant any right-of-way or easement to use the diversion works or conveyance works of another party.
5. Use of water under this agreement shall not prejudice any action of the Department in its consideration of an application for transfer or permit filed by the applicant for this same use.
6. Renter agrees to comply with all applicable state and federal laws while using water under this agreement.
7. Renter agrees to hold the Board, the Director and the state of Idaho harmless from all liability on account of negligent acts of the renter while using water.
8. Renter acknowledges and agrees that the Director may terminate diversion of water if the Director determines there is not a sufficient water supply for the priority of the right or portion thereof being rented.
9. Failure of the renter to comply with the conditions of this agreement is cause for the Director to rescind approval of the rental agreement.
10. The right holder shall maintain acceptable measuring devices, including data loggers, at the authorized points of diversion and in accordance with Department specifications, or shall obtain an approved variance from the Department to determine the amount of water diverted from power records or to maintain an existing measuring device.
11. The right holder shall provide lockable controlling works for all authorized points of diversion. The controlling works must be suitable for control of the diversions and acceptable to the watermaster.

12. This rental agreement does not authorize the construction of a well.
13. In addition to the diversion of water under this rental agreement the following rights are diverted through points of diversion described above: 36-2231 and 36-2675.
14. The renter must diligently pursue a permanent water right to provide for the uses authorized under this rental agreement.
15. 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.
16. Use of water under this agreement will be regulated by a watermaster with responsibility for the distribution of water among appropriators within a water district. At the time of this approval, this water right is within State Water District No. 130.

STATE OF IDAHO
WATER RESOURCE BOARD

RECEIVED

MAR 10 2014

DEPARTMENT OF
WATER RESOURCESAPPLICATION TO RENT WATER
FROM THE WATER SUPPLY BANK

This application must be prepared in accordance with the minimum requirements listed to be acceptable for processing by the Department. Incomplete applications will be returned.

Name of Renter(s) Michael B or Karma J MickelsenMailing Address 1277 N 600 E Rupert ID 83350Phone 208.531.4162Email mkmickelsen@gmail.com

A. DESCRIPTION OF WATER SOUGHT FOR RENT

1. Maximum Flow Rate (cfs) Maximum Volume (ac-ft) Nature of Use Period of Use
0.1 cfs 20 AF irrigation 4/01 to 10/31
 _____ to _____
 _____ to _____
 Total: 0.1 cfs 20 AF

2. Source of water ground water tributary to _____

3. Point(s) of Diversion:

TWP	RGE	SEC	GOVT LOT	1/4	1/4	1/4	County
7S	25E	20		NW	NW	NE	Minidoka
7S	25E	20		NE	NE	SE	Minidoka

4. Lands to be irrigated or place of use:

TWP	RGE	SEC	NE				NW				SW				SE				Totals
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
7S	25E	20	5																5

If the use is for irrigation, show total number of acres proposed through rental.

Total Acres 5

B. OWNERSHIP

1. Do you own the land at the proposed point of diversion?

Yes ☒ No ☐

If no, list owner, contact information, and attach a copy of the agreement or other written authority to use the proposed point of diversion. _____

2. Do you own the land at the proposed place of use?

Yes ☒ No ☐

If no, list owner, contact information, and attach a copy of the agreement or other written authority to use the proposed place of use. _____

C. MAP

Attach a map identifying the proposed point(s) of diversion, place(s) of use, and water diversion and distribution system details as described by this application in section A. Include legal description labels.

D. GENERAL INFORMATION

1. Please provide a description of the proposed diversion system.

Two existing wells, pivots and handlines

2. Describe any other water rights diverted through the same point(s) of diversion or used for the same purpose(s) as described above.

36-2231, 36-2675

3. Will the proposed place of use receive water from any other source?

Yes ☐ No ☒

If yes, describe.

4. If the proposed use is not for irrigation, please provide a detailed description of the proposed use and how you determined the amount of water required. Attach additional sheets if needed.

