

June 9, 2011

STATE OF IDAHO
IDAHO WATER RESOURCE BOARD
322 E FRONT ST
PO BOX 83720-0098
BOISE ID 83720-0098

COPY

**RE: APPLICATION TO LEASE ALL OR PART OF WATER RIGHT NO(S). 74-1588 and 74-1594 TO
THE LEMHI RENTAL POOL**

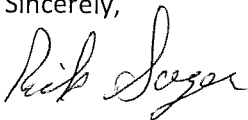
Dear Lessor:

The Lemhi Rental Committee ("committee") has completed its review of the Application to Sell or Lease Water Right(s) to the Lemhi Rental Pool. The offered water right(s) is accepted into the bank in accordance with the attached Lemhi Rental Pool Lease Acceptance.

The right(s) will be permanently placed into the bank unless the right(s) are released earlier by the committee or upon request by the lessor. To change the term of the lease or to release the right(s) from the rental pool, the lessor must submit a request in writing to the committee prior to the release date.

Please review the conditions of acceptance listed on the Lease Acceptance and feel free to contact me if you have any questions regarding this matter.

Sincerely,



Rick Sager, Watermaster
Lemhi Rental Committee

LEMHI RENTAL POOL LEASE ACCEPTANCE

COPY

This is to certify that: STATE OF IDAHO
IDAHO WATER RESOURCE BOARD
322 E FRONT ST.
PO BOX 83720-0098
BOISE ID 83720-0098
(208) 287-4800

has requested to lease the water right(s) listed below to the Lemhi Rental Pool ("Pool"). The Lemhi Rental Committee ("Committee") being authorized to operate a rental pool for the Idaho Water Resource Board's Water Supply Bank, agrees to lease the water right to the Pool as follows:

Summary of Water Rights or Portions Leased to the Bank

Water Right	Lease Rate	Lease Volume	Acre Limit	Total Leased Acres
74-1588	0.54 CFS	63.0 AF	NA	18.0 AC
74-1594	0.38 CFS	42.0 AF	NA	12.0 AC

**COMBINED
LEASE TOTALS:** **0.92 CFS 105.0 AF NA 30.0 AC**

TERM OF LEASE: Lease Begin Date: March 15, 2011
 Expiration Date: permanent

RENTAL AVAILABILITY: Season of Use: March 15 to November 15

MINIMUM PAYMENT ACCEPTABLE: Right donated to – no payment requested.

Detailed Lease Acceptance attached.

Dated this 8 day of June, 20 11



Rick Sager, Watermaster
Lemhi Rental Committee

WATER RIGHT NO. 74-1588
WATER SUPPLY BANK LEASE ACCEPTANCE

The water right or portion thereof leased to the bank is described as follows:

Lessor: STATE OF IDAHO
IDAHO WATER RESOURCE BOARD
322 E FRONT ST.
PO BOX 83720-0098
BOISE ID 83720-0098
(208) 287-4800

Priority Date: 04/01/1890

Source: LEMHI RIVER

<u>BENEFICIAL USE</u>	<u>From</u> <u>To</u>	<u>Diversion Rate</u>	<u>Volume</u>
IRRIGATION	03/15 to 11/15	0.54 CFS	63.0 AF
Total:		0.54 CFS	63.0 AF

LOCATION OF POINT(S) OF DIVERSION:

LEMHI RIVER NE¼SW¼ Sec. 33 Twp 17N Rge 25E LEMHI County

PLACE OF USE TO BE IDLED UNDER THIS LEASE: 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	
07N	25E	32													6.0				6.0
07N	25E	33										12.0							12.0

Total Acres: 18.0

CONDITIONS OF ACCEPTANCE

1. The water right(s) referenced above is accepted into the pool and rented in accordance with a private agreement formulated between the lessor and the renter. The right will be rented from the pool at no cost.
2. There is no rental payment to the lessor of the water right if the right or a part thereof is not rented from the pool.
3. While a right is in the pool, the lessor may not use the right without approval of the committee even if the right is not rented from the pool. Any violation of the terms of this lease may result in enforcement procedures pursuant to Idaho Code § 42-351 for illegal diversion and use of water and may include civil penalties pursuant to Idaho Code § 42-1701B.
4. A right accepted into the pool stays in the pool until the Committee releases it, the lease term expires, or upon request from the lessor to change the term of the lease.
5. While a water right is in the pool, forfeiture provisions are stayed.
6. Rental of water under this right is subject to the limitations and conditions of approval of the water right.
7. Failure of the right holder to comply with the conditions of acceptance is cause for the Committee to rescind acceptance of the lease.

