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OCT 15 2013

DEPARTMENT OF
WATER RESOURCES**WATER SUPPLY BANK LEASE CONTRACT**

This Lease Contract ("**Lease**") is effective May 20, 2013, between the Idaho Water Resource Board ("**Board**"), and

Lessor: Aberdeen Springfield Canal Co.
P.O Box 857
Aberdeen ID 83210
(208) 397-4192

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>
35-2543	5.04 CFS	2140.0 AF	N/A	535.0 AC
Combined Lease Totals:	5.04 CFS	2140.0 AF	N/A	535.0 AC

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

Authorized Period of Use under Lease: April 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, 2013.
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.
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.

Aberdeen Springfield Canal Co.

P.O Box 857
Aberdeen ID 83210

By 

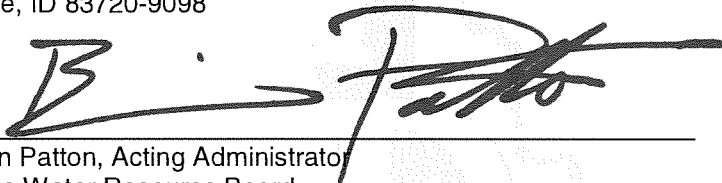
Date 10/10/2013

Printed Name Steven T. Howser

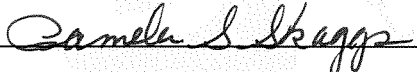
Title General Manager/Secretary

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 10-31-2013

Lease approved by IDWR 

Date 10-31-2013

ATTACHMENT A
WATER RIGHT NO. 35-2543
WATER SUPPLY BANK CONDITIONS OF ACCEPTANCE

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

Lessor: Aberdeen Springfield Canal Co.
P.O Box 857
Aberdeen ID 83210
(208) 397-4192

Priority Date: 8/7/1958

Source: GROUND WATER

<u>BENEFICIAL USE</u>	<u>From</u>	<u>To</u>	<u>Diversion Rate</u>	<u>Volume</u>
IRRIGATION	4/01	to 10/31	5.04 CFS	2140.0 AF
	Total:		5.04 CFS	2140.0 AF

LOCATION OF POINT(S) OF DIVERSION:

GROUND WATER NW¼NE¼SW¼ Sec. 11 Twp 05S Rge 31E BINGHAM County

PLACE OF USE TO BE IDLED UNDER THIS LEASE: IRRIGATION

Aberdeen Springfield Canal Company Service Area (See Condition # 6)

Total Acres: 61,772.6

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. Leased portion of right 35-2543 is limited to irrigation of 535 acres within the boundary of Aberdeen Springfield Canal Company pursuant to Section 42-219, Idaho Code.
7. Use of rights 1-23B, 1-297, 35-2543 and 35-4246 are limited when combined to one or more of the following in accordance with the conditions of approval on the water rights: 61,772.6 total acres authorized for irrigation.

8. Rental of water under this right is subject to the limitations and conditions of approval of the water right.
9. Failure of the right holder to comply with the conditions of acceptance is cause for the Director to rescind acceptance of the lease.
10. 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.
11. 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.
12. 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.
13. 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.





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

October 31, 2013

ABERDEEN SPRINGFIELD CANAL CO
PO BOX 857
ABERDEEN ID 83210

RE: WATER SUPPLY BANK LEASE CONTRACT FOR RIGHT(S) 35-2543 and 35-4246

Dear Lessor:

Water Right(s) 35-2543 and 35-4246 was leased into the Water Supply Bank on May 20, 2013 in accordance with the executed original Lease Contract enclosed. **The portion of your right(s) described on the Lease Contract is considered leased into the Bank, and should remain unused, until it is formally released from the Bank.**

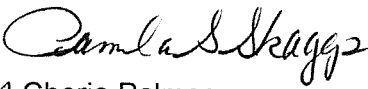
The rights will automatically be released from the Bank on **December 31, 2013**, unless the rights are released earlier by the Board, or upon your request. To release the right from the Bank prior to the release date, submit a written request on the Request to Release a Water Right from the Bank form. 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 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,


for Cherie Palmer
Senior Water Resource Agent
WSB Process Point of Contact

Enclosure: Executed Lease Contracts (2)

c: James Cefalo- IDWR Eastern Region
Randall C. Budge – Racine Olson Nye Budge & Bailey
Rob Harris – Holden Kidwell Hahn & Crapo PLLC
Greg Sullivan – Brockway Engineering PLLC