

RECEIVED

WATER SUPPLY BANK LEASE CONTRACT

DEC 18 2013

DEPARTMENT OF
WATER RESOURCES

This Lease Contract ("**Lease**") is effective January 1, 2014, between the Idaho Water Resource Board ("**Board**"), and

Lessor: HEARTROCK RANCH LLC
PO BOX 3724
HAILEY ID 83333
(208) 788-2548

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>
37-499B 449B	0.17 CFS	NA	NA	6.0 AC
37-653	0.50 CFS	NA	NA	96.5 AC
37-655B	0.54 CFS	NA	NA	81.6 AC
37-21476	0.65 CFS	NA	NA	81.6 AC
Combined Lease Totals:	1.86 CFS	NA	NA	102.5 AC

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

Authorized Period of Use under Lease: Dependent on Leased Water Right

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, 2015.
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 # 37-449B

5. **DUPLICATE ORIGINAL:** This Lease is executed in duplicate. Each of the documents with an original signature of each party shall be an original.

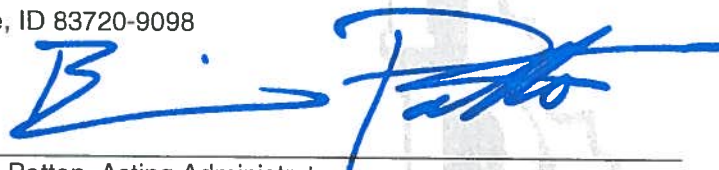
IN WITNESS WHEREOF, the parties have executed this Contract on the date following their respective signatures.

HEARTROCK RANCH
PO BOX 3724
HAILEY ID 83333

By 
Printed Name HARRY R. HAGEY

Date 12/16/13
Title owner/member

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 12/19/13

Lease approved by IDWR 

Date 12/19/13

ATTACHMENT A
WATER RIGHT NO. 37-449B
WATER SUPPLY BANK CONDITIONS OF ACCEPTANCE

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

Lessor: HEARTROCK RANCH
 PO BOX 3724
 HAILEY ID 83333
 (208) 788-2548

Priority Date: 06/01/1881

Source: SPRING CREEK

Tributary to: BIG WOOD RIVER

BENEFICIAL USE

IRRIGATION

From 04/01 **To** 11/15

Diversion Rate

0.17 CFS

Volume

NA

Total: 0.17 CFS

NA

LOCATION OF POINT(S) OF DIVERSION:

SPRING CREEK SW¼SE¼SW¼ Sec. 14 Twp 01S Rge 18E BLAINE 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	
01S	18E	14												6.0					6.0

Total Acres: 6.0

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. A measuring device and lockable controlling works of a type acceptable to the Department shall be permanently installed and maintained as part of the diverting works.

ATTACHMENT A
WATER RIGHT NO. 37-653
WATER SUPPLY BANK CONDITIONS OF ACCEPTANCE

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

Lessor: HEARTROCK RANCH
 PO BOX 3724
 HAILEY ID 83333
 (208) 788-2548

Priority Date: 05/15/1881

Source: UNNAMED STREAM **Tributary to:** WILLOW CREEK

<u>BENEFICIAL USE</u>	<u>From</u>	<u>To</u>	<u>Diversion Rate</u>	<u>Volume</u>
IRRIGATION	04/15 to	10/31	0.50 CFS	NA
	Total:		0.50 CFS	NA

LOCATION OF POINT(S) OF DIVERSION:

UNNAMED STREAM SE $\frac{1}{4}$ NW $\frac{1}{4}$ NE $\frac{1}{4}$ Sec. 23 Twp 01S Rge 18E BLAINE 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	
01S	18E	14												1.8			2.6		4.4
01S	18E	23	3.1	32.0			35.0	22.0											92.1

Total Acres: 96.5

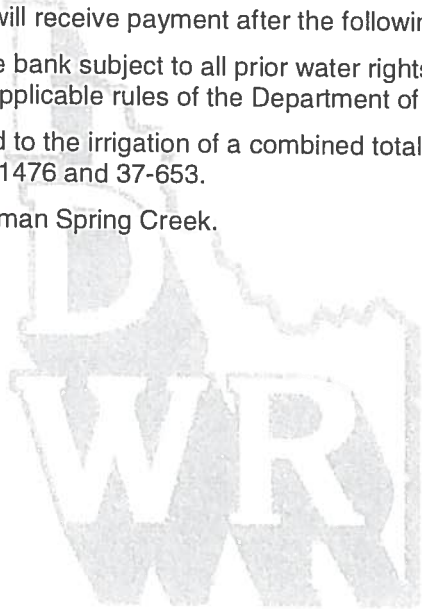
COMBINED LIMITS OF LEASED RIGHT:

<u>Combined Rights</u>	<u>Lease Rate</u>	<u>Lease Volume</u>	<u>Acre Limit</u>
37-655B, 37-21476 and 37-653	NA	NA	96.5 AC

