

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

**RECEIVED**  
**APR 18 2014**  
DEPARTMENT OF  
WATER RESOURCES

This is to certify that: **HEART ROCK RANCH LLC**  
**PO BOX 3724**  
**HAILEY ID 83333**  
**208-788-2548**

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:


**Summary of Water Rights or Portions Rented from the Bank**

<u>Water Right</u>	<u>Rented Rate</u>	<u>Annual Rented Volume</u>	<u>Acre Limit</u>	<u>Total Rented Acres</u>
37-26	4.05 CFS	NA	NA	NA
37-27	1.80 CFS	NA	NA	NA
<b>Combined Rental Totals:</b>	<b>5.85 CFS</b>	<b>427.5 AF</b>	<b>NA</b>	<b>NA</b>
<b>Term of Rental:</b>	<b>January 21, 2014 to December 31, 2015</b>			
<b>Rental Fee:</b>	<b>\$7,267.50 annually</b>			

The fee for rental of the above-described water is \$7,267.50. Ten percent (\$726.75) will go to the Department for administrative costs, and the remainder will be paid to the lessor. An annual payment shall be received by the Department prior to February 15, each year 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. To terminate the agreement prior to the end of the rental period, written notice must be received by the Department at least 30 days prior to the rental fee due date. No rental fees will be refunded once the fee is collected and the start date for a Rental Agreement has passed.

Detailed water right specific limitations and conditions are attached.

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:

  
 \_\_\_\_\_  
 \*Signature of Renter

(owner) HARRY HASEY      4/15/14  
 \_\_\_\_\_  
 Printed Name and Title\*      Date

\_\_\_\_\_  
 Signature of Renter      Printed Name and Title\*      Date

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

SUPPORT DATA

IN FILE # 37-26

Having determined that this agreement satisfies 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 conditions 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 04-18-2014

**WATER SUPPLY BANK RENTAL AGREEMENT  
WATER RIGHT NO. 37-26**

The 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 below:

**Renter:** HEART ROCK RANCH LLC  
PO BOX 3724  
HAILEY ID 83333

**Priority Date:** 5/23/1885

**Source:** BIG WOOD RIVER      **Tributary to:** MALAD RIVER

<u><b>BENEFICIAL USE</b></u>	<u><b>From</b></u>	<u><b>To</b></u>	<u><b>Diversion Rate</b></u>	<u><b>Volume</b></u>
WILDLIFE, RECREATION, and AESTHETIC	04/15 to	10/31	4.05 CFS	NA
<b>Total:</b>			<b>4.05 CFS</b>	<b>NA</b>

**LOCATION OF RENTER'S POINT(S) OF DIVERSION:**

BIG WOOD RIVER    NW¼SE¼SW¼    Sec. 12    Twp 01N    Rge 18E    BLAINE County  
 BIG WOOD RIVER    SE¼NW¼SE¼    Sec. 2    Twp 01S    Rge 18E    BLAINE County  
 BIG WOOD RIVER    NE¼SW¼SE¼    Sec. 2    Twp 01S    Rge 18E    BLAINE County (Rediversion)

**RENTER'S PLACE OF USE:** WILDLIFE, RECREATION, AND AESTHETIC

Twp	Rge	Sec	NE				NW				SW				SE				Totals
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
01S	18E	10													X		X	X	
01S	18E	11	X	X	X	X	X		X	X	X	X	X	X	X	X			
01S	18E	12							X	X									
01S	18E	14					X	X											
01S	18E	15	X	X	X	X	X	X			X	X	X	X	X	X	X	X	
01S	18E	21	X		X	X										X			
01S	18E	22					X	X	X										

Total Acres: NA  
Acre limit within place of use described: NA

**COMBINED LIMITS OF RENTED RIGHT:**

<u>Combined Rights</u>	<u>Rented Rate</u>	<u>Rented Volume</u>	<u>Acre Limit</u>	<u>Total Rented Acres</u>
37-26 & 37-27	5.85 CFS	427.5 AF	NA	NA

**CONDITIONS OF WATER USE**

- The use of water under this agreement shall be subject to the provisions of Idaho Code § 42-1766.
- The water rented under this agreement is appurtenant to irrigation of 171.0 acres.
- 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 the ongoing Snake River Basin Adjudication or any other department application process.

