

RECEIVED

JUL 12 2006

DEPARTMENT OF
WATER RESOURCES

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

Water Supply Bank No. _____

Water Right No. _____

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

Name of Seller/Lessor Chris Drakos Phone 208-678-2668

Post office address 203 E 1100 S, Burley, ID 83318

With copy to: John M. Marshall, Givens Pursley LLP, 601 W Bannock, Boise, Idaho 83702

1. DESCRIPTION OF WATER RIGHT:

Right evidenced by:

- a. Decree No. 45-2382 Decreed to Lambert Produce Co., Inc.
(Name)
in case of In Re SRBA, Case No. 39576 vs _____
dated 5/6/2005 in 5th District county of Twin Falls
(Name of court)
- b. License No. _____ 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: 1.95 cubic feet per second &/or
488 acre-foot per annum
- b. Point of diversion: _____ $\frac{1}{4}$ of _____ $\frac{1}{4}$ of Section _____ Township _____ Range
_____, B.M. in _____ County.
Additional points _____

c. Place of use:

TWP	RGE	SEC	NE				NW				SW				SE				Totals
			NE	NW	SW	SE	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 into the bank.

Total number of acres 122

3. ADDITIONAL INFORMATION ABOUT RIGHT, OR PORTION THEREOF, FOR SALE OR 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 a change of ownership form as required by Section 42-248 or 42-1409(6), Idaho Code, together with required documentation.

Lambert Produce Co, Inc. owns water right 45-2382 as per the SRBA decree for the right.

Double C Farms owns the land at issue in this application.

- b. Describe the frequency of water user under the right, or portion thereof, during the past five (5) years of use. 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.)

Water right was decreed by the SRBA in May 2005. Use of the right is confirmed by the decree.

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

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

No other water rights. Place of use will not receive water from other sources.

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

- 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 or lease must be attached.

4. REMARKS:

See attached

5. SALE/LEASE AGREEMENT

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

_____ For sale;
X For lease for a period from 01/01/2006 to 12/31/2006
(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.

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."

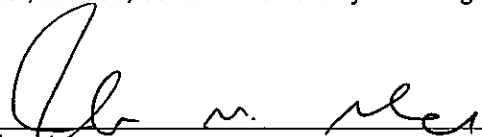
Standard rental rate _____

I hereby assert that the information contained in this application is true to the best of my knowledge, and that I have the authorities to off this right for sale or lease to the Idaho Water Resource 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.

7/3/06
Date


Signature

FOR DEPARTMENT USE ONLY

Received by _____ Date _____ Preliminary check by _____
Watermaster recommendation requested on _____ Received _____
Recommended for _____ approval _____ denial _____ by _____

**EXHIBIT A - APPLICATION TO SELL OR LEASE A WATER RIGHT TO THE
WATER SUPPLY BANK**

Place of use for 122 acres proposed for lease.

TOWNSHIP	RANGE	SEC	QQ	ACRES
11S	23E	33	NENE	8.8
11S	23E	33	NENW	8.8
11S	23E	33	NESE	4.3
11S	23E	33	NESW	7.0
11S	23E	33	NWNE	8.5
11S	23E	33	NWNW	7.8
11S	23E	33	NWSE	8.8
11S	23E	33	NWSW	7.1
11S	23E	33	SENE	7.9
11S	23E	33	SENW	8.6
11S	23E	33	SESE	8.2
11S	23E	33	SESW	7.1
11S	23E	33	SWNE	7.1
11S	23E	33	SWNW	7.0
11S	23E	33	SWSE	8.4
11S	23E	33	SWSW	6.5
				121.9

See Exhibit B for depiction of acres. The area in red corresponds to the 4,983-acre permissible place of use.

Remarks:

This Application to Sell or Lease Water is filed in conjunction with an Application to Rent Water filed by Lambert Produce Co., Inc. and Double C Farms that seeks to rent water right 45-2520 and a portion of water rights 45-2382 and 45-2254A from the Water Supply Bank. The intent of the Application to Lease is to provide coverage for 687 acres irrigated by the Applicant that are not currently included under the place of use of any water right.

