

JUN 13 2014

DEPARTMENT OF
WATER RESOURCES**WATER SUPPLY BANK LEASE CONTRACT**

This Lease Contract ("**Lease**") is effective January 1, 2014, between the Idaho Water Resource Board ("**Board**"), and

Lessor: OSAGIA LLC
1365 MEADOWVIEW AVE
REXBURG ID 83440

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>
22-13815	0.32 CFS	78.5 AF	37 AC	37 AC
22-13817	0.74 CFS	N/A	37 AC	37 AC
Combined Lease Totals:	1.06 CFS	AF	37 AC	37 AC

2. **COMPENSATION:** The Lessor has donated these water rights to the Water Supply Bank and no compensation shall be paid to the lessor for rental of these water rights.
3. **TERM OF LEASE:** This Lease shall take effect when both parties have signed it and shall continue in effect until December 31, 2014.
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.

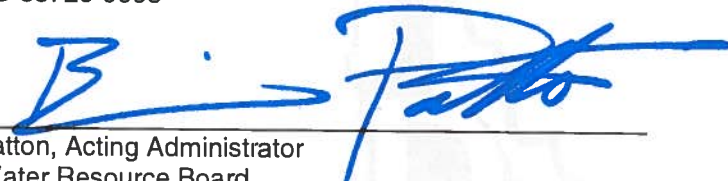
IN WITNESS WHEREOF, the parties have executed this Contract on the date following their respective signatures.

OSAGIA LLC
1365 MEADOWVIEW AVE
REXBURG ID 83440

By 
Printed Name Aaron Peterson

Date 6/9/14
Title Managing Member

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 June 16, 2014

Lease approved by IDWR 

Date June 16, 2014

ATTACHMENT A
WATER RIGHT NO. 22-13815
WATER SUPPLY BANK CONDITIONS OF ACCEPTANCE

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

Lessor: OSAGIA LLC
1365 MEADOWVIEW AVE
REXBURG ID 83440

Priority Date: 07/05/1967

Source: GROUND WATER **Tributary:**

<u>BENEFICIAL USE</u>	<u>From</u>	<u>To</u>	<u>Diversion Rate</u>	<u>Volume</u>
IRRIGATION	06/01	10/01	0.32 CFS	78.5 AF
	Total:		0.32 CFS	78.5 AF

LOCATION OF POINT(S) OF DIVERSION:

GROUND WATER NWSESW Sec. 35, Twp 6N, Rge 45E, TETON County

Place Of Use

IRRIGATION within TETON County

			NE				NW				SW				SE				Totals
Twp	Rng	Sec	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
6N	45E	35									37								37

POU Total Acres: 37

ADDITIONAL CONDITIONS OF ACCEPTANCE

1. The water right being leased into the Water Supply Bank is part of an agreement not to divert water and will not be rented.
2. There is no rental payment to the lessor of this water right.
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. 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.
11. This right when combined with 22-13817 is limited to the irrigation of 37 acres in a single irrigation season.

ATTACHMENT A
WATER RIGHT NO. 22-13817
WATER SUPPLY BANK CONDITIONS OF ACCEPTANCE

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

Lessor: OSAGIA LLC
 1365 MEADOWVIEW AVE
 REXBURG ID 83440

Priority Date: 04/01/1889

Source: SOUTH LEIGH CREEK **Tributary:** TETON RIVER

<u>BENEFICIAL USE</u>	<u>From</u>	<u>To</u>	<u>Diversion Rate</u>	<u>Volume</u>
IRRIGATION	04/15 to	10/31	0.74 CFS	
	Total:		0.74 CFS	

LOCATION OF POINT(S) OF DIVERSION:
 SOUTH LEIGH CREEK NWNWSW Sec. 32, Twp 6N, Rge 46E, TETON County

Place Of Use

IRRIGATION within TETON County

			NE				NW				SW				SE				Totals
Twp	Rng	Sec	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
6N	45E	32										37							37

POU Total Acres: 37

ADDITIONAL CONDITIONS OF ACCEPTANCE

1. The water right being leased into the Water Supply Bank is part of an agreement not to divert water and will not be rented.
2. There is no rental payment to the lessor of this water right.
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. 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.
11. This right when combined with 22-13815 is limited to the irrigation of 37 acres in a single irrigation season.
12. Water is delivered through Desert Ditch.