4. 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.
5. This rental does not grant any right-of-way or easement to use the diversion works or conveyance works of another party.
6. This right is measured and administered at the point of rediversion
7. Use of water under this agreement shall not prejudice any pending permanent transfer applications that the renter has/will file(d) to modify water rights of the subject lands nor shall it prejudice any future rental agreement that may be made of the subject water right after this rental agreement expires.
8. Renter agrees to comply with all applicable state and federal laws while using water under this agreement.
9. 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.
10. 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.
11. Failure of the renter to comply with the conditions of this agreement is cause for the Director to rescind approval of the rental agreement.
12. The renter must diligently pursue a permanent water right to provide for the uses authorized under this rental agreement.
13. 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. 37.

**WATER SUPPLY BANK RENTAL AGREEMENT  
WATER RIGHT NO. 37-27**

The 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 below:

**Renter:** HEART ROCK RANCH LLC  
PO BOX 3724  
HAILEY ID 83333

**Priority Date:** 06/15/1886

**Source:** BIG WOOD RIVER      **Tributary to:** MALAD RIVER

<u>BENEFICIAL USE</u>	<u>From</u>	<u>To</u>	<u>Diversion Rate</u>	<u>Volume</u>
WILDLIFE, RECREATION & AESTHETIC	04/15 to	10/31	1.80 CFS	NA
<b>Total:</b>			<b>1.80 CFS</b>	<b>NA</b>

**LOCATION OF RENTER'S POINT(S) OF DIVERSION:**

BIG WOOD RIVER    NW¼SE¼SW¼    Sec. 12    Twp 01N    Rge 18E    BLAINE County  
 BIG WOOD RIVER    SE¼NW¼SE¼    Sec. 2    Twp 01S    Rge 18E    BLAINE County  
 BIG WOOD RIVER    NE¼SW¼SE¼    Sec. 2    Twp 01S    Rge 18E    BLAINE County (Rediversion)

**RENTER'S PLACE OF USE:**    WILDLIFE, RECREATION, AND AESTHETIC

Twp	Rge	Sec	NE				NW				SW				SE				Totals				
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE					
01S	18E	10															X		X	X			
01S	18E	11	X	X	X	X	X			X	X	X	X	X	X	X	X						
01S	18E	12						X	X														
01S	18E	14					X	X								X	X	X	X				
01S	18E	15	X	X	X	X	X	X			X	X	X	X	X	X	X	X	X	X			
01S	18E	21	X		X	X												X					
01S	18E	22					X	X	X														

Total Acres:    NA  
 Acre limit within place of use described:    NA

**COMBINED LIMITS OF RENTED RIGHT:**

<u>Combined Rights</u>	<u>Rented Rate</u>	<u>Rented Volume</u>	<u>Acre Limit</u>	<u>Total Rented Acres</u>
37-26 & 37-27	5.85 CFS	427.5 AF	NA	NA

**CONDITIONS OF WATER USE**

- The use of water under this agreement shall be subject to the provisions of Idaho Code § 42-1766.
- The water rented under this agreement is appurtenant to irrigation of 171.0 acres.
- 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 the ongoing Snake River Basin Adjudication or any other department application process.

4. 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.
5. This rental does not grant any right-of-way or easement to use the diversion works or conveyance works of another party.
6. This right is measured and administered at the point of rediversion
7. Use of water under this agreement shall not prejudice any pending permanent transfer applications that the renter has/will file(d) to modify water rights of the subject lands nor shall it prejudice any future rental agreement that may be made of the subject water right after this rental agreement expires.
8. Renter agrees to comply with all applicable state and federal laws while using water under this agreement.
9. 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.
10. 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.
11. Failure of the renter to comply with the conditions of this agreement is cause for the Director to rescind approval of the rental agreement.
12. The renter must diligently pursue a permanent water right to provide for the uses authorized under this rental agreement.
13. 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. 37.

