

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

RECEIVED**JAN 15 2009**DEPARTMENT OF
WATER RESOURCES

This is to certify that: KNIFE RIVER
5450 W GOWEN RD
BOISE ID 83709
(208) 362-6152

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

Water Right	Rented Rate	Annual Rented Volume	Total Rented Acres
63-7355	0.10 CFS	41.0 AF	N/A
63-8382	0.32 CFS	74.7 AF	N/A
COMBINED			
RENTAL TOTALS:	0.42 CFS	*115.7 AF	N/A

TERM OF RENTAL: January 1, 2009 to December 31, 2010

RENTAL FEE: \$1,619.80 per year

The fee for rental of the above-described water is \$1,619.80 per year. An annual payment shall be received by the Department of Water Resources prior to January 1 each year for the duration of the rental period. The agreement will be void if the payment is not received in a given year.

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 14th day of January, 2009.

By: DAVE TURNER
(Print Name)

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

Having determined that this agreement satisfies the provisions of Section 42-1763, Idaho Code, and, IDAPA 37.02.03030 (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 26TH day of JANUARY, 2009.

[Signature]
For DAVID R. TUTHILL, JR., Director
Department of Water Resources

WATER RIGHT NO. 63-7355
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: KNIFE RIVER
 5450 W GOWEN RD
 BOISE ID 83709
 (208) 362-6152

Priority Date: 07/30/1970

Source: GROUND WATER

<u>BENEFICIAL USE</u>	<u>From</u>	<u>To</u>	<u>Diversion Rate</u>	<u>Volume</u>
INDUSTRIAL	01/01	to 12/31	0.10 CFS	41.0 AF
	Total:			*41.0 AF

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

INDUSTRIAL NW¼NW¼ Sec. 22 Twp 02N Rge 02E ADA County

RENTER'S PLACE OF USE: INDUSTRIAL

Twp	Rge	Sec	NE				NW				SW				SE				
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	Totals
02N	02E	22					X	X	X	X									

CONDITIONS OF WATER USE

1. The use of water under this agreement shall be subject to the provisions of Section 42-1766, Idaho Code.
2. * The renter is not authorized to divert more than the consumptive use portion of 115.7 acre-feet of ground water for industrial purposes under this agreement, which is a total annual diversion volume of 90.0 acre-feet. Industrial use is for gravel processing.
3. After specific notification by the Department, the right holder shall install a suitable measuring device or shall enter into an agreement with the Department to determine the amount of water diverted from power records and shall annually report the information to the Department.
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 permit or transfer filed by the renter 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. 63-7355
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 right holder to comply with the conditions of this agreement is cause for the Director to rescind approval of the rental agreement.

WATER RIGHT NO. 63-8382
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: KNIFE RIVER
 5450 W GOWEN RD
 BOISE ID 83709
 (208) 362-6152

Priority Date: 11/01/1976

Source: GROUND WATER

<u>BENEFICIAL USE</u>	<u>From</u>	<u>To</u>	<u>Diversion Rate</u>	<u>Volume</u>
INDUSTRIAL	01/01	to 12/31	0.32 CFS	74.7 AF
	Total:			0.32 CFS
				*74.7 AF

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

INDUSTRIAL NW¼NW¼ Sec. 22 Twp 02N Rge 02E ADA County

RENTER'S PLACE OF USE: INDUSTRIAL

Twp	Rge	Sec	NE				NW				SW				SE				
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	Totals
02N	02E	22					X	X	X	X									

CONDITIONS OF WATER USE

1. The use of water under this agreement shall be subject to the provisions of Section 42-1766, Idaho Code.
2. * The renter is not authorized to divert more than the consumptive use portion of 115.7 acre-feet of ground water for industrial purposes under this agreement, which is a total annual diversion volume of 90.0 acre-feet. Industrial use is for gravel processing.
3. After specific notification by the Department, the right holder shall install a suitable measuring device or shall enter into an agreement with the Department to determine the amount of water diverted from power records and shall annually report the information to the Department.
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 permit or transfer filed by the renter 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. 63-8382
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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 right holder to comply with the conditions of this agreement is cause for the Director to rescind approval of the rental agreement.