RECEIVED
MAR 21 2014
 DEPARTMENT OF
 WATER RESOURCES

STATE OF IDAHO
 WATER RESOURCE BOARD

WSB No. _____
 Receipt No. _____
 Date/by _____
 (For Department Use Only)

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

Name of Seller/Lessor Osagia, LLC Phone 801-602-3312
 Mailing address 071 E. 300 N., Alpine, UT 84004 1365 Meadowview Ave Email aaron@prospering.com
Dexter, Id 83440

A. DESCRIPTION OF WATER RIGHT, OR PORTION THEREOF, OFFERED TO THE BANK

If the entire right is for sale or lease, check here ☒, list the water right number, and skip to Part B.

1. Water Right Number	Amount (cfs/ac-ft)	Nature of Use	Period of Use
22-13815			_____ to _____
			_____ to _____
			_____ to _____
Total Amount: _____			

2. Source of water _____ tributary to _____

3. Point(s) of Diversion:

Tw	Rge	Sec	Lot	¼	¼	¼	County

4. Lands irrigated or place of use: *See Part D for additional information regarding place of use.

Tw	Rge	Sec	NE ¼				NW ¼				SW ¼				SE ¼				Totals
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	

If the right is for irrigation, show total number of acres offered to the bank. Total Acres _____

B. OWNERSHIP

1. Are you currently listed in IDWR's records as the owner of the water right being offered to the bank? Yes ☒ No ☐
 If no, provide documentation of your authority to sign on behalf of the right holder OR attach a Notice of Change in Water Right Ownership form along with the required documentation and fee.

2. 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 to the proposed sale or lease and list name of entity:

C. GENERAL INFORMATION

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

The water right is pumped at a well site, the point of which is properly described on the most recent water right report.

2. Describe any other water rights used for the same purpose or at the same place of use as described above.

Water right 22-13817 is also used for irrigation at the same place of use. This water right is also being leased into the Idaho Water Supply Bank.

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

Yes ☐ No ☒

If yes, describe.

4. 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 right has not been lost through abandonment or forfeiture pursuant to Section 42-222(2), Idaho Code.

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

If yes, describe.

D. REQUIRED ITEMS

This form must be signed and submitted with the following REQUIRED items:

1. Plat map, survey map or aerial photograph clearly showing the specific acres proposed to be idled by this lease application.
2. Filing fee of \$250.00. If you are submitting more than one lease application and the rights have a common place of use or common diversion rate or common diversion volume, the combined maximum fee is \$500.00.

E. SALE/LEASE AGREEMENT

1. Is the water right, or portion thereof, described above offered to the Idaho Water Resource Board (IWRB) for sale
- ☐
- or lease
- ☒
- .

If lease, for a period from 1/1/2014 to 12/31/2014 (not to exceed 5 years).
(Month / Day / Year) (Month / Day / Year)

2. 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.

The water right holder has entered into an agreement with the Idaho Water Resource Board through the Idaho Water Transaction Program. The right may only be rented with IWRB review and approval.

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 right for sale or lease to the Idaho Water Resource Board.

The owner/lessor acknowledges the following:

1. Payment to the owner/lessor is contingent upon the sale or rental of the right from the bank.
2. While a right is in the bank, the owner/lessor of the right may not use the right even if the right is not rented from the bank.
3. A right accepted into the bank stays in the bank until the Board releases it or the lease term expires.
4. While a right is in the bank, forfeiture provisions are stayed.
5. Acceptance of a right into the bank does not, in itself, confirm the validity of the right or any elements of the water right.