Water Supply Bank No. \_\_\_\_\_  
(For Department Use Only)

STATE OF IDAHO  
WATER RESOURCE BOARD

**RECEIVED**

**APPLICATION TO RENT WATER  
FROM THE WATER SUPPLY BANK**

**JAN 21 2014**

Department of Water Resources

Name of Renter Heart Roch Ranch LLC Phone 208-788-2548  
Mailing address PO Box 3724 Hailey, ID 83333 Email \_\_\_\_\_

**A. DESCRIPTION OF WATER SOUGHT FOR RENT**

1. <u>Maximum Flow Rate (cfs)</u>	<u>Maximum Volume (ac-ft)</u>	<u>Nature of Use</u>	<u>Period of Use</u>
<u>37-26- 4.05</u>	_____	<u>W,R,J</u>	<u>4/15</u> to <u>10/31</u>
_____	_____	_____	to _____
_____	_____	_____	to _____

Total: 4.05

2. Source of water Big Wood River tributary to Malad River

3. Point(s) of Diversion:

Twp	Rge	Sec	Lot	¼	¼	¼	County
01S	18	2		SE	NW	SE	BLAINE
01S	18E	2		NE	SW	SE	BLAINE
01N	18E	12		NW	SE	SW	BLAINE

4. Lands to be irrigated or place of use: SEE ATTACHMENT A FOR POU DESCRIPTION.

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 use is for irrigation, show total number of acres proposed through rental **Total Acres** See Attachment A

**B. OWNERSHIP**

- Do you own the land at the proposed point of diversion? Yes  No   
If no, list owner, contact information, and provide documentation of the authority to use the proposed point of diversion. Applicant is authorized to use POD under existing water rights, diversion name is Black #61 Headgate
- Do you own the land at the proposed place of use? Yes  No   
If no, list owner, contact information, and provide documentation of the authority to use the proposed place of use. N/A.

**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. Water under proposed rental application and water under existing Big Wood River water rights is diverted through the Black #61 headgate and then delivered to applicant's property.

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2. Describe any other water rights diverted through the same point(s) of diversion or used for the same purpose(s) as described above. 37-60, 37-61, 37-62, 37-63A, 37-64A, 37-66A, 37-67B, 37-68A, 37-230, 37-231B, 37-232, 37-577AZ, 37-2492, 37-22050, 37-139, 37-180, 37-181, 37-230, 37-231A, 37-231B, 37-232, 37-233, 37-1187, 37-1207, 37-2538, 37-2597, 37-2764, et. al.

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3. Will the proposed place of use receive water from any other source? Yes  No   
If yes, describe. POU recieves water from Big Wood River and ground water under existing water rights.

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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. Applicant seeks to rent all of 37-26 for non-consumptive wildlife, aesthetic and recreation uses on property. Existing water rights provide mitigation for evaporation in existing storage features. Existing storage features authorized under existing IDWR permit 37-22459.

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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. N/A.

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6. Was this rental application submitted in response to a Notice of Violation or a pending Notice of Violation? Yes  No   
If yes, describe. N/A.

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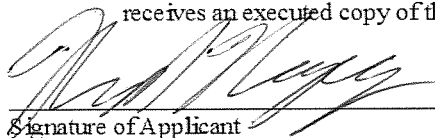
**E. RENTAL TERM**

1. 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. 2 years.

