

WATER SUPPLY BANK LEASE CONTRACT

This Lease Contract ("**Lease**") is effective April 16, 2014, between the Idaho Water Resource Board ("**Board**"), and

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

RECEIVED
MAY 12 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>
2-2262	33.28 CFS	9,878 AF	NA	2,469.5 AC
Combined Lease Totals: 33.28 CFS 9,878 AF NA 2,469.5 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, 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.

GRINDSTONE BUTTE MUTUAL CANAL CO.

575 W BANNOCK ST
BOISE ID 83702

By 

Date 5/8/14

Printed Name MARK A. NOBLE

Title PRESIDENT

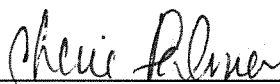
IDAHO WATER RESOURCE BOARD

322 East Front Street
P.O. Box 83720
Boise, ID 83720-9098

By 

Brian Patton, Acting Administrator
Idaho Water Resource Board

Date May 12, 2014

Lease approved by IDWR 

Date May 12, 2014

ATTACHMENT A
WATER RIGHT NO. 2-2262
WATER SUPPLY BANK CONDITIONS OF ACCEPTANCE

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

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

Priority Date: 12/06/1963

Source: SNAKE RIVER **Tributary to:** COLUMBIA RIVER

<u>BENEFICIAL USE</u>	<u>From</u>	<u>To</u>	<u>Diversion Rate</u>	<u>Volume</u>
IRRIGATION	03/15	to 11/15	33.28 CFS	9,878 AF
	Total: 33.28 CFS			9,878 AF

LOCATION OF POINT(S) OF DIVERSION:

SNAKE RIVER L4 (NW¼SW¼) Sec. 34 Twp 05S Rge 09E ELMORE County

PLACE OF USE TO BE IDLED UNDER THIS LEASE: IRRIGATION

Twp	Rge	Sec	NE				NW				SW				SE				Totals
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
06S	09E	23					7.5	7.5	7.5	7.5					7.5	7.5	7.5	7.5	60
06S	09E	24									7.5	7.5	7.5	7.5					30
06S	09E	25									7.5	7.5	7.5	7.5			7.5	7.5	45
06S	09E	26	7.5	7.5	7.5	7.5					7.5	7.5	7.5	7.5					60
06S	09E	28															7.5	7.5	15
06S	09E	33	7.5	7.5															15
06S	09E	34	7.5	7.5	3	7.5													25.5
06S	09E	35	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5							7.5	7.5	75
06S	09E	36	7.5	7.5	7.5	7.5	7.5	7.5		5.0	7.5	5.0	7.5	7.5	7.5	7.5	7.5	7.5	107.5
06S	10E	31		6.5		6.5	1.0	7.5	7.5	1.0	7.5	9.0	14.5	9.0	7.5	7.5	7.5	7.5	100
07S	09E	1			7.5	7.5					7.5								22.5
07S	09E	10																38	38
07S	09E	11			39	38					40		30	32	40	40	36.5	40	335.5
07S	09E	12									40	40	40	40			33		193
07S	09E	13	40	40	40	40	40			33					36	33			302
07S	09E	14						40											40
07S	09E	15	40																40
07S	10E	4									7.5	7.5	7.5	7.5	7.5	4.0	7.5	7.5	56.5
07S	10E	5													7.5	7.5	7.5	7.5	30
07S	10E	6									7.5	7.5	7.5	7.5					30
07S	10E	7	7.5	7.5		7.5													22.5

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	10E	8	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5									60
07S	10E	9	7.5	7.5	7.5	7.5									7.5	7.5	7.5	7.5	60
07S	10E	10									2.0	7.5	7.5	7.5					24.5
07S	10E	15									7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	60
07S	10E	16	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	6.5	7.5					112
07S	10E	18							40		40	40							120
07S	10E	20					7.5	7.5								7.5	7.5	7.5	37.5
07S	10E	21	7.5	7.5	7.5	7.5				30					20				80
07S	10E	22	7.5	7.5	7.5	7.5					7.5	7.5	7.5	7.5	7.5	7.5		7.5	82.5
07S	10E	23					5.0	7.5	7.5	7.5								40	67.5
07S	10E	26	7.5	7.5	7.5	7.5													30
07S	10E	28			7.5	7.5			7.5		7.5	7.5			7.5	7.5			52.5
07S	10E	29															40		40

Total Acres: 2,469.5

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.

ADDITIONAL CONDITIONS OF ACCEPTANCE

10. If a water right leased into the Water Supply Bank is sold or conveyed during the lease term, and if the leased right was rented, the rental proceeds will be disbursed in the following manner regardless of any arrangements between the buyer(s) and seller(s) to the contrary:
 - a. Rental payments will go to the lessor(s) of record at the beginning of the rental season.
 - b. If a change in ownership is processed by the Department during a rental season, rental payment will be made to the person or entity who is the lessor of record at the beginning of that rental season.
 - c. New lessor(s) of record will receive payment after the following rental season.
11. The water right(s) is leased to the bank subject to all prior water rights and shall be administered in accordance with Idaho law and applicable rules of the Department of Water Resources.
12. This right when combined with all other rights shall provide no more than 0.02 cfs per acre nor more than 4.0 afa per acre at the field headgate for irrigation of the lands above.
13. During the lease term, the unleased portion of this right is limited to the irrigation of 10,962.5 acres.

