

RECEIVED
OCT 27 2011
DEPARTMENT OF
WATER RESOURCES

Water Supply Bank No. _____
(For Department Use Only)

STATE OF IDAHO
WATER RESOURCE BOARD

APPLICATION TO RENT WATER
FROM THE WATER SUPPLY BANK

Name of Renter Mitchell Sorensen Phone (208) 221-3293

Mailing address 3871 W. 2500 N., Moore, ID 83213 Email _____

A. DESCRIPTION OF WATER SOUGHT FOR RENT

1. <u>Maximum Flow Rate (cfs)</u>	<u>Maximum Volume (ac-ft)</u>	<u>Nature of Use</u>	<u>Period of Use</u>
<u>6</u>	<u>2195.5</u>	<u>Irrigation</u>	<u>04/01</u> to <u>11/01</u>
_____	_____	_____	_____ to _____
_____	_____	_____	_____ to _____
Total: <u>6</u>	<u>2195.5</u>		

2. Source of water Ground Water tributary to _____

3. Point(s) of Diversion:

Twp	Rge	Sec	Lot	¼	¼	¼	County
05N	26E	21		NW	NW	NW	Butte
05N	26E	21		NE	NW	NW	Butte

4. Lands to be irrigated or place of use:

Twp	Rge	Sec	NE ¼				NW ¼				SW ¼				SE ¼				Totals
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
03N	25E	11	34.3	40	34.3	32.5	40	33.8	32.9	32.2									280

If the use is for irrigation, show total number of acres proposed through rental. **Total Acres** 280

B. OWNERSHIP

- Do you own the land at the proposed point of diversion? Yes ☒ No ☒
If no, list owner, contact information, and provide documentation of the authority to use the proposed point of diversion. Applicant owns the first point of diversion and has a lease with PU Ranch for the second point of diversion. A copy of this lease is attached.
- Do you own the land at the proposed place of use? Yes ☐ No ☒
If no, list owner, contact information, and provide documentation of the authority to use the proposed place of use. Proposed place of use is owned by Todd and Norma Perkes. Applicant is currently leasing this property. A copy of this lease is attached.

C. MAP

Attach a map identifying the proposed point(s) of diversion, place(s) of use, and water diversion and distribution system details as described by this application in section A. Include legal description labels.

D. GENERAL INFORMATION

1. Please provide a description of the proposed diversion system. Well to Timber Dome Canal to Applicant's pump station.

2. Describe any other water rights diverted through the same point(s) of diversion or used for the same purpose(s) as described above.
Water Right Nos. 34-2332, 34-7079, and 34-13841 are also diverted from the points of diversion described above.

3. Will the proposed place of use receive water from any other source? Yes ☐ No ☒
If yes, describe. _____

4. If the proposed use is not for irrigation, please provide a detailed description of the proposed use and how you determined the amount of water required. Attach additional sheets if needed. _____

5. Are there any other applications pending before the Department, such as an application for permit or transfer, for the same use(s) proposed by this rental? Yes ☐ No ☒
If yes, describe. _____

6. Was this rental application submitted in response to a Notice of Violation or a pending Notice of Violation? Yes ☐ No ☒
If yes, describe. _____

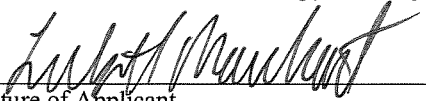
E. RENTAL TERM

1. Do you wish to rent water from the Board's bank for more than one (1) year? Yes ☒ No ☐
If yes, please specify the number of years desired through proposed rental. 2

I hereby assert that the information contained in this application is true to the best of my knowledge. I understand that any willful misrepresentations made in this application may result in rejection of the application or cancellation of an approval.

If this application is approved, the applicant agrees to the following:

1. The use of water under this agreement shall be subject to the provisions of Section 42-1766, Idaho Code.
2. Renter shall comply with all applicable state and federal laws while using water under this agreement.
3. Renter shall hold the Board, the Director, and the state of Idaho harmless from all liability on account of negligent acts of the renter.
4. 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.
5. Failure of the renter to comply with the conditions of this agreement is cause for the Director to rescind approval of the rental agreement.
6. Renter is not authorized to use water proposed by this application until the rental fees are paid in full and the renter receives an executed copy of the agreement signed by the Director.


