

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

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MAY 11 2006

Department of Water Resources

APPLICATION TO SELL OR LEASE A WATER RIGHT
TO THE WATER SUPPLY BANK

Name of Seller/Lessor Grindstone Butte Mutual Canal Company Phone 208-388-1200

Post Office address PO Box 2673, Boise, ID 83701

Copy to John M. Marshall, Givens Pursley LLP, PO Box 2720, Boise, ID 83701

1. DESCRIPTION OF WATER RIGHT

Right evidenced by:

- a. Decree No. _____ Decreed to _____
in case of _____ vs. _____
dated _____ in _____ county of _____
- b. License No. 2-2262 issued by the Idaho Department of Water Resources.
- c. Permit No. _____ issued by the Idaho Department of Water Resources.

2. DESCRIPTION OF PORTION OF RIGHT FOR SALE OR LEASE: (if the entire right is for sale or lease, show "all on line a. below and skip the remainder of part 2.)

- a. Amount of water under right: 59.35 cubic feet per second &/or 17,584
acre-feet per annum
- b. Point of diversion: NW of SW of Section 4 Township 5S Range 9E
- B.M. in Elmore County.

B. M. Additional points N/A

- c. Place of use: **Place of use is digital boundary for Applicant. This Lease is for 4,396 acres of the 13,432 authorized.**

Twp.	Rge.	Sec.	NE ¼				NW ¼				SW ¼				SE ¼				Totals
			NE1	NW	SE	SW	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	

If the right is for irrigation, show the number of acres for the part of the right to be put in the bank

Total number of acres **4,396**

3. ADDITIONAL INFORMATION ABOUT RIGHT, OR PORTION THEREOF, FOR SALE OF LEASE

- a. Explain how the seller/lessor acquired the right, or portion thereof, and attach a copy of the deed to the land to which it is appurtenant or other evidence of ownership of the right. If the right is not recorded in the name of the seller/lessor, attach a copy of the change of ownership for as required by Section 43-248 or 42-1409(6), Idaho Code, together with required documentation.

Applicant is the named owner of the right.

- b. Describe the frequency of water use under the right, or portion thereof, during the past 5 years. Attach watermaster records, pumping power bills, or other evidence to demonstrate that the right has not been lost through abandonment or forfeiture. (This information is not required if a partial decree has been issued on the right within the last 5 years).

Right was licensed in December 2005 and currently is being adjudicated.

- c. If the right is from a surface water source, describe the period of year that water is typically available to satisfy the right.

March 15 to November 15

- d. Describe any other water right with the same purpose and place of use as the right, or portion thereof. Will the present place of use continue to receive water from any source? If so, describe.

No other rights have same place of use. The acres associated with the portion of the right in the bank will not be irrigated.

- e. If the water right is a permit describe the work accomplished toward developing the right.

N/A

- f. If the right to the use of the water or the use of the diversion works or irrigation system is represented by shares of stock in a company or corporation, or if such works or system is owned or managed by an irrigation district, a written consent of the sale of lease must be attached.

4. Remarks _____

5. SALE/LEASE AGREEMENT

1. The water right, or portion thereof, described above is offered to the Idaho Water Resources Board:

_____ For sale;

 X For lease for a period from **present** to **11/15/2006**
(Day, month, year) (Day, month, year)

(the lease period may be shown as "indefinite", if the total duration of lease is unknown); or

_____ As a gift to the state of Idaho. (with conditions on its rental and use (see Exhibit 2))

2. Show the minimum payment acceptable to the Seller/Lessor. Include the method of determining the minimum payment. The minimum payment may be shown as the "current rental rate".

Current rental rate.

I hereby assert that the information contained in this application is true to the best of my knowledge and that I have the authorities necessary to offer the sale or lease of this right to the Idaho Water Resources Board.

The owner/lessor acknowledges the following:

1. Payment to the owner/lessor is contingent upon the sale or rental of the right from the bank.
2. While a right is in the bank, the owner of the right may not use the right even if the right is not rented.
3. A right accepted into the bank stays in the bank until the Board releases it or until the lease term expires.
4. While a water right is in the bank, forfeiture provisions are stayed.
5. Acceptance of a right into the bank does not, in itself, confirm the validity of the right or any elements of the water right.

5-9-06
Date

Allen Spokee
Signature V.P.

FOR DEPARTMENT USE ONLY

Received by _____ Date _____ Preliminary Check by _____

Watermaster recommendation requested on _____ Received _____

Recommended for _____ approval _____ denial by _____