

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

This is to certify that: TELFORD LANDS LLC
1450 W HWY 24
PAUL ID 83347
(208) 431-5957

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
34-2459	4.17 CFS	833.0 AF	238.0 AC
34-2460	4.17 CFS	833.0 AF	238.0 AC

**COMBINED
RENTAL TOTALS:** **8.34 CFS 1,666.0 AF 476.0 AC**

TERM OF RENTAL: April 1, 2012 to October 31, 2012
 April 1, 2013 to October 31, 2013

RENTAL FEE: \$23,324.00

The total fee for rental of the above-described water is \$23,324.00 per year. The undersigned renter is also the lessor under this agreement, and is therefore obligated to pay only the administrative fee of \$2,332.40 per year.

An annual payment shall be received by the Department prior to April 1, the beginning of the irrigation season, each year for the duration of the rental period. The agreement will be void if payment is not received prior to the due date in a given year. To terminate the agreement prior to the end of the rental period, written notice must be received by the Department at least 30 days prior to the rental fee due date.

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 23 day of April, 2012.

By: Mike TELFORD
(Print Name)

Telford Lands LLC
Mike Telford
(Signature)

managing member.
(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 26th day of April, 2012.

for Monica VanBuren
GARY SPACKMAN, Interim Director
Department of Water Resources

WATER RIGHT NO. 34-2459

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: TELFORD LANDS LLC
1450 W HWY 24
PAUL ID 83347
(208) 431-5957

Priority Date: 04/19/1965

Source: GROUND WATER

<u>BENEFICIAL USE</u>	<u>From</u>	<u>To</u>	<u>Diversion Rate</u>	<u>Volume</u>
IRRIGATION	04/01	to 10/31	4.17 CFS	833.0 AF
	Total:		4.17 CFS	833.0 AF

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

GROUND WATER	SE¼NW¼SW¼	Sec. 34	Twp 05N Rge 26E	BUTTE County
GROUND WATER	SE¼NW¼SW¼	Sec. 3	Twp 04N Rge 26E	BUTTE County
GROUND WATER	SE¼NW¼SW¼	Sec. 2	Twp 03N Rge 26E	BUTTE County
GROUND WATER	SE¼NW¼SW¼	Sec. 2	Twp 03N Rge 26E	BUTTE County

RENTER'S PLACE OF USE: IRRIGATION

Twp	Rge	Sec	NE				NW				SW				SE				Totals
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
03N	26E	14					39	36	40	40	40	40	40	40					315
03N	26E	15	39	40	40	40	39	39	40	40	40	40	40	40	40	40	40	40	637
03N	26E	16	39	39	40	40									40	40	39	39	158
03N	26E	22	40	40	40	40	40	40	40	40									320
03N	26E	23					40	40	40	40	40			33	39	40	40	40	392

Total Acres: 1980.0

Limited to acres within place of use described above: 238.0

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 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.
4. This rental does not grant any right-of-way or easement to use the diversion works or conveyance works of another party.
5. This rental agreement does not authorize the construction of a well.
6. 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. 34-2459
WATER SUPPLY BANK RENTAL AGREEMENT**

CONDITIONS OF WATER USE

7. Renter agrees to comply with all applicable state and federal laws while using water under this agreement.
8. 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.
9. 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.
10. Failure of the renter to comply with the conditions of this agreement is cause for the Director to rescind approval of the rental agreement.
11. The renter must file an application for a transfer by April 30, 2012, to provide for the uses authorized under this 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. 34.
13. Pursuant to a call, in times of scarcity, the diversion of water under this right from the two wells in T05N, R26E, S34 SENWSW and T04N, R26E, S3 NESENW has a priority date of May 18, 1982.
14. The rights listed below are limited to a total combined diversion rate of 20.34 cfs at the two wells located in T05N, R26E, S34 SENWSW and T04N R26E S3 NESENW. Combined Right Nos.: 34-2459, 34-2460 and 34-7037.
15. The rights listed below are limited to a total combined annual diversion volume of 5,000.0 AF from the two wells located in T05N, R26E, S34 SENWSW and T04N, R26E, S3 NESENW. Combined Right Nos.: 34-2459, 34-2460 and 34-7037.
16. Under this rental, the water right holder shall make full use of available surface water rights and divert ground water from the wells located in T03N, R26E, S2 SWSW and T03N, R26E, S2 SENESW (the "Airport Wells") prior to diversion of ground water from the two wells located in T05N, R26E, S34 SENWSW and T04N, R26E, S3, NESENW (the "Island Wells").
17. Use of this right with Right Nos. 34-2460, 34-2461, 34-2462 and 34-7037 is limited to the irrigation of a combined total of 1664 acres in a single irrigation season.
18. Use of this right with the rights listed below is limited to the irrigation of a combined total of 1980 acres in a single irrigation season. Combined Right Nos.: 34-7138, 34-2460, 34-2461, 34-2462, 34-7037 and 34-10925.
19. Use of this right with Right Nos. 34-2460, 34-2461, 34-2461 and 34-10925 is limited to a total combined diversion rate of 12.5 cfs.
20. Use of this right with the rights listed below is limited to a total combined annual diversion volume of 8441.5 AF. Combined Right Nos.: 34-7138, 34-2460, 34-2461, 34-2462, 34-7037 and 34-10925.
21. This right is limited to the irrigation of 238 acres within the place of use described above in a single irrigation season.

WATER RIGHT NO. 34-2460
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