Signature of Applicant

Attorney
Printed Name and Title*

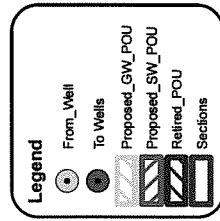
10/25/11
Date

Signature of Applicant

Printed Name and Title*

Date

*Please provide title of signatory if signing on behalf of a company or organization or with power of attorney



Prepared by:
Luke H. Marchant

CROP SHARE FARM LEASE

THIS FARM LEASE (this "Lease") is made and entered into to be effective as of May ____, 2011, by and between PU RANCH, a general partnership ("Lessor"), having as its partners the Marie Tuthill Family Trust and Slocum Investments, LLC, and MITCHELL D. SORENSEN and ELAINE R. SORENSEN, husband and wife (collectively, "Lessee").

In consideration of the mutual promises and covenants contained herein, the parties agree to the terms and provisions of this Lease.

1. PREMISES. Lessor leases to Lessee and Lessee leases from Lessor for the term of this Lease the real property located in Butte County, Idaho, more particularly described as:

The SW ¼ Section 2, S1/2 SE ¼ Section 3, N1/2 NE ¼ Section 10, T3N, 25 E.B.M. consisting of approximately 260 irrigable acres, together with the water rights appurtenant thereto including ground water rights 34-2332 and 34-7079, diverted from a well located within an 11 acres parcel within NWNW Section 21, T5N, 26 E.B.M. and surface water rights 34-00556 and 34-00170 diverted from the Big Lost River, with all attendant irrigation equipment, pumps, conveyance shares and rights, and facilities including ponds, mainline, and center pivots.

2. TERM. The term of this Lease shall begin on the date first above written and shall end, unless sooner terminated as provided herein, on December 1, 2012 (the "Term"). The Term may be extended by the parties, but only by written agreement executed by Lessor and Lessee.

3. RENT. Lessee covenants, stipulates and agrees to pay to Lessor as rent for the Premises the following:

3.1 Lessee shall pay to Lessor an amount equal to one-fourth (1/4) of the gross proceeds from the sale of crops grown on the Premises during the Term. Lessee shall have the right to determine when and where to sell the crops grown on the Premises; provided, however, that each sale of crops must occur no later than one (1) year following the harvest of such crops, and Lessor's portion of the proceeds must be paid to Lessor promptly after Lessee's receipt of the proceeds of each sale.

3.2 In lieu of receiving payment in cash of the rental amount described in Section 3.1 above, Lessor may elect to receive all or any portion of this payment of the rental amount in the form of feeder hay grown on the Premises or feeder hay grown by Lessee on other premises. If Lessor so elects, Lessor shall give notice to Lessee, and Lessee shall provide to Lessor, as payment of rent, an amount of feeder hay which has a fair market value equal the cash rental amount that Lessee would have paid to Lessor under Section 3.1 had Lessor not elected to receive payment in the form of feeder hay. The fair market value of feeder used for rental payments shall be determined based on Lessee's sales of comparable crops to third parties within the same crop year. Lessee shall keep a production report for all crops produced from the Premises showing yields and sale values, and Lessee shall provide a copy of such report to Lessor from time to time during the Term.

3.3 Lessee shall sublet to Lessor for 2011 and 2012 the dry pasture property owned by Todd Perkes located in the N1/2 section 11, T3N, 25 EBM which the Lessee is leasing from Perkes. Lessor shall use this Perkes property in a good and reasonable manner commensurate with the practices customary in the area and in compliance with the terms of the lease agreement between Lessee and Perkes.

4. STORAGE. Lessee shall have the right, but shall not be obligated, to store hay and/or grain on the Premises until June 30th of the year following the expiration or earlier termination of this Lease. Lessee shall have the right, but shall not be obligated, to store grain produced on the Premises in Lessor's grain bin(s) or other storage facilities; provided, however, that before commingling such grain with other grain, Lessee shall first weigh such grain and keep a record thereof.

5. OPERATING EXPENSES. Lessee and Lessor agree to the following costs and expenses:

5.1 Lessee shall be responsible for the payment of all pertinent electrical turn-on and monthly operating costs for pumping and irrigation incurred during the term of this Lease. For purposes of receiving and remitting account billings in a timely manner, electrical accounts will be in care of the Lessee. Any credits or refunds from Lost River Electric Co-op relevant to these accounts will be paid to Lessor.

5.2 Lessee shall, at Lessee's sole cost and expense, furnish and be responsible for all seed, and other expenses associated with the tillage, planting, cultivating, fertilization, weed and pest control, and harvesting of crops on the Premises.

5.3 In the event this Lease is not renewed at or prior to its expiration, or if the Lessee does not purchase the Premises subsequent to the commencement of this Lease, Lessor agrees to reimburse Lessee for all costs and expenses incurred in preparations for the subsequent year's operation and production of crops including fall irrigation, tillage, fertilizer and/or compost, and the seeding of annual or perennial crops.

