



State of Idaho

DEPARTMENT OF WATER RESOURCES

322 East Front Street • P.O. Box 83720 • Boise, Idaho 83720-0098

Phone: (208) 287-4800 • Fax: (208) 287-6700 • Website: www.idwr.idaho.gov

C.L. "BUTCH" OTTER
Governor

GARY SPACKMAN
Director

December 11, 2013

KBC FARMS LLC
3062 FRONTAGE RD
AMERICAN FALLS ID 83211

**RE: RENTAL OF WATER RIGHT(S) LEASED TO THE WATER SUPPLY BANK.
WATER RIGHT NO(S). 35-13991 AND 35-14040
EXPIRATION OF RIGHT(S) LEASED TO THE WATER SUPPLY BANK.
WATER RIGHTS NO. 35-14040**

Dear Lessor:

The Department of Water Resources is enclosing a state warrant in the amount of \$6,183.90 as payment to you for the rental of 62.4 acre-feet of the above referenced water right from the Water Supply Bank managed by the Idaho Water Resource Board.

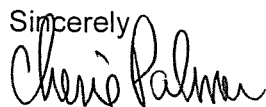
In accordance with Water Supply Bank rule 35.01, *IDAPA 37.02.03*, return for the rental is ninety percent (90%) of the gross amount received at a rental rate of \$14.00 per acre-foot for 62.4 af and \$17.00 for 352.80 af of water, or otherwise on a negotiated rental agreement.

Additionally, our records show that all or a portion of the above referenced water right(s) leased to the Water Supply Bank (Bank) will expire December 31, 2013 and will be considered released from the Bank unless you extend the period of the lease in writing on a Request to Extend Lease Term form, accompanied with applicable filing fees, prior to the release date.

A water right is not protected from forfeiture unless it is accepted into the Bank or unless an exception or defense to forfeiture applies as described under Idaho Code § 42-223. The five-year period of nonuse related to forfeiture of a water right shall begin to accrue upon release of the right from the bank or shall continue to accrue if a period of nonuse occurred prior to the lease date of the right to the Bank.

If a written request is not received the right(s) will be released from the bank as of December 31, 2013. You can reapply to lease the water right(s) into the Water Supply Bank by submitting a new application form(s) from the Department's website at www.idwr.idaho.gov.

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

Sincerely,


Cherie Palmer
Senior Water Resource Agent
WSB Process Point of Contact

**Receipt Number: C096643, C096979, C096980, C097058
Warrant Number: 126395878**