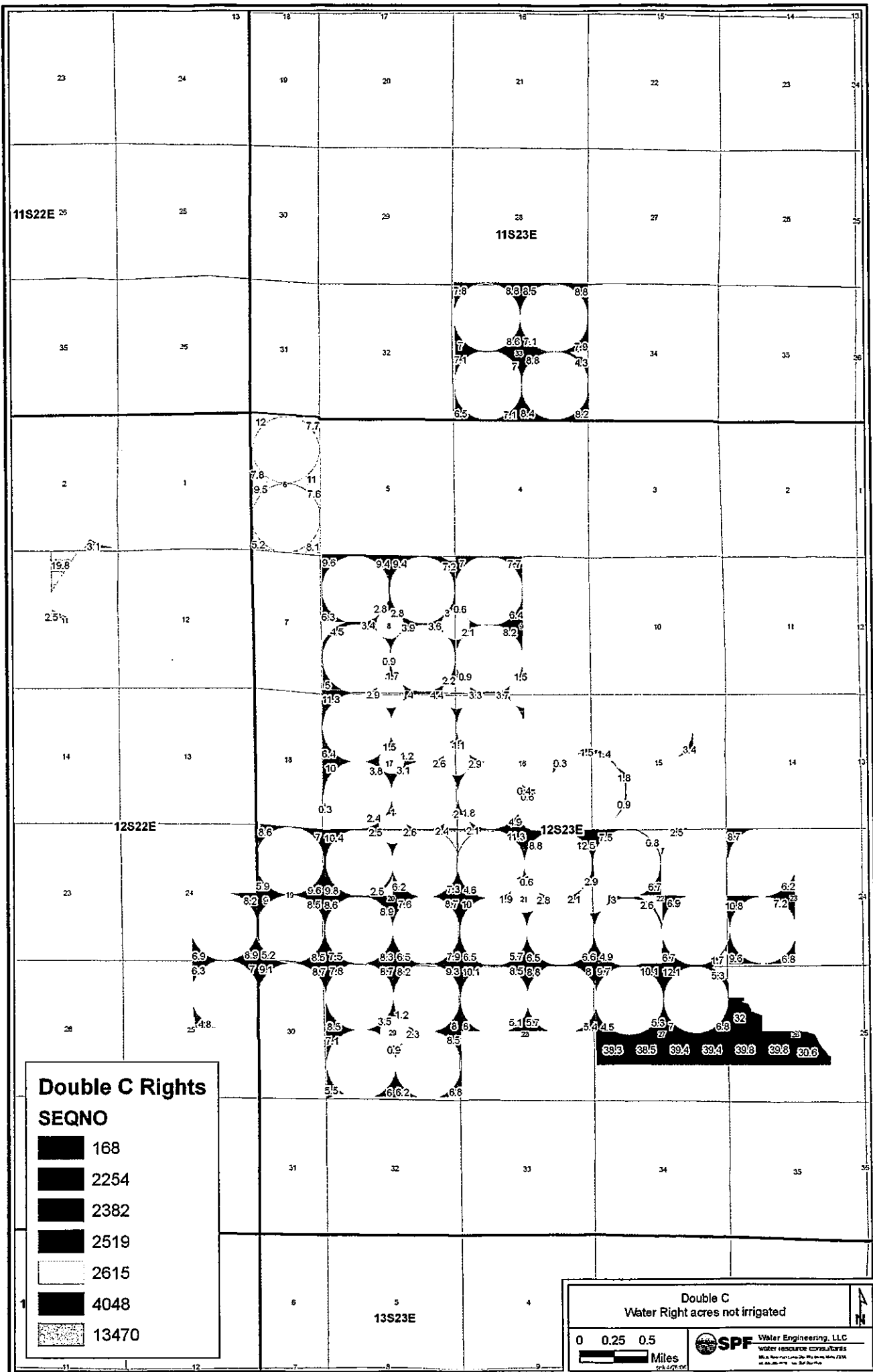


Exhibit B