5. Are there any other applications pending before the Department, such as an application for permit or transfer, for the same use(s) proposed by this rental?

Yes ☐ No ☒

If yes, describe.

6. Was this rental application submitted in response to a Notice of Violation or a pending Notice of Violation?

Yes ☐ No ☒

If yes, describe.

E. RENTAL TERM

Do you wish to rent water from the Board's bank for more than one (1) year?

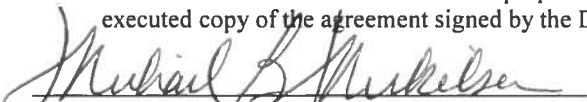
Yes ☒ No ☐

If yes, please specify the number of years desired through proposed rental. 5

I hereby assert that the information contained in this application is true to the best of my knowledge. I understand that any willful misrepresentations made in this application may result in rejection of the application or cancellation of an approval.

If this application is approved, the applicant agrees to the following:

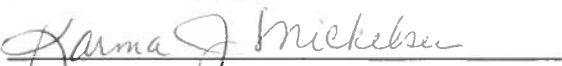
1. The use of water under this agreement shall be subject to the provisions of Section 42-1766, Idaho Code.
2. Renter shall comply with all applicable state and federal laws while using water under this agreement.
3. Renter shall hold the Board, the Director, and the state of Idaho harmless from all liability on account of negligent acts of the renter.
4. The Director may terminate diversion of water if the Director determines there is not a sufficient water supply for the priority of the right or portion thereof being rented.
5. Failure of the renter to comply with the conditions of this agreement is cause for the Director to rescind approval of the rental agreement.
6. Renter is not authorized to use water proposed by this application until the rental fees are paid in full and the renter receives an executed copy of the agreement signed by the Director.


Signature of Applicant

Michael B Mickelsen

Printed Name and Title*

3-4-14
Date


Signature of Applicant

Karma J Mickelsen

Printed Name and Title*

3-4-14
Date

*Please provide title of signatory if signing on behalf of a company or organization or with power of attorney

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

Disclaimer: Wetland identifiers do not represent the size, shape or specific determination of the area. Refer to your original determination (CPA-026 and attached maps) for exact wetland boundaries and determinations, or contact NRCs.