STATE OF IDAHO
WATER RESOURCE BOARDWATER SUPPLY BANK LEASE OR SALE
APPLICATION CHECKLISTRECEIVED
APR 16 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 Grindstone Butte Mutual Canal Co.Water Right No. 2-2262
One water right per applicationAll 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>250⁰⁰</u>	Received By:	Date Received: <u>12/23/13</u>	Receipt # <u>C098097</u>
W-9 received? Yes ☒ No ☐	(Route W-9 to Fiscal)	Name on W-9: <u>Grindstone Butte Mutual Canal Company</u>	

**STATE OF IDAHO
WATER RESOURCE BOARD**

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

1. CONTACT INFORMATION

- A. An application to sell or lease a water right to the Water Supply Bank must be completed by a Designated Applicant who is a recognized owner of the water right being sold or leased to the Water Supply Bank. If there are additional owners recorded for the property to which the water right is appurtenant, those individuals must authorize the Designated Applicant to represent them on this application by completing and signing Attachment 1A of this application package.

Designated Applicant Grindstone Butte Mutual Canal Co. Email Address john@jmarshalllaw.com
Mailing Address 575 W. Bannock St, Boise, ID 83702 Phone Number 208-342-6524

☒ The Designated Applicant is the sole owner of the water right being sold or leased to the Water Supply Bank.

OR

☐ The Designated Applicant is representing additional water right holders who have completed Attachment 1A.

- B. Has the designated applicant completed an IRS Form W-9 (Attachment 1B)? Yes ☒ No ☐

- C. Are all applicants on this form listed in IDWR's records as the current owners of the water right? Yes ☒ No ☐
If no, attach a *Notice of Change in Water Right Ownership* form along with the required documentation and fee (Attachment 1C).

- D. Is the diversion works or system owned or managed by an irrigation district or water delivery company? Yes ☐ No ☒
If yes, provide written consent from the company, corporation or irrigation district authorizing the proposed sale or lease (Attachment 1D).

- E. Is this application being completed by an authorized representative of the Designated Applicant? Yes ☒ No ☐
If yes, representatives (includes employees of Designated Applicant companies) must complete this section and submit documentary proof of their authority to represent the Designated Applicant (Attachment 1E).

Name of Representative Mark Noble Organization Grindstone Butte Mutual Canal Co.
Professional Title President Email Address john@jmarshalllaw.com
Mailing Address 575 W Bannock St, Boise, ID 83701 Phone Number 208-342-6524

☒ Send all correspondence for this application to the representative and not to the Designated Applicant.

OR

☐ Send original correspondence to the Designated Applicant and copies to the representative.

2. DESCRIPTION OF WATER RIGHT OFFERED TO THE BANK

Water Right Number 2-2262 ☐ The full water right is being offered to the Bank.

OR

☒ A part of the water right is being offered to the Bank.
(If a portion of a water right is being offered, complete Attachment 2)

3. GENERAL INFORMATION

- A. Please provide a description of the current water diversion system.

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

- B. Describe any other water rights used for the same purpose at the same place of use as the water right being offered to the Bank.
None

C. 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 3/1/2014 to 12/31/2014 (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

Mark Noble
Printed Name

4/4/14
Date

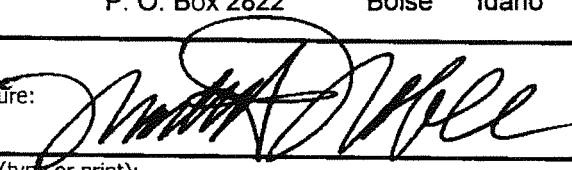
Signature of Authorized Representative

Printed Name

Date

Mail to:

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

No. C 38313	Due no later than Apr 30, 2013 Annual Report Form		2. Registered Agent and Office (NOT A P.O. BOX) ALLEN NOBLE 575 W BANNOCK ST BOISE ID 83702
Return to: SECRETARY OF STATE 450 N 4th STREET PO BOX 83720 BOISE, ID 83720-0080 NO FILING FEE IF RECEIVED BY DUE DATE	1. Mailing Address: Correct in this box if needed. GRINDSTONE BUTTE MUTUAL CANAL COMPANY P. O. BOX 2673 BOISE ID 83701		3. <u>New</u> Registered Agent Signature.
4. Corporations: Enter Names and Business Addresses of President, Secretary, Directors, Treasurer, Vice Pres.			
Office Held	Name	Street or PO Address	City State Country Postal Code
President	Mark Noble	P. O. Box 2673	Boise Idaho USA 83701
Secretary	Damon Thompson	P. O. Box 1201	Boise Idaho USA 83701
Directors	Allen Noble	P. O. Box 1582	Boise Idaho USA 83701
	Mark Noble	P. O. Box 1201	Boise Idaho USA 83701
	Rusty Johnson	P. O. Box 1201	Boise Idaho USA 83701
	Craig Castagneto	P. O. Box 2822	Boise Idaho USA 83701
5. Organized Under the Laws of:			
IDAHO C 38313		6. Signature:  Name (type or print): Mark Noble	Date: 2/26/13 Title: PRES.
Issued 02/12/2013 by SLD		104572	