**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

Harry Hagey- Owner & Managing Member  
Printed Name and Title\*

1/14/14  
Date

Signature of Applicant

Printed Name and Title\*

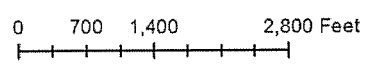
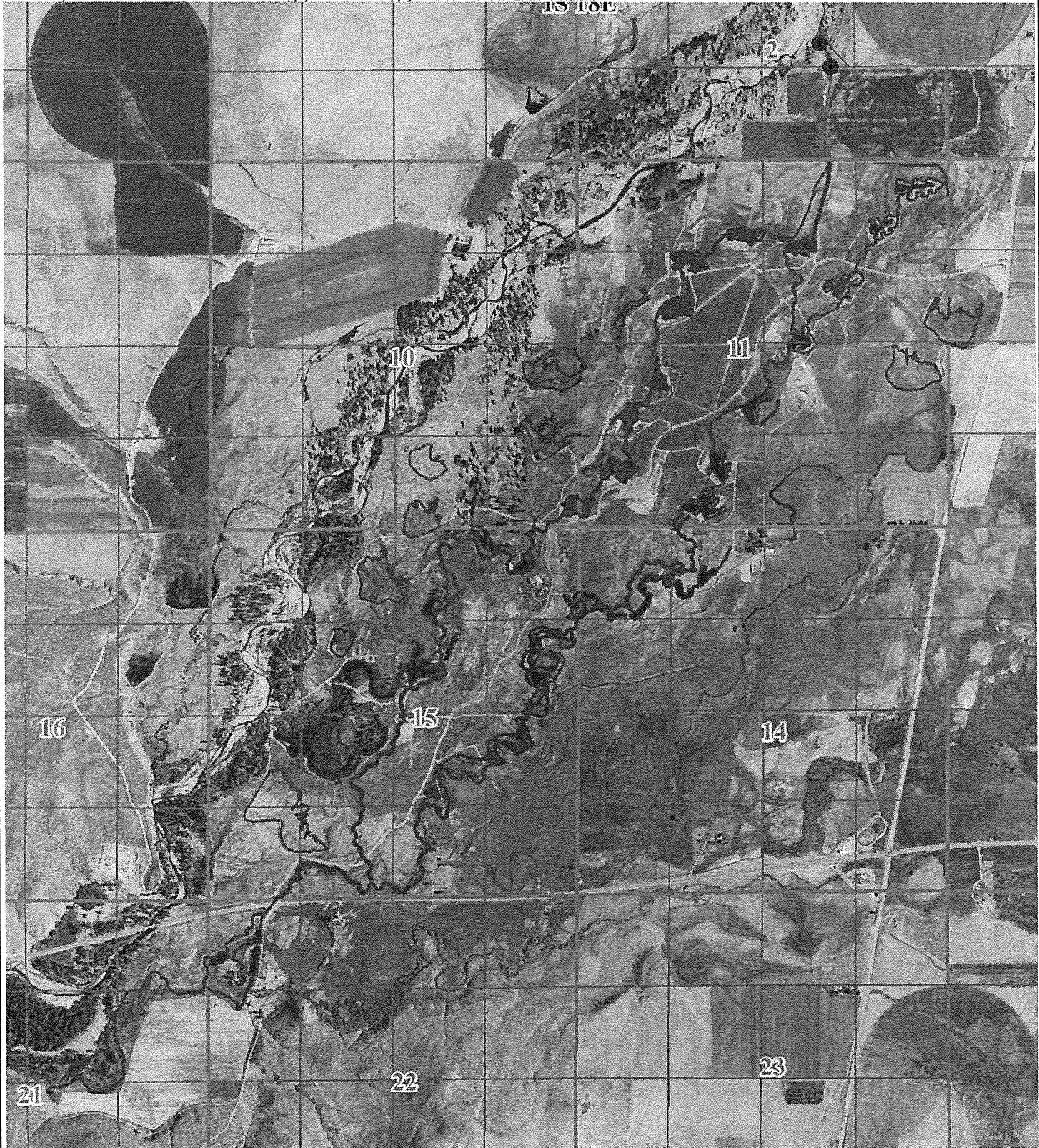
Date

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

ATTACHMENT A:

PLACE OF USE: WILDLIFE (W), RECREATION (R), AESTHETICS (J)

<u>Township</u>	<u>Range</u>	<u>Section</u>	<u>Lot</u>	<u>Tract</u>	<u>Acres</u>	<u>Lot</u>	<u>Tract</u>	<u>Acres</u>	<u>Lot</u>	<u>Tract</u>	<u>Acres</u>	<u>Lot</u>	<u>Tract</u>	<u>Acres</u>
01S	18E	10		NESE	WRJ		SWSE	WRJ		SESE	WRJ			
		11		NENE	WRJ		NWNE	WRJ		SWNE	WRJ		SENE	WRJ
				NENW	WRJ		SWNW	WRJ		SENE	WRJ			
				NESW	WRJ		NWSW	WRJ		SWSW	WRJ		SESW	WRJ
				NESE	WRJ		NWSE	WRJ						
		12		SWNW	WRJ		NWSW	WRJ						
		14		NENW	WRJ		NWNW	WRJ		SWNW	WRJ			
		15		NENE	WRJ		NWNE	WRJ		SWNE	WRJ		SENE	WRJ
				NENW	WRJ		SENE	WRJ						
				NESW	WRJ		NWSW	WRJ		SWSW	WRJ		SESW	WRJ
				NESE	WRJ		NWSE	WRJ		SWSE	WRJ			
		21		NENE	WRJ		SWNE	WRJ		SENE	WRJ			
				NWSE	WRJ									
		22		NWNW	WRJ		SWNW	WRJ						