2013

Mickelson 7525E
Sec 20

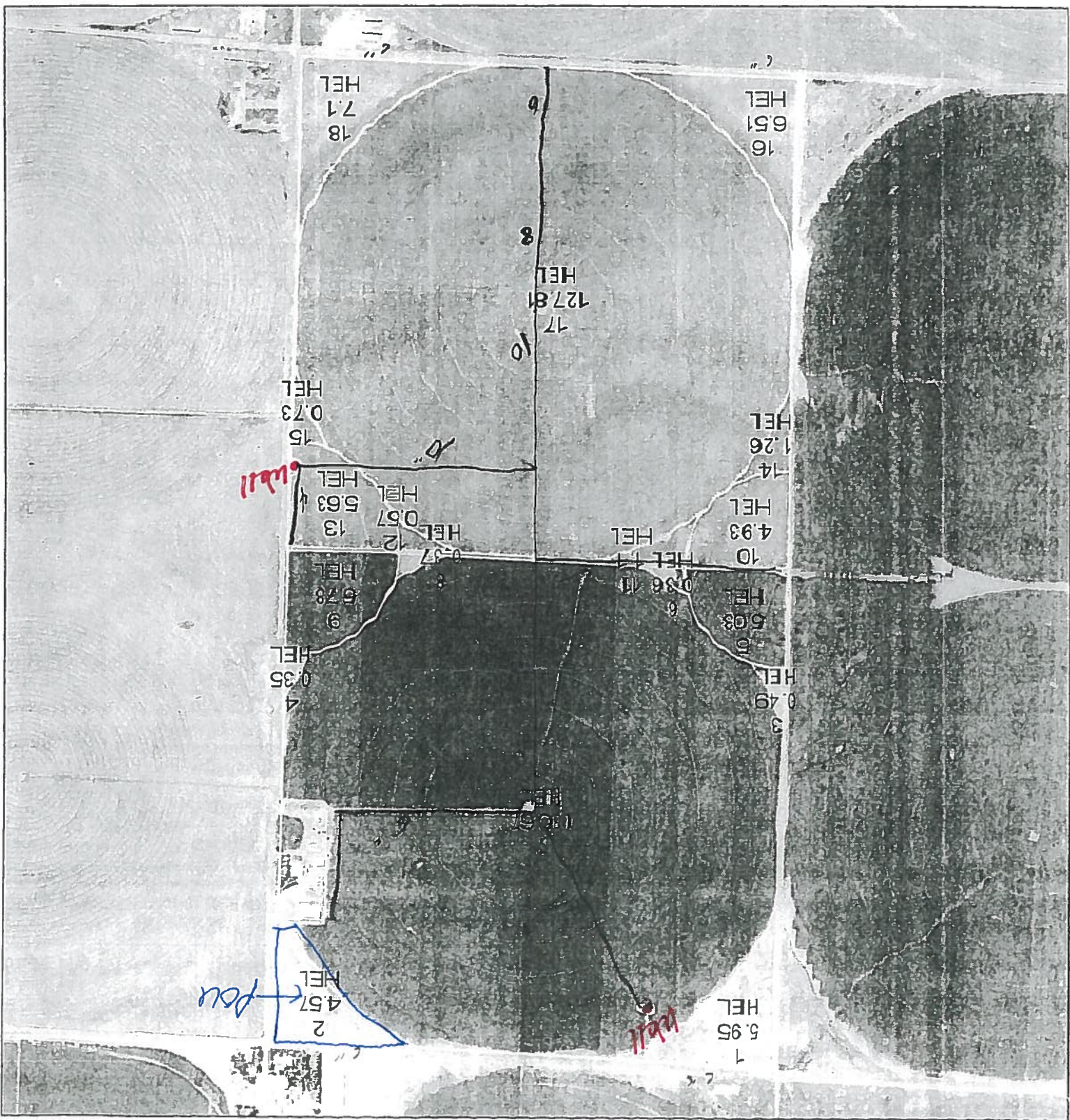
July 11, 2013

Minidoka County

Farm 1159
Tract 1624

312 - 4803

USDA United States Department of Agriculture
Farm Service Agency





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 9, 2014

MICHAEL B MICKELSEN
KARMA MICKELSEN
1277 N 600 E
RUPERT ID 83350

**RE: RENTAL OF WATER FROM THE WATER SUPPLY BANK
WATER RIGHT NO(S). 36-2381A AND 36-12043**

Dear Renter:

Please find enclosed a receipt in the amount of **\$340.00** and a copy of a fully executed Water Supply Bank Rental Agreement in connection with the rental of 20.0 acre-feet of water for irrigation of 5 acres during 2014. Upon receipt of this fully executed agreement, you are authorized to divert water in compliance with the conditions of water use described in the agreement.

Pursuant to the Water Supply Bank Rules, 90% or \$306.00 of the rental fee will be paid to the lessor(s) and 10% or \$34.00 will be retained by the Department to offset administrative costs.

If you have any questions, please contact me at (208) 287-4944.

Sincerely,

for Cherie Palmer
Senior Water Resource Agent
WSB Process Point of Contact

Enclosure(s): Receipt No. C099137
Rental Agreement (copy)

c: Sascha Marston – Fiscal
Allen Merritt – IDWR Southern Regional Manager
Cindy Yenter – State Water District No. 130
Taylor Duncan – Circle D Farms



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

June 27, 2014

MICHAEL B MICKELSEN
KARMA MICKELSEN
1277 N 600 E
RUPERT ID 83350

RE: APPLICATION TO RENT WATER FROM THE WATER SUPPLY BANK
WATER RIGHT NO(S). 36-02381A AND 36-12043

TIME SENSITIVE RESPONSE REQUIRED

Dear Applicant:

The Department of Water Resources acknowledges receipt of your application to rent water from the Water Supply Bank. **I have enclosed a Water Supply Bank Rental Agreement for your review and signature.** Upon signature and return of the original agreement, together with the rental fee described below, the Department will also sign the original agreement and return an executed copy to you. Execution of the agreement and compliance with the conditions of approval authorize diversion and use of water as provided in the agreement.