ADDITIONAL CONDITIONS OF ACCEPTANCE

1. The water rights referenced above will be rented from the bank at the current rental rate.
2. There is no rental payment to the lessor of the water right if the right or a part thereof is not rented from the bank.
3. While a right is in the bank, the lessor may not use the right without approval of the Department even if the right is not rented from the bank. Any violation of the terms of this lease may result in enforcement procedures pursuant to Idaho Code § 42-351 for illegal diversion and use of water and may include civil penalties pursuant to Idaho Code § 42-1701B.
4. A right accepted into the bank stays in the bank until the Board releases it, the lease term expires, or upon request from the lessor to change the term of the lease, provided the Board approves the release. Unless approved by the Department, leased rights may not be immediately available for release.
5. While a water right is in the bank, forfeiture provisions are stayed.
6. Rental of water under this right is subject to the limitations and conditions of approval of the water right.

7. Failure of the right holder to comply with the conditions of acceptance is cause for the Director to rescind acceptance of the lease.
8. Acceptance of a right into the bank does not, in itself, confirm the validity of the right or any elements of the water right, or improve the status of the right including the notion of resumption of use. It does not preclude the opportunity for review of the validity of this water right in any other Department application process.
9. In accordance with Idaho Code §§ 42-248 and 42-1409(6), all owners of water rights are required to notify the Department of any changes in mailing address or change in ownership of all or part of a water right. Notice must be provided within 120 days of the change.
10. If a water right leased into the Water Supply Bank is sold or conveyed during the lease term, and if the leased right was rented, the rental proceeds will be disbursed in the following manner regardless of any arrangements between the buyer(s) and seller(s) to the contrary:
 - a. Rental payments will go to the lessor(s) of record at the beginning of the rental season.
 - b. If a change in ownership is processed by the Department during a rental season, rental payment will be made to the person or entity who is the lessor of record at the beginning of that rental season.
 - c. New lessor(s) of record will receive payment after the following rental season.
11. The water right(s) is leased to the bank subject to all prior water rights and shall be administered in accordance with Idaho law and applicable rules of the Department of Water Resources.
12. The rights listed below are limited to the irrigation of a combined total of 96.5 acres in a single irrigation season: 37-655B, 37-21476 and 37-653.
13. Source is also known as Timmerman Spring Creek.



ATTACHMENT A
WATER RIGHT NO. 37-655B
WATER SUPPLY BANK CONDITIONS OF ACCEPTANCE

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

Lessor: HEARTROCK RANCH
 PO BOX 3724
 HAILEY ID 83333
 (208) 788-2548

Priority Date: 07/01/1888

Source: WILLOW CREEK

Tributary to: BIG WOOD RIVER

<u>BENEFICIAL USE</u>	<u>From</u>	<u>To</u>	<u>Diversion Rate</u>	<u>Volume</u>
IRRIGATION	04/15	to 10/31	0.54 CFS	NA
	Total:		0.54 CFS	NA

LOCATION OF POINT(S) OF DIVERSION:

WILLOW CREEK SW¼SW¼ Sec. 13 Twp 01S Rge 18E BLAINE 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	
01S	18E	14												1.8			2.6		4.4
01S	18E	23	1.2	19.0			35.0	22.0											77.2

Total Acres: 81.6

COMBINED LIMITS OF LEASED RIGHT:

<u>Combined Rights</u>	<u>Lease Rate</u>	<u>Lease Volume</u>	<u>Acre Limit</u>
37-655B, and 37-21476	NA	NA	81.6 AC
37-655B, 37-21476 and 37-653	NA	NA	96.5 AC

ADDITIONAL CONDITIONS OF ACCEPTANCE

1. The water rights referenced above will be rented from the bank at the current rental rate.
2. There is no rental payment to the lessor of the water right if the right or a part thereof is not rented from the bank.
3. While a right is in the bank, the lessor may not use the right without approval of the Department even if the right is not rented from the bank. Any violation of the terms of this lease may result in enforcement procedures pursuant to Idaho Code § 42-351 for illegal diversion and use of water and may include civil penalties pursuant to Idaho Code § 42-1701B.
4. A right accepted into the bank stays in the bank until the Board releases it, the lease term expires, or upon request from the lessor to change the term of the lease, provided the Board approves the release. Unless approved by the Department, leased rights may not be immediately available for release.
5. While a water right is in the bank, forfeiture provisions are stayed.