INSTRUCTIONS FOR THE IDAHO ANNUAL REPORT FORM



	NWSE	7.5 SWSE	7.5 SESE	7.5	22.5
21	NENE	7.5 NWNE	7.5 SWNE	7.5 SENE	7.5 30
	SENW	30			30
	NESE	20 NWSE			20
22	NENE	7.5 NWNE	7.5 SWNE	7.5 SENE	7.5 30
	NWNW	SWNW	SENW		0
	NESW	7.5 NWSW	7.5 SWSW	7.5 SESW	7.5 30
	NESE	7.5 NWSE	7.5 SESE	7.5	22.5
23	NENW	5 NWNW	7.5 SWNW	7.5 SENW	7.5 27.5
	NESW	NWSW	SWSW	SESW	0
	NWSE	SWSE	SESE	40	40
26	NENE	7.5 NWNE	7.5 SWNE	7.5 SENE	7.5 30
	NENW	NWNW			0
27	NENE	NWNE	SWNE	SENE	0
	NENW	SENW			0
	NESW	SESW			0
	NESE	NWSE	SWSE	SESE	0
28	SWNE	7.5 SENE	7.5		15
	NWNW	SWNW	7.5		7.5
	NESW	7.5 NWSW	7.5		15
	NESE	7.5 NWSE	7.5		15
29	NENE	NWNE	SWNE	SENE	0
	NESE	NWSE	SWSE	40 SESE	40
34	NENE	NWNE			

<u>Twn</u>	<u>Rng</u>	<u>Sec</u>	<u>Tract</u>	<u>Acres</u>	<u>Tract</u>	<u>Acres</u>	<u>Tract</u>	<u>Acres</u>	<u>Tract</u>	<u>Acres</u>	<u>Totals</u>		
06S	09E	22	NENE		SENE						0		
			NESE		SESE					0			
		23	SENE								0		
			NENW	7.5	NWNW	7.5	SWNW	7.5	SENW	7.5	30		
		NESW		SESW						0			
		NESE	7.5	NWSE	7.5	SWSE	7.5	SESE	7.5	30			
		24	SWNW								0		
			NESW	7.5	NWSW	7.5	SWSW	7.5	SESW	7.5	30		
		25	NENE		NWNE		SWNE		SENE		0		
			NENW		NWNW		SWNW		SENW		0		
		NESW	7.5	NWSW	7.5	SWSW	7.5	SESW	7.5	30			
		NESE	7.5	NWSE	7.5	SWSE	7.5	SESE	7.5	30			
		26	NENE	7.5	NWNE	7.5	SWNE	7.5	SENE	7.5	30		
			NENW		SWNW		SENW				0		
		NESW	7.5	NWSW	7.5	SWSW	7.5	SESW	7.5	30			
		NESE		SESE						0			
		27	SENE								0		
			SWSW		SESW						0		
		NESE		SWSE		SESE				0			
		28	SWSW		SESW						0		
			SWSE	7.5	SESE	7.5					15		
		33	NENE	7.5	NWNE	7.5					15		
			NENW		NWNW						0		
		34	NENE	7.5	NWNE	7.5	SWNE	3	SENE	7.5	25.5		
			NENW		NWNW		SWNW		SENW		0		
		NESE								0			
		35	NENE	7.5	NWNE	7.5	SWNE	7.5	SENE	7.5	30		
			NENW	7.5	NWNW	7.5	SWNW	7.5	SENW	7.5	30		
		NWSW		SWSW						0			
		SWSE	7.5	SESE	7.5					15			
		36	NENE	7.5	NWNE	7.5	SWNE	7.5	SENE	7.5	30		
			NENW	7.5	NWNW	7.5	SWNW		SENW	5	20		
		NESW	7.5	NWSW	5	SWSW	7.5	SESW	7.5	27.5			
		NESE	7.5	NWSE	7.5	SWSE	7.5	SESE	7.5	30			
		10E	30	NENW		SWNW		SENW			0		
				NESW		NWSW		SWSW		SESW	0		
		SWSE		SESE						0			
		31	NENE		NWNE	6.5	SWNE	6.5	SENE		13		
			NENW	1	NWNW	7.5	SWNW	7.5	SENW	1	17		
		NESW	7.5	NWSW	9	SWSW	14.5	SESW	9	40			
		NESE	7.5	NWSE	7.5	SWSE	7.5	SESE	7.5	30			
		32	NWNW		SWNW						0		
			NESW		NWSW		SWSW		SESW		0		
		07S	09E	1	NENE		NWNE		SWNE	7.5	SENE	7.5	15
					NENW		NWNW					0	
				NESW	7.5	NWSW		SESW				7.5	
				NESE		NWSE		SWSE		SESE		0	
				2	NENE		NWNE						0
													0

