

WATER SUPPLY BANK LEASE CONTRACT

This Lease Contract ("**Lease**") is effective February 5, 2014, between the Idaho Water Resource Board ("**Board**"), and

Lessor: MURPHY LAND CO LLC
PO BOX 310
AMERICAN FALLS ID 83211
(509) 545-4545

RECEIVED
MAR 13 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>
2-10395	6.70 CFS	NA	NA	317.0 AC
2-10398	0.78 CFS	NA	NA	39.0 AC
Combined Lease Totals:	7.48 CFS	NA	NA	356.0 AC

The water rights described herein shall be available for rental from the Bank as follows:
Authorized Period of Use under Lease: March 1 to October 31

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 # 2-10395

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.

MURPHY LAND CO
PO BOX 310
AMERICAN FALLS ID 83211

By Murphy Land Co by [Signature] Date 3-10-14
Printed Name Lois Funk Title _____

IDAHO WATER RESOURCE BOARD
322 East Front Street
P.O. Box 83720
Boise, ID 83720-9098

By [Signature] Date 03-14-2014
Brian Patton, Acting Administrator
Idaho Water Resource Board

Lease approved by IDWR [Signature] Date 03-14-2014

ATTACHMENT A
WATER RIGHT NO. 2-10395
WATER SUPPLY BANK CONDITIONS OF ACCEPTANCE

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

Lessor: MURPHY LAND CO
 PO BOX 310
 AMERICAN FALLS ID 83211
 (509) 545-4545

Priority Date: 07/30/1969

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	03/01	to 10/31	6.70 CFS	NA
	Total:		6.70 CFS	NA

LOCATION OF POINT(S) OF DIVERSION:

SNAKE RIVER L7(SW¼SW¼) Sec. 26 Twp 03S Rge 01E OWYHEE 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	
04S	01E	23		40.0			40.0	40.0	40.0	40.0	40.0	39.0	38.0						317.0

Total Acres: 317.0

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. Use of water under this right 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. 2.
13. The period of use for the irrigation described in this approval may be extended to an ending date of 11/15 provided that beneficial use of the water can be shown and other elements of the right are not exceeded. The use of water after 10/31 is subordinate to all water rights having no subordinated early or late irrigation use and a priority date earlier than 6/8/2009.
14. This right when combined with all other rights shall provide no more than 0.02 cfs per acre nor more than 4.5 afa per acre at the field headgate for irrigation of the place of use.

ATTACHMENT A
WATER RIGHT NO. 2-10398
WATER SUPPLY BANK CONDITIONS OF ACCEPTANCE

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

Lessor: MURPHY LAND CO
 PO BOX 310
 AMERICAN FALLS ID 83211
 (509) 545-4545

Priority Date: 07/30/1969

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	03/01	to 10/31	0.78 CFS	NA
	Total:		0.78 CFS	NA

LOCATION OF POINT(S) OF DIVERSION:

SNAKE RIVER L7(SW¼SW¼) Sec. 26 Twp 03S Rge 01E OWYHEE County

PLACE OF USE TO BE IDLED UNDER THIS LEASE: IRRIGATION

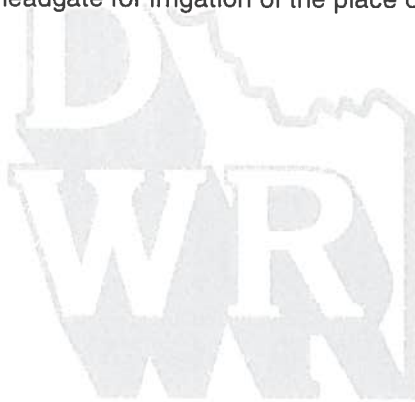
Twp	Rge	Sec	NE				NW				SW				SE				Totals
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
04S	01E	23												39.0					39.0

Total Acres: 39.0

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. Use of water under this right 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. 2.
13. The period of use for the irrigation described in this approval may be extended to an ending date of 11/15 provided that beneficial use of the water can be shown and other elements of the right are not exceeded. The use of water after 10/31 is subordinate to all water rights having no subordinated early or late irrigation use and a priority date earlier than 6/8/2009.
14. This right when combined with all other rights shall provide no more than 0.02 cfs per acre nor more than 4.5 afa per acre at the field headgate for irrigation of the place of use.