5.4 Lessor shall pay all real property taxes levied upon the Premises and all water assessments and fees on water rights associated with the Premises.

5.5 Lessee shall be responsible for, and bear the cost of, routine maintenance and minor repairs to all irrigation equipment located on the Premises, up to \$1,500.00 per year. Such costs include routine maintenance, replacement of gearboxes and tires, panel and pivot electrical components, and sprinkler regulators and heads. Lessee shall also be responsible for the cost of all repairs resulting from the negligence or misuse of the equipment by Lessee. Lessor shall, however, be responsible for, and bear the cost of, maintenance and repairs, if any, in excess of the \$1,500.00 per year expended by Lessee.

6. HUSBANDRY. Lessee shall farm and use the Premises in a good and farmerlike manner commensurate with the practices customary in the area. Decisions regarding commodity marketing, cropping patterns, and rotations shall be made by Lessee in Lessee's sole discretion. Lessor shall likewise pasture the sublet Perkes Property in a good and rancherlike manner commensurate with the practices in the area.

7. GOVERNMENT PROGRAM PAYMENTS. Lessor shall be entitled to one hundred (100%) of all government program payments relating to the Premises. Federal Crop Insurance programs shall not be included as government program payments for the purposes of this Lease, however, Lessor shall be entitled to one-fourth (1/4) of the proceeds from the settlement of any insurance claim in accordance with Section 3.1. Both Lessor and Lessee shall use best efforts to comply with all applicable government requirements associated with such programs and payments. Lessor shall be responsible for all necessary government program crop reports.

8. POSSESSION. Lessee shall be entitled to possession of the Premises as of the date of this Lease.

9. QUIET ENJOYMENT. Except as otherwise provided herein, so long as Lessee fulfills Lessee's obligations under this Lease, Lessee shall peacefully and quietly enjoy the Premises without interruption by Lessor and any person or entity claiming through Lessor for the Term of this Lease. Subject to the terms of this Lease, Lessor shall warrant and defend Lessee in the enjoyment of the Premises during the Term of this Lease.

10. LIENS. Lessee shall neither place any lien on the Premises nor permit any other person or entity to place any lien on the Premises.

11. COMPLIANCE WITH LAW. Lessee and Lessor shall comply with all requirements of municipal, state and federal authorities now in force, or which may hereafter be in force, pertaining to the Premises.

12. DEFAULT AND REENTRY. In the event of any breach of any of the terms, covenants or conditions of this Lease, and the failure, neglect or refusal by Lessee to remedy the same within sixty (60) days after written notice thereof, then Lessor shall have the right of reentry and may take possession of the Premises together with any crops growing on the Premises and may remove all persons therefrom, and at Lessor's option, may terminate this Lease after Lessor reimburses Lessee for the crops stored on the Premises (less Lessor's one-fourth (1/4) share), and for all costs of seeds, fertilizers and compost, herbicides and pesticides, fall work, irrigation costs, fuel, tillage costs, and the value of equipment used in planting, cultivating, and growing said crops.

13. SURRENDER OF PREMISES. Lessee shall surrender the Premises at the expiration (or sooner termination) of this Lease in the same condition as originally delivered to Lessee or as altered pursuant to the provisions of this instrument, ordinary wear, tear, and damage by the elements excepted.

14. NO PARTNERSHIP. Nothing contained in this Lease shall be deemed to create a partnership, joint venture, or employment relationship between Lessor and Lessee. Neither Lessor nor Lessee shall be liable, except as otherwise expressly provided in this Lease, for any obligations or liabilities incurred by the other. Lessor's ranch manager will continue to act as Lessor's representative in governance matters pertaining to the Timberdome Canal Company and other matters pertaining to the Premises not granted by the terms of this Lease to Lessee.

15. WAIVER OF COVENANTS. The waiving of any covenant or provision of this Lease by either party shall be limited to the particular instance and shall not be deemed to waive any other breach of such covenant or any other provision hereof.

16. NOTICES. For all purposes of this Lease, notice shall be deemed to have been given to Lessor by Lessee upon deposit of a copy of said notice by Lessee in the United States Mail, postage prepaid, certified with return receipt requested, addressed to Lessor at 4500 Imperial Avenue, San Diego, CA 92113, or to such other address as Lessor shall direct in writing. For all purposes of this Lease, notice shall be deemed to have been given to Lessee by Lessor upon deposit of a copy of said notice by Lessor in the United States Mail, postage prepaid, certified with return receipt requested, addressed to Lessee at 3871 West 2500 North, Moore, Idaho 83255, or to such other address as Lessee shall direct in writing.