6. Rental of water under this right is subject to the limitations and conditions of approval of the water right.
7. Failure of the right holder to comply with the conditions of acceptance is cause for the Director to rescind acceptance of the lease.
8. Acceptance of a right into the bank does not, in itself, confirm the validity of the right or any elements of the water right, or improve the status of the right including the notion of resumption of use. It does not preclude the opportunity for review of the validity of this water right in any other Department application process.
9. In accordance with Idaho Code §§ 42-248 and 42-1409(6), all owners of water rights are required to notify the Department of any changes in mailing address or change in ownership of all or part of a water right. Notice must be provided within 120 days of the change.
10. If a water right leased into the Water Supply Bank is sold or conveyed during the lease term, and if the leased right was rented, the rental proceeds will be disbursed in the following manner regardless of any arrangements between the buyer(s) and seller(s) to the contrary:
 - a. Rental payments will go to the lessor(s) of record at the beginning of the rental season.
 - b. If a change in ownership is processed by the Department during a rental season, rental payment will be made to the person or entity who is the lessor of record at the beginning of that rental season.
 - c. New lessor(s) of record will receive payment after the following rental season.
11. The water right(s) is leased to the bank subject to all prior water rights and shall be administered in accordance with Idaho law and applicable rules of the Department of Water Resources.
12. Right Nos. 37-655B and 37-21476 are limited to the irrigation of a combined total of 81.6 acres in a single irrigation season.
13. The rights listed below are limited to the irrigation of a combined total of 96.5 acres in a single irrigation season: 37-655B, 37-31476 and 37-653.

ATTACHMENT A
WATER RIGHT NO. 37-21476
WATER SUPPLY BANK CONDITIONS OF ACCEPTANCE

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

Lessor: HEARTROCK RANCH
 PO BOX 3724
 HAILEY ID 83333
 (208) 788-2548

Priority Date: 05/15/1881

Source: WILLOW CREEK

Tributary to: BIG WOOD RIVER

<u>BENEFICIAL USE</u>	<u>From</u>	<u>To</u>	<u>Diversion Rate</u>	<u>Volume</u>
IRRIGATION	05/01 to	09/15	0.65 CFS	NA
STOCKWATER	05/01 to	09/15	0.02 CFS	NA
	Total:		0.65 CFS	NA

LOCATION OF POINT(S) OF DIVERSION:

WILLOW CREEK SW¼SW¼SW¼ Sec. 13 Twp 01S Rge 18E BLAINE 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	
01S	18E	14												1.8			2.6		4.4
01S	18E	23	1.2	19.0			35.0	22.0											77.6

Total Acres: 81.6

COMBINED LIMITS OF LEASED RIGHT:

<u>Combined Rights</u>	<u>Lease Rate</u>	<u>Lease Volume</u>	<u>Acre Limit</u>
37-655B, and 37-21476	NA	NA	81.6 AC
37-655B, 37-21476 and	NA	NA	96.5 AC
37-653			

PLACE OF USE TO BE IDLED UNDER THIS LEASE: STOCKWATER

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	14												X			X		NA
01S	18E	23	X	X			X	X											NA

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.
12. 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.
13. Right Nos. 37-655B and 37-21476 are limited to the irrigation of a combined total of 81.6 acres in a single irrigation season.
14. The rights listed below are limited to the irrigation of a combined total of 96.5 acres in a single irrigation season: 37-655B, 37-21476 and 37-653
15. The quantity of water under this right for stockwater use shall not exceed 13,000 gallons per day.

RECEIVED

Form 42-1761-1 08/11

NOV 13 2013

DEPARTMENT OF
WATER RESOURCES

STATE OF IDAHO
WATER RESOURCE BOARD

WSB No. _____
Receipt No. 0097962
Date/by 11-13-13 HP
(For Department Use Only)

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

Name of Seller/Lessor Heart Rock Ranch LLC Phone 208-788-2548
Mailing address P.O Box 3724 Hailey, ID 83333 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>37-449B</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 surface water pump pressurizes mainline which is used for attaching handlines.

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

A portion of the place of use described by water rights 37-653, 37-655 and 37-21476 overlap with 37-449B. See accompanying WSB lease applications and maps for these water rights.

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. N/A.

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. N/A.

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 1/1/14 to 12/31/15 (not to exceed 5 years).
(Month / Day / Year) (Month / Day / Year)

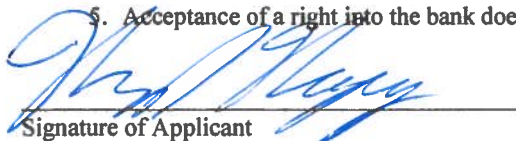
2. Show the minimum payment acceptable to the Seller/Lessor. The minimum payment may be shown as the "current rental rate" as established by the IWRB. Include the method of determining the minimum payment if other than the current rental rate.