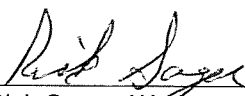
**WATER RIGHT NO. 74-1588
WATER SUPPLY BANK LEASE ACCEPTANCE**

CONDITIONS OF ACCEPTANCE

8. Acceptance of a right into the pool 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.
9. In accordance with Idaho Code § 42-248 and 42-1409(6), all owners of water rights are required to notify the department of any changes in mailing address or change in ownership of all or part of a water right. Notice must be provided within 120 days of the change.
10. Upon acceptance of a water right into the pool, the owner of the right may withdraw the right within thirty (30) days of acceptance into the pool if the owner does not agree with the conditions of acceptance.

The water right(s) is leased to the bank subject to all prior water rights and shall be administered in accordance with Idaho law and applicable rules of the Department of Water Resources.

Dated this 8 day of June, 2011


Rick Sager, Watermaster
Lemhi Rental Committee

WATER RIGHT NO. 74-1594
WATER SUPPLY BANK LEASE ACCEPTANCE

The water right or portion thereof leased to the bank is described as follows:

Lessor: STATE OF IDAHO
IDAHO WATER RESOURCE BOARD
322 E FRONT ST.
PO BOX 83720-0098
BOISE ID 83720-0098
(208) 287-4800

Priority Date: 04/01/1890

Source: LEMHI RIVER

<u>BENEFICIAL USE</u>	<u>From</u>	<u>To</u>	<u>Diversion Rate</u>	<u>Volume</u>
IRRIGATION	03/15 to	11/15	0.38 CFS	42.0 AF
	Total:	0.38 CFS		42.0 AF

LOCATION OF POINT(S) OF DIVERSION:

LEMHI RIVER NE¼SE¼ Sec. 33 Twp 17N Rge 25E LEMHI County

PLACE OF USE TO BE IDLED UNDER THIS LEASE: 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	
07N	25E	33								12.0									12.0

Total Acres: 12.0

CONDITIONS OF ACCEPTANCE

11. The water right(s) referenced above is accepted into the pool and rented in accordance with a private agreement formulated between the lessor and the renter. The right will be rented from the pool at no cost.
12. There is no rental payment to the lessor of the water right if the right or a part thereof is not rented from the pool.
13. While a right is in the pool, the lessor may not use the right without approval of the committee even if the right is not rented from the pool. Any violation of the terms of this lease may result in enforcement procedures pursuant to Idaho Code § 42-351 for illegal diversion and use of water and may include civil penalties pursuant to Idaho Code § 42-1701B.
14. A right accepted into the pool stays in the pool until the Committee releases it, the lease term expires, or upon request from the lessor to change the term of the lease.
15. While a water right is in the pool, forfeiture provisions are stayed.
16. Rental of water under this right is subject to the limitations and conditions of approval of the water right.
17. Failure of the right holder to comply with the conditions of acceptance is cause for the Committee to rescind acceptance of the lease.

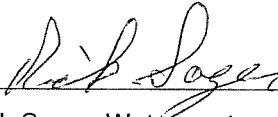
WATER RIGHT NO. 74-1594
WATER SUPPLY BANK LEASE ACCEPTANCE

CONDITIONS OF ACCEPTANCE

18. Acceptance of a right into the pool 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.
19. In accordance with Idaho Code § 42-248 and 42-1409(6), all owners of water rights are required to notify the department of any changes in mailing address or change in ownership of all or part of a water right. Notice must be provided within 120 days of the change.
20. Upon acceptance of a water right into the pool, the owner of the right may withdraw the right within thirty (30) days of acceptance into the pool if the owner does not agree with the conditions of acceptance.

The water right(s) is leased to the bank subject to all prior water rights and shall be administered in accordance with Idaho law and applicable rules of the Department of Water Resources.

Dated this 8 day of June, 2011


Rick Sager, Watermaster
Lemhi Rental Committee

June 9, 2011

IDAHO WATER RESOURCE BOARD
322 E FRONT ST
PO BOX 83720
BOISE, ID 83720-0098

COPY

**RE: APPLICATION TO RENT WATER FROM THE WATER SUPPLY BANK
WATER RIGHT NO(S). 74-1588 and 74-1594**

Dear Renter:

The Lemhi Rental Pool Committee ("Committee") acknowledges receipt of your application to rent water from the Lemhi Rental Pool ("Pool"). Enclosed, please find a Lemhi Rental Pool Rental Agreement for your review and signature. Upon signature and return of the original agreement, the Committee 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.

No rental fee was assessed, as the rental was a donation. A separate administrative contract between the Idaho Water Resource Board and Water District 74 will cover the increased costs of administering this rental. If you would like to terminate the agreement prior to the end of the rental period, you must submit written notice of your intent to the Committee at least 30 days in advance of the requested release date.

Please send the signed rental agreement, to my attention within 14 days so I can complete the processing.

If you have any questions, please contact me at (208) 303-7449.