**HEART ROCK RANCH  
 WATER SUPPLY BANK RENTAL 2014-2015  
 WATER RIGHT ~~36-26~~ & ~~36-27~~  
 NAIP 2014 AERIAL 37-**

37

- Legend**
- BWR\_POD's
  - WSB\_Rental\_POU
  - twshp
  - Sections
  - ladesc



No. <b>W 98265</b>	<b>Due no later than Nov 30, 2013</b>		2. Registered Agent and Address <b>(NO PO BOX)</b>			
Return to: SECRETARY OF STATE 700 WEST JEFFERSON PO BOX 83720 BOISE, ID 83720-0080  <b>NO FILING FEE IF RECEIVED BY DUE DATE</b>	<b>Annual Report Form</b>		FRITZ X HAEMMERLE 400 S MAIN ST SUITE 102 HAILEY ID 83333			
	<b>1. Mailing Address: Correct in this box if needed.</b>		3. <u>New</u> Registered Agent Signature:*			
4. Limited Liability Companies: Enter Names and Addresses of at least one Member or Manager.						
Office Held	Name	Street or PO Address	City	State	Country	Postal Code
MEMBER	SHIRLEY & HARRY R HAGEY COMMUNITY PROPERTY TRUST	196 ALBION AVE	WOODSIDE	CA	USA	94602
5. Organized Under the Laws of:		6. Annual Report must be signed.*				
<b>ID W 98265</b>		Signature: Harry Hagey		Date: 09/26/2013		
		Name (type or print): Harry Hagey		Title: Trustee of Member Trust		
Processed 09/26/2013		* Electronically provided signatures are accepted as original signatures.				



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](http://www.idwr.idaho.gov)

GARY SPACKMAN  
Director

C.L. "BUTCH" OTTER  
Governor

April 21, 2014

HEART ROCK RANCH LLC  
PO BOX 3724  
HAILEY ID 83333

**RE: RENTAL OF WATER FROM THE WATER SUPPLY BANK  
WATER RIGHT NO(S). 37-00026 AND 37-00027**

Dear Renter:

Please find enclosed a receipt in the amount of **\$7,267.50** and a copy of a fully executed Water Supply Bank Rental Agreement in connection with the rental of 427.5 acre-feet of water for wildlife, recreation and aesthetic 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 \$6,540.75 of the rental fee will be paid to the lessor(s) and 10% or \$726.75 will be retained by the Department to offset administrative costs.

If you have any questions, please contact me at (208) 287-4951.

Sincerely,

*for Pam Skaggs*

Pam Skaggs  
Water Rights Supervisor

Enclosure(s): Receipt No. C098694  
Rental Agreement (copy)

c: Sascha Marston – Fiscal  
Allen Merritt – IDWR Southern Regional Manager  
Kevin Lakey – State Water District No. 37  
Fritz Haemmerle – Haemmerle & Haemmerle PPLC



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](http://www.idwr.idaho.gov)

GARY SPACKMAN

Director

April 10, 2014

C.L. "BUTCH" OTTER

Governor

HEART ROCK RANCH LLC  
PO BOX 3724  
HAILEY ID 83333

RE: APPLICATION TO RENT WATER FROM THE WATER SUPPLY BANK  
WATER RIGHT NO(S). 37-26 AND 37-27

\*\*\*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 \$7,267.50 was calculated based on the current rental rate of \$17.00 per acre-foot times a diversion volume of 427.5 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 \$7,267.50** 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 \$6,540.75 of the rental fee will be paid to the lessor(s) and 10% or \$726.75 will be retained by the Department to offset administrative costs.