A rental fee of \$340.00 was calculated based on the current rental rate of \$17.00 per acre-foot times a diversion volume of 20.0 acre-feet. An annual payment shall be received by the Department prior to the execution of this agreement and prior to February 15 in all subsequent years for the duration of the rental period. The agreement will be void if payment is not received prior to the due date in a given year. If you would like to terminate the agreement prior to the end of the rental period, you must submit written notice of your intent to the Department at least 30 days prior to the rental fee due date.

Please send a check for \$340.00 made payable to the Idaho Department of Water Resources, **together with the signed rental agreement, within 14 days** so I can complete processing. Pursuant to the Water Supply Bank Rules, 90% or \$306.00 of the rental fee will be paid to the lessor(s) and 10% or \$34.00 will be retained by the Department to offset administrative costs.

If you have any questions, please contact me at (208) 287-4944.

Sincerely,

for Clay Webb

Cherie Palmer
Senior Water Resource Agent
WSB Process Point of Contact

Enclosure(s)

c: IDWR Front Desk

MEMORANDUM

To: Right(s) 36-2381A and 36-12043

From: Michele Edl

Date: June 13, 2014

Re: Review & Analysis of Michael and Karma Mickelsen's Application to Rent Water from the State Water Supply Bank

PURPOSE/NARRATIVE: On March 10, 2014, Michael B. and Karma J. Mickelsen submitted an application to rent water from the State Water Supply Bank. The application proposes to rent water for five years to irrigate a pivot corner not currently covered by the Mickelsen's existing water rights 36-2231 and 36-2675. The proposed place of use is located in NENE of sec 20, Twp 7S, Rge 25E.

The proposed points-of-diversion are 2 existing wells utilized by the applicant's current system.

AUTHORITY TO FILE: According to available Minidoka County taxlot information, Michael B. and Karma J. Mickelsen own the proposed place-of-use. Both Michael and Karma signed the application.

WATER RIGHT VALIDITY: Rights 36-2381A and 36-12043 are leased to the State Water Supply Bank. They are available to rent through December 31, 2016.

A review of aerial photography shows that portions of the water right (primarily pivot corners), appear to have been idled at the authorized place-of-use.

INJURY TO OTHER WATER RIGHTS: No injury is apparent. The point-of-diversion for the leased rights is approximately 3 miles from the proposed point-of-diversion for the water rental. I modeled this change of diversion for its impact to the ESPA using the approved software (Modified_Etransfer_V3_1) and found no negative impact.

ENLARGEMENT OF USE: No enlargement is evident through the rental.

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

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

DEPARTMENT STAFF OR WATERMASTER COMMENTS
WD 130 watermaster, Cindy Yenter and Southern Region will be consulted.

The Mickelsen's are out of the country which has delayed processing of the application. I successfully connected with Mr. Mickelson on May 23, 2014 and learned that he had not left power of attorney with anyone but that he had a tenant in charge of operating the farm in his absence. Mr. Mickelsen gave me the contact information for Taylor Duncan and recommended that I contact him. Mr. Duncan was also out of the country but responded to my phone message on June 10, 2014. He did not know about Mr. Mickelsen's application to rent water from the Water Supply Bank.