17. REPRESENTATION. It is understood and agreed that Holden, Kidwell, Hahn & Crapo, P.L.L.C. represents Lessee in this transaction and does not represent Lessor even though Holden, Kidwell, Hahn & Crapo, P.L.L.C., may now or previously have provided legal representation to Lessor or the partners of Lessor on other matters. Lessor and Lessee agree to waive any and all conflicts arising out of the representation by Holden, Kidwell, Hahn & Crapo, P.L.L.C., of Lessor, or either of the partners of Lessor, on other matters and specifically agree that Holden, Kidwell, Hahn & Crapo, P.L.L.C., may represent Lessee in this transaction and shall not be representing Lessor.

18. GOVERNING LAW. This Lease shall be governed, construed, interpreted and enforced in accordance with the laws of the State of Idaho.

IN WITNESS WHEREOF, the parties hereto have set their hands and seals the day and year first written above.

LESSOR:

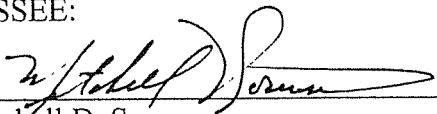
PU RANCH, a general partnership
By: Marie Tuthill Family Trust, general partner

By: _____
Its: _____

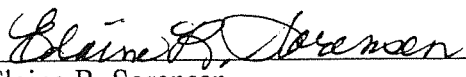
By: Slocum Investments, LLC, general partner

By: _____
Its: _____

LESSEE:



Mitchell D. Sorensen



Elaine R. Sorensen

CROP SHARE FARM LEASE

THIS FARM LEASE (this "Lease") is made and entered into to be effective as of May 2, 2011, by and between PU RANCH, a general partnership ("Lessor"), having as its partners the Marie Tuthill Family Trust and Slocum Investments, LLC, and MITCHELL D. SORESENSEN and ELAINE R. SORESENSEN, husband and wife (collectively, "Lessee").

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14. NO PARTNERSHIP. Nothing contained in this Lease shall be deemed to create a partnership, joint venture, or employment relationship between Lessor and Lessee. Neither Lessor nor Lessee shall be liable, except as otherwise expressly provided in this Lease, for any obligations or liabilities incurred by the other. Lessor's ranch manager will continue to act as Lessor's representative in governance matters pertaining to the Timberdome Canal Company and other matters pertaining to the Premises not granted by the terms of this Lease to Lessee.

15. WAIVER OF COVENANTS. The waiving of any covenant or provision of this Lease by either party shall be limited to the particular instance and shall not be deemed to waive any other breach of such covenant or any other provision hereof.

16. NOTICES. For all purposes of this Lease, notice shall be deemed to have been given to Lessor by Lessee upon deposit of a copy of said notice by Lessee in the United States Mail, postage prepaid, certified with return receipt requested, addressed to Lessor at 4500 Imperial Avenue, San Diego, CA 92113, or to such other address as Lessor shall direct in writing. For all purposes of this Lease, notice shall be deemed to have been given to Lessee by Lessor upon deposit of a copy of said notice by Lessor in the United States Mail, postage prepaid, certified with return receipt requested, addressed to Lessee at 3871 West 2500 North, Moore, Idaho 83255, or to such other address as Lessee shall direct in writing.

17. REPRESENTATION. It is understood and agreed that Holden, Kidwell, Hahn & Crapo, P.L.L.C. represents Lessee in this transaction and does not represent Lessor even though Holden, Kidwell, Hahn & Crapo, P.L.L.C., may now or previously have provided legal representation to Lessor or the partners of Lessor on other matters. Lessor and Lessee agree to waive any and all conflicts arising out of the representation by Holden, Kidwell, Hahn & Crapo, P.L.L.C., of Lessor, or either of the partners of Lessor, on other matters and specifically agree that Holden, Kidwell, Hahn & Crapo, P.L.L.C., may represent Lessee in this transaction and shall not be representing Lessor.

18. GOVERNING LAW. This Lease shall be governed, construed, interpreted and enforced in accordance with the laws of the State of Idaho.

IN WITNESS WHEREOF, the parties hereto have set their hands and seals the day and year first written above.

