

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

RECEIVED
MAR 11 2014
DEPARTMENT OF
WATER RESOURCES

This is to certify that: **DERUTYER PROPERTIES LP**
PO BOX 580
MARSING ID 83639
(208) 965-7940

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>
2-2161	2.00 CFS	400.0 AF	NA	100.0 AC
2-7061	1.29 CFS	321.5* AF	NA	64.3 AC
Combined				
Rental Totals:	3.29 CFS	721.5 AF	NA	164.3 AC

*The volume under this right is limited to 257.2 af through this rental or 4 acre-feet of water/acre.

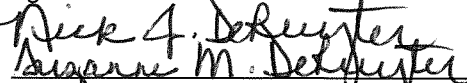
Term of Rental: **March 15, 2014 to December 31, 2017**

Rental Fee: **\$12,265.50 annually**

The fee for rental of the above-described water is \$12,265.50. Ten percent (\$1,226.55) 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 March 15, the beginning of the irrigation season, 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.

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


Printed Name and Title*
operating mg.
Date 3-10-14

Signature of Renter

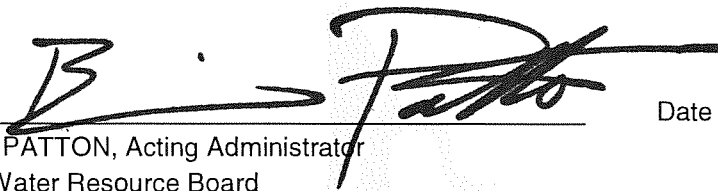
Printed Name and Title*

Date

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

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

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  Date 3/11/2014
BRIAN PATTON, Acting Administrator
Idaho Water Resource Board

**WATER SUPPLY BANK RENTAL AGREEMENT
WATER RIGHT NO. 2-2161**

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: **DERUTYER PROPERTIES LP**
 PO BOX 580
 MARSING ID 83639

Priority Date: 02/15/1961

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 11/15	2.00 CFS	400.0 AF
	Total:		2.00 CFS	400.0 AF

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

SNAKE RIVER L4 (NW¼NW¼) Sec. 1 Twp 06S Rge 07E ELMORE County

RENTER'S PLACE OF USE: 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	
05S	07E	36		31.7	21.8		4.1	0.5	16.2	26.1	30	33.9							164.3

Total Acres: 164.3

CONDITIONS OF WATER USE

1. The use of water under this agreement shall be subject to the provisions of Idaho Code § 42-1766.
2. 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 any other department application process.
3. 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.
4. This rental does not grant any right-of-way or easement to use the diversion works or conveyance works of another party.
5. Use of water under this agreement shall not prejudice any action of the Department in its consideration of an application for transfer or permit filed by the applicant for this same use.
6. Renter agrees to comply with all applicable state and federal laws while using water under this agreement.
7. 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.

**WATER SUPPLY BANK RENTAL AGREEMENT
WATER RIGHT NO. 2-2161**

CONDITIONS OF WATER USE CONTINUED

8. 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.
9. Failure of the renter to comply with the conditions of this agreement is cause for the Director to rescind approval of the rental agreement.
10. The renter must diligently pursue a permanent water right to provide for the uses authorized under this rental agreement.
11. 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. 02.
12. The use of water for irrigation under this right may begin as early as March 1, provided other elements of the right are not exceeded. The use of water before March 15 under this remark is subordinate to all water rights having no subordinated early or late irrigation use and a priority date earlier than the date a partial decree is entered for this right.
13. 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.

WATER SUPPLY BANK RENTAL AGREEMENT
WATER RIGHT NO. 2-7061

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: **DERUTYER PROPERTIES LP**
 PO BOX 580
 MARSING ID 83639

Priority Date: 04/09/1970

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 11/15	1.29 CFS	257.2 AF
	Total:		1.29 CFS	257.2 AF

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

SNAKE RIVER L4 (NW¼NW¼) Sec. 1 Twp 06S Rge 07E ELMORE County

RENTER'S PLACE OF USE: 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	
05S	07E	36		31.7	21.8		4.1	0.5	16.2	26.1	30	33.9							164.3

Total Acres: 164.3

CONDITIONS OF WATER USE

1. The use of water under this agreement shall be subject to the provisions of Idaho Code § 42-1766.
2. 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 any other department application process.
3. 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.
4. This rental does not grant any right-of-way or easement to use the diversion works or conveyance works of another party.
5. Use of water under this agreement shall not prejudice any action of the Department in its consideration of an application for transfer or permit filed by the applicant for this same use.
6. Renter agrees to comply with all applicable state and federal laws while using water under this agreement.
7. 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.

**WATER SUPPLY BANK RENTAL AGREEMENT
WATER RIGHT NO. 2-7061**

CONDITIONS OF WATER USE CONTINUED

8. 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.
9. Failure of the renter to comply with the conditions of this agreement is cause for the Director to rescind approval of the rental agreement.
10. The renter must diligently pursue a permanent water right to provide for the uses authorized under this rental agreement.
11. 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. 02.
12. The use of water for irrigation under this right may begin as early as March 1, provided other elements of the right are not exceeded. The use of water before March 15 under this remark is subordinate to all water rights having no subordinated early or late irrigation use and a priority date earlier than the date a partial decree is entered for this right.
13. 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.



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

March 12, 2014

C.L. "BUTCH" OTTER

Governor

DERUTYER PROPERTIES LP
PO BOX 580
MARSING ID 83639

**RE: RENTAL OF WATER FROM THE WATER SUPPLY BANK
WATER RIGHT NO(S). 02-02161 AND 02-27061**

Dear Renter:

Please find enclosed a receipt in the amount of **\$12,265.50** and a copy of a fully executed Water Supply Bank Rental Agreement in connection with the rental of 721.5 acre-feet of water for irrigation of 164.3 acres during 2014 thru 2017. 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 \$11,038.95 of the rental fee will be paid to the lessor(s) and 10% or \$1,226.55 will be retained by the Department to offset administrative costs.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Cherie Palmer", is written over a horizontal line.

