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NOV 26 2010
DEPARTMENT OF
WATER RESOURCESSTATE OF IDAHO
DEPARTMENT OF WATER RESOURCES
WATER SUPPLY BANK LEASE ACCEPTANCE

This is to certify that: BLUE INDIAN HOMEOWNERS ASSN INC
PO BOX 1601
DRIGGS ID 83442
(208) 399-8080

has requested to lease the water right(s) listed below to 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") the acquisition of water rights for the Board's Bank, agrees to lease the water right to the Bank as follows:

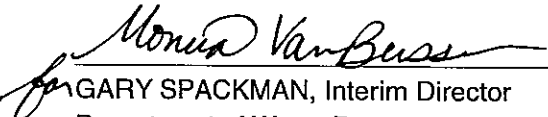
Summary of Water Rights or Portions Leased to the Bank

	<u>Water Right</u>	<u>Lease Rate</u>	<u>Lease Volume</u>	<u>Acre Limit</u>	<u>Total Leased Acres</u>
	22-2137	0.02 CFS	2.2 AF	NA	NA
COMBINED LEASE TOTALS:		0.02 CFS	2.2 AF	NA	NA

TERM OF LEASE:Lease Begin Date: April 15, 2011Expiration Date: October 31, 2011**RENTAL AVAILABILITY:**Season of Use: April 15 to October 31**MINIMUM PAYMENT ACCEPTABLE:**Current Rental Rate

Detailed Lease Acceptance attached.

Dated this 17th day of November, 20 10


GARY SPACKMAN, Interim Director
Department of Water Resources

**WATER RIGHT NO. 22-2137
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The water right or portion thereof leased to the bank is described as follows:

Lessor: BLUE INDIAN HOMEOWNERS ASSN INC
PO BOX 1601
DRIGGS ID 83442
(208) 399-8080

Priority Date: 05/19/1950

Source: HORSESHOE CREEK

<u>BENEFICIAL USE</u>	<u>From</u>	<u>To</u>	<u>Diversion Rate</u>	<u>Volume</u>
IRRIGATION	04/15	to 10/31	0.02 CFS	2.2 AF
	Total:		0.02 CFS	2.2 AF

LOCATION OF POINT(S) OF DIVERSION:

HORSESHOE CREEK NE¼NW¼ Sec. 27 Twp 05N Rge 44E TETON 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	
05N	44E	26																1.0	1.0

Total Acres: 1.0

CONDITIONS OF ACCEPTANCE

1. The water rights referenced above will be rented from the bank at the current rental rate.
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 bank.
3. While a right is in the bank, the lessor may not use the right without approval of the department even if the right is not rented from the bank. 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 bank stays in the bank until the Board 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 bank, forfeiture provisions are stayed.
6. Use of rights 22-2125 and 22-2137 are limited when combined to one or more of the following in accordance with the conditions of approval on the water rights: 141 acres of irrigation.
7. Rental of water under this right is subject to the limitations and conditions of approval of the water right.
8. Failure of the right holder to comply with the conditions of acceptance is cause for the Director to rescind acceptance of the lease.

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CONDITIONS OF ACCEPTANCE

9. Acceptance of a right into 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.
10. 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.
11. Upon acceptance of a water right into the Board's water supply bank, the owner of the right may withdraw the right within thirty (30) days of acceptance into the bank 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 17th day of November, 2010

for Monica Va-Buss
GARY SPACKMAN, Interim Director
Department of Water Resources