



State of Idaho

DEPARTMENT OF WATER RESOURCES

322 East Front Street • P.O. Box 83720 • Boise, Idaho 83720-0098

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C. L. "BUTCH" OTTER
Governor

GARY SPACKMAN
Interim Director

June 3, 2010

MIKE TELFORD
TELFORD LANDS LLC
1450 W HWY 24
PAUL ID 83347

**RE: WATER SUPPLY BANK APPLICATIONS TO LEASE AND RENT
WATER RIGHT NO. 34-7092**

Dear Mr. Telford:

The Department of Water Resources ("Department") has completed its review of your applications to lease a portion of water right no. 34-7092 to the Water Supply Bank ("Bank") and rent the same portion of this right from the Bank. This right is accepted into the Bank in accordance with the enclosed Water Supply Bank Lease Acceptance. If you do not agree with the conditions of the Lease Acceptance and would like to withdraw your water right from the Bank, you must contact the Department within thirty (30) days of receipt of this notification.

Also enclosed is a Water Supply Bank Rental Agreement for your review and signature. Upon signature and return of the original agreement, together with the rental fee described below, the Department will also sign the original agreement and return an executed copy to you. When the agreement is executed, you will be authorized to divert and use water as provided in the agreement, subject to the conditions of approval. Please be sure to review the conditions thoroughly.

A total rental fee of \$16,597.00 per year was calculated based on the current rental rate of \$14.00 per acre-foot times a diversion volume of 1,185.5 acre-feet. Ten percent (10%) of the total rental fee is retained by the Department for administrative fees in accordance with Water Supply Bank Rules (IDAPA 37.02.03). The remaining ninety percent (90%) is issued back to the lessor of the rented water right in the form of a warrant. Since you are the lessor and the renter under this agreement, the Department requires that you submit only the portion of the total payment to be retained for administrative fees. Please send a check for **\$1,659.70** made payable to the Idaho Department of Water Resources along with the original signed agreement within fourteen (14) days so I can complete the processing.

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.

The Water Supply Bank Rules (IDAPA 37.02.03) provide criteria the Department must evaluate when reviewing applications to rent water. This includes whether there will be injury to other

water rights. Since the Director is not required to provide public notice of your rental application, water right holders that may be injured by the rental do not have the opportunity to protest and take part in the administrative process prior to approval. While the enclosed rental agreement does not authorize the construction of a new well, it authorizes additional pumping from an existing well and allows pumping to be concentrated to a smaller geographic area. This type of concentrated pumping may lower local groundwater levels and may decrease flows in hydraulically connected surface water bodies. This is a concern since the Big Lost River and approximately 24 wells are located within one mile of the NW¼NW¼ Section 21, Township 5 North, Range 26 East – the location proposed for diversion of water under this rental. Application for Transfer No. 76286, filed by Telford Lands LLC, proposes the addition of a point of diversion and was protested by 11 different parties. The protestants are concerned that the transfer would lower groundwater levels thereby decreasing the available water supply to nearby wells and diversions from the Big Lost River. Condition no. 2 on the enclosed rental agreement limits the use of water under this rental when combined with other rights that authorize the use of water from wells in the NW¼NW¼ Section 21. The condition limits the diversion of water to the maximum volume historically diverted from the Mickelson Well (Tag No. A0010055) based on Department records. This condition is necessary since the Department does not have information showing that other water rights will not be injured by the diversion and use of water under this rental agreement. The Department would be receptive to information showing that other water rights will not be injured. Please review the terms and conditions of the rental agreement and contact me if you have any questions at (208) 287-4943.

Sincerely,



Aaron Marshall
Sr. Water Resource Agent

Enclosure(s): Lease Acceptance (copy)
Rental Agreement (original)

c: Lyle Swank – IDWR Eastern Regional Office
Jay Jensen – State Water District No. 34
Rob Harris – Holden Kidwell Hahn & Crapo
Brian Higgs – Water Well Consultants Inc.