

MEMORANDUM

Date: March 04, 2013
To: Water Right File 75-7073
From: shemenway
Re: Water Supply Bank Rental Agreement Review

Water Right 75-7073 will be placed in the WSB for Mining at 1.0 cfs diversion rate; $1.0 \text{ cfs} \times 365 \text{ days} \times 1.9835 = 724.0 \text{ af}$ total annual volume (WSB Entire).

Tax Lot Information:

Information updated on 9/27/2012 confirms the owner of the POU and POD property for 75-7073 and the new POU/POD property as: Salmon - Challis National Forest 1206 S. Challis St., Salmon, ID 83467 (644.4 acres). In the file, there is a 6/12/2008 Record of Decision (ROD) to approve the plan of operations from William A Wood, Forest Supervisor. There also is a 12/8/2009 Agreement between the USDA and Formation Capital Corporation (signed by both William A Wood, Forest Supervisor Salmon-Challis National Forest, and William Scales, President of Formation Capital Corp.) SOS.idaho shows Formation Capital Corporation status as: in good standing.

Overlaps:

No POD overlaps.

No POU overlaps. Permit 75-13977 shows POU overlaps for Mining at the location proposed in the application to rent water from the Water Supply Bank. Permit 75-13977 has 4 PODs that are groundwater. The permits Proof of Beneficial Use is not due until 2/16/2015. Water rights 75-2094 and 75-2117 on ArcMap show as overlaps within some of the same QQ, but they do not overlap. Water rights 75-2094 and 75-2117 are owned by Noranda Mining Inc., and per a 3/4/2013 email from Preston Rufe, at Formation Capital Corp., Noranda Mining is a different company not affiliated with Formation in any way; Noranda owns the Blackbird mine property adjacent to the Idaho Cobalt Project that Formation Capital is in charge of.

Standard Season of Use:

1/1 – 12/31 as decreed

Injury:

No Injury was found.

Forfeiture Issues:

No Forfeiture Issues were found.

Additional Notes:

Historically, the same owner rented and leased water right 75-7073 (2008 – 2012)

Rental Fee:

$1.0 \text{ cfs} \times 365 \text{ days} \times 1.9835 = 724.0 \text{ af}$ $\times \$17/\text{af} = \$12,308.00$ (same renter/lessor);
10% IDWR Admin. Fee = \$1,230.80/year

Recommendations:

Mining	1/1 to 12/31	1.0 cfs	724.0 af
Diversion to Storage	1/1 to 12/31	1.0 cfs	724.0 af
Mining Storage	1/1 to 12/31		50.0 af
Mining from Storage	1/1 to 12/31		50.0 af
Total		1.0 cfs	724.0 af

Hemenway, Sandy

From: Preston Rufe [prufe@formcap.com]
Sent: Monday, March 04, 2013 8:49 AM
To: Hemenway, Sandy
Subject: RE: Question

Sandy,

Good morning. No, Noranda Mining Inc is a different company not affiliated with Formation in anyway. Noranda owns the Blackbird mine property, which is adjacent to the Idaho Cobalt Project.

Preston

From: Hemenway, Sandy [<mailto:Sandy.Hemenway@idwr.idaho.gov>]
Sent: Monday, March 04, 2013 8:47 AM
To: prufe@formcap.com
Cc: Hemenway, Sandy
Subject: Question

Hi Preston,

Is Noranda Mining Inc, a part of Formation Capital Corp. US?

Thanks,

Sandy Hemenway

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