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

Harry Hagey- Member
Printed Name and Title*

10/28/13
Date

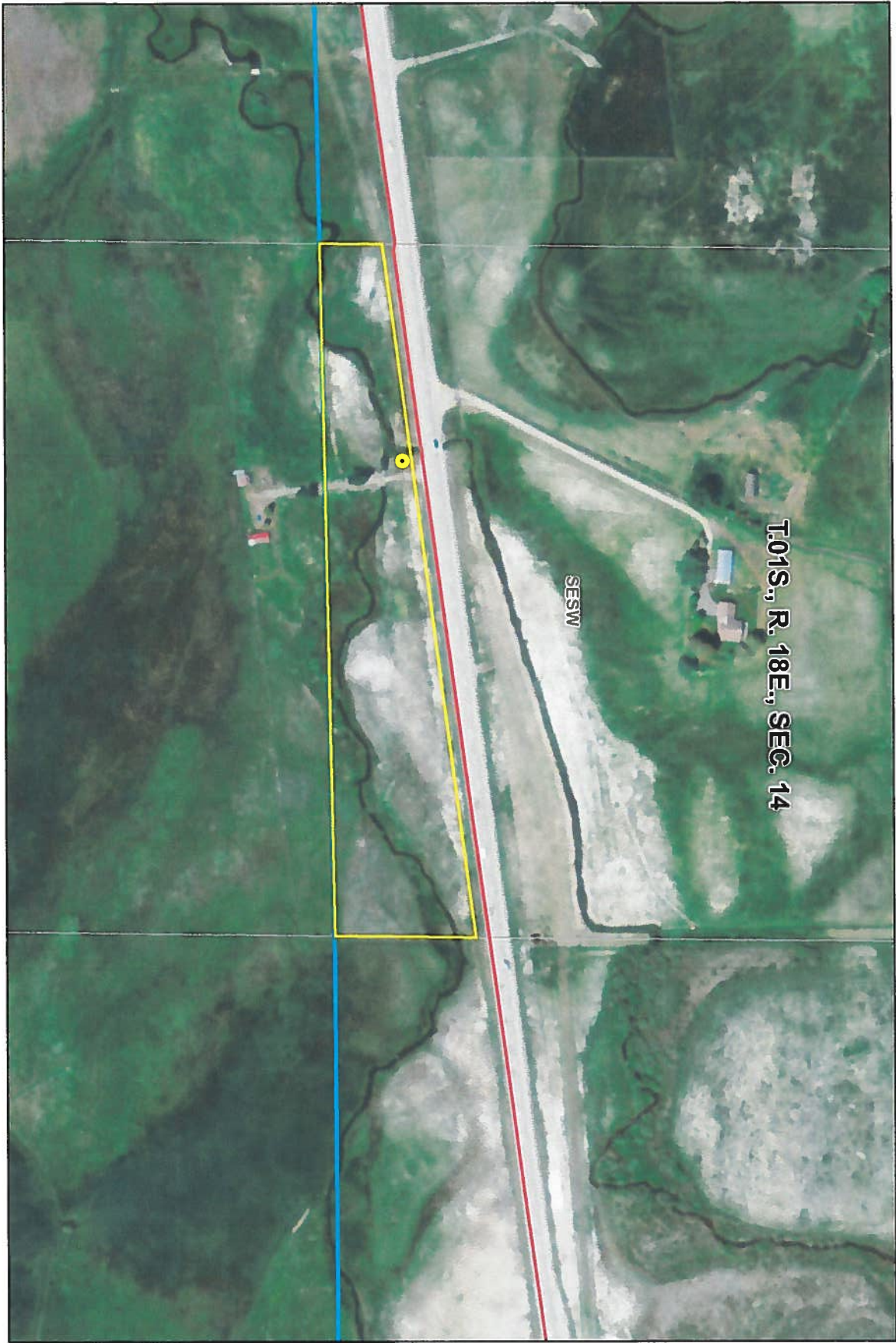
Signature of Applicant

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



T01S, R. 18E, SEC. 14

SES



**HEART ROCK RANCH
2014-2015, WATER BANK LEASE 37-449B
NAIP 2011 AERIAL**

- Legend**
- Water_Right_POU Heart_Rock_Ranch_Parcel
 - 37_449_B QQ lines
 - Water_Right_POD Section_Lines
 - 37_449_B



RECEIVED

Form 42-1761-1 08/11

NOV 13 2013

DEPARTMENT OF
WATER RESOURCES

STATE OF IDAHO
WATER RESOURCE BOARD

WSB No. _____
Receipt No. 1097962
Date/by 11-13-13 HP
(For Department Use Only)

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

Name of Seller/Lessor Heart Rock Ranch LLC Phone 208-788-2548
Mailing address P.O. Box 3724 Hailey, ID 83333 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>37-653</u>	_____	_____	_____ to _____
	_____	_____	_____ to _____
	_____	_____	_____ to _____

Total Amount: _____

2. Source of water _____ tributary to _____

3. Point(s) of Diversion:

Twp	Rge	Sec	Lot	1/4	1/4	1/4	County

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

Twp	Rge	Sec	NE 1/4				NW 1/4				SW 1/4				SE 1/4				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.

Water is diverted from an unnamed stream for surface flood irrigation application.

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

A portion of the place of use described by water rights 37-653, 37-655B and 37-21476 overlap. See accompanying WSB lease applications and maps for these water rights.

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

Yes ☒ No ☐

If yes, describe. Intermittent waste water.

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. N/A.

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. N/A.