	NENW	NWNW				0
	3 NENE					0
	10 SESE	38				38
	11 SWNE	39 SENE	38			77
	NESW	40 SWSW	30 SESW	32		102
	NESE	40 NWSE	40 SWSE	36.5 SESE	40	156.5
	12 NESW	40 NWSW	40 SWSW	40 SESW	40	160
	SWSE	33				33
	13 NENE	40 NWNE	40 SWNE	40 SENE	40	160
	NENW	40 SENW	33			73
	NESE	36 NWSE	33			69
	14 NWNW	40				40
	15 NENE	40				40
10E	4 SWNW	SENW				0
	NESW	7.5 NWSW	7.5 SWSW	7.5 SESW	7.5	30
	NESE	7.5 NWSE	4 SWSE	7.5 SESE	7.5	26.5
	5 SWNE	SENE				0
	SWNW	SENW				0
	NESW	NWSW	SWSW	SESW		0
	NESE	7.5 NWSE	7.5 SWSE	7.5 SESE	7.5	30
	6 SENE					0
	SWNW	SENW				0
	NESW	7.5 NWSW	7.5 SWSW	7.5 SESW	7.5	30
	NESE	SESE				0
	7 NENE	7.5 NWNE	7.5 SENE	7.5		22.5
	8 NENE	7.5 NWNE	7.5 SWNE	7.5 SENE	7.5	30
	NENW	7.5 NWNW	7.5 SWNW	7.5 SENW	7.5	30
	NESW	NWSW				0
	NWSE	SWSE				0
	9 NENE	7.5 NWNE	7.5 SWNE	7.5 SENE	7.5	30
	NENW	NWNW	SWNW	SENW		0
	NESW	NWSW				0
	NESE	7.5 NWSE	7.5 SWSE	7.5 SESE	7.5	30
	10 NWNW	SWNW				0
	NESW	2 NWSW	7.5 SWSW	7.5 SESW	7.5	24.5
	14 SWSW					0
	15 NWNE	SWNE				0
	NENW	NWNW	SWNW	SENW		0
	NESW	7.5 NWSW	7.5 SWSW	7.5 SESW	7.5	30
	NESE	7.5 NWSE	7.5 SWSE	7.5 SESE	7.5	30
	16 NENE	7.5 NWNE	7.5 SWNE	7.5 SENE	7.5	30
	NENW	7.5 NWNW	7.5 SWNW	7.5 SENW	7.5	30
	NESW	7.5 NWSW	7.5 SWSW	6.5 SESW	0.5	22
	NESE	7.5 NWSE	7.5 SWSE	7.5 SESE	7.5	30
	17 NENE	NWNE	SWNE	SENE		0
	18 SWNW	40				40
	NESW	40 NWSW	40			80
	20 SWNE					0
	NENW	7.5 NWNW	7.5 SWNW	SENW		15



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

December 4, 2014

GRINDSTONE BUTTE MUTUAL CANAL CO
PO BOX 2673
BOISE ID 83701

RE: RENTAL OF WATER RIGHT(S) LEASED TO THE WATER SUPPLY BANK.
WATER RIGHT NO. 2-2262

Dear Lessor:

The Department of Water Resources is enclosing a state warrant in the amount of **\$33,048.00** as payment to you for the rental of the above referenced water right from the Water Supply Bank managed by the Idaho Water Resource Board. Payment for the rental of your water rights is represented by multiple rental agreements as follows:

Receipt No.	Amount	Volume	Renter	Rate/AF
C098859	\$2,720.00	160 AF	Flying H Farms Partnership	\$17.00
C099044	\$34,000.00	2000 AF	Grand View Mutual Canal Co	\$17.00

In accordance with Water Supply Bank rule 35.01, *IDAPA 37.02.03* return for the rental is ninety percent (90%) of the gross amount received at the rate per acre described above.

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

Sincerely,

for Cherie Palmer
Water Rights Supervisor

Warrant Number: 127007749



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

September 30, 2014

GRINDSTONE BUTTE MUTUAL CANAL CO
PO BOX 2673
BOISE, ID 83701

**RE: NOTIFICATION OF WATER SUPPLY BANK LEASE EXPIRATION FOR WATER
RIGHT(S): 2-2262**

Dear Lessor:

The Idaho Department of Water Resources (Department) records show that all or a portion of the above referenced water right, currently leased to the Water Supply Bank (Bank), will expire December 31, 2014. This letter is notice that the right will be considered released from the Bank at that time.

If you would like the right to remain leased to the Bank, please complete the enclosed Application to Lease a Water Right to the Water Supply Bank.

Please consider that the five (5) year period of nonuse related to forfeiture of a water right shall begin to accrue upon release of the right from the Bank or shall continue to accrue if a period of nonuse occurred prior to the lease date of the right to the Bank.

If you have questions regarding this matter, you may contact the Department at any time.

Sincerely,

A handwritten signature in black ink that reads "Cherie Palmer". The signature is written in a cursive, flowing style.

Cherie Palmer
Water Rights Supervisor
Water Allocation Bureau

Enclosure: Application to Lease a Water Right

c: IDWR Regional Office
John Marshall Law PLLC



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

May 12, 2014

MARK NOBLE
GRINDSTONE BUTTE MUTUAL CANAL CO
575 BANNOCK ST
BOISE ID 83702

RE: WATER SUPPLY BANK LEASE CONTRACT FOR RIGHT 02-02262

Dear Lessor:

Water Rights 02-02262 was leased into the Water Supply Bank on April 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 287-4944.

Sincerely,



Cherie Palmer
Senior Water Resource Agent
WSB Process Point of Contact

Enclosure: Executed Lease Contract

c: John Marshall – John Marshall Law
Rachel Sommer – IDWR Western Regional Office

John Marshall Law PLLC

575 W Bannock, Suite B
Boise, ID 83702

phone 208-991-2701
fax 208-906-8043
john@jmarshalllaw.com

May 9, 2014

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

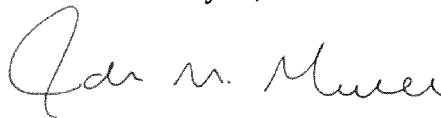
RECEIVED
MAY 12 2014
DEPARTMENT OF
WATER RESOURCES

Re: Grindstone Butte Water Bank Lease Contract

Dear Cheri

Enclosed please find two executed copies of the Grindstone Butte Mutual Canal Co. Water Supply Bank Contract. Please send me a fully executed copy after it is signed by the Water Resources Board.