Signature of Applicant

Arnor Peterson Managing Member
Printed Name and Title*

3/3/14
Date

Signature of Applicant

Printed Name and Title*

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

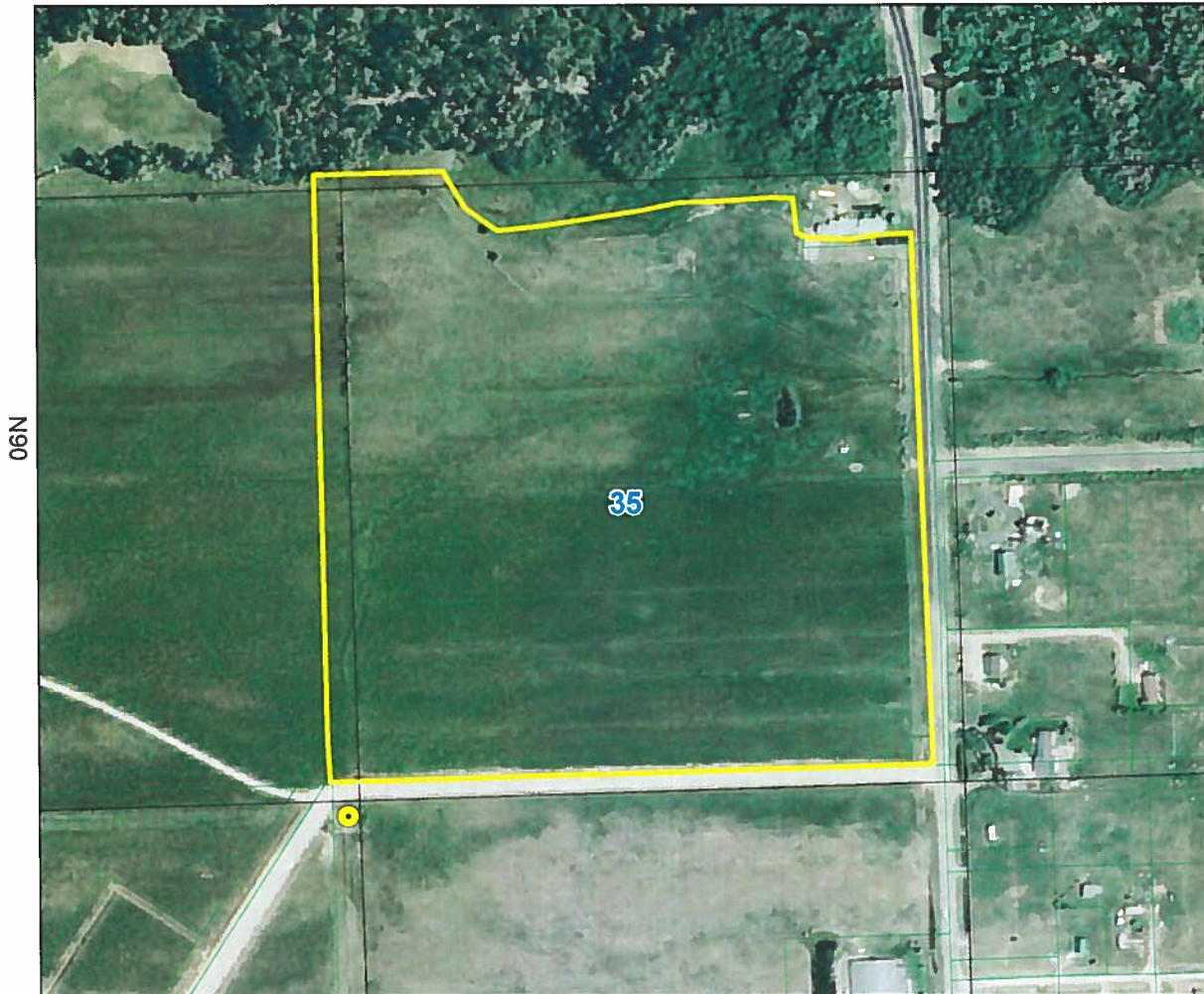
State of Idaho
Department of Water Resources

Water Right
22-13815

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.

45E



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

0 0.05 0.1 0.2 Miles



RECEIVED
MAR 21 2014
DEPARTMENT OF
WATER RESOURCES

STATE OF IDAHO
 WATER RESOURCE BOARD

WSB No. _____

Receipt No. _____

Date/by _____

(For Department Use Only)

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

Name of Seller/Lessor Osagia, LLC Phone 801-602-3312Mailing address 971 E. 300 N., Alpine, UT 84004 1365 Meadowview Ave Email aaron@prospering.com
Redbury, Id 83440

A. DESCRIPTION OF WATER RIGHT, OR PORTION THEREOF, OFFERED TO THE BANK

If the entire right is for sale or lease, check here ☒, list the water right number, and skip to Part B.

1. <u>Water Right Number</u>	<u>Amount (cfs/ac-ft)</u>	<u>Nature of Use</u>	<u>Period of Use</u>
<u>22-13817</u>	_____	_____	_____ to _____
_____	_____	_____	_____ to _____
_____	_____	_____	_____ to _____
Total Amount: _____			

2. Source of water _____ tributary to _____

3. Point(s) of Diversion:

Twp	Rge	Sec	Lot	¼	¼	¼	County

4. Lands irrigated or place of use: *See Part D for additional information regarding place of use.

Twp	Rge	Sec	NE ¼				NW ¼				SW ¼				SE ¼				Totals
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	

If the right is for irrigation, show total number of acres offered to the bank. Total Acres _____

B. OWNERSHIP

1. Are you currently listed in IDWR's records as the owner of the water right being offered to the bank? Yes ☒ No ☐
 If no, provide documentation of your authority to sign on behalf of the right holder OR attach a Notice of Change in Water Right Ownership form along with the required documentation and fee.