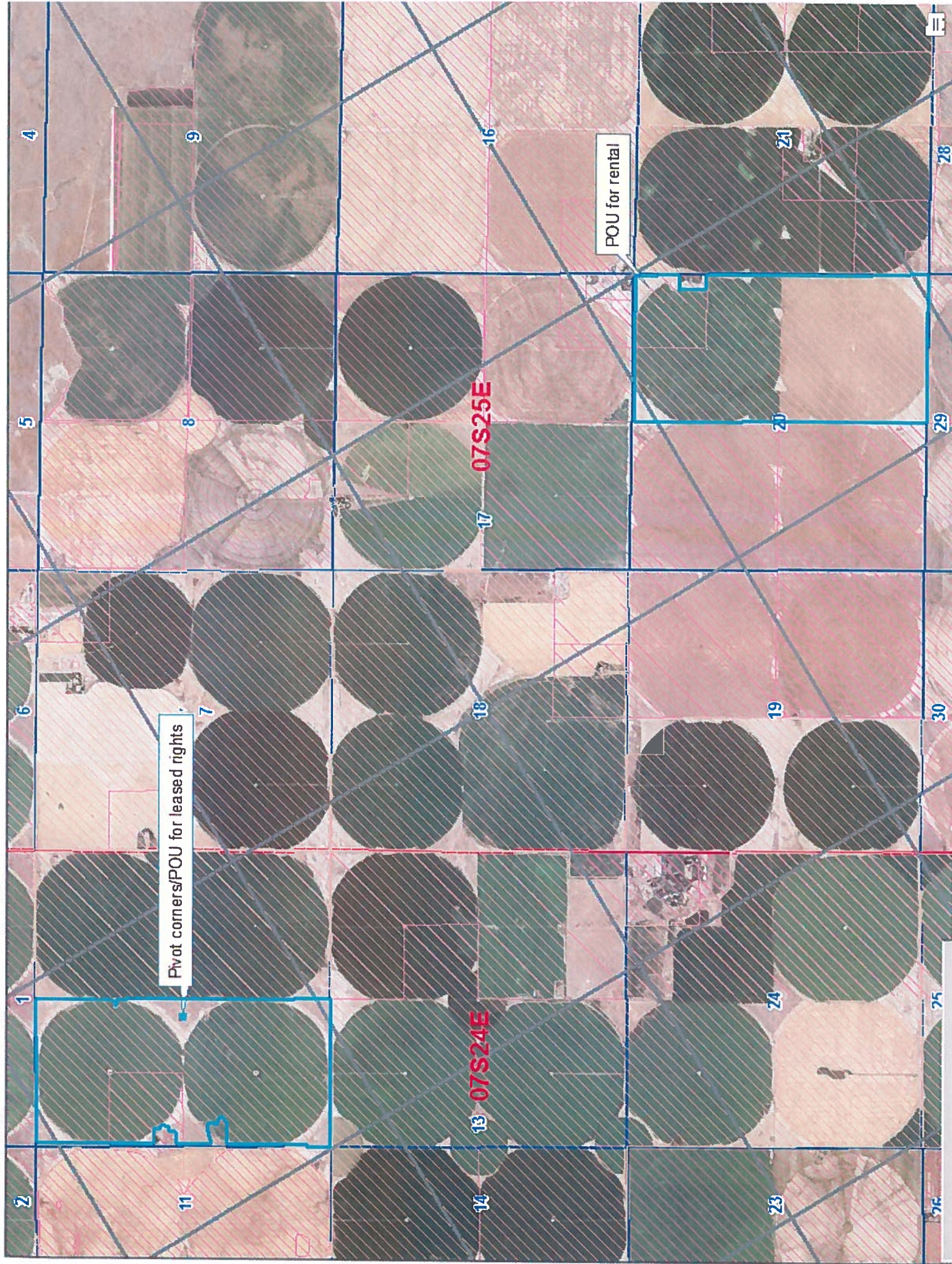
I emailed a copy of the application and outlined some options for authorizing water use in the proposed location.

On June 12, 2014 I received another phone call from Mr. Duncan. I learned that he has an active lease agreement with Michael Mickelsen to operate the farm, which is the proposed place-of-use. A copy of the agreement, signed by Michael Mickelsen and Taylor Duncan on January 1, 2014, was provided via email later that day. This agreement is sufficient to complete processing of the application.