RECEIVED

FEB 05 2014

DEPARTMENT OF
WATER RESOURCESSTATE OF IDAHO
WATER RESOURCE BOARD

WSB No. _____

Receipt No. C098281Date/by 2/5/14 CJ

(For Department Use Only)

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

Name of Seller/Lessor Murphy Land Company, LLC Phone 509-545-4545
 Mailing address PO BOX 310 AMERICAN FALLS, ID 83211 Email _____

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

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

1. <u>Water Right Number</u>	<u>Amount (cfs/ac-ft)</u>	<u>Nature of Use</u>	<u>Period of Use</u>
<u>2-10395</u>	_____	_____	_____ to _____
	_____	_____	_____ to _____
	_____	_____	_____ to _____

Total Amount: _____

2. Source of water _____ tributary to _____

3. Point(s) of Diversion:

Twp	Rge	Sec	Lot	¼	¼	¼	County

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

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

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

B. OWNERSHIP

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

2. Is the point of diversion for the water right owned or managed by an irrigation district? Yes ☐ No ☒
 If yes, provide written consent from the company, corporation or irrigation district to the proposed sale or lease and list name of entity:

C. GENERAL INFORMATION

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

Existing booster pumps and delivery system

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

2-10395 and 2-10398

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

Yes ☐ No ☒

If yes, describe.

4. Has any portion of this water right undergone a period of five or more consecutive years of non-use?

Yes ☐ No ☒

If yes, describe and attach watermaster records or other evidence to demonstrate that the right has not been lost through abandonment or forfeiture pursuant to Section 42-222(2), Idaho Code.

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

If yes, describe.

D. REQUIRED ITEMS

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

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

E. SALE/LEASE AGREEMENT

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

If lease, for a period from 1/1/2014 to 12/31/2018 (not to exceed 5 years).
(Month / Day / Year) (Month / Day / Year)

2. Show the minimum payment acceptable to the Seller/Lessor. The minimum payment may be shown as the "current rental rate" as established by the IWRB. Include the method of determining the minimum payment if other than the current rental rate.

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

The owner/lessor acknowledges the following:

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

Signature of Applicant

Printed Name and Title*

Date

Signature of Applicant

Printed Name and Title*

Date

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

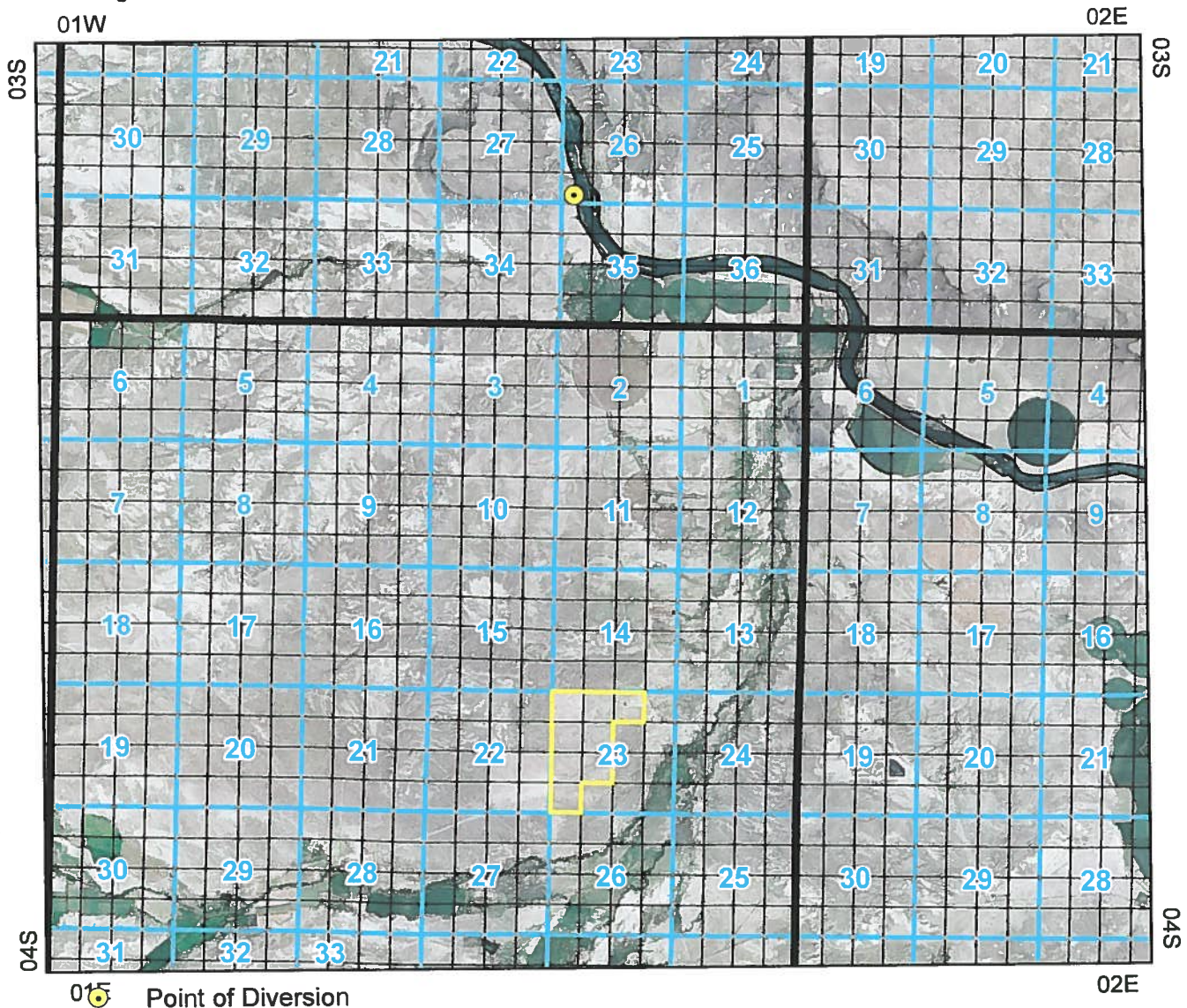
Mail to: Idaho Department of Water Resources, P.O. Box 83720, Boise, ID 83720-0098

