

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES
WATER SUPPLY BANK RENTAL AGREEMENT

This is to certify that: **TELFORD LANDS LLC**
 1450 W HWY 24
 PAUL ID 83347
 (208) 431-5957

filed an application to rent water from 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") for rental of water from the Bank agrees to rent water as follows:

Summary of Water Rights or Portions Rented from the Bank

	<u>Water Right</u>	<u>Rented Rate</u>	<u>Annual Rented Volume</u>	<u>Total Rented Acres</u>
	34-7092	6.40 CFS	1,185.5 AF	338.7 AC
COMBINED RENTAL TOTALS:		6.40 CFS	1,185.5 AF	338.7 AC
TERM OF RENTAL:	<u>April 15, 2010 to October 15, 2010</u> <u>April 15, 2011 to October 15, 2011</u>			

RENTAL FEE: \$1,659.70 per year

The total fee for rental of the above-described water is \$16,597.00 per year. The undersigned renter is also the lessor under this agreement and is therefore obligated to pay only the administrative fee of \$1,659.70 per year. An annual payment shall be received by the Department prior to April 15, the beginning of the irrigation season, each year for the duration of the rental period. The agreement will be void if payment is not received prior to the due date in a given year. To terminate the agreement prior to the end of the rental period, written notice must be received by the Department at least 30 days prior to the rental fee due date.

Detailed water right specific limitations and conditions attached.

The undersigned renter agrees to use the water rented under this agreement in accordance with the Water Supply Bank rules and in compliance with the limitations and conditions of use described in this agreement:

Dated this 2nd day of July, 2010.

By: TELFORD LANDS LLC.
MIKE TELFORD
 (Print Name)

[Signature]
 (Signature)
Managing member
 (Title if on behalf of company or organization)

Having determined that this agreement satisfies the provisions of Idaho Code § 42-1763 and IDAPA 37.02.03.030 (Water Supply Bank Rule 30), 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 Idaho Water Resource Board this 14th day of July, 2010.

[Signature]
 for **GARY SPACKMAN**, Interim Director
 Department of Water Resources

WATER RIGHT NO. 34-7092 WATER SUPPLY BANK RENTAL AGREEMENT

The renter agrees to use the water rented under this agreement in accordance with the Water Supply Bank rules and in compliance with the limitations and conditions of use described below:

Renter: TELFORD LANDS LLC
1450 W HWY 24
PAUL ID 83347
(208) 431-5957

Priority Date: 01/14/1975

Source: GROUND WATER

<u>BENEFICIAL USE</u>	<u>From</u>	<u>To</u>	<u>Diversion Rate</u>	<u>Volume</u>
IRRIGATION	04/15	to 10/15	6.40 CFS	1,185.5 AF
	Total:		6.40 CFS	1,185.5 AF

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

GROUND WATER	NW¼NW¼NW¼	Sec. 21	Twp 05N	Rge 26E	BUTTE County
GROUND WATER	NE¼NW¼NW¼	Sec. 21	Twp 05N	Rge 26E	BUTTE County

RENTER'S PLACE OF USE: IRRIGATION

Twp	Rge	Sec	NE				NW				SW				SE				
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	Totals
04N	25E	35	32	33	40	32.2													137.2
04N	25E	36	29.1	32.6	33	30.6									33.1	40	3.1		201.5

Total Acres: 338.7

CONDITIONS OF WATER USE

1. The use of water under this agreement shall be subject to the provisions of Idaho Code § 42-1766.
2. Diversion and use of water from the two points of diversion authorized in this agreement and the points of diversion located in SW¼NW¼NW¼ Sec. 21, Twp 05N, Rge 26E (Mickelson Well) and the SE¼NW¼SE¼ Sec. 29, Twp 05N, Rge 26E (Babcock Well), shall not exceed a combined total of 3,502 acre-feet per year toward the total supply authorized for this right and rights 34-2330B, 34-7077, 34-7080B, 34-7092, 34-7121A, 34-7121B, 34-12376, 34-13840, 34-13842, and 34-7179.
3. Use of water under this agreement is subject to the limitations and conditions of approval of the specified water right.
4. A lockable device subject to the approval of the Department shall be maintained on the diverting works in a manner that will provide the watermaster suitable control of the diversion.
5. Prior to the diversion and use of water under this agreement, the right holder shall install and maintain acceptable measuring device(s), including data logger(s), at the authorized point(s) of diversion and in accordance with Department specifications, or shall obtain an approved variance from the Department to determine the amount of water diverted from power records or to maintain an existing measuring device.
6. 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. 34.

**WATER RIGHT NO. 34-7092
WATER SUPPLY BANK RENTAL AGREEMENT**

CONDITIONS OF WATER USE

7. The period of use for the irrigation described in this agreement may be extended to a beginning date of April 1 and an ending date of October 31 provided that beneficial use of the water can be shown and other elements of the right are not exceeded. The use of water before April 15 and after October 15 is subordinate to all water rights having no subordinated early or late irrigation use and a priority date earlier than July 15, 2002.
8. Rental of the specified right 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 this water right in any other department application process.
9. Use of water under this agreement does not constitute a dedication of the water to renter's place of use and upon expiration of this agreement, the points of diversion and place of use of the water shall revert to those authorized under the water right and/or again be available to rent from the bank.
10. This rental does not grant any right-of-way or easement to use the diversion works or conveyance works of another party.
11. This rental agreement does not authorize the construction of a well.
12. Use of water under this agreement shall not prejudice any action of the Department in its consideration of any application for transfer filed by the applicant for this same use.
13. Renter agrees to comply with all applicable state and federal laws while using water under this agreement.
14. Renter agrees to hold the Board, the Director and the state of Idaho harmless from all liability on account of negligent acts of the renter while using water.
15. Renter acknowledges and agrees that 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.
16. Failure of the renter to comply with the conditions of this agreement is cause for the Director to rescind approval of the rental agreement.