

Please send all correspondence to:

Scott L. Campbell
Moffatt Thomas Barrett Rock & Fields, Chtd.
P.O. Box 829
Boise, ID 83701-0829

STATE OF IDAHO
WATER RESOURCE BOARD

APPLICATION TO RENT WATER
FROM THE WATER SUPPLY BANK
(Private Rental Agreement)

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

RECEIVED

FEB 28 2011

DEPARTMENT OF
WATER RESOURCES

Name of Renter Sun Valley Company Phone (208) 622-4111

Mailing address P.O. Box 10, Sun Valley, ID 83353 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>37-457A 0.42</u>	_____	<u>irrigation</u>	<u>April 15</u> to <u>October 31</u>
<u>37-457B 4.38</u>	_____	<u>irrigation</u>	<u>April 15</u> to <u>October 31</u>
_____	_____	_____	_____ to _____
Total: <u>4.80</u>	_____	_____	_____

2. Source of water Trail Creek tributary to Big Wood River

3. Point(s) of Diversion:

Twp	Rge	Sec	Lot	¼	¼	¼	County
4N	18E	5			NE	NW	Blaine
5N	18E	32			NE	SE	Blaine

4. Lands to be irrigated or place of use: See Attachment A

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	

If the use is for irrigation, show total number of acres proposed through rental. **Total Acres** 40.4

B. OWNERSHIP

1. 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. Idaho Foundation for Parks and Lands (see Attachment A)

2. 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. Sun Valley Company property is owned by it. Idaho Foundation for Parks and Land property is owned by it.

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. Existing system of headgates, ditches, ponds, and pumps used at the Sun Valley Resort and existing diversion and ditch delivery system for water rights.
2. Describe any other water rights diverted through the same point(s) of diversion or used for the same purpose(s) as described above. 37-415 and 37-416 on Sun Valley Company property.
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. _____

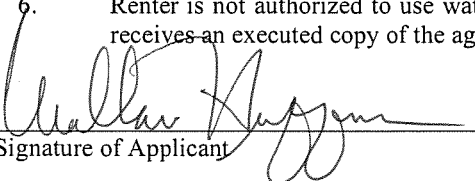
E. RENTAL TERM

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. 5 (2011 through 2015)

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

Wallace Huffman, President, Sun Valley Company
Printed Name and Title*

2.16.11
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

Attachment A
Private Rental Agreement

This rental application is submitted in conjunction with the Agreement to Rent Water between Douglas J. Bradshaw, Trustee under the Will of Eleanor Reinheimer and the Sun Valley Company, Exhibit A hereto.

Pursuant to said Agreement, the Sun Valley Company seeks to rent Water Rights 37-457A and 37-457B through the Water Bank and use a portion of the water authorized for diversion on 16.6 acres of Sun Valley Company property, designated on Exhibit B hereto. Sun Valley Company seeks approval to use the remaining portion of the water authorized for diversion on 40.4 acres of Idaho Foundation for Parks and Lands property (a.k.a. Reinheimer Ranch), designated on Exhibit C hereto. Use of the rented water under the Agreement is subject to specific conditions for management of the Reinheimer Ranch property, as described in paragraph 5 of the Agreement. Sun Valley Company requests that the conditions of any Water Supply Bank Rental Agreement for these water rights incorporate the provisions of Exhibit A hereto.

AGREEMENT TO RENT WATER

THIS AGREEMENT is made and entered into this _____ day of _____, 2010, by and between DOUGLAS J. BRADSHAW, Trustee under the will of Eleanor Reinheimer, hereinafter "Lessor"; and ~~Sinclair Oil Corporation~~, dba Sun Valley Co., a Wyoming corporation, hereinafter "Lessee".

WITNESSETH:

WHEREAS, Lessor owns natural flow water rights 37-457A and 37-457B from Trail Creek in Blaine County, Idaho; appurtenant to certain lands for irrigation; and

WHEREAS, Lessor proposes a private lease of said water rights through the water Supply Bank of the Idaho Water Resource Board ("IWRB") for 2011, 2012, 2013, 2014 and 2015.