Thank you,

A handwritten signature in cursive script, appearing to read "John M. Marshall".

John M. Marshall



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

April 25, 2014

MARK NOBLE
GRINDSTONE BUTTE MUTUAL CANAL CO
575 BANNOCK ST
BOISE ID 83702

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

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

Dear Applicant:

The Department of Water Resources has completed its review of your application to lease the above-mentioned water right to the Water Supply Bank. **I have enclosed two original Water Supply Bank Lease Contracts for your review and signature. Please sign and return BOTH Lease Contracts within 14 days.** Upon signature and return of the contracts, the Department will also sign the original contracts and return an executed copy to you. The Lease Contract is not considered final until you and the Department have both signed.

The rights will automatically be released from the Bank on **December 31, 2014**, unless the rights are released earlier by the Board, or upon your request. To release the right from the Bank prior to the release date, submit a written request on the Request to Release a Water Right from the Bank form. To propose a new lease period, submit a new Application to Sell or Lease a Water Right to the Water Supply Bank form along with applicable fees to the Department. These forms are available from any IDWR office or from our public website at <http://www.idwr.idaho.gov>. Please note your rights may not be available for immediate release if they have been rented.

Please review the conditions of acceptance listed on the Lease Contract, including #3 which says:

"While a right is in the bank, **the lessor may not use the right** without approval of the department even if the right is not rented from the bank. Any violation of the terms of this lease may result in enforcement procedures pursuant to Idaho Code § 42-351 for illegal diversion and use of water and may include civil penalties pursuant to Idaho Code § 42-1701B."

If you have questions regarding this matter, please contact me at 287-4944.

Sincerely,


for Cherie Palmer

Senior Water Resource Agent
WSB Process Point of Contact

Enclosure: Proposed Lease Contracts

Palmer, Cherie

From: Lester, Steve
Sent: Friday, May 02, 2014 4:14 PM
To: Palmer, Cherie
Subject: RE: Lease Grindstone Butte Mutal 2-2262

Cherie:

Looks ok to me.

Steve

From: Palmer, Cherie
Sent: Wednesday, April 23, 2014 3:17 PM
To: Knowles, Corbin; Lester, Steve
Subject: Lease Grindstone Butte Mutal 2-2262

Gentlemen,

I have completed my memo for the lease of 2-2262. This rental was originally approved for 5 years but they withdrew the lease early and re-submitted a leased for more acres. I confirmed all the idled acres which can be identified on the map in my memo. Please let me know if you have any concerns with this lease.

Thanks,
Cherie

Palmer, Cherie

To: John Marshall
Subject: RE: Grindstone Butte Mutual Canal Co. Lease Clarification

From: John Marshall [mailto:john@jmarshalllaw.com]
Sent: Wednesday, April 23, 2014 2:41 PM
To: Palmer, Cherie
Subject: Re: Grindstone Butte Mutual Canal Co. Lease Clarification

Sounds good.

On Wed, Apr 23, 2014 at 2:31 PM, Palmer, Cherie <Cherie.Palmer@idwr.idaho.gov> wrote:

John,

Thank you very much for your fast response and for the clarification. I will move forward with the lease as discussed. Note that I will have to deduct the acres that overlap 51-7155 from the lease so the total acres that will be on the lease for 2-2262 will be 2,470. Thanks again.

*Cherie Palmer, Sr. Water Resource Agent
Idaho Dept of Water Resources
Water Allocation Bureau*

*322 E. Front Street (Front St. & Broadway Ave)
Mail: PO BOX 83720 Boise, ID 83720-0098
email: cherie.palmer@idwr.idaho.gov*

*phone: (208) 287-4944
fax: (208) 287-6700*

From: John Marshall [mailto:john@jmarshalllaw.com]
Sent: Tuesday, April 22, 2014 5:10 PM

To: Palmer, Cherie
Subject: Re: Grindstone Butte Mutual Canal Co. Lease Clarification

Cherie,

There is a difference of 48 acres between the 13,611 acres you indicate are in the shaded pink area and the 13,563 IDWR found during licensing. Looking at the pink shaded area relative to the licensing and adjudication shape file, the pink area appears to be less refined in its boundary and includes areas that are excluded in the more detailed shape file place of use. I imagine this accounts for the 48-acre difference. That said, to answer your original question, the 2,484.5 acres identified in the application are acres that will be idled out of the 13,432 acres authorized for irrigation. The additional 179.3 acre you identified are either 1) permanently idled in roadways or 2) acres that are not included in the refined place of use.

Concerning 51-7155, we'll wait to file an application until and unless someone wants to rent the water right appurtenant to the 15 overlap acres.