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 1/1/14 to 12/31/15 (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

Harry Hagey- Member

Printed Name and Title*

10/28/13
Date

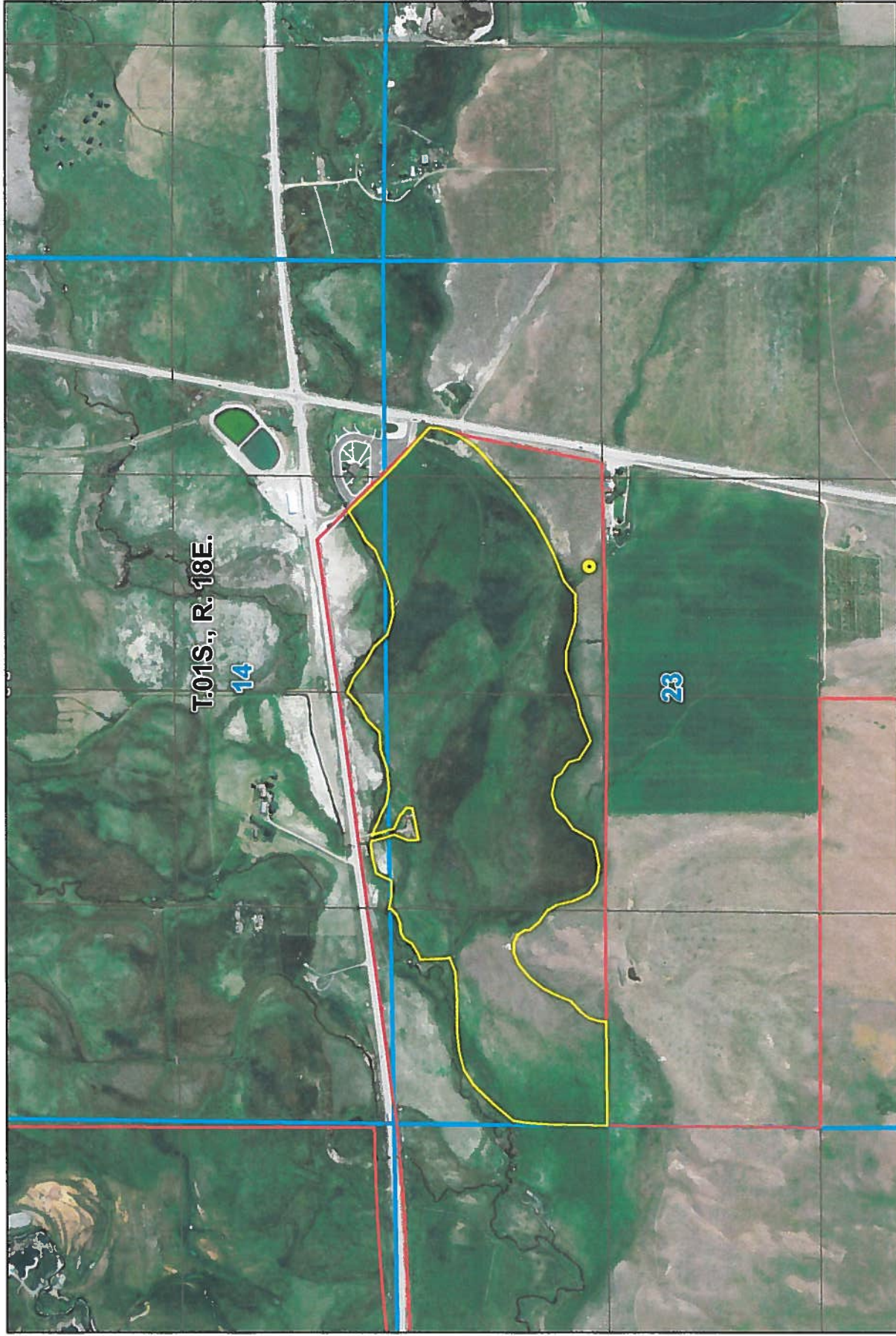
Signature of Applicant

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



0 375 750 1,500 Feet

**HEART ROCK RANCH
WATER BANK LEASE 37-653
NAIP 2011 AERIAL**

Legend

Water_Right_POD	Heart_Rock_Ranch_Parcel
37, 653,	Section_Lines
Water_Right_POU	QQ lines
37, 653,	

Brockway Engineering, PLLC
ALR - Oct. 7, 2013

RECEIVED

Form 42-1761-1 08/11

NOV 13 2013

DEPARTMENT OF
WATER RESOURCES

STATE OF IDAHO
WATER RESOURCE BOARD

WSB No. _____
Receipt No. 0097962
Date/by 11-13-13 HP
(For Department Use Only)

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

Name of Seller/Lessor Heart Rock Ranch LLC Phone 208-788-2548
Mailing address P.O. Box 3724 Hailey, ID 83333 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	Amount (cfs/ac-ft)	Nature of Use	Period of Use
<u>37-655B</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.

Water is diverted from Willow Creek for surface flood irrigation application.

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

A portion of the place of use described by water rights 37-653, 37-655B and 37-21476 overlap. See accompanying WSB lease applications and maps for these water rights.

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

Yes ☒ No ☐

If yes, describe. Intermittent waste water.

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. N/A.

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. N/A.

