

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

This is to certify that: P4 PRODUCTION LLC
 C/O DAVID FARNSWORTH
 PO BOX 816
 SODA SPRINGS ID 83276

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>
	27-2124	0.52 CFS	112.8 AF	N/A
COMBINED				
RENTAL TOTALS:		0.52 CFS	*112.8 AF	N/A

TERM OF RENTAL: January 1, 2010 to December 31, 2010
January 1, 2011 to December 31, 2011

RENTAL FEE: \$1,579.20 per year

The fee for rental of the above-described water is \$1,579.20 per year. An annual payment shall be received by the Department prior to January 1 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 30 day of June, 2010.

By: Barry S. Koch
 (Print Name)

Barry S. Koch
 (Signature)
Remediation Manager
 (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.

Shelley W. Ken
 for GARY SPACKMAN, Interim Director
 Department of Water Resources

WATER RIGHT NO. 27-2124

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: P4 PRODUCTION LLC
C/O DAVID FARNSWORTH
PO BOX 816
SODA SPRINGS ID 83276

Priority Date: 07/28/1961

Source: GROUND WATER

<u>BENEFICIAL USE</u>	<u>From</u>	<u>To</u>	<u>Diversion Rate</u>	<u>Volume</u>
MINING	01/01 to	12/31	0.52 CFS	112.8 AF
	Total:		0.52 CFS	*112.8 AF

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

GROUND WATER	NE $\frac{1}{4}$ NE $\frac{1}{4}$	Sec. 36	Twp 06S	Rge 43E	CARIBOU County
GROUND WATER	NW $\frac{1}{4}$ NE $\frac{1}{4}$	Sec. 36	Twp 06S	Rge 43E	CARIBOU County

RENTER'S PLACE OF USE: MINING

Twp	Rge	Sec	NE				NW				SW				SE				Totals
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
06S	43E	36	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	

CONDITIONS OF WATER USE

1. The use of water under this agreement shall be subject to the provisions of Idaho Code § 42-1766.
- 2.* The diversion and use of water under this agreement shall not exceed 94.0 acre-feet per year, the consumptive portion appurtenant to irrigation of 37.6 acres under the rented water right.
3. The place of use is also known as South Rasmussen Mine.
4. 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.
5. 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.
6. This rental does not grant any right-of-way or easement to use the diversion works or conveyance works of another party.
7. This rental agreement does not authorize the construction of a well.
8. Use of water under this agreement shall not prejudice any action of the Department in its consideration of an application for transfer or permit filed by the applicant for this same use.
9. Renter agrees to comply with all applicable state and federal laws while using water under this agreement.

**WATER RIGHT NO. 27-2124
WATER SUPPLY BANK RENTAL AGREEMENT**

CONDITIONS OF WATER USE

10. 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.
11. 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.
12. Failure of the renter to comply with the conditions of this agreement is cause for the Director to rescind approval of the rental agreement.