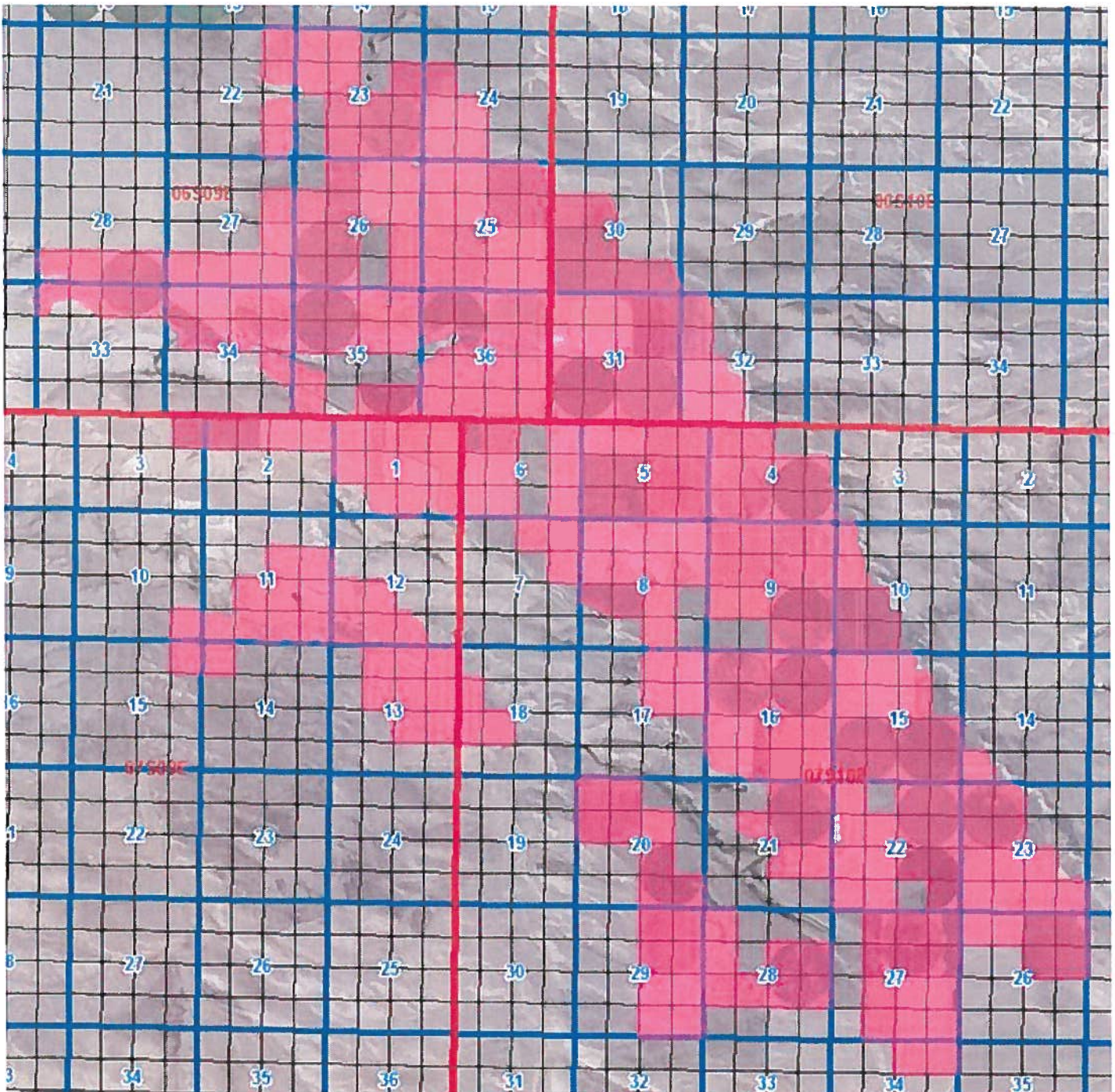
Thank you,

John

on, Apr 21, 2014 at 3:11 PM, Palmer, Cherie <Cherie.Palmer@idwr.idaho.gov> wrote:

John,

Thank you for your question. The area shaded in pink below represents the general place of use for water right 2-2262 in the water right mapping database. When I calculate the acres in the shaded area, my mapping software gives me 13,611.3 acres. This map looks very close to the map in the 2005 adjudication documentation. Perhaps it doesn't match your acre estimate because roads aren't deducted from the shape.



From: John Marshall [mailto:john@jmarshalllaw.com]
Sent: Monday, April 21, 2014 2:29 PM
To: Palmer, Cherie
Subject: Re: Grindstone Butte Mutual Canal Co. Lease Clarification

Cherie, can you tell me where the 13,611-acre number comes from? I've worked on this right extensively over the years, beginning with bringing it to license, then the adjudication, and then several water bank applications, and my recollection is that the place of use boundary encompasses only the 13,432 acres, at least when the roads are factored in. When we worked on the license for the right the total acres within the boundary were around 13,563 acres, and then we subtracted out approximately 131 acres for roads. Since then we've always used the 13,432 as the baseline for the irrigated acres within the place of use boundary. Thanks,