WHEREAS, the parties wish to reduce their Agreement to writing;

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

1. Lease of water. Lessor herein enters this "private lease" and agrees to lease, and Lessee agrees to rent from Lessor natural flow water rights 37-457A and 37-457B from Trail Creek in Blaine County, Idaho, presently decreed appurtenant to certain lands for irrigation purposes, the yield of said water rights to be beneficially used by Lessee for whatever purposes and at whatever places of use proposed by Lessee, subject to section 5 below, all as approved through the water Supply Bank of the IWRB and the Idaho Department of water resources ("IDWR"). Lessor hereby agrees to prepare and submit a lease application to the water Supply Bank, and Lessee hereby agrees to prepare and submit a rental application to the water Supply Bank, to effectuate this transaction. To the extent either application is denied, or is approved with conditions that are unacceptable to either party, this agreement shall be null and void.

2. Term. This Agreement shall be for a five (5) year term beginning on January 1, 2011, and shall remain in full force and effect until December 31st, 2015; provided that, in the event of the termination of the Trust under the will of Eleanor Reinheimer, this Agreement will terminate at the end of the year in which the Trust terminates. Lessor agrees to take all reasonable measures to ensure water rights 37-457A and 37-457B remain leased to the water Supply Bank, and available to be rented by Lessee, during this term.

3. Procedure. Lessor and Lessee shall submit their lease and rental applications to the water Supply Bank of IDWR requesting the issuance of the lease and the rental agreements. If approved by IDWR, the agreements shall be signed by the respective

parties and shall be timely returned to IDWR, with the Lessee submitting payment with the signed rental agreement, payable to the water Supply Bank. The parties understand the water Supply Bank will then deduct its ten percent (10%) administrative fee, and will then remit payment to the Lessor for the remaining ninety percent (90%) and the end of the year for which the payment is made.

4. Rental. The annual rental rate shall be Twenty Thousand and no/100 Dollars (\$20,000.00) each year this Agreement is in effect, less applicable ten percent (10%) administrative fee payable to the IDWR/IWRB as above set out. Payments shall be made as set out in the water Supply Bank Rules. The annual rental rate has been agreed upon without regard to the market value of the fee ownership of natural flow water rights 37-457A and 37-457B and may or may not be commensurate therewith.

5. Place of Use. The Lessee will use its best efforts to negotiate a management agreement with the Idaho Foundation for Parks and Lands (the Parks Foundation) pursuant to which the Lessee will manage the Park Foundations= Reinheimer Ranch property (part of which is the currently designated place of use for water right 37-457B) and in conjunction therewith the Lessee will use the Reinheimer Ranch property as the place of use for all or a portion of water rights 37-457A and 37-457B. In the event Lessee fails to enter into a management agreement with the Park Foundation which provides for the Lessee to use all or a portion of these water rights on the Reinheimer Ranch property, the Lessor may at its option terminate this Agreement to Rent Water effective January 1, 2012. If the Lessee

succeeds in entering into a management agreement with the Parks Foundation, but such management agreement is subsequently terminated prior to the termination of this Agreement to Rent water, then the Lessor may at its option terminate this Agreement to Rent water effective the first day of January of the year following the year in which the Lessee's management agreement with the Parks foundation is terminated.

6. No Guarantee on Yield. Lessor makes no guarantee as to the yield of the water rights or as to preferred points of diversion, places of use, or purposes of use as may be proposed by the Lessee, it being acknowledged that such changes require the consent of IWRB, IDWR, and Water District 37. Any reduction in yield which results in a reduction of administrative costs and surcharges shall accrue to the benefit of the Lessor.

7. Non-Dedication of Water. In accordance with the provisions of Idaho Code §42-1764, the rental and distribution of water under this Agreement shall not constitute a dedication of the water to the uses of Lessee. In addition, nothing in this Agreement shall be deemed to grant a right to Lessee to receive water from Lessor on any basis other than as herein provided in this private lease.