Cherie Palmer
Senior Water Resource Agent
WSB Process Point of Contact

Enclosure(s): Receipt No. C098461
Rental Agreement (copy)

c: Sascha Marston – Fiscal
Steve Lester – IDWR Western Regional Office
Corbin Knowles – State Water District No. 02

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 5, 2014

DERUTYER PROPERTIES LP
PO BOX 580
MARSING ID 83639

RESPONSE DEADLINE

March 19, 2014

RE: APPLICATION TO RENT WATER FROM THE WATER SUPPLY BANK
WATER RIGHT NO(S). 02-2161 AND 02-7061

Dear Applicant:

Last year you signed a water supply bank (bank) rental agreement to rent water right 02-2262 through 2017. Due to an administrative complication, water right 02-2262 has been released from the bank. The Department superceded you previous rental agreement with a new rental agreement. **I have enclosed the 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 \$12,265.50 was calculated based on the current rental rate of \$17.00 per acre-foot times a diversion volume of 721.5 acre-feet. An annual payment shall be received by the Department prior to the execution of this agreement and prior to March 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 \$12,265.50 made payable to the Idaho Department of Water Resources, **together with the signed rental agreement, within 14 days** so I can complete processing. If the signed rental agreement and fees are not received within 14 days, your rental application will not be completed and the water you are pursuing will be made available for others to rent.

Pursuant to the Water Supply Bank Rules, 90% or \$11,038.95 of the rental fee will be paid to the lessor(s) and 10% or \$1,226.55 will be retained by the Department to offset administrative costs.

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

Sincerely,

Sincerely,
Chris Palmer

Cherie Palmer
Senior Water Resource Agent
WSB Process Point of Contact

Enclosure(s)

c: IDWR Front Desk

MEMORANDUM

To: Right(s) 2-7061 and 2-2161

From: Cherie Palmer

Date: February 27, 2013

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

PURPOSE/NARRATIVE: This rental was fulfilled with water right 2-2262 for the 2013 season. The rental extends through 2017 but, the lessor of 2-2262 released their water right from the bank. Typically we wouldn't allow that since the water right was committed. The right holder expressed that they wanted to get their water out of the bank because we didn't honor their request in renting their water right out at the requested \$20/af. Because of the error on our part we ended the rental agreement with 2-2262 at the end of 2013 and released 2-2262 from the bank per their request. I found new water rights to fulfill the rental through 2017. The rentals rights are 2-7061 and 2-2161. I confirmed that both lessors are following the rules of their lease agreements.

There is not an application before me, I am simply conducted a "substitution" here. I will still create a new rental document for the applicant to sign.

AUTHORITY TO FILE: NA, there is not a new application before me. The original application can be found in file 2-2262

WATER RIGHT VALIDITY: Right 2-2161 was decreed in 2013 and right 2-2061 has been in the bank since 2001 and decreed in 2009. Forfeiture of those rights is not an issue.

For further information on this rental please see my original 3/25/13 review memo.

DEPARTMENT STAFF OR WATERMASTER COMMENTS:

The watermaster was consulted and does not have any concerns with this substitution. The regional office doesn't have any concerns with the rental either.

Palmer, Cherie

From: Lester, Steve
Sent: Wednesday, March 05, 2014 8:22 AM
To: Palmer, Cherie
Subject: RE: Deruyter WSB Substitution--WM Comment

This looks good.

From: Palmer, Cherie
Sent: Tuesday, March 04, 2014 3:06 PM
To: Lester, Steve
Subject: FW: Deruyter WSB Substitution--WM Comment

Hi Steve,

I thought I sent this WSB region comment email last week and realized I left you off the list. Corbin didn't see any concerns with the rental substitution. Please let me know if you have any concerns.

Thanks!

Cherie

From: Palmer, Cherie
Sent: Thursday, February 27, 2014 5:23 PM
To: Knowles, Corbin
Subject: Deruyter WSB Substitution--WM Comment

Hi Corbin,

I am amending a rental agreement that was approved last year for Deruyter. Please see my memo and let me know if you have any questions regarding the new proposed rental. I realize that the water rights I am proposing to use for the rental are downstream of the proposed PD and typically we want to use upstream rights. But in this case, the leased water rights are at or immediately downstream of the reservoir, which means that the availability is better at the leased location and not at the rental location. If I am off let me know.

Thanks

Cherie

Palmer, Cherie

From: Knowles, Corbin
Sent: Tuesday, March 04, 2014 9:03 AM
To: Palmer, Cherie
Subject: RE: Deruyter WSB Substitution--WM Comment

I am okay with this change, will you have to let Deruyter know? Hopefully we won't have to many of these types in the future and we stay with the general rule of upstream to downstream in terms of the rentals. Good luck with the Simplot applications, let me know if there is anything I can do to help.

I am headed out to the field, if you need me my cell is 731-0435

Thanks

Corbin

From: Palmer, Cherie
Sent: Thursday, February 27, 2014 5:23 PM
To: Knowles, Corbin
Subject: Deruyter WSB Substitution--WM Comment

Hi Corbin,

I am amending a rental agreement that was approved last year for Deruyter. Please see my memo and let me know if you have any questions regarding the new proposed rental. I realize that the water rights I am proposing to use for the rental are downstream of the proposed PD and typically we want to use upstream rights. But in this case, the leased water rights are at or immediately downstream of the reservoir, which means that the availability is better at the leased location and not at the rental location. If I am off let me know.

Thanks

Cherie