Sincerely,



Rick Sager, Watermaster
Lemhi Rental Committee

Enclosure(s)

c: Monica Van Bussum – IDWR State Office

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES
LEMHI RENTAL POOL RENTAL AGREEMENT

COPY

This is to certify that: STATE OF IDAHO
IDAHO WATER RESOURCE BOARD
322 E FRONT ST
PO BOX 83270
BOISE, ID 83720-0098
(208)287-4800

filed an application to rent water from the Lemhi Rental Pool ("Pool"). The Lemhi Rental Committee ("Committee") being authorized to operate a Rental Pool and to contract for rental of water from the Pool agrees to rent water as follows:

Summary of Water Rights or Portions Rented from the Pool

	Water Right	Rented Rate	Annual Rented Volume	Total Rented Acres
	74-1588	0.54 CFS	45 AF	18 AC
	74-1594	0.38 CFS	31 AF	12 AC
COMBINED RENTAL TOTALS:		0.92 CFS	76 AF	30 AC

TERM OF RENTAL: Permanent

RENTAL FEE: \$0.00

Detailed water right specific limitations and conditions attached.

The undersigned renter agrees to use the water rented under this agreement in accordance with the Lemhi Rental Pool rules and in compliance with the limitations and conditions of use described in this agreement:

Dated this 15th day of JUNE, 20 11.

By: BRIAN PATTON
(Print Name)
FOR THE IDAHO WATER
RESOURCE BOARD

[Signature]
(Signature)
BUREAU CHIEF
(Title if on behalf of company or organization)

Having determined that this agreement satisfies the provisions of the Lemhi Rental Pool Rules, 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 Lemhi Rental Committee this 8 day of June, 20 11.

[Signature]
Rick Sager, Watermaster
Lemhi Rental Committee

**WATER RIGHT NOS. 74-1588 and 74-1594
LEMHI RENTAL POOL RENTAL AGREEMENT**

The renter agrees to use the water rented under this agreement in accordance with the Lemhi Rental Committee rules and in compliance with the limitations and conditions of use described below:

Renter: STATE OF IDAHO
IDAHO WATER RESOURCE BOARD
322 E FRONT ST
PO BOX 83720
BOISE, ID 83720-0098
(208)287-4800

Priority Date: 09/07/1967

Source: LEMHI RIVER

<u>BENEFICIAL USE</u>	<u>From</u>	<u>To</u>	<u>Diversion Rate</u>	<u>Volume</u>
INSTREAM FLOW	03/15	to 11/15	0.54 CFS	45 AF
INSTREAM FLOW	03/15	to 11/15	0.38 CFS	30 AF
Total:			0.92* CFS	75 AF

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

Under Water Right No. 74-14993:

LEMHI RIVER SW¼SE¼SE¼ (Beginning of Reach)	Sec. 24	Twp 21N	Rge 22E	Lemhi County
LEMHI RIVER L9 (SW¼SW¼SW¼) (End of Reach)	Sec. 32	Twp 22N	Rge 22E	Lemhi County

RENTER'S PLACE OF USE: INSTREAM FLOW

LEMHI RIVER WITHIN REACH DESCRIBED ABOVE.

CONDITIONS OF WATER USE

1. * The use of water under this agreement is limited to the consumptive use amounts of the leased rights 74-1588 and 74-1594; a combined annual volume of 75 AF and a continuous flow rate of 0.31 cfs based on historic diversion of approximately 120 days per season.
2. Delivery of water under this rental agreement is subject to the limitations and conditions of water right 74-14993.
3. 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. 74.
4. Rental of the specified rights 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 these water rights in the ongoing Snake River Basin Adjudication or any other IDWR application process.
5. Renter agrees to comply with all applicable state and federal laws while using water under this agreement.

**WATER RIGHT NOS. 74-1588 and 74-1594
LEMHI RENTAL POOL RENTAL AGREEMENT**

CONDITIONS OF WATER USE

6. Renter agrees to hold the Committee and the Water District 74 Watermaster harmless from all liability on account of negligent acts of the renter while using the water.
7. Renter acknowledges and agrees that the Committee may terminate diversion of water if the Chairman determines there is not a sufficient water supply for the priority of the right.
8. Failure of the renter to comply with the conditions of this agreement is cause for the Committee to rescind approval of the rental agreement

RENTAL ADMINISTRATION AGREEMENT
BETWEEN THE IDAHO WATER RESOURCE BOARD
AND THE LEMHI RENTAL POOL COMMITTEE

THIS AGREEMENT is made and entered into this 18th day of MAY 2011, by and between the IDAHO WATER RESOURCE BOARD ("IWRB") and WATER DISTRICT 74 ("WD-74").