2013 aerial photography shows that the Mickelsen water rights were not being fully utilized. Mr. Duncan confirmed that although that the water rights may have been underutilized in previous years, for the 2014 season, the authorized place-of-use is being fully irrigated and he also affirmed that water would be needed to NENE pivot corner.

The leased right is not available for the entire timeframe requested. However, otherwise it is a good match for the rental request.

I created the POU shape.



Edl, Michele

From: Sam Garner [sam@circledfarms.us]
Sent: Thursday, June 12, 2014 3:23 PM
To: Edl, Michele
Subject: Mickelsen contract with Taylor Duncan
Attachments: BRN001BA97CF0F8_010681.pdf

Michele,

Attached is the contract between Mickelsen and Taylor Duncan of Golden Ridge Farms that Taylor asked me to forward to you.

Sam

FARM LEASE

THIS FARM LEASE, made effective as of the 1st day of January 2014, by and between Five Star Farms, hereinafter referred to as "Lessor," and Golden Ridge Farms, hereinafter referred to as "Lessee".

WITNESSETH:

1. Lessor, for and in consideration of the covenants and agreements contained herein, does hereby lease to Lessee for agricultural purposes only, all of the real estate specifically described in Exhibit A attached hereto and made a part hereof.
2. The lease shall commence on January 1, 2014, and end on December 31, 2017, subject to the provisions of this lease.
3. The total cash rental payment shall be the sum of acres 276, @ \$375 dollars per acre and acres 27, @ \$150 dollars per acre for a total of \$ 107,550. \$ 53,775 to be paid April 1st and the remaining balance to be paid by November 1st of that same year or earlier if agreed upon by Lessor and Lessee. Annual cash rent for successive terms of this farm lease shall be paid in these amounts on or before these same dates unless otherwise determined by the parties to the lease.
4. The Lessor agrees to lease to the Lessee 121 Beet shares from The Amalgamated Sugar Company. The Lessee agrees to grow said shares throughout the course of this lease and pay to the Lessor a fair market rent which shall be established the month of April in each given year. Rent for those shares will be paid November 1st of each year throughout the duration of this lease.
5. A request for general review of the lease may be made, by either party, at least thirty (30) days prior to the final date of giving notice to terminate the lease.
6. Amendments and alterations to this lease shall be in writing.
7. This lease shall not be deemed to give rise to a partnership relation, and neither party shall have authority to obligate the other without written consent, except as specifically provided in this lease.
8. Lessor shall have no responsibility or personal participation as landlord in the raising or production of commodities under this lease. Lessee shall have all responsibility, management and control of commodity production and of the use and control of the real estate during the term of this lease, without the consultation or participation of the Lessor.
9. If Lessor should sell or otherwise transfer title to the land hereby rented to the Lessee they will do so subject to the provisions of this lease.
10. Lessor reserves the right of its agents, employees, or assigns to enter the land at any reasonable time for purposes of consultation with the Lessee or its representative, making repairs, improvements, and inspections, and after notice of termination of the Lease is given, of plowing, seeding, fertilizing, and such customary seasonal work, none of which is to interfere with the Lessee in carrying out regular farming operations.
11. Lessee will maintain the land during its tenancy in as good condition as at the beginning, normal wear and depreciation and damage from causes beyond the Lessee's control accepted.