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 1/1/14 to 12/31/15 (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.
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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

Harry Hagey- Member

Printed Name and Title*



Date

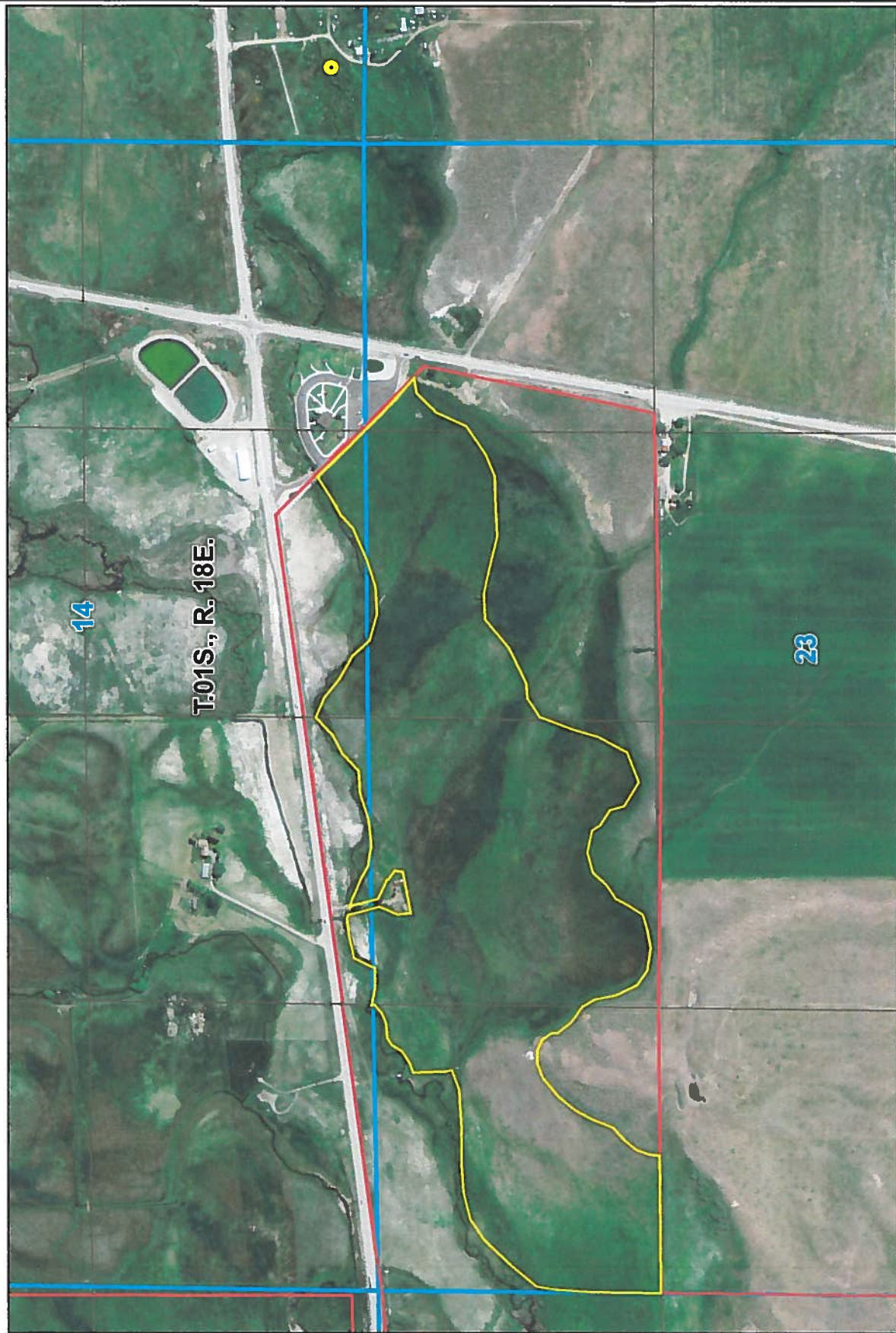
Signature of Applicant

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



0 250 500 1,000 Feet

Legend
Water_Right_POD
37, 655, B
Water_Right_POU
37, 655, B
Heart_Rock_Ranch_Parcel
Section_Lines
QQ lines

**HEART ROCK RANCH
2014-2015, WATER BANK LEASE 37-655B
NAIP 2011 AERIAL**

RECEIVED

Form 42-1761-1 08/11

NOV 13 2013

DEPARTMENT OF
WATER RESOURCES

STATE OF IDAHO
WATER RESOURCE BOARD

WSB No. _____
Receipt No. C097962
Date/by 11-13-13 HP
(For Department Use Only)

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

Name of Seller/Lessor Heart Rock Ranch LLC Phone 208-788-2548
Mailing address P.O. Box 3724 Halley, ID 83333 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>37-21476</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 ☒
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3. Will the present place of use continue to receive water from any source?

Yes ☒ No ☐

If yes, describe. Intermittent waste water.

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. N/A.

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. N/A.