John

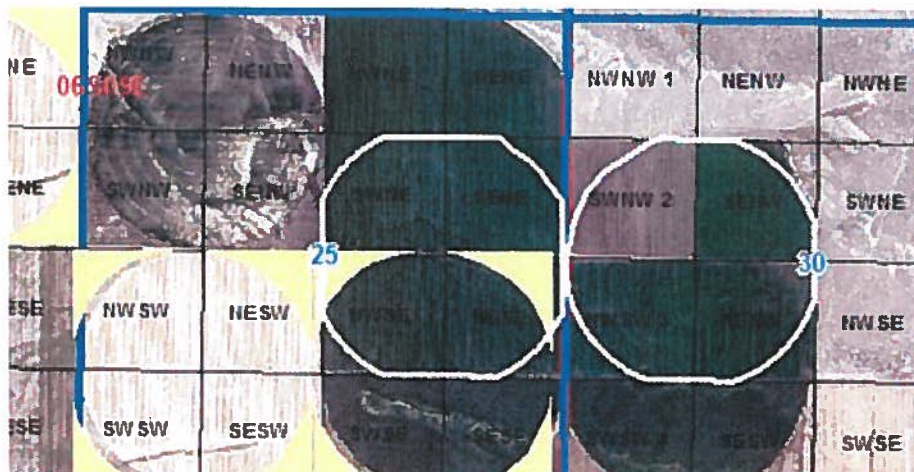
On Mon, Apr 21, 2014 at 11:20 AM, Palmer, Cherie <Cherie.Palmer@idwr.idaho.gov> wrote:

John,

I am reviewing the lease application for water right 2-2262 and I have a couple questions before I can move forward. First, water right 2-2262 is limited to the irrigation of 13,432 acres. The place of use for 2-2262 consists of a general place of use totaling 13,611.3 acres. This means that 179.3 acres are not irrigated in a given season under the water right. The lease application states that 2,484.5 acres will be idled under the lease. So I wonder if the idled acres include the 179.3 acres that should already be idled? In other words will 2,484.5 acres be idled or will 2,663.8 (2,484.5 + 179.3) acres be idled under 2-2262 in 2014?

Depending on the answer I will draft the lease contract with either 2,484.5 acres being idled or 2,305.2 (2,484.5 – 179.3) acres being idled.

Secondly, I noticed that water right 51-7155 partially overlaps 2-2262. See the map below. The yellow area represents the acres the application is proposing for lease. The white outlined area is the place of use for 51-7155. You'll see that there is a slight overlap in Section 25 (~14 acre overlap). If you would like to place those corners in the bank under 2-2262, you will need to place ~14 acres of water right 51-7155 into the bank as well.



Please let me know within 10 days how you would like me to proceed with your lease application. Thank you for your time and please let me know if you have any questions.

MEMORANDUM

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

From: Cherie Palmer

Date: April 21, 2014

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

PURPOSE/NARRATIVE: On December 23, 2013, we received an application to lease a portion of 2-2262 into the WSB. The applicant submitted an Extension Request form but, was returned as the applicant terminated their 2013 lease contract early. On April 16, 2014, the applicant submitted an application to lease a water right. The lease proposes to idle 2,484.5 acres.

Grindstone Butte Mutual Canal Co. contains a general place of use on its water rights pursuant to IC 42-219 (6).

I confirmed that the map they submitted matches the land list grid that they completed. Water right 2-2262 is limited to a total of 13,432 acres. The general place of use for 2-2262, stored as a shapefile in ArcMap, is 13,611.3 acres (a difference of 179.3 acres). The applicant is aware of the discrepancy and would like to still put 2,484.5 acres into the bank, minus the 15 acres from land covered by 51-7155 as described below (see email conversation dated 4/22/2014). This leaves the applicant with 10,962.5 acres that can be irrigated for the 2014 season.

AUTHORITY TO FILE: The applications were signed by Allen Noble, Vice President of Grindstone Butte.

WATER RIGHT VALIDITY: The right was partially decreed in the Snake River Basin Adjudication in 2008, so five years have not elapsed since partial decree and forfeiture is not an issue. The applicant has until this year to use the water or put it in the bank for protection purposes.

INJURY TO OTHER WATER RIGHTS: No injury is apparent.

ENLARGEMENT OF USE: No enlargement is evident through the lease alone. Proper rental review should protect against enlargement.

This right is stacked with a number of domestic water rights, but there should be little concern about enlargement with those. However, it does overlap with one irrigation water right, 51-7155. I corresponded with the applicant to notify them that they would need to put in an ~15 acres into the bank if they want to dry up the corners of 6N9E Sec 25 (NWSE and NESE). The applicant would like to proceed by deducting those acres from this lease application