State of Idaho
Department of Water Resources

Water Right 2-10395

IRRIGATION

The map depicts the place of use for the water use listed above and point(s) of diversion of this right as currently derived from interpretations of the paper records and is used solely for illustrative purposes. Discrepancies between the computer representation and the permanent document file will be resolved in favor of the actual water right documents in the water right file.



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

0 0.75 1.5 3 Miles





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

March 14, 2014

MURPHY LAND CO
PO BOX 310
AMERICAN FALLS ID 83211

RE: WATER SUPPLY BANK LEASE CONTRACT FOR RIGHTS 2-10395 and 2-10398

Dear Lessor:

Water Rights 2-10395 and 2-10398 were leased into the Water Supply Bank on February 5, 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.**

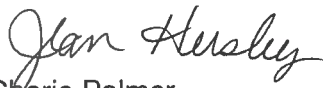
The rights will automatically be released from the Bank on **December 31, 2018**, unless the rights are released earlier by the Board, or upon your request. **Please note your rights may not be available for immediate release if they have been rented.** To release the right from the Bank prior to the 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,

for 

Cherie Palmer
Senior Water Resource Agent
WSB Process Point of Contact

Enclosure: Executed Lease Contract

c: Brockway Engineering PLLC
John Westra- IDWR Western Regional Manager

RECEIVED
FEB 05 2014
 DEPARTMENT OF
 WATER RESOURCES

STATE OF IDAHO
 WATER RESOURCE BOARD

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

Name of Seller/Lessor Murphy Land Company, LLC Phone 509-545-4545

Mailing address PO BOX 310 AMERICAN FALLS, ID 83211 Email _____

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

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

1. Water Right Number 2-10398 Amount (cfs/ac-ft) _____ Nature of Use _____ Period of Use _____ to _____
 _____ to _____
 _____ to _____
 Total Amount: _____

2. Source of water _____ tributary to _____

3. Point(s) of Diversion:

Twp	Rge	Sec	Lot	¼	¼	¼	County

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

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

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

B. OWNERSHIP

1. Are you currently listed in IDWR's records as the owner of the water right being offered to the bank? Yes ☒ No ☐
 If no, provide documentation of your authority to sign on behalf of the right holder OR attach a Notice of Change in Water Right Ownership form along with the required documentation and fee.
2. Is the point of diversion for the water right owned or managed by an irrigation district? Yes ☐ No ☒
 If yes, provide written consent from the company, corporation or irrigation district to the proposed sale or lease and list name of entity:

C. GENERAL INFORMATION

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

Existing booster pumps and delivery system

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

2-10395 and 2-10398

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

Yes ☐ No ☒

If yes, describe.

