

WATER SUPPLY BANK LEASE CONTRACT

This Lease Contract ("**Lease**") is effective February 3, 2014, between the Idaho Water Resource Board ("**Board**"), and

Lessor: PKD PROPERTIES LLC
TLD PROPERTIES LLC
1404 E 500 N
JACKSON ID 83350
(208) 312-4800

RECEIVED
MAY 20 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>Acre Limit</u>	<u>Total Leased Acres</u>
45-2578	0.11 CFS	29.6 AF	14.3 AC	67.0 AC
45-2597	0.41 CFS	14.9 AF	38.6 AC	67.0 AC
Combined Lease Totals:	NA	NA	40.4 AC	67.0 AC
45-14060	0.65 CFS	260.0 AF	65.0 AC	67.0 AC
Combined Lease Totals:	1.17 CFS	268.0 AF	67.0 AC	67.0 AC

The water rights described herein shall be available for rental from the Bank as follows:

Authorized Period of Use under Lease: March 15 to November 15

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.
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.

SUPPORT DATA

IN FILE # 45-2578

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.

**PKD PROPERTIES LLC
TLD PROPERTIES LLC**
1404 E 500 N
JACKSON ID 83350

By Paul H. Duncan
Printed Name Paul H. Duncan

Date May 14, 14
Title Member PKD

By Taylor Duncan
Printed Name Taylor Duncan

Date May 14, 14
Title Member TLD

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 May 20, 2014

Lease approved by IDWR Chris Palmer

Date May 20, 2014

ATTACHMENT A
WATER RIGHT NO. 45-2578
WATER SUPPLY BANK CONDITIONS OF ACCEPTANCE

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

Lessor: PKD PROPERTIES LLC
TLD PROPERTIES LLC
1404 E 500 N
JACKSON ID 83350
(208) 312-4800

Priority Date: 04/29/1959

Source: GROUND WATER

<u>BENEFICIAL USE</u>	<u>From</u>	<u>To</u>	<u>Diversion Rate</u>	<u>Volume</u>
IRRIGATION	03/15	to 11/15	0.11 CFS	29.6 AF
	Total:		0.11 CFS	29.6 AF

LOCATION OF POINT(S) OF DIVERSION:

GROUND WATER	NE $\frac{1}{4}$ SW $\frac{1}{4}$ NW $\frac{1}{4}$	Sec. 8	Twp 13S	Rge 21E	CASSIA County
GROUND WATER	L2 (NE $\frac{1}{4}$ SW $\frac{1}{4}$ NW $\frac{1}{4}$)	Sec. 31	Twp 12S	Rge 21E	CASSIA County
GROUND WATER	L2 (SW $\frac{1}{4}$ SW $\frac{1}{4}$ NW $\frac{1}{4}$)	Sec. 31	Twp 12S	Rge 21E	CASSIA County
GROUND WATER	SE $\frac{1}{4}$ SW $\frac{1}{4}$ SW $\frac{1}{4}$	Sec. 5	Twp 13S	Rge 21E	CASSIA County
GROUND WATER	NW $\frac{1}{4}$ SW $\frac{1}{4}$ SW $\frac{1}{4}$	Sec. 5	Twp 13S	Rge 21E	CASSIA 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	
12S	21E	18													34.0			33.0	67.0

Total Acres: 67.0

Limited to acres within place of use described above: 14.3 AC

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>
45-2578, 45-2597 and 45-14060	1.17 CFS	268.0 AF	67.0 AC	67.0 AC

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 lease is limited to 14.3 acres within the place of use described above in a single irrigation season.
13. The unleased portion of Right Nos. 45-2578 and 45-2597 when combined shall not exceed the irrigation of 1291.6 acres.
14. The unleased portion of Right Nos. 45-2578, 45-2597 and when combined with Right No. 45-7086D shall not exceed the irrigation of 2168.6 acres.
15. The unleased portions of Right Nos. 45-2578, 45-2597 and 45-14060 when combined with Right Nos. 45-13627 and 45-13628 shall not exceed a total annual maximum diversion volume of 8608.0 af and the irrigation of 2152.0 acres.
16. Use of water under this right is subject to control by the watermaster of State Water District No. 45-O.