If you have any questions, please contact me at (208) 287-4951.

Sincerely,

Pam Skaggs  
Water Rights Supervisor

Enclosure(s)

c: IDWR Front Desk  
Fritz Haemmerle  
Zach Latham-Brockway Engineering PLLC

## Skaggs, Pam

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**From:** Merritt, Allen  
**Sent:** Thursday, April 10, 2014 11:25 AM  
**To:** Skaggs, Pam  
**Subject:** RE: REGION COMMENT - Water Supply Bank Rental Application - Heart Rock Ranch LLC 2014-2015

Does not appear to be an issue unless Kevin Lakey has an issue.

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**From:** Skaggs, Pam  
**Sent:** Wednesday, April 09, 2014 3:19 PM  
**To:** Merritt, Allen  
**Subject:** REGION COMMENT - Water Supply Bank Rental Application - Heart Rock Ranch LLC 2014-2015

Allen,

I am currently reviewing WSB Rental applications for Heart Rock Ranch LLC. They have requested a renewal of the rental approved in 2013 for Rights 37-26 and 37-27 for use in their existing wildlife, aesthetic and recreation system. They want to renew the rental for two years.

I have attached a scanned copy of one of the applications and my draft review memo for your reference.

Please provide any comment you may have within the next week.

Pam

---

Pam Skaggs  
Water Rights Supervisor  
(208) 287-4951

## Skaggs, Pam

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**From:** Kevin Lakey [watermanager@cableone.net]  
**Sent:** Thursday, April 10, 2014 6:48 AM  
**To:** Skaggs, Pam  
**Subject:** RE: WD #37 WATERMASTER COMMENT - Water Supply Bank Rental Application - Heart Rock Ranch LLC 2014-2015

Pam,  
I have no concerns with this application.  
Kevin Lakey

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**From:** Skaggs, Pam [mailto:Pam.Skaggs@idwr.idaho.gov]  
**Sent:** Wednesday, April 09, 2014 3:14 PM  
**To:** [WATERMANAGER@CABLEONE.NET](mailto:WATERMANAGER@CABLEONE.NET)  
**Subject:** WD #37 WATERMASTER COMMENT - Water Supply Bank Rental Application - Heart Rock Ranch LLC 2014-2015

Kevin,

I am currently reviewing WSB Rental applications for Heart Rock Ranch LLC. They have requested a renewal of the rental approved in 2013 for Rights 37-26 and 37-27 for use in their existing wildlife, aesthetic and recreation system. I have attached a scanned copy of one of the applications for your reference. They want to renew the rental for two years.

Please provide any comment you may have within 14 days.

Pam

---

Pam Skaggs  
Water Rights Supervisor  
(208) 287-4951

## MEMORANDUM

**To:** Right(s) 37-26 and 37-27

**From:** Pam Skaggs

**Date:** April 9, 2014

**Re:** Review & Analysis of Application to Rent Water from the State Water Supply Bank

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**PURPOSE/NARRATIVE:** Applications to rent these rights were received on 01-21-2014 from Harry R. Hagey for Heart Rock Ranch LLC. The applications propose to continue the rental authorized in 2012 for two more years.

**AUTHORITY TO FILE:** Mr. Hagey signed the applications and submitted them with an explanatory cover letter. He is a Trustee of Member Trust of Shirley & Harry R. Hagey Community Property Trust listed as the sole member of Heart Rock Ranch LLC in the 2013 Idaho Secretary of State Annual Report Form.

**WATER RIGHT VALIDITY:** These rights were leased to the bank in 2003 and no apparent irrigation has occurred at the authorized place of use. SRBA Partial Decrees were issued for these rights in 2010. There are no forfeiture concerns.

**INJURY TO OTHER WATER RIGHTS:** The same proposed uses were authorized through a 2012 rental without any reported problems. No injury is apparent.

**ENLARGEMENT OF USE:** The rental proposes a change in nature of use from irrigation to the non-consumptive wildlife, aesthetic and recreation uses. The new uses are limited to the 2.5 af/acre consumptive portion related to irrigation use.