4. Has any portion of this water right undergone a period of five or more consecutive years of non-use?

Yes ☐ No ☒

If yes, describe and attach watermaster records or other evidence to demonstrate that the right has not been lost through abandonment or forfeiture pursuant to Section 42-222(2), Idaho Code.

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

If yes, describe.

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

If lease, for a period from 1/1/2014 to 12/31/2018 (not to exceed 5 years).
(Month / Day / Year) (Month / Day / Year)

2. Show the minimum payment acceptable to the Seller/Lessor. The minimum payment may be shown as the "current rental rate" as established by the IWRB. Include the method of determining the minimum payment if other than the current rental rate.

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

The owner/lessor acknowledges the following:

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

Signature of Applicant

Printed Name and Title*

Date

Signature of Applicant

Printed Name and Title*

Date

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

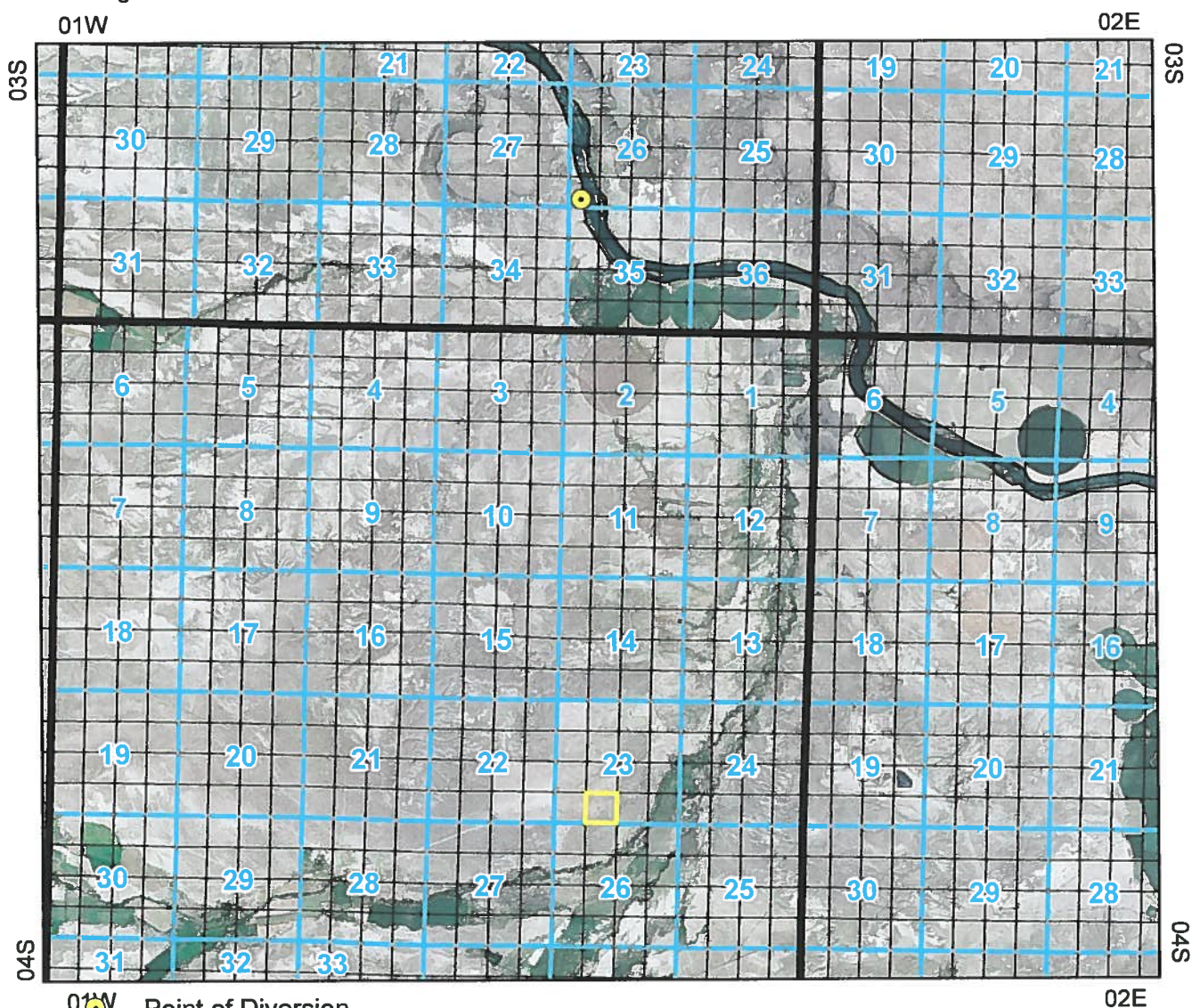
Mail to: Idaho Department of Water Resources, P.O. Box 83720, Boise, ID 83720-0098

