

RECEIVED

MAY 01 2013

DEPARTMENT OF
WATER RESOURCES

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

This is to certify that: HEART ROCK RANCH LLC
PO BOX 3724
HAILEY ID 83333
(208) 788-2548

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

Water Right	Rented Rate	Annual Rented Volume	Total Rented Acres
37-26	4.05 CFS	NA	NA
37-27	1.80 CFS	NA	NA

COMBINED RENTAL TOTALS: **5.85 CFS 427.5 AF NA**

TERM OF RENTAL: April 2, 2013, to December 1, 2013

RENTAL FEE: \$7,267.50

Detailed water right specific limitations and conditions 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:

Dated this 29th day of April, 2013.

By: HARRY R. HAGEY
(Print Name)

[Signature]
(Signature)

Owner
(Title if on behalf of company or organization)

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 this 2nd day of May, 2013.

[Signature]
BRIAN PATTON, Acting Administrator
Idaho Water Resource Board

WATER RIGHT NO. 37-26 WATER SUPPLY BANK RENTAL AGREEMENT

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: HEART ROCK RANCH LLC
PO BOX 3724
HAILEY ID 83333
(208) 788-2548

Priority Date: 5/23/1885

Source: BIG WOOD RIVER **Tributary to:** MALAD RIVER

<u>BENEFICIAL USE</u>	<u>From</u>	<u>To</u>	<u>Diversion Rate</u>	<u>Volume</u>
WILDLIFE, RECREATION, And AESTHETIC	04/15	10/31	4.05 CFS	NA
Total:			4.05 CFS	NA

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

BIG WOOD RIVER	NW¼SE¼SW¼Sec. 12,	Twp 01N,	Rge 18E B.M.	BLAINE County
BIG WOOD RIVER	NE¼SW¼SE¼ Sec. 2,	Twp 01S,	Rge 18E B.M.	BLAINE County (Rediversion)
BIG WOOD RIVER	SE¼NW¼SE¼ Sec. 2,	Twp 01S,	Rge 18E B.M.	BLAINE County

RENTER'S PLACE OF USE: WILDLIFE, RECREATION, AND AESTHETIC

			NE				NW				SW				SE				Totals
Twp	Rge	Sec	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
01S	18E	10													X		X	X	
01S	18E	11	X	X	X	X	X		X	X	X	X	X	X	X	X			
01S	18E	12						X	X										
01S	18E	14					X	X											
01S	18E	15	X	X	X	X	X			X	X	X	X	X	X	X	X	X	
01S	18E	21	X		X	X											X		
01S	18E	22					X	X	X										

COMBINED LIMITS OF RENTED RIGHTS:

Combined Rights	Rate	Volume	Acres
37-26 and 37-27	NA	427.5 AF	NA

CONDITIONS OF WATER USE

1. The use of water under this agreement shall be subject to the provisions of Idaho Code § 42-1766.
2. The water rented under this agreement is appurtenant to irrigation of 171.0 acres.
3. 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 the ongoing Snake River Basin Adjudication or any other department application process.

**WATER RIGHT NO. 37-26
WATER SUPPLY BANK RENTAL AGREEMENT
CONDITIONS OF WATER USE**

4. This right is measured and administered at the point of redirection
5. 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.
6. This rental does not grant any right-of-way or easement to use the diversion works or conveyance works of another party.
7. Use of water under this agreement shall not prejudice any pending permanent transfer applications that the renter has/will file(d) to modify water rights of the subject lands nor shall it prejudice any future rental agreement that may be made of the subject water right after this rental agreement expires.
8. Renter agrees to comply with all applicable state and federal laws while using water under this agreement.
9. 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.
10. 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.
11. Failure of the renter to comply with the conditions of this agreement is cause for the Director to rescind approval of the rental agreement.
12. 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. 37.

WATER RIGHT NO. 37-27 WATER SUPPLY BANK RENTAL AGREEMENT

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: HEART ROCK RANCH LLC
PO BOX 3724
HAILEY ID 83333
(208) 788-2548

Priority Date: 6/15/1886

Source: BIG WOOD RIVER **Tributary to:** MALAD RIVER

<u>BENEFICIAL USE</u>	<u>From</u>	<u>To</u>	<u>Diversion Rate</u>	<u>Volume</u>
WILDLIFE, RECREATION, And AESTHETIC	04/15 to	10/31	1.80 CFS	NA
Total:			1.80 CFS	NA

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

BIG WOOD RIVER	NW¼SE¼SW¼Sec. 12,	Twp 01N,	Rge 18E B.M.	BLAINE County
BIG WOOD RIVER	NE¼SW¼SE¼ Sec. 2,	Twp 01S,	Rge 18E B.M.	BLAINE County (Rediversion)
BIG WOOD RIVER	SE¼NW¼SE¼ Sec. 2,	Twp 01S,	Rge 18E B.M.	BLAINE County

RENTER'S PLACE OF USE: WILDLIFE, RECREATION, AND AESTHETIC

			NE				NW				SW				SE				Totals
Twp	Rge	Sec	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
01S	18E	10													X		X	X	
01S	18E	11	X	X	X	X	X		X	X	X	X	X	X	X	X			
01S	18E	12						X	X										
01S	18E	14					X	X											
01S	18E	15	X	X	X	X	X			X	X	X	X	X	X	X	X	X	
01S	18E	21	X		X	X											X		
01S	18E	22					X	X	X										

COMBINED LIMITS OF RENTED RIGHTS:

Combined Rights	Rate	Volume	Acres
37-26 and 37-27	NA	427.5 AF	NA

CONDITIONS OF WATER USE

1. The use of water under this agreement shall be subject to the provisions of Idaho Code § 42-1766.
2. The water rented under this agreement is appurtenant to irrigation of 171.0 acres.
3. 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 the ongoing Snake River Basin Adjudication or any other department application process.

**WATER RIGHT NO. 37-27
WATER SUPPLY BANK RENTAL AGREEMENT
CONDITIONS OF WATER USE**

4. This right is measured and administered at the point of redirection
5. 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.
6. This rental does not grant any right-of-way or easement to use the diversion works or conveyance works of another party.
7. Use of water under this agreement shall not prejudice any pending permanent transfer applications that the renter has/will file(d) to modify water rights of the subject lands nor shall it prejudice any future rental agreement that may be made of the subject water right after this rental agreement expires.
8. Renter agrees to comply with all applicable state and federal laws while using water under this agreement.
9. 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.
10. 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.
11. Failure of the renter to comply with the conditions of this agreement is cause for the Director to rescind approval of the rental agreement.
12. 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. 37.