

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

This is to certify that: EMERALD FOREST PRODUCTS INC
 PO BOX 1539
 THOMPSON FALLS MT 59873
 (406) 827-3574
wilma@blackfoot.net

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
	65-587	0.32 CFS	200.0 AF	N/A
COMBINED RENTAL TOTALS:		0.32 CFS	200.0 AF	N/A

TERM OF RENTAL: April 11, 2012 to December 31, 2012

RENTAL FEE: \$2800.00

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 30th day of April, 20 12.

By: Richard Vinson
 (Print Name)

Richard Vinson
 (Signature)

PRESIDENT
 (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 9th day of May, 20 12.

for Nicholas Van Dyke
 GARY SPACKMAN, Interim Director
 Department of Water Resources

WATER RIGHT NO. 65-587
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: EMERALD FOREST PRODUCTS INC
 PO BOX 1539
 THOMPSON FALLS MT 59873
 (406) 827-3574
wilma@blackfoot.net

Priority Date: 06/01/1916

Source: GROUND WATER

<u>BENEFICIAL USE</u>	<u>From</u>	<u>To</u>	<u>Diversion Rate</u>	<u>Volume</u>
INDUSTRIAL	01/01	to 12/31	0.32 CFS	200.0 AF
	Total:		0.32 CFS	200.0 AF

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

GROUND WATER NW¼NW¼ Sec. 7 Twp 06N Rge 02W GEM County

RENTER'S PLACE OF USE: INDUSTRIAL

Twp	Rge	Sec	NE				NW				SW				SE				Totals
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
06N	01W	7						L3											
06N	02W	12	L8			L8													

Total Acres: N/A

CONDITIONS OF WATER USE

1. The use of water under this agreement shall be subject to the provisions of Idaho Code § 42-1766.
2. 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 any other department application process.
3. 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. 65.
4. Prior to diversion of water under this approval, the right holder shall provide a means of measurement and lockable controlling works for all authorized points of diversion. The means of measurement and controlling works must be suitable for control of the diversions and acceptable to the watermaster.
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 action of the Department in its consideration of an application for transfer or permit filed by the applicant for this same use.

**WATER RIGHT NO. 65-587
WATER SUPPLY BANK RENTAL AGREEMENT
CONDITIONS OF WATER USE**

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.