State of Idaho
Department of Water Resources

Water Right 2-10398

IRRIGATION

The map depicts the place of use for the water use listed above and point(s) of diversion of this right as currently derived from interpretations of the paper records and is used solely for illustrative purposes. Discrepancies between the computer representation and the permanent document file will be resolved in favor of the actual water right documents in the water right file.



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

0 0.75 1.5 3 Miles



No. W 98607		Due no later than Dec 31, 2013		2. Registered Agent and Address (NO PO BOX)					
Return to: SECRETARY OF STATE 700 WEST JEFFERSON PO BOX 83720 BOISE, ID 83720-0080 NO FILING FEE IF RECEIVED BY DUE DATE		1. Mailing Address: Correct in this box if needed. MURPHY LAND COMPANY, LLC TIM TIPPETT PO BOX 3110 PASCO WA 99302-3110		RICHARD F GOODSON 877 MAN STREET STE 1000 BOISE ID 83702					
				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		FRANK TIEGS		PO BOX 3110		PASCO	WA	USA	99302
MEMBER		LANCE FUNK		PO BOX 310		AMERICAN FALLS	ID	USA	83211
5. Organized Under the Laws of:		6. Annual Report must be signed.*							
ID		Signature: Tim Tippet			Date: 12/23/2013				
W 98607		Name (type or print): Tim Tippet			Title: Authorized Agent				
Processed 12/23/2013		* 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

GARY SPACKMAN
Director

C.L. "BUTCH" OTTER
Governor

February 25, 2014

MURPHY LAND CO LLC
PO BOX 310
AMERICAN FALLS ID 83211

RE: APPLICATION(S) TO LEASE WATER RIGHT(S) 2-10395 and 2-10398 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.

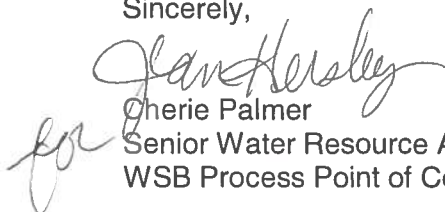
The rights will automatically be released from the Bank on **December 31, 2018**, unless the rights are released earlier by the Board, or upon your request. To release the right from the Bank prior to the release date, submit a written request on the Request to Release a Water Right from the Bank form. 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,


Cherie Palmer
Senior Water Resource Agent
WSB Process Point of Contact

Enclosure: Proposed Lease Contracts

c: Brockway Engineering PLLC

MEMORANDUM

To: Water Right No(s). 2-10395 and 2-10398
From: Jean Hersley
Date: February 20, 2014
Re: Review of Applications to Lease Water Rights to the State Water Supply Bank

PURPOSE/NARRATIVE: The Department received these applications on February 5, 2014. These water rights were purchased from the Ihli's in 2013. At the time, they thought they would transfer the water to a permanent location. Point of diversion is located in Water District 02. Land is owned by the Robert's but 2005 deed withheld the water rights from the land.

AUTHORITY TO FILE: The applications were signed by Lance Funk, who is a member of the company.

WATER RIGHT VALIDITY: The water rights were decreed in 2009 and were in the Bank for the 2013 season. Aerial photography suggests no irrigation took place.

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.

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: The leased right(s) are subject to Water District # 02. See attached comments.