12. Lessee shall use diligence to prevent noxious weeds from going to seed on the land. Treatment of noxious weed infestation and the cost thereof shall be paid by the Lessee.
13. Lessee will control soil erosion as completely as practicable.
14. All costs and expenses whatsoever incurred by the Lessee in the farming operations shall be paid by it. Lessor shall in no way be responsible for the debts of, or liable for any accidents or damages caused by Lessee while in possession of said property.
15. The Lessor agrees to reimburse or pay for repairs and maintenance that exceed \$700 per incident that pertain to the Lessor's ground and irrigation equipment being leased to the Lessee.
16. The Lessee agrees to pay for all power and water costs associated with this lease.
17. In the event of a water shortage year, the Lessee will only be obligated to pay rent on those acres that are not affected by that years current water call. All remaining years of the lease will continue to be subject to the provisions of this lease.
18. Lessee shall be granted possession of all land upon execution of this lease.
19. This is a cash lease. During the term of this lease and any continuation thereof, Lessee shall receive any and all crops, pasture rent and government program payments otherwise eligible to receive and shall have the right to enter into any sublease with any tenant at the sole discretion of the Lessee.
20. Upon termination of this lease, Lessee shall promptly yield and surrender possession of the land. In the event there is a growing crop, Lessee shall be entitled to the crop and shall surrender possession of the land upon which there is a growing crop upon completion of harvest, or at Lessor's exclusive option, the growing crop may be purchased by Lessor. Any fieldwork completed on non-crop acreage shall be reimbursed to Lessee at the customary rate in the area.

IN WITNESS WHEREOF, the parties have hereunto executed this agreement effective on the date first set forth above.

LESSOR: Five Star Farms Inc.
By: Muhammad B. Muhelhe

LESSEE: Golden Ridge Farms
By: Taylor Duran

Edl, Michele

From: Edl, Michele
Sent: Tuesday, June 10, 2014 1:07 PM
To: 'taylor@circledfarms.us'
Subject: Water supply bank application
Attachments: DOC003.pdf; ProofReport.rtf

Mr. Duncan,

I have attached a PDF of the application submitted and signed by the Mickelsons. I spoke with Mr. Mickelson over the phone on 5/22/2014. I tried to explain what difficulties we would be encountering in order to approve this rental application for this year. He gave me your phone number as the local point of contact.

Mr. Mickelson applied to rent water to cover a pivot corner that was not covered by his water right. The authorized place-of-use for his water rights are best described in the place-of-use grid included in the 'proof' reports of each of the Mickelson's water rights. I have also attached those reports to this email.

You will notice that although their water rights authorize a total of 303.0 acres, the place-of-use excludes most of the pivot corners. A review of recent aerial photography shows that less than 303 acres are currently being irrigated. That non-use could be subject to forfeiture. So although Mr. Mickelson has water right quantity available to irrigate the pivot corner proposed, the legal description of his water right means that Mr. Mickelson must either

- 1) Lease his rights into the bank and rent them back out to himself at different places-of-use.
- 2) Rent someone else's right to cover the pivot corner while the forfeiture clock ticks on for his own rights
- 3) Submit an application to IDWR to change the place of use from how the law describes it to be, to where he wants it to be. The IDWR process for changing the elements of a water right (in this case, the place-of-use) is called a **transfer**.

Options 1 & 2 are temporary fixes. The Water Supply Bank processes are not intended to replace a permanent water right.

I see option 3 as the preferred option because it provides a permanent solution to what might be an ongoing problem.

Don't hesitate to call me with questions.

Michele Edl
287-4946

Edl, Michele

From: Yenter, Cindy
Sent: Friday, June 13, 2014 3:10 PM
To: Edl, Michele; Merritt, Allen
Subject: RE:

Michele – I don't know that Allen needs to review these unless he wants to. The Bank does require Watermaster comment which I will provide.

I will, however, need a full scan of the rental application and all submitted maps in order to complete my review.

Thanks,
Cindy

From: Edl, Michele
Sent: Friday, June 13, 2014 3:02 PM
To: Merritt, Allen; Yenter, Cindy
Subject:

Allen, Cindy

I have completed my review of a WSB rental applications submitted by Michael Mickelsen. Processing has been delayed because Mr. Mickelsen is out of the country on a church mission.

The farm operations are now in the hands of Taylor Duncan and I believe that we have the information that we needed to process this application. I selected the water right for this rental and ran the Excel transfer tool utility to model the use.

I have attached my review memo and a PDF showing the rental and lease locations.

Please let me know if you have any feed back or concerns about this application.

Thank you.
Michele