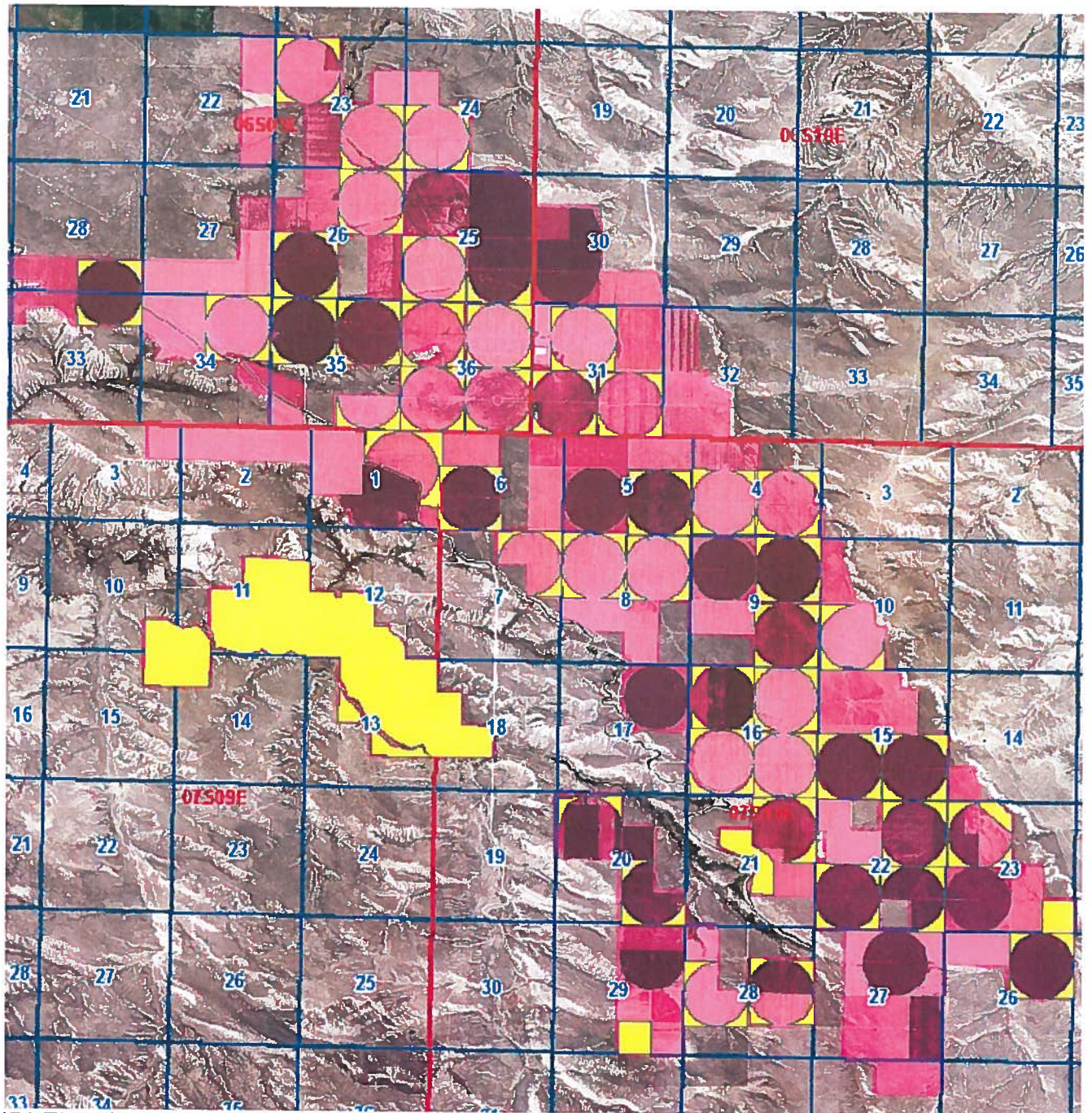
LOCAL PUBLIC INTEREST:

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

BENEFICIAL USE/CONSERVATION OF WATER RESOURCES:

The lease appears consistent with the conservation of water resources in Idaho.

DEPARTMENT STAFF OR WATERMASTER COMMENTS: No concerns were voiced.



IDLED ACRES – WSB Lease Application 2014. CPalmer

John Marshall Law PLLC

575 W Bannock, Suite B
Boise, ID 83702

phone 208-991-2701
fax 208-906-8043
john@jmarshalllaw.com

April 9, 2014

Via US mail

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

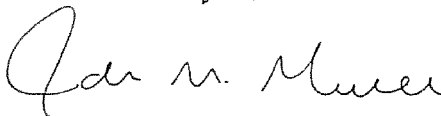
RECEIVED
APR 16 2014
DEPARTMENT OF
WATER RESOURCES

Re: Grindstone Butte and Sailor Creek Water Bank Lease Extensions

Dear Cherie,

Enclosed please find executed Water Bank Applications for water right 2-2262 (the Grindstone Butte right) and for rights 2-2186, 2-2371, 2-10032, 2-10034, 2-10035 and 2-10477 (the Sailor Creek rights). I've also enclosed a check for \$500.00 to cover the required fee for the Sailor Creek rights, which are all part of the same irrigation system. Please use the existing \$250 credit for the Grindstone application. Please contact me with any questions.

Thank you,



John M. Marshall

John Marshall Law PLLC

575 W Bannock, Suite B
Boise, ID 83702

phone 208-991-2701
fax 208-906-8043
john@jmarshalllaw.com

RECEIVED

DEC 23 2013

DEPARTMENT OF
WATER RESOURCES

December 20, 2013

Via US mail

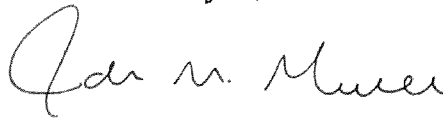
Cherie Palmer
Idaho Department of Water Resources
322 East Front Street
P.O. Box 83720
Boise, ID 83720-0098

Re: Grindstone Butte and Sailor Creek Water Bank Lease Extensions

Dear Cherie,

Enclosed please find executed Requests to Extend Lease Term for water right 2-2262 (the Grindstone Butte right) and rights 2-2186, 2-2371, 2-10032, 2-10034, 2-10035 and 2-10477 (the Sailor Creek rights). I've also enclosed a check for \$750.00 to cover the required fee. Of this amount \$250.00 covers the Grindstone Butte right and \$500.00 covers the Sailor Creek rights, which are all part of the same irrigation system. Please contact me with any questions.

Thank you,



John M. Marshall

✓