2. 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 to the proposed sale or lease and list name of entity:

C. GENERAL INFORMATION

1. Please provide a description of the current diversion system.
The diversion system consists of a headgate structure with a single gate, located off of South Leigh Creek at the point of diversion described on the current water right report.
2. Describe any other water rights used for the same purpose or at the same place of use as described above.
Water right 22-13815 is also used for irrigation at the same place of use. This water right is also being leased into the Idaho Water Supply Bank.
3. Will the present place of use continue to receive water from any source? Yes ☐ No ☒
If yes, describe. _____
4. 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 right has not been lost through abandonment or forfeiture pursuant to Section 42-222(2), Idaho Code. _____
5. Is this water right involved in any other Department process such as an application for transfer or a mitigation plan? Yes ☐ No ☒
If yes, describe. _____

D. REQUIRED ITEMS

This form must be signed and submitted with the following REQUIRED items:

1. Plat map, survey map or aerial photograph clearly showing the specific acres proposed to be idled by this lease application.
2. Filing fee of \$250.00. If you are submitting more than one lease application and the rights have a common place of use or common diversion rate or common diversion volume, the combined maximum fee is \$500.00.

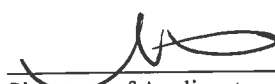
E. SALE/LEASE AGREEMENT

1. Is the water right, or portion thereof, described above offered to the Idaho Water Resource Board (IWRB) for sale ☐ or lease ☒?
If lease, for a period from 1/1/2014 to 12/31/2014 (not to exceed 5 years).
(Month / Day / Year) (Month / Day / Year)
2. 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.
The water right holder has entered into an agreement with the Idaho Water Resource Board to secure the water right for instream use through the Idaho Water Transaction Program. The right may only be rented with IWRB review and approval.

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 right for sale or lease to the Idaho Water Resource Board.

The owner/lessor acknowledges the following:

1. Payment to the owner/lessor is contingent upon the sale or rental of the right from the bank.
2. While a right is in the bank, the owner/lessor of the right may not use the right even if the right is not rented from the bank.
3. A right accepted into the bank stays in the bank until the Board releases it or the lease term expires.
4. While a right is in the bank, forfeiture provisions are stayed.
5. Acceptance of a right into the bank does not, in itself, confirm the validity of the right or any elements of the water right.


Signature of Applicant

Aaron Peterson Managing Member
Printed Name and Title*

3/3/14
Date

Signature of Applicant

Printed Name and Title*

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

Water Right
22-13817

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.





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 16, 2014

OSAGIA LLC
1365 MEADOWVIEW AVE
REXBURG ID 83440

RE: WATER SUPPLY BANK LEASE CONTRACT FOR RIGHTS 22-13815 and 22-13817

Dear Lessor:

Water Rights 22-13436 and 22-13437 were leased into the Water Supply Bank on June 16, 2014 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, 2014**, 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 287-4918.

Sincerely,

for Remington Buyer
Water Supply Bank Coordinator

Enclosure: Executed Lease Contract

c: Lyle Swank IDWR Eastern Region Office



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

CARY SPACKMAN
Director

May 27, 2014

OSAGIA LLC
1365 MEADOWVIEW AVE
REXBURG ID 83440

RE: APPLICATION TO LEASE WATER RIGHTS 22-13815 AND 22-13817 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, 2014**, unless the rights are released earlier by the Board. Please review the conditions of acceptance listed on the Lease Contract, including condition #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."

If you have questions regarding this matter, please contact me at 287-4918.

Sincerely,

Remington Buyer
Water Supply Bank Coordinator

Enclosure: Proposed Lease Contracts

MEMORANDUM

To: Water Right No(s). 22-13815 and 22-13817
From: Remington Buyer
Date: May 27, 2014
Re: Review of Applications to Lease Water Rights to the State Water Supply Bank

PURPOSE/NARRATIVE: The Department received these applications on March 21, 2014. The applicant wishes to lease the entirety of both rights to the Bank.

AUTHORITY TO FILE: The applications were signed by Aaron Peterson, managing member of Osagia LLC. The lease application fees are being paid by the Idaho Water Resource Board.

WATER RIGHT VALIDITY: Both water rights were decreed in 2009. Forfeiture is not an issue.

INJURY TO OTHER WATER RIGHTS: No injury is apparent.

ENLARGEMENT OF USE: No enlargement is evident through the lease. Due to an Agreement Not to Divert, these rights will not be rented. No enlargement will occur.

LOCAL PUBLIC INTEREST: These rights are being deposited into the Water Supply Bank based on contracts between the right holder, the Idaho Water Resource Board, and locals in the area. This lease is in 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: Water District No 1 Program Manager and IDWR Eastern Regional staff Tony Olenichak has reviewed and supports these lease applications.