Investigation of possible overlapping Rights 37-891A & 37-892 Upper Wood River Water Users Association Inc found that the shares related to this property were returned to the Association after the property was sold. A 04-02-2014 email from the Association Secretary provides explanation. 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:** The rented right(s) are subject to Water District # 37. Watermaster Kevin Lakey had no concerns with the rental. Southern Regional Manager Allen Merritt agreed with Kevin.

## Skaggs, Pam

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**From:** jkmoly@BasicISP.net  
**Sent:** Wednesday, April 02, 2014 2:31 PM  
**To:** Skaggs, Pam  
**Cc:** Dan; Rocky; Grace  
**Subject:** Re: Upper Wood River Water Users Association Inc - Shares

Pam,  
MV Property, LLC were the owners of 455 shares of Upper Wood River Water Users Assn. In 2009 we received notice from MV Property LLC that the shares should be divided 70% to John McDonald and 30% to Matt and Nate Thornton(now owned by Jeannie Sligar?) In 2012 we received correspondence from USDI-BLM that they were purchasing the parcel depicted in your attachment. I do not have evidence that the purchase was completed. The Partial Decrees for Water Rights 37-891A and 37-892 specifically state that place of use does not include federal public land. Also in 2012, I spoke with David McDonald (John McDonald's son). He indicated that they had no further interest in property and if there was no significant value of the shares they would relinquish them to the association. In 2013 the 455 shares were entered in the association as Treasury Shares.

It appears to the association that the property shown on the Partial Decrees as Place of Use for these shares is the same as the property purchased by USDI-BLM and the same as the property depicted on the map you attached. We would need further information, as to the ownership of this property, to make any changes in the deliverability of these shares. Not sure, if I have answered your questions. Let me know, if you need further information.

Sincerely,  
Kristy Molyneux  
Secretary  
UWRWUA

--- [Pam.Skaggs@idwr.idaho.gov](mailto:Pam.Skaggs@idwr.idaho.gov) wrote:

From: "Skaggs, Pam" <[Pam.Skaggs@idwr.idaho.gov](mailto:Pam.Skaggs@idwr.idaho.gov)>  
To: "[jkmoly@basicisp.net](mailto:jkmoly@basicisp.net)" <[jkmoly@basicisp.net](mailto:jkmoly@basicisp.net)>  
Subject: Upper Wood River Water Users Association Inc - Shares  
Date: Wed, 2 Apr 2014 17:54:46 +0000

Kristy,

Thank you for talking to me today regarding Upper Wood River Water Users Association Inc (Association) water rights 37-891A and 37-892. These two rights are owned by the Association and provide water to shareholders lands as you described to me.

I am reviewing Water Supply Bank (Bank) applications for Rights 37-26 and 37-27 that overlap a portion of the place of use described under the association rights. These rights have been leased to the Bank from 2003 to the present, so the land has not been irrigated during that period of time. I have attached a geographic representation of these rights place of use for your reference.

You weren't sure how many shares may be associated with this parcel of land without looking at your records. The current owners of these rights are listed as Matthew Thornton, MV Property LLC, USDI-BLM, and H Jean Sligar-Shakstad. I appreciate any information you can provide.

Thank you.

Pam

---

**Pamela S. Skaggs**

Water Rights Supervisor

Idaho Department of Water Resources

322 E Front St

PO Box 83720

Boise ID 83720-0098

Phone (208) 287-4951

Fax (208) 287-6700

## Skaggs, Pam

---

**From:** Skaggs, Pam  
**Sent:** Wednesday, April 02, 2014 11:55 AM  
**To:** 'jkmoly@basicisp.net'  
**Subject:** Upper Wood River Water Users Association Inc - Shares - Rights 37-891A & 37-892  
**Attachments:** 37-26 37-27 POU.pdf

Kristy,

Thank you for talking to me today regarding Upper Wood River Water Users Association Inc (Association) water rights 37-891A and 37-892. These two rights are owned by the Association and provide water to shareholders lands as you described to me.