IN WITNESS WHEREOF, the parties have executed this Agreement the day and year first above written.

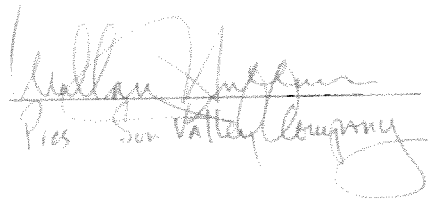
Lessor



Douglas J. Bradshaw,

Trustee under the will of Eleanor Reinheimer

Lessee



~~Stclair Off Corporation~~

~~Oba Sun Valley Co., a Wyoming corporation~~

[Signature] 12.2.10

ATTEST:

[Signature]

STATE OF NEVADA)

) ss.

County of Douglas)

On this 20th day of December, 2010, before me, the undersigned, a Notary Public for the State of Nevada personally appeared Douglas J. Bradshaw, known or identified to me to be the person whose name is subscribed to the within instrument, and acknowledged to me that he executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

[Signature]

NOTARY PUBLIC

Residing at: 11656 HUBY 395 Minden NV 89423

My Commission Expires: April 20, 2014



STATE OF IDAHO)

) ss.

County of Blaine)

On this 20th day of November, 2010, before me, the undersigned, a Notary Public in and for said County and State, personally appeared Wallace Huffman, known or identified to me to be the President of the corporation that executed the instrument or the person who executed the instrument on behalf of said corporation, and acknowledged to me that such corporation executed the same.

REINHIMERWATERLEASEDRAFT.txt

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

Julie Quayle

NOTARY PUBLIC
Residing at Blaine County, Idaho
My Commission Expires 11-1-2011

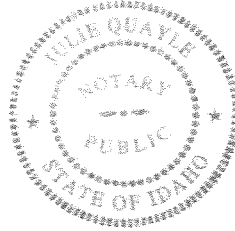
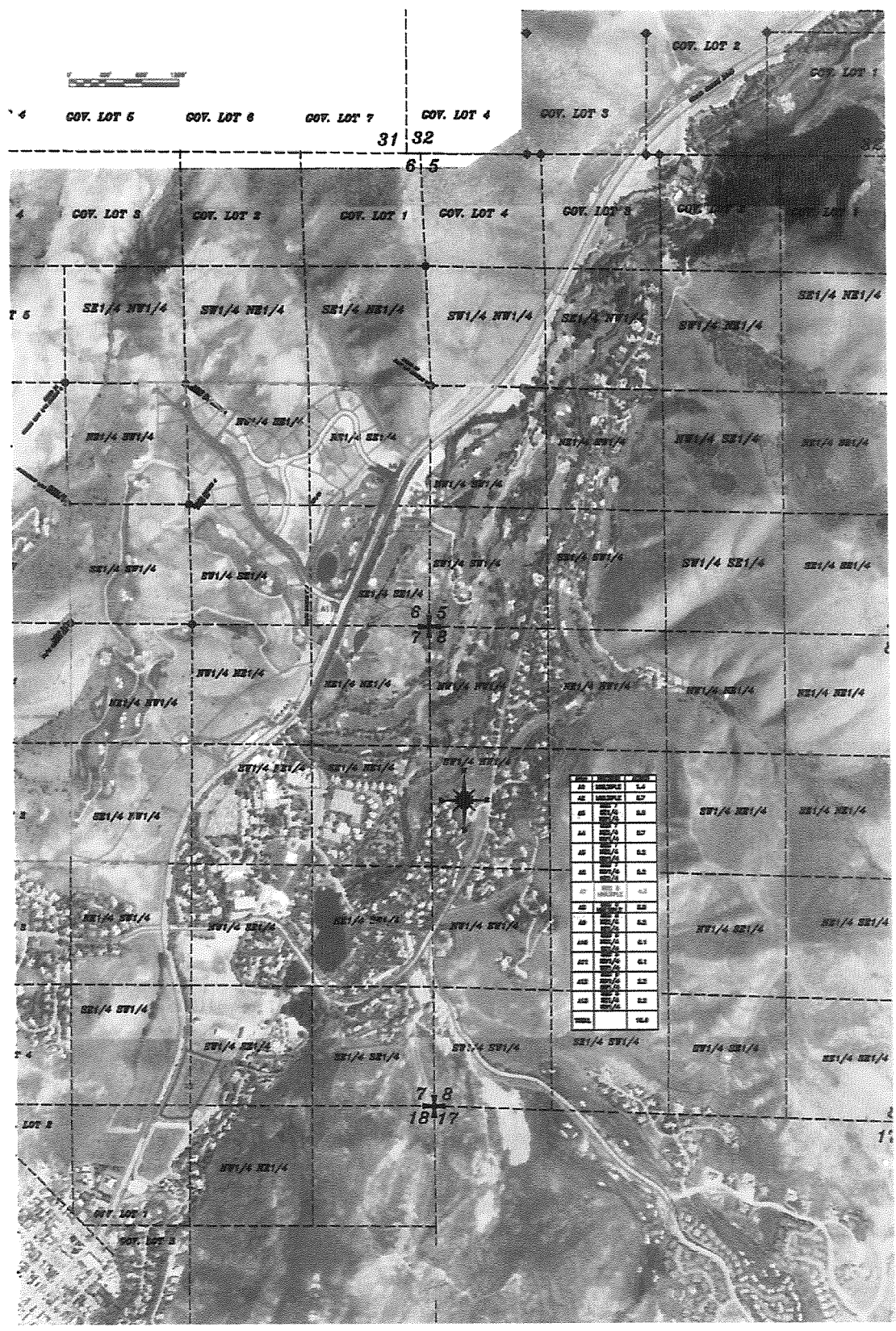