LESSOR:

PU RANCH, a general partnership

By: Marie Tunnill Family Trust, general partner

By: [Signature]

Its: partner

By: Slocum Investments, LLC, general partner

By: [Signature]

Its: partner

LESSEE:

[Signature]
Mitchell D. Sorensen

[Signature]
Elaine R. Sorensen

CASH FARM LEASE AND OPTION TO PURCHASE

This Agreement is entered into this 2nd day of May, 2011, by and between M. Todd Perkes and Norma Perkes, husband and wife of 2790 North 3325 West, Moore, Idaho 83255, hereinafter referred to as "LESSOR", and Mitchell D. Sorensen and Elaine R. Sorensen, husband and wife of 3871 West 2500 North, Moore, Idaho 83255, hereinafter referred to as "LESSEE".

For good and valuable consideration, LESSOR agrees to lease to LESSEE, and LESSEE agrees to lease from LESSOR the following described real property located in Butte County, Idaho, hereinafter referred to as the "premises":

The N1/2 Section 11, T. 3 N., 25 E.B.M., together with the stock water rights and pumping facilities, and one hundred (100%) interest in that portion of a pond, pumping station, and buried mainline and electrical wires located within the N ½ section, and existing fences and roads including the right of ingress and egress on the roadway located along the east side of the SE1/4 Section 11, T. 3 N., 25 E.B.M..

1. Term of Lease and Rental.

The term of this Lease shall be for a period of 5 years, commencing in 2011 and ending on December 31, 2015. The annual rental price shall be Sixteen Thousand Dollars (\$16,000.00) for a total of approximately 320 acres, payable in the amount of Eight Thousand Dollars (\$8,000.00) on or before May 1 of each year, and Eight Thousand Dollars (\$8,000.00) on or before October 1 of each year. LESSEE shall be entitled to 100% of all government related payments or benefits including but not limited to the assignment of Eighty (80) acres of wheat base and Eighty (80) acres of barley base Direct-Counter-Cyclical Payments, Loan Deficiency Payments, Emergency or NAP Payments or any other subsidy benefits related to the operation of the premises by the LESSEE during the period of this Lease. Lessor shall continue to accept such payments and benefits in Lessor's name and make all necessary reports relevant to government programs. Such government payments and benefits received by Lessor shall subsequently be offset or deducted from the above described October 1 payment due from Lessee.

2. Option to Purchase.

Within 180 days from the expiration of this Lease, the LESSEE shall have the right to exercise the Option to Purchase this property with all improvements and access easements described above. LESSOR and LESSEE agree the terms of the Buy-Sale Agreement will include the purchase price of Six Hundred Dollars (\$600.00) per acre for 320 acres totaling One Hundred Ninety Two Thousand Dollars (\$192,000.00) payable in fifteen (15) equal annual payments with the unpaid balance accrual of nine (9%) annual interest. In the event LESSEE elects to prepay the unpaid balance a thirty (30%) penalty shall be applied to the unpaid principal balance.

3. Assignment or Sublease.

LESSEE shall have the right to sublet this property but shall not have the right to assign or sale the purchase option to any person or party other than a direct family member.

4. Improvements.

LESSOR and LESSEE agree the premise is currently non-irrigated pasture. The parties also agree that LESSEE may explore and acquire water rights, irrigation equipment, financing, and other assets and facilities necessary for the irrigation of the premise at LESSEE expense and risk. LESSOR agrees to cooperate and allow LESSEE to pursue such endeavors including the granting of security agreements that may be necessary to construct and install irrigation equipment on the premise.

~~In the event LESSEE does not exercise the purchase option referenced in this agreement or~~ if the agreement is terminated, LESSOR may elect to purchase from LESSEE all such improvements at fair market values. If LESSOR elects not to purchase such improvements or if fair market values can not be agreed to LESSEE may remove all improvement previously made by LESSEE.

5. Expenses.

LESSOR agrees to pay all real estate taxes. LESSEE shall pay all costs associated with dry pasture grazing and the eventual irrigation of crops if any are grown. If this Lease terminates or expires without LESSEE exercising the purchase option as provided, LESSEE shall plant and re-establish dry pasture vegetation similar to what currently exists.

6. Relationship of Parties

The relationship of the parties hereto is strictly that of landlord and tenant and this Lease shall not be construed as a joint venture or partnership. LESSEE is not and shall not be deemed to be an agent or representative of LESSOR.

7. Applicable Law.

This Lease shall be construed and enforced in accordance with the laws of the State of Idaho.

Dated this 2nd day of May, 2011

LESSOR

M. Todd Perkes
M. Todd Perkes

Norma R. Perkes
Norma Perkes

LESSEE

Mitchell D. Sorensen
Mitchell D. Sorensen

Elaine R. Sorensen
Elaine R. Sorensen