I am reviewing Water Supply Bank (Bank) applications for Rights 37-26 and 37-27 that overlap a portion of the place of use described under the association rights. These rights have been leased to the Bank from 2003 to the present, so the land has not been irrigated during that period of time. I have attached a geographic representation of these rights place of use for your reference.

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Thank you.

Pam

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**Pamela S. Skaggs**  
Water Rights Supervisor  
Idaho Department of Water Resources  
322 E Front St  
PO Box 83720  
Boise ID 83720-0098  
Phone (208) 287-4951  
Fax (208) 287-6700

<p>No. <b>C 21137</b></p>	<p><b>Due no later than Aug 31, 2012</b> <b>Annual Report Form</b></p>		<p>2. Registered Agent and Address <b>(NO PO BOX)</b></p>			
<p>Return to: SECRETARY OF STATE 700 WEST JEFFERSON PO BOX 83720 BOISE, ID 83720-0080</p> <p><b>NO FILING FEE IF RECEIVED BY DUE DATE</b></p>	<p>1. Mailing Address: Correct in this box if needed. UPPER WOOD RIVER WATER USERS ASSOCIATION, INC. KRISTY MOLYNEUX 10407 HWY 75 BELLEVUE ID 83313</p>		<p>KRISTY MOLYNEAX 10407 HWY 75 BELLEVUE ID 83313</p>			
			<p>3. <u>New</u> Registered Agent Signature:*</p>			
<p>4. Corporations: Enter Names and Business Addresses of President, Secretary, and Directors. Treasurer (optional).</p>						
Office Held	Name	Street or PO Address	City	State	Country	Postal Code
DIRECTOR	JOHN MOLYNEUX	10407 HWY 75	BELLEVUE	ID	USA	83313
DIRECTOR	ROCKY SHERBINE	200 BASELINE ROAD	BELLEVUE	ID	USA	83313
DIRECTOR	DAN BROWN	247 GLENDALE ROAD	BELLEVUE	ID	USA	83313
SECRETARY	KRISTY MOLYNEUX	10407 HWY 75	BELLEVUE	ID	USA	83313
PRESIDENT	WILLIAM SHERBINE	153 BASELINE ROAD	BELLEVUE	ID	USA	83313
<p>5. Organized Under the Laws of:</p> <p><b>ID</b> <b>C 21137</b></p>		<p>6. Annual Report must be signed.*</p> <p>Signature: Kristy Molyneux Date: 06/13/2012</p> <p>Name (type or print): Kristy Molyneux Title: Secretary</p>				
<p>Processed 06/13/2012</p>		<p>* Electronically provided signatures are accepted as original signatures.</p>				

RECEIVED

JAN 21 2014

DEPARTMENT OF  
WATER RESOURCES

January 14<sup>th</sup> 2014

Pamela Skaggs  
Idaho Department of Water Resources  
322 E. Front St.  
P.O. Box 83720  
Boise, ID 83720

Re: Water Supply Bank Rental Applications for Heart Rock Ranch, LLC-  
Water Rights 37-26 and 37-27.

Dear Mrs. Skaggs,

Attached are two water supply bank rental applications for water rights 37-26 and 37-27 which are currently leased to the WSB and available to be rented. Heart Rock Ranch, LLC intends to rent 4.05 cfs of 37-26 and 1.80 cfs of 37-27 and divert those amounts from existing points of diversion from the Big Wood River for non-consumptive wildlife, recreation and aesthetic uses on Heart Rock Ranch property from 4/15/14 – 10/31/15 (2 years, 2014 and 2015 irrigation seasons). Please recall that Heart Rock Ranch rented these water rights for the uses listed above during 2013.

Please copy myself and Zach Latham at Brockway Engineering in Twin Falls, ID on all correspondence regarding these water supply bank rental applications. Thank you for your assistance on this matter and if you have questions or comments, please don't hesitate to call myself or Zach Latham.

Regards,



Harry R. Hagey- Owner, Heart Rock Ranch, LLC

Enc: (2) Water Supply Bank Rental Applications and Rental Map  
(1) IDSOS Annual Report Form- Heart Rock Ranch, LLC

Cc: Zach Latham- Brockway Engineering  
Fritz Haenmerle