

WATER SUPPLY BANK LEASE CONTRACT

This Lease Contract ("**Lease**") is effective March 18, 2013, between the Idaho Water Resource Board ("**Board**"), and

Lessor: TARGHEE HILLS ESTATES LLC
10 B PINEBROOK RD
PARK CITY, UT, 84098
435-645-9005
bill@billcoleman.com

RECEIVED
JUN 03 2013
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>
22-13628	0.61 CFS	N/A	66.3 AC	73.7 AC
22-13630	1.32 CFS	N/A	73.7 AC	73.7 AC
Combined Lease Totals:	1.93 CFS	N/A	73.7 AC	73.7 AC

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

Authorized Period of Use under Lease: 3/18/2013 to 12/31/2013.

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 12/31/2013.
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.

SUPPORT DATA

IN FILE # 22-13628

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.

TARGHEE HILLS ESTATES LLC
10 B PINEBROOK RD
PARK CITY, UT, 84098
435-645-9005
bill@billcoleman.com

By 

Date May 29 2013

Printed Name William H Coleman

Title Mgr.

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 06-03-2013

Lease approved by IDWR 

Date 06-03-2013

ATTACHMENT A
WATER RIGHT NO. 22-13628
WATER SUPPLY BANK CONDITIONS OF ACCEPTANCE

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

Lessor: TARGHEE HILLS ESTATES LLC
 10 B PINEBROOK RD
 PARK CITY, UT, 84098
 435-645-9005
 bill@billcoleman.com

Priority Date: 9/1/1891

Source: TETON CREEK

Tributary to: TETON RIVER

<u>BENEFICIAL USE</u>	<u>From</u>	<u>To</u>	<u>Diversion Rate</u>	<u>Volume</u>
IRRIGATION	04/15	to 10/31	0.56 CFS	
AESTHETIC STORAGE	01/01	to 12/31		10.00 AF
DIVERSION TO STORAGE	04/15	to 10/31	0.05 CFS	12.50 AF
Total:			0.61 CFS	

LOCATION OF POINT(S) OF DIVERSION:

TETON CREEK L2(SW¼NE¼) Sec. 20 Twp 05N Rge 46E TETON County

PLACE OF USE TO BE IDLED UNDER THIS LEASE:

AESTHETIC STORAGE within TETON County

Twp	Rge	Sec	NE				NW				SW				SE				Totals
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
05N	46E	20											X	X			X	L4	

IRRIGATION within TETON County

Twp	Rge	Sec	NE				NW				SW				SE				Totals
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
05N	46E	20											15.7	31.3			26.7	L4	73.7

Total Acres: 73.7

Limited to acres within place of use described above: 66.3

COMBINED LIMITS OF LEASED RIGHT:

<u>Combined Rights</u>	<u>Lease Rate</u>	<u>Lease Volume</u>	<u>Acre Limit</u>	<u>Total Leased Acres</u>
22-13628 and 22-13630,	N/A	N/A	73.7 AC	73.7 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.

ATTACHMENT A
WATER RIGHT NO. 22-13628
WATER SUPPLY BANK CONDITIONS OF ACCEPTANCE

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. Use of rights 22-13628 and 22-13630 are limited when combined to one or more of the following in accordance with the conditions of approval on the water rights: 73.7 total acres authorized for irrigation.
7. Rental of water under this right is subject to the limitations and conditions of approval of the water right.
8. Failure of the right holder to comply with the conditions of acceptance is cause for the Director to rescind acceptance of the lease.
9. 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.
10. 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.
11. 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 rights 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. This right is limited to the irrigation of 66.3 acres within the authorized place of use in a single irrigation season.
14. Rights 22-13628 and 22-13630 when combined shall not exceed the irrigation of 73.7 acres.
15. 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. 01.
16. Rights 22-13628 and 22-13630 authorize the diversion of an annual total of 13.8 acre-feet to be used for the initial filling of the pond(s) and for the replacement of losses caused by evaporation.
17. The 4 ponds established by the storage of water under right 22-13628 and 22-13630 shall not exceed a total capacity of 10.0 acre-feet or a total surface area of 2.28 acres.