RECITALS

- A. Chinook salmon, steelhead, and bull trout habitat in the Lemhi River basin is limited by low flow in the Lower Lemhi River.
- B. It is in the interest of the State of Idaho to permanently reconnect the Lower Lemhi River to encourage recovery of Endangered Species Act ("ESA") – listed Chinook salmon, steelhead, and bull trout.
- C. The IWRB received Water Right Nos. 74-1588 and 74-1594 through a donation from The Nature Conservancy as part of a salmon and steelhead recovery project.
- D. IWRB passes a resolution dated March 26, 2011 authorizing the IWRB to lease Water Right Nos. 74-1588 and 74-1594 into the Lemhi Rental Pool and to rent the rights out through the Lemhi Rental Pool to Water Right No. 74914993 in perpetuity.
- E. The March 26, 2011 resolution authorized the IWRB to enter into a contract with WD-74 to administer said rental in perpetuity in the amount of ten thousand five hundred eighty dollars and no cents (\$10,580.00).

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

1. DESIGNATION OF PROJECT MANAGERS

- A. IWRB's Project Manager shall be Morgan Case, of the Idaho Department of Water Resources. The Chairman of the IWRB may change the IWRB's Project Manager at any time by written notice served on WD-74.
- B. The WD-74 Project Manager shall be Rick Sager, WD-74 Watermaster. WD-74 may change WD-74's Project Manager at any time by written notice served on IWRB.

2. STATEMENT OF PURPOSES

The purpose of this Contract is to provide compensation for the increased effort required to deliver the consumptive use portion of the acquired water to the Lemhi River minimum stream flow

3. SCOPE OF WORK TO BE PERFORMED

WD-74 shall administer the rental of Water Right Nos. 74-1588 and 74-1594 in perpetuity for delivery to the Lemhi River minimum stream flow Water Right No. 74-14993.

4. COMPENSATION

- A. IWRB shall pay and WD-74 shall accept the sum of ten thousand five hundred eighty dollars and no cents (\$10,580.00) for administration of the rental of Water Right Nos. 74-1588 and 74-1594 in perpetuity.
- B. WD-74 shall receive no additional funding from IWRB to administer said rights.
- C. WD-74 shall submit an invoice for payment in the amount of ten thousand five hundred eighty dollars and no cents (\$10,580.00) upon execution of this Contract. IWRB shall make every effort to approve the invoice and provide payment within 90 days from the receipt of the invoice.

5. LIMITATIONS OF PROGRAM FUNDS

Owner acknowledges that funding is limited to conditions contained under Article III of the "Standard Contract Provisions, Idaho Water Resource Board."

6. RECORD KEEPING

- A. WD-74 shall establish and keep a record of the administration of Water Right Nos. 74-1588 and 74-1594. The record shall include the days when Water Right No. 74-14993 was in regulation and the consumptive use delivered to said right from Water Right Nos. 74-1588 and 74-1594.
- B. WD-74 shall provide a copy of the record to IWRB no later than December 1 each year. The record can be submitted by email or on paper.

7. TERM

The agreement shall take effect when both parties have signed the contract and shall continue in perpetuity.

8. GENERAL TERMS AND CONDITIONS

WD-74 shall abide by all applicable terms and conditions contained in the Standard Contract Provisions, Idaho Water Resource Board, attached hereto as "Attachment A" and incorporated herein by this reference.

9. DUPLICATE ORIGINAL

This contract is executed in Duplicate. Each of the documents with an original signature of each party shall be an original.

IN WITNESS WHEREOF, the parties have executed this agreement on the date following their respective signatures.

Carl Ellsworth, Chairman
Carl Ellsworth

Carl Ellsworth
Signature

4/25/11
Date

Brian Patton, PE
for the Idaho Water Resource Board

Brian Patton
Signature

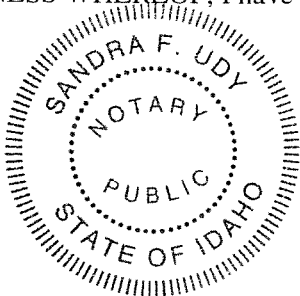
May 18, 2011
Date

STATE OF Idaho)

COUNTY OF Lemhi) ss.

On this 25th day of April, 2011, before me, a Notary Public in and for the said State, personally appeared **CARL ELLSWORTH**, known to me.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year last written above.



Sandra F. Udy
NOTARY PUBLIC for
Residing at Boise ID
My Commission expires 09/18/2014

STATE OF IDAHO)

COUNTY OF Ada) ss.

On this 18th day of May, 2011, before me, a Notary Public in and for the said State, personally appeared **BRIAN PATTON**, known to me as a Representative of the Idaho Water Resource Board.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year last written above.

Deborah J. Gibson
NOTARY PUBLIC for Idaho
Residing at Parma, Idaho
My Commission expires 8/10/2015