STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

WATER SUPPLY BANK LEASE ACCEPTANCE

This is to certify that: CHAPARRAL SIXTEEN LLC
C/O BRAD LITTLE
PO BOX 488
EMMETT ID 83617
(208) 965-4611

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

	Right	Lease Rate	Lease Volume	Acre Limit	Total Leased Acres
	63-7396	0.20 cfs	8.0 af	N/A	N/A
COMBINED LEASE TOTALS		**0.20 cfs**	**8.0 af**	**N/A**	**N/A**

TERM OF LEASE: Lease Begin Date: November 30, 2006
Expiration Date: Indefinite

RENTAL AVAILABILITY: Season of Use: May 01 to November 01

MINIMUM PAYMENT ACCEPTABLE: Current Rental Rate

Detailed Lease Acceptance attached.

Dated this 22nd day of February, 2007

Gary Spackman

DAVID R. TUTHILL, JR., Interim Director
Department of Water Resources

WATER RIGHT NO. 63-7396
WATER SUPPLY BANK LEASE ACCEPTANCE

The water right or portion thereof leased to the bank is described as follows:

Lessor: CHAPARRAL SIXTEEN LLC
C/O BRAD LITTLE
PO BOX 488
EMMETT ID 83617
(208) 965-4611

Priority Date: 02/21/1971

Source: GROUND WATER

BENEFICIAL USE	From	To	Diversion Rate	Volume
INDUSTRIAL	05/01	11/01	0.20 CFS	8.0 AF
			Total: 0.20 CFS	**8.0 AF**

LOCATION OF POINT(S) OF DIVERSION:
GROUND WATER SWSW Sec. 16 Twp 05N Rge 01W ADA County

PLACE OF USE TO BE IDLED UNDER THIS LEASE: INDUSTRIAL

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 01W 16											X						

COMBINED LIMITS OF LEASED RIGHT:

Combined Rights	Rate	Volume	Acres
N/A			

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.

WATER RIGHT NO. 63-7396
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CONDITIONS OF ACCEPTANCE

3. While a right is in the bank, the owner of the right 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 Section 42-351, Idaho Code, for illegal diversion and use of water, and may include civil penalties pursuant to Section 42-1701B, Idaho Code.

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. Rental of water under this right is subject to the limitations and conditions of approval of the water right.

7. Failure of the right holder to comply with the conditions of acceptance is cause for the Director to rescind acceptance of the lease.

8. 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 the ongoing Snake River Basin Adjudication or any other department application process.

9. In accordance with Sections 42-248 and 42-1409(6), Idaho Code, 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.

10. 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 22nd day of February, 2007

Gary Spackman

DAVID R. TUTHILL, JR., Interim Director
Department of Water Resources