



State of Idaho

DEPARTMENT OF WATER RESOURCES

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

Phone: (208) 287-4800 Fax: (208) 287-6700 Web Site: www.idwr.idaho.gov

November 16, 2006

JAMES E. RISCH
Governor

KARL J. DREHER
Director

AMERICAN FALLS-ABERDEEN GWD
BINGHAM GWD
BONNEVILLE-JEFFERSON GWD
C/O LYNN TOMINAGA IGWA INC
PO BOX 2624
BOISE ID 83701-2624

**RE: APPLICATION TO LEASE ALL OR PART OF WATER RIGHT NO(S).
29-2284, 29-2301, 29-11342 TO THE WATER SUPPLY BANK**

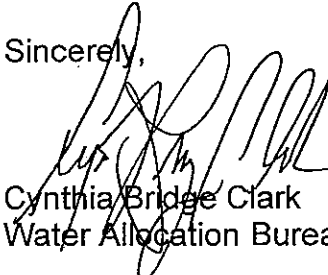
Dear Lessor:

Applications to Sell or Lease Water Right(s) to the Water Supply Bank ("bank") were filed with the Department of Water Resources ("department". The offered water rights are accepted into the bank in accordance with the attached Water Supply Bank Lease Acceptances.

The right(s) will remain in the bank for an "indefinite" lease term unless the right(s) are released earlier by the Board, or upon request by the lessor. To change the term of the lease or to release the right(s) from the bank, the lessor must submit a request in writing to the department.

Please review the conditions of acceptance listed on the Lease Acceptances, and feel free to contact me if you have questions.

Sincerely,


Cynthia Bridge Clark
Water Allocation Bureau

Encl: 3

c: Lyle Swank – IDWR Eastern Regional Office
Randall C Budge – Racine, Olson, Nye, Budge & Bailey Chartered

MEMORANDUM

To: File(s) 29-2284, 29-2301, 29-11342

From: Cynthia Bridge Clark

Date: October 20, 2006

Re: Review/Analysis for Application to Lease a Water Right to the State Water Supply Bank

Applications to lease and rent the water rights referenced above to the Water Supply Bank (bank) were filed in 2005 and in 2006. The applicants provided a private lease agreement with the applications documenting they were given the authority by the water right owners (FMC Corp.) to offer the rights to the bank. In 2005, water right 29-11342 had a status of Disallowed in the Snake River Basin Adjudication (SRBA) so it was not accepted into the bank. In 2006, issues surrounding the validity of the right were resolved such that the Department of Water Resources (department) generated a new recommendation recognizing the active status of the right. Though the right has not been decreed in the SRBA to date, the right has been accepted for lease into the bank based the preliminary findings of department staff.

Additionally, on August 21, 2006, the department received a request to extend the term of the leases for all of the above referenced right to an Indefinite status. An amended application identifying the change was also submitted. Lease Acceptances have been prepared to reflect the change in the lease term.