ATTACHMENT A
WATER RIGHT NO. 22-13628
WATER SUPPLY BANK CONDITIONS OF ACCEPTANCE

18. The right holder shall install and maintain an impermeable liner in the ponds to eliminate seepage losses.
19. Diversion of water under transfer 74119 is subject to the terms stated in the Settlement Agreement for Application for Transfer No 74119, recorded in Teton County on January 16, 2009 as instrument # 202354.
20. The quantity of water diverted under this water right shall be from the portion awarded to Wyoming and deducted there from as set forth in Roxana Canal Co. v. Daniels, Equity No. 2447 (D. Wy. Feb. 4, 1941).
21. This water right is subject to the delivery provisions contained in Roxana Canal Co. v. Daniels, Equity No. 2447 (D. Wy. Feb. 4, 1941) ("Roxana decree"). Nothing in this Partial Decree is intended to relieve or alter the state of Idaho nor the state of Wyoming from their obligations contained in the Roxana decree.
22. The point of diversion for this water right is in Wyoming, T44N, R118W, Sec. 20 SESESE, 6PM.
23. The point of diversion shown above is where the conveyance system enters Idaho.
24. This right when combined with all other rights shall provide no more than 3.5 afa per acre at the field headgate for irrigation of the lands above.

ATTACHMENT A
WATER RIGHT NO. 22-13630
WATER SUPPLY BANK CONDITIONS OF ACCEPTANCE

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

Lessor: TARGHEE HILLS ESTATES LLC
 10 B PINEBROOK RD
 PARK CITY, UT, 84098
 435-645-9005
 bill@billcoleman.com

Priority Date: 1/22/1916

Source: TETON CREEK

Tributary to: TETON RIVER

<u>BENEFICIAL USE</u>	<u>From</u>	<u>To</u>	<u>Diversion Rate</u>	<u>Volume</u>
IRRIGATION	04/15	to 10/31	1.22 CFS	
AESTHETIC STORAGE	01/01	to 12/31		10.0 AF
DIVERSION TO STORAGE	04/15	to 10/31	0.10 CFS	13.8 AF
	Total:		1.32 CFS	

LOCATION OF POINT(S) OF DIVERSION:

TETON CREEK L2(SW¼NE¼) Sec. 20 Twp 05N Rge 46E TETON County

PLACE OF USE TO BE IDLED UNDER THIS LEASE:

AESTHETIC STORAGE within TETON County

Twp	Rge	Sec	NE				NW				SW				SE				Totals
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
05N	46E	20											X	X			X	L4	

IRRIGATION within TETON County

Twp	Rge	Sec	NE				NW				SW				SE				Totals
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
05N	46E	20											15.7	31.3			26.7	L4	73.7

Total Acres: 73.7

COMBINED LIMITS OF LEASED RIGHT:

<u>Combined Rights</u>	<u>Lease Rate</u>	<u>Lease Volume</u>	<u>Acre Limit</u>	<u>Total Leased Acres</u>
22-13628 and 22-13630	N/A	N/A	73.7 AC	73.7} 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.

ATTACHMENT A
WATER RIGHT NO. 22-13630
WATER SUPPLY BANK CONDITIONS OF ACCEPTANCE

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. Use of rights 22-13628 AND 22-13630 are limited when combined to one or more of the following in accordance with the conditions of approval on the water rights: 73.7 total acres authorized for irrigation.
7. Rental of water under this right is subject to the limitations and conditions of approval of the water right.
8. Failure of the right holder to comply with the conditions of acceptance is cause for the Director to rescind acceptance of the lease.
9. 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.
10. 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.
11. 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 rights 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. Rights 22-13628 and 22-13630 when combined shall not exceed the irrigation of 73.7 acres.
14. Use of water under this right will be regulated by a water master 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. 01.
15. The right holder shall maintain a measuring device and lockable controlling works of a type approved by the Department in a manner that will provide the watermaster suitable control of the diversion(s).
16. Rights 22-13628 and 22-13630 authorize the diversion of an annual total of 13.8 acre-feet to be used for the initial filling of the pond(s) and for the replacement of losses caused by evaporation.
17. The 4 ponds established by the storage of water under rights 22-13628 and 22-13630 shall not exceed a total capacity of 10.0 acre-feet or a total surface area of 2.28 acres.

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WATER RIGHT NO. 22-13630
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19. The quantity of water diverted under this water right shall be from the portion awarded to Wyoming and deducted there from as set forth in Roxana Canal Co. v. Daniels, Equity No. 2447 (D. Wy. Feb. 4, 1941).
20. The right holder shall install and maintain an impermeable liner in the ponds to eliminate seepage losses.
21. This water right is subject to the delivery provisions contained in Roxana Canal Co. v. Daniels, Equity No. 2447 (D. Wy. Feb. 4, 1941) ("Roxana decree"). Nothing in this Partial Decree is intended to relieve or alter the state of Idaho nor the state of Wyoming from their obligations contained in the Roxana decree.
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23. The point of diversion shown above is where the conveyance system enters Idaho.
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