ATTACHMENT A
WATER RIGHT NO. 45-2597
WATER SUPPLY BANK CONDITIONS OF ACCEPTANCE

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

Lessor: PKD PROPERTIES LLC
TLD PROPERTIES LLC
1404 E 500 N
JACKSON ID 83350
(208) 312-4800

Priority Date: 01/13/1960

Source: GROUND WATER

<u>BENEFICIAL USE</u>	<u>From</u>	<u>To</u>	<u>Diversion Rate</u>	<u>Volume</u>
IRRIGATION	03/15	11/15	0.41 CFS	14.9 AF
	Total:		0.41 CFS	14.9 AF

LOCATION OF POINT(S) OF DIVERSION:

GROUND WATER	NE¼SW¼NW¼	Sec. 8	Twp 13S	Rge 21E	CASSIA County
GROUND WATER	L2 (NE¼SW¼NW¼)	Sec. 31	Twp 12S	Rge 21E	CASSIA County
GROUND WATER	L2 (SW¼SW¼NW¼)	Sec. 31	Twp 12S	Rge 21E	CASSIA County
GROUND WATER	SE¼SW¼SW¼	Sec. 5	Twp 13S	Rge 21E	CASSIA County
GROUND WATER	NW¼SW¼SW¼	Sec. 5	Twp 13S	Rge 21E	CASSIA 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	
12S	21E	18													34.0			33.0	67.0

Total Acres: 67.0

Limited to acres within place of use described above: 38.6 AC

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>
45-2578, 45-2597 and 45-14060	1.17 CFS	268.0 AF	67.0 AC	67.0 AC

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 lease is limited to 38.6 acres within the place of use described above in a single irrigation season.
13. The leased amount of Right Nos. 45-2578 and 45-2597 shall not exceed the idling of 40.4 acres.
14. The leased amount of Right Nos. 45-2578 and 45-2597 when combined shall not exceed the irrigation of 1291.6 acres.
15. The unleased amount of Right Nos. 45-2578 and 45-2597 when combined with Right No. 45-7086D shall not exceed the irrigation of 2168.6 acres.
16. The unleased portions of Right Nos. 45-2578, 45-2597 and 45-14060 when combined with Right Nos. 45-13627 and 45-13628 shall not exceed a total annual maximum diversion volume of 8608.0 af and the irrigation of 2152.0 acres.
17. Use of water under this right is subject to control by the watermaster of State Water District No. 45-O

ATTACHMENT A
WATER RIGHT NO. 45-14060
WATER SUPPLY BANK CONDITIONS OF ACCEPTANCE

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

Lessor: PKD PROPERTIES LLC
TLD PROPERTIES LLC
1404 E 500 N
JACKSON ID 83350
(208) 312-4800

Priority Date: 12/03/1971

Source: GROUND WATER

<u>BENEFICIAL USE</u>	<u>From</u>	<u>To</u>	<u>Diversion Rate</u>	<u>Volume</u>
IRRIGATION	03/15	11/15	0.65 CFS	260.0 AF
	Total:		0.65 CFS	260.0 AF

LOCATION OF POINT(S) OF DIVERSION:

GROUND WATER	SW¼SE¼SE¼	Sec. 13	Twp 12S	Rge 20E	CASSIA County
GROUND WATER	L3 (SE¼NW¼SW¼)	Sec. 18	Twp 12S	Rge 21E	CASSIA County
GROUND WATER	SW¼SW¼NE¼	Sec. 1	Twp 12S	Rge 20E	CASSIA County
GROUND WATER	SW¼SW¼NE¼	Sec. 17	Twp 12S	Rge 21E	CASSIA County
GROUND WATER	SW¼SW¼SW¼	Sec. 12	Twp 12S	Rge 20E	CASSIA County
GROUND WATER	SW¼SW¼NW¼	Sec. 17	Twp 12S	Rge 21E	CASSIA County
GROUND WATER	SW¼SW¼SW¼	Sec. 12	Twp 12S	Rge 20E	CASSIA 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	
12S	21E	18													34.0			33.0	67.0

Total Acres: 67.0

Limited to acres within place of use described above: 65.0 AC

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>
45-2578, 45-2597 and 45-14060	1.17 CFS	268.0 AF	67.0 AC	67.0 AC

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 lease is limited to 65.0 acres within the place of use described above in a single irrigation season.
13. The unleased portions of Right Nos. 45-2578, 45-2597 and 45-14060 when combined with Right Nos. 45-13627 and 45-13628 shall not exceed a total annual maximum diversion volume of 8608.0 af and the irrigation of 2152.0 acres.
14. The unleased portion of Right No. 45-14060 when combined with Right No. 45-13628 shall not exceed a total annual maximum diversion volume of 8408.0 af at the field headgate and the irrigation of 2102.0 acres.
15. The unleased portion of Right no. 45-14060 when combined with Right no. 45-13627 shall not exceed a total annual maximum diversion volume of 8384.0 af at the field headgate and the irrigation of 2096.0 acres.