D. REQUIRED ITEMS

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- ☐
- or lease
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If lease, for a period from 1/1/14 to 12/31/15 (not to exceed 5 years).
(Month / Day / Year) (Month / Day / Year)

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Current rental rate.

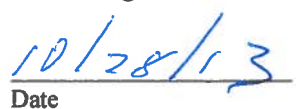
I hereby assert that the information contained in this application is true to the best of my knowledge, and that I have the authorities necessary to offer this right for sale or lease to the Idaho Water Resource Board.

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

Harry Hagey- Member
Printed Name and Title*


Date

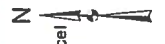
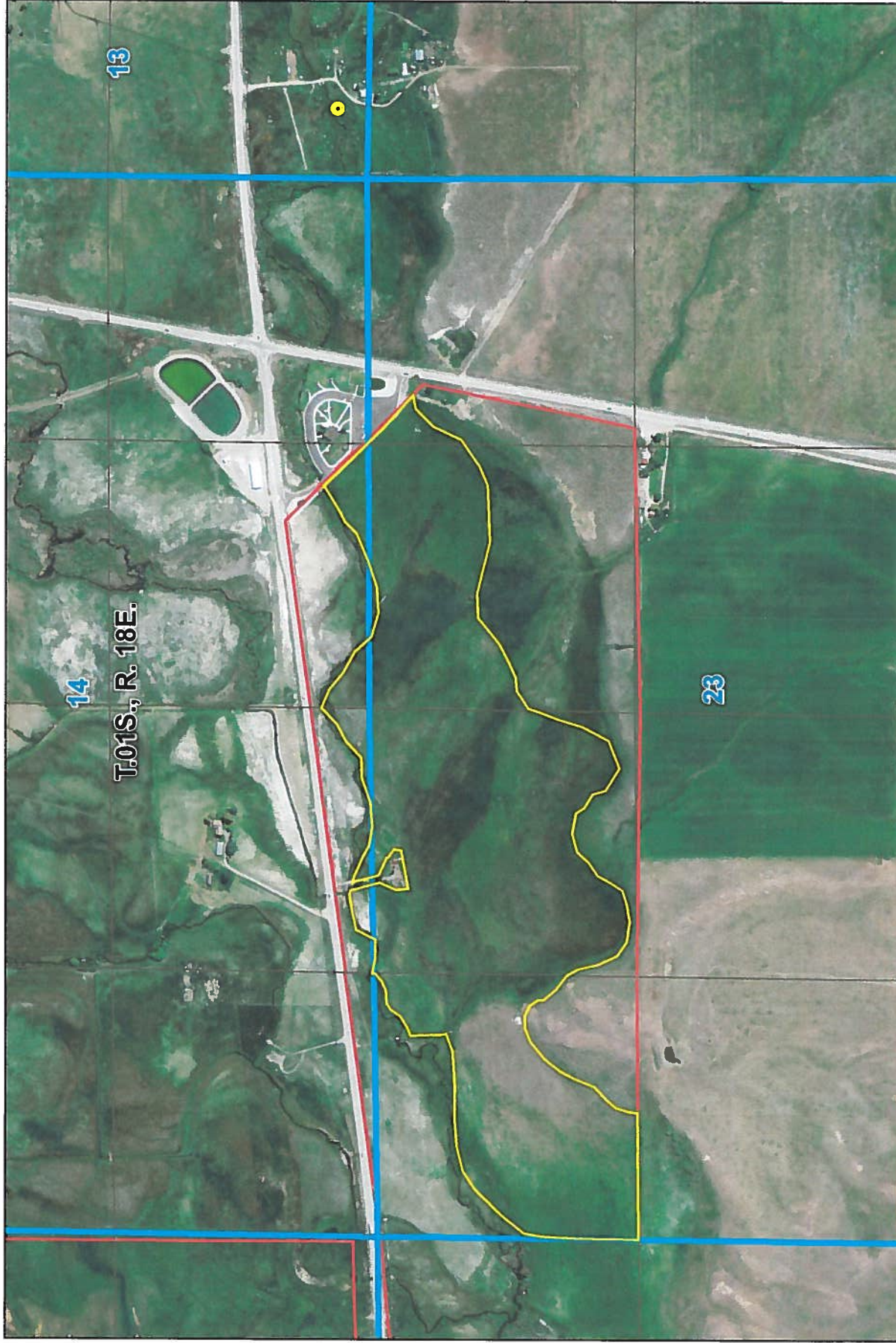
Signature of Applicant

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



- Legend**
- Heart_Rock_Ranch_Parcel
 - Water_Right_POD
 - Water_Right_POU
 - 37, 21476
 - 37, 21476, IRRIGATION
 - QQ lines
 - Section_Lines

**HEART ROCK RANCH
2014-2015, WATER BANK LEASE 37-21476
NAIP 2011 AERIAL**



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 20, 2013

HEART ROCK RANCH
PO BOX 3724
HAILEY ID 83333

RE: WATER SUPPLY BANK LEASE CONTRACT FOR RIGHTS 37-449B, 37-653, 37-655B and 37-21476

Dear Lessor:

Water Rights 37-449B, 37-653, 37-655B and 37-21476 were leased into the Water Supply Bank on January 1, 2014. **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, 2015**, 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. To request an extension of the lease period, submit a *Request to Extend the Lease Term* form along with applicable fees to the Department prior to the release date. These forms are 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
Allen Merritt- IDWR Southern Regional Manager
Kevin Lakey- Watermaster Water District No.37



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 9, 2013

HEART ROCK RANCH LLP
PO BOX 3724
HAILEY ID 83333

**RE: APPLICATION(S) TO LEASE WATER RIGHT(S) 37-449B, 37-653, 37-655B and 37-21476 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.

