



State of Idaho

DEPARTMENT OF WATER RESOURCES

322 East Front Street • P.O. Box 83720 • Boise, Idaho 83720-0098

Phone: (208) 287-4800 • Fax: (208) 287-6700 • Web Site: www.idwr.idaho.gov

December 8, 2011

C. L. "BUTCH" OTTER
Governor

GARY SPACKMAN
Interim Director

PURITY SWEET INC
315 E AVE H
JEROME ID 83338

RE: APPLICATION TO LEASE AND RENT RENT RIGHT 51-4037 FROM THE WATER SUPPLY BANK

Dear Lessor/Renter:

The Department of Water Resources ("Department") acknowledges receipt of your applications to lease and rent water from the Water Supply Bank ("Bank"). The offered water right is accepted into the Bank in accordance with the attached Water Supply Bank Lease Acceptance. The right is considered released from the bank on September 1, 2011.

In addition, you will find a Water Supply Bank Rental Agreement for your review and signature. Upon signature and return of the original agreement, together with the rental fee described below, the Department will also sign the original agreement and return an executed copy to you. Execution of the agreement and compliance with the conditions of approval authorize diversion and use of water as provided in the agreement.

A rental fee of \$7.00 per year was calculated based on the current rental rate of \$14.00 per acre-foot times a diversion volume of 0.5 acre-feet. Since you are the lessor and the renter, you only need pay a 10% administrative fee of **\$0.70**. The payment is due within 14 days of your receipt of this letter. The agreement will be void if payment is not received.

Please send a check made payable to the Idaho Department of Water Resources, together with the signed rental agreement, to my attention within 14 days so I can complete the processing.

The Department is unlikely to continue approving lease and rental agreements for water uses requiring a permanent water right. You may want to consider filing an Application for Transfer at the earliest possible date. If you have any questions, please contact me at (208) 287-4907.

Sincerely,

Monica Van Bussum
Sr. Water Resource Agent

Enclosure(s)

c: John Westra – IDWR Western Regional Office
John Homan – State of Idaho, Office of the Attorney General
Isaac Keppler – Capitol Law Group

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

This is to certify that: PURITY SWEET INC
315 E AVE H
JEROME ID 83338
(208) 438-5821

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
	51-4037	0.02 CFS	0.5 AF	NA
COMBINED RENTAL TOTALS:		0.02 CFS	0.5 AF	NA

TERM OF RENTAL: September 1, 2010, to August 31, 2011

RENTAL FEE: \$7.00

The total fee for rental of the above-described water is \$7.00. The undersigned renter is also the lessor under this agreement, and is therefore obligated to pay only the administrative fee of \$ 0.70.

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 _____ day of _____, 20_____.

By: _____
(Print Name) (Signature)

(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 ____ day of _____, 20_____.

GARY SPACKMAN, Interim Director
Department of Water Resources

WATER RIGHT NO. 51-4037
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: PURITY SWEET INC
 315 E AVE H
 JEROME ID 83338
 (208) 438-5821

Priority Date: 06/20/1885

Source: MURPHY HOT SPRINGS

<u>BENEFICIAL USE</u>	<u>From</u>	<u>To</u>	<u>Diversion Rate</u>	<u>Volume</u>
COMMERCIAL	09/01	to 08/31	0.02 CFS	0.5 AF
	Total:		0.02 CFS	0.5 AF

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

MURPHY HOT SPRINGS NW¼NW¼ Sec. 24 Twp 16S Rge 09E OWYHEE County

RENTER'S PLACE OF USE: COMMERCIAL

Twp	Rge	Sec	NE				NW				SW				SE				
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	Totals
16S	09E	24						X											

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, place of use and nature 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. 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.
6. Renter agrees to comply with all applicable state and federal laws while using water under this agreement.
7. 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.
8. 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.
9. Failure of the renter to comply with the conditions of this agreement is cause for the Director to rescind approval of the rental agreement.

**WATER RIGHT NO. 51-4037
WATER SUPPLY BANK RENTAL AGREEMENT
CONDITIONS OF WATER USE**

10. The renter must diligently pursue a permanent water right to provide for the uses authorized under this rental agreement.
11. Commercial use is for a water bottling plant.
12. In the event that continued water use is not authorized, the renter agrees to hold the Board, the Director and the state of Idaho harmless from any claim for reimbursement or expenses associated with the development of new and supplemental water uses.
13. Future rentals for the use authorized under this agreement may be subject to further review and notice requirements.
14. Future rentals for the purpose authorized under this agreement may require review of historic beneficial use associated with the water right rented to determine the consumptive volume of water available.