STATE OF IDAHO
WATER RESOURCE BOARD

WATER SUPPLY BANK
REQUEST TO EXTEND LEASE TERM

ONE FORM PER WATER RIGHT

RECEIVED

FEB 03 2014

DEPARTMENT OF
WATER RESOURCES

fax received
Jan 31, 2014

This form is a statement that the lessor requests an extension of a Water Supply Bank ("Bank") lease for the water right identified below. A water right remains in the Bank for the accepted lease period unless released earlier by the Water Resource Board or until the lessor submits a request in writing to the Department of Water Resources to release the right from the Bank. However, if a water right is currently rented, the portion of the right being rented must remain in the Bank for the duration of the rental agreement.

If requesting a change in lease amounts (reducing or increasing acreage, etc.), you must file an Application to Sell or Lease a Water Right to the Water Supply Bank. This form can be found on IDWR's website at: www.idwr.idaho.gov.

Water Right No: 45-2597 Telephone No: 208 312-4800
Name(s) of Lessor(s): PKD Properties LLC + TLD Properties LLC
Mailing Address: 1404 E 500 N
City: Jackson State: Idaho Zip: 83350
Current Expiration Date: Dec 31-2013
Requested Expiration Date: Dec 31-2018
Lease term not to exceed 5 years.

All lease extension request forms 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 for the duration of this lease.
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.
3. A completed Internal Revenue Service (IRS) Form W-9 (attached). If your water right is rented, we will be unable to issue payment to you without a current W-9 form.

The lessor requests that the above water right remain in the Bank through the date referenced above.

<u>PKD Properties LLC</u> <u>by Paul H. Duncan</u>	<u>Paul H. Duncan</u>	<u>Member</u>	<u>1-30-14</u>
Signature of Lessor	Printed Name and Title*		Date
<u>TLD Properties LLC</u> <u>by Taylor E. Duncan</u>	<u>Taylor E. Duncan</u>	<u>Member</u>	<u>1-30-14</u>
Signature of Lessor	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

FOR OFFICE USE ONLY

Filing fee received by: CD Date: 2/3/14 Receipt No: C098266

Details for POU - Water Rights

Total features returned: 4

Basin	SeqNo	Suffix	Priority Date	Owner
45	14060		2/23/1971	PMD PROPERTIES, LC
1	Z3	A	2/6/1995	SOUTHWEST IRRIGATION DISTRICT
3	2578		4/29/1999	PMD PROPERTIES, LC
9	2597		1/13/1960	PMD PROPERTIES, LC

Form 42-1761-3
01/13

**STATE OF IDAHO
WATER RESOURCE BOARD
WATER SUPPLY BANK
REQUEST TO EXTEND LEASE TERM**

ONE FORM PER WATER RIGHT

This form is a statement that the lessor requests an extension of a Water Supply Bank ("Bank") lease for the water right identified below. A water right remains in the Bank for the accepted lease period unless released earlier by the Water Resource Board or until the lessor submits a request in writing to the Department of Water Resources to release the right from the Bank. However, if a water right is currently rented, the portion of the right being rented must remain in the Bank for the duration of the rental agreement.

If requesting a change in lease amounts (reducing or increasing acreage, etc.), you must file an Application to Sell or Lease a Water Right to the Water Supply Bank. This form can be found on IDWR's website at: www.idwr.idaho.gov.

Water Right No: 45-2597 Telephone No: 208 312-4800
 Name(s) of Lessor(s): PKD Properties LLC + TLD Properties LLC
 Mailing Address: 1404 E 500 N
 City: Jackson State: Idaho Zip: 83350
 Current Expiration Date: Dec. 31-2013
 Requested Expiration Date: Dec 31-2018
 Lease term not to exceed 5 years.

All lease extension request forms 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 for the duration of this lease.
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.
3. A completed Internal Revenue Service (IRS) Form W-9 (attached). If your water right is rented, we will be unable to issue payment to you without a current W-9 form.

The lessor requests that the above water right remain in the Bank through the date referenced above.

<u>PKD Properties LLC</u> <u>by Paul H. Duran</u>	<u>Paul H. Duran</u>	<u>Member</u>	<u>1-30-14</u>
Signature of Lessor	Printed Name and Title*		Date
<u>TLD Properties LLC</u> <u>by Taylor F. Duran</u>	<u>Taylor F. Duran</u>	<u>Member</u>	<u>1-30-14</u>
Signature of Lessor	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

FOR OFFICE USE ONLY

Filing fee received by: _____ Date: _____ Receipt No: _____