Hersley, Jean

From: Knowles, Corbin
Sent: Tuesday, February 25, 2014 9:51 AM
To: Hersley, Jean
Subject: RE: WSB Lease for 2-10395 and 2-10398 in the name of Murphy Flats Land Co

Proceed with these as identified in the application.

From: Hersley, Jean
Sent: Thursday, February 20, 2014 3:56 PM
To: Lester, Steve; Knowles, Corbin
Subject: WSB Lease for 2-10395 and 2-10398 in the name of Murphy Flats Land Co

We received applications to lease the entirety of the above mentioned water rights into the Bank. Both rights were in the Bank for the 2013 irrigation season.

Murphy Flats Land Co. owns the water rights. They were purchased from Mike Ihli in 2013. Last year, Murphy Flats leased the rights to the Bank with the hopes of transferring the rights to a more permanent location. The applications seek to put the rights in the Bank until the end of the 2018 irrigation season.

Please let me know if you have any concerns with injury or enlargement or any comments. I have attached my review memo.

Jean << File: Lease Review Memo.docx >>

Hersley, Jean

From: Lester, Steve
Sent: Friday, February 21, 2014 8:09 AM
To: Hersley, Jean
Subject: RE: WSB Lease for 2-10395 and 2-10398 in the name of Murphy Flats Land Co

Looks good Jean.

From: Hersley, Jean
Sent: Thursday, February 20, 2014 3:56 PM
To: Lester, Steve; Knowles, Corbin
Subject: WSB Lease for 2-10395 and 2-10398 in the name of Murphy Flats Land Co

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Jean << File: Lease Review Memo.docx >>



BROCKWAY
ENGINEERING
P.L.L.C.

Hydraulics

Hydrology

Water Resources

February 4, 2014

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

RECEIVED
FEB 05 2014
DEPARTMENT OF
WATER RESOURCES

Re: Lease Applications for Murphy Flats Water Company and Murphy Land Company and rental application for Owyhee Farming

Dear Mrs. Skaggs:

Murphy Flats Water Company is applying to lease 418.9 acres to the Idaho Water Supply Bank. These 418.9 acres include portions of acres covered by water rights 57-179, 57-180B, 57-181, 57-7152, 57-7385, 2-2361, 2-2370, 2-7001 and 2-10020. A portion of each of these water rights are being offered for lease to the Idaho Water Supply Bank at this time. A break down of the acres per water right is provided by Exhibits A through Exhibit E. The lease period is desired to be from 1/1/2014 through 12/31/2018.

Owyhee Farming Company, LLC desires to rent 200.6 acres from the leased acres from water rights 57-179, 57-180B, 57-181, 57-7152, 57-7385, 2-2361, 2-2370, 2-7001 and 2-10020. Owyhee Farming Company has entered into a long term farm rental agreement with Wintercamp Ranch Trust. The rental of the 200.6 acres is needed for the next five years. A copy of the long term farm rental is attached to the rental application.

Murphy Land Company, LLC desires to lease the entire portions of water rights 2-10395 and 2-10398 to the Idaho Water Supply Bank. Supplemental documents were provided to IDWR with the previous lease applications for these two water rights. The documents provided consent from the local land owners to allow past lease applications and future water transactions to proceed. It is desired to lease these two water rights to the Idaho Water Supply Bank for a period of five years from 1/1/2014 through 12/31/2018.

CHARLES E.
BROCKWAY,
PH.D., P.E.

CHARLES G.
BROCKWAY,
PH.D., P.E.

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FAX: 736•8506



BROCKWAY
ENGINEERING
P.L.L.C.

Hydraulics

Hydrology

Water Resources

Please copy our office on all correspondence regarding these applications.

Sincerely,

Greg Sullivan, M.S., Engineer

Cc: Lance Funk, Tim Tippet

Enc: Lease Applications for Murphy Flats Water Company for 418.9 Acres, Aerial Map Identifying the 418.9 Acres, Rental Application for Owyhee Farming Company, LLC for 200.6 acres, Aerial Map of 200.6 Acres, Lease Application for Murphy Land Company, LLC, Aerial Maps of 2-10395 and 2-10398, Annual Report for Murphy Flats Water Company, Owyhee Farming Company, LLC and Murphy Land Company, Brockway Engineering check 11860 for \$1,000.00

CHARLES E.
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