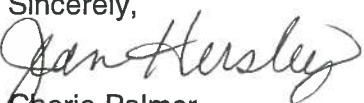
The rights will automatically be released from the Bank on **December 31, 2015**, unless the rights are released earlier by the Board, or upon your request. To release the right from the Bank prior to the release date, submit a written request on the Request to Release a Water Right from the Bank form. To request an extension of the lease period, submit a Request to Extend the Lease Term form along with applicable fees to the Department prior to the release date. 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- Zach Latham

MEMORANDUM

To: Water Right No(s). 37-449B, 37-653, 37-655B and 37-21476
From: Jean Hersley
Date: December 5, 2013
Re: Review of Applications to Lease Water Rights to the State Water Supply Bank

PURPOSE/NARRATIVE: On November 13, 2013, the Department received applications to lease all of the above-mentioned water right to the Water Supply Bank for the 2014 and 2015 seasons.

AUTHORITY TO FILE: The applications were signed by Harry Hagey on behalf of the Heart Rock Ranch. Harry is listed on the IDSOS annual report form for the Heart Rock Ranch

WATER RIGHT VALIDITY: The water rights were partially decreed in the Snake River Basin Adjudication in 2010 and have been in the Bank since 2012. Imaging shows they haven't been used.

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 # 37. An email was sent to Kevin Lakey on December 5, 2013, requesting comments or concerns.

No. W 98265	Due no later than Nov 30, 2013 Annual Report Form		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. HEART ROCK RANCH, LLC HARRY HAGEY PO BOX 3724 HAILEY ID 83333		FRITZ X HAEMMERLE 400 S MAIN ST SUITE 102 HAILEY ID 83333			
			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: ID W 98265		6. Annual Report must be signed.* Signature: Harry Hagey Name (type or print): Harry Hagey Date: 09/26/2013 Title: Trustee of Member Trust				
Processed 09/26/2013		* Electronically provided signatures are accepted as original signatures.				

Hersley, Jean

From: Kevin Lakey [watermanager@cableone.net]
Sent: Thursday, December 05, 2013 11:56 AM
To: Hersley, Jean
Subject: RE: WSB Applications to Lease water to Bank

Jean,
I have no concerns with this application.
Kevin

From: Hersley, Jean [<mailto:Jean.Hersley@idwr.idaho.gov>]
Sent: Thursday, December 05, 2013 11:16 AM
To: watermanager@cableone.net
Subject: WSB Applications to Lease water to Bank

Heart Rock Ranch LLC submitted applications to extend their leased water rights until the end of 2015. Water right numbers are: 37-449B, 37-653, 37-655B and 37-21476. The entirety of all rights are in the Bank.

Please respond within 10 days if you have comments or concerns. If you don't respond, I will assume you have no concerns and will continue processing these applications.

Thank you.

Jean Hersley

Idaho Dept Water Resources

Technical Records Specialist II

208-287-4942



BROCKWAY
ENGINEERING
P.L.L.C.

Hydraulics

Hydrology

Water Resources

RECEIVED

NOV 13 2013

DEPARTMENT OF
WATER RESOURCES

November 12th, 2013

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

Re: Water Supply Bank Lease Applications for Heart Rock Ranch LLC.

Dear Pam,

Attached are four WSB lease applications for water rights 37-449B, 37-653, 37-655B, and 37-21476 appurtenant to the Heart Rock Ranch property in Blaine County, ID. These four water rights are currently leased to the WSB through December 31st 2013. All portions of each water right are proposed to be leased to the WSB for 2 more years, starting on January 1st 2014, at the current rental rate. Maps showing the point of diversion and place of use for each water right are included.

Also attached is Brockway Engineering check # 11704 for \$750.00 to cover the cost of the four WSB lease applications. Please copy our office on all correspondence regarding these water supply bank lease applications. Thank you for your assistance on this matter and if you have questions or comments, please don't hesitate to call.

Regards

Zach Latham, M.S., Hydrologist

Enc: (4) Water Supply Bank Lease Applications and Associated Maps
(1) Brockway Engineering Check # 11704

Cc: Harry and Shirley Hagey
Fritz Haemmerle

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

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

2016 NORTH
WASHINGTON
STREET • SUITE 4

TWIN FALLS,
IDAHO 83301

208•736•8543

FAX: 736•8506