Exhibit B

Area	SECTION	ACRES
A1	MULTIPLE	1.4
A2	MULTIPLE	5.7
A3	SEC 7 SE1/4 NW1/4	0.5
A4	SEC 7 NE1/4 NW1/4	0.7
A5	SEC 7 NE1/4 NW1/4	0.2
A6	SEC 7 NW1/4 NE1/4	0.2
A7	SEC 6 MULTIPLE	4.3
A8	SEC 6 MULTIPLE SEC 6	0.8
A9	NE1/4 SE1/4	0.2
A10	SEC 6 NE1/4 SE1/4	0.1
A11	SEC 5 NW1/4 SW1/4	0.1
A12	SEC 5 NW1/4 SW1/4	2.2
A13	SEC 5 SE1/4 NW1/4	0.2
TOTAL		16.6



SECTION	AREA	PERCENT
1	1.0	1.0
2	1.0	1.0
3	1.0	1.0
4	1.0	1.0
5	1.0	1.0
6	1.0	1.0
7	1.0	1.0
8	1.0	1.0
9	1.0	1.0
10	1.0	1.0
11	1.0	1.0
12	1.0	1.0
13	1.0	1.0
14	1.0	1.0
15	1.0	1.0
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91	1.0	1.0
92	1.0	1.0
93	1.0	1.0
94	1.0	1.0
95	1.0	1.0
96	1.0	1.0
97	1.0	1.0
98	1.0	1.0
99	1.0	1.0
100	1.0	1.0

SE1/4 NE1/4 S19

Area	SECTION	ACRES
A20	SEC 19	10.6
	SE1/4	
	NW1/4	
A21	SEC 19	9.7
	NE1/4	
	NW1/4	
A22	SEC 19	15.5
	NE1/4	
	NW1/4	
A23	SEC 19	4.6
	NE1/4	
	NW1/4	
TOTAL	SEC 19 NE1/4 NW1/4	40.4

IRRIGATION WORKSHEET

DRAWN LLJ	DATE 12/09/10	REINHEIMER RANCH
	DATE	
APPROVED		
SCALE 1" = 200'	SHEET 1	PROJECT NO. 09094

