



State of Idaho

DEPARTMENT OF WATER RESOURCES

322 East Front Street • P.O. Box 83720 • Boise, Idaho 83720-0098
Phone: (208) 287-4800 • Fax: (208) 287-6700 • Web Site: www.idwr.idaho.gov

June 9, 2008

C. L. "BUTCH" OTTER
Governor

DAVID R. TUTHILL, JR.
Director

SCOTT L CAMPBELL
MOFFATT THOMAS BARRETT ROCK & FIELDS CHTD
PO BOX 829
BOISE ID 83701-0829

RE: WATER SUPPLY BANK APPLICATIONS TO LEASE AND RENT WATER RIGHT NO. 37-415

Dear Mr. Campbell:

The Department of Water Resources ("Department") acknowledges receipt of your Water Supply Bank ("Bank") applications to lease and rent water right no. 37-415. Please find enclosed a Water Supply Bank Lease Acceptance and Rental Agreement for your review and signature. Upon signature and return of the original Rental Agreement, together with the rental fee described below, the Department will also sign the original agreement and return an executed copy to you. Execution of the agreement and compliance with the conditions of approval authorize diversion and use of water as provided in the agreement.

On February 8, 2008, the Department mailed a letter describing a pending notice of violation based on apparent incompliance with the existing Lease Acceptance and Rental Agreement of water right no. 37-415. In subsequent meetings, Director Tuthill concluded that Sun Valley Co. made a good faith effort to comply with the terms of the Lease Acceptance and Rental Agreement in 2007 and that a notice of violation would not be issued. The enclosed Lease Acceptance and Rental Agreement will supersede the prior Lease Acceptance of June 21, 2007, and the prior Rental Agreement of June 22, 2007.

The offered water right is accepted into the Bank in accordance with the attached Lease Acceptance. If you do not agree with the conditions of 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. The right will automatically be released from the Bank on **December 31, 2011** unless the right is released earlier by the Idaho Water Resource Board or upon request by the lessor. To change the term of the lease or to release the right from the Bank, the lessor must submit a request in writing to the Department prior to the release date.

The total rental fee of \$2,514.40 was calculated based on the current rental rate of \$14.00 per acre-foot times a diversion volume of 179.6 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 37.02.03.01. The remaining ninety percent (90%) is issued back to the lessor of the above referenced water right in the form of a warrant. Since you are the lessor and renter under this agreement, the Department requires that you submit only the portion of the total payment to be retained for administrative fees. Therefore, a rental fee of **\$251.44** must be paid in accordance with the rental agreement. An annual payment shall be received by the Department prior to the execution of this agreement and prior to April 15 in all subsequent years for the duration of the rental period. The agreement will be void if the payment is not received for a given year. Please send a check made payable to the Idaho Department of Water Resources together with the signed rental agreement. Please return the signed agreement and fee to my attention within fourteen (14) days so I can complete the processing.

Please note that applications for rental of water are reviewed in accordance with Section 42-1763, Idaho Code, and Water Supply Bank Rule 30 (IDAPA 37.02.03.030). This includes consideration of whether there will be injury to other water rights, whether the proposal would constitute an enlargement of the water rights, whether the water will be put to a beneficial use, whether the water supply available from applicable rights in the Bank is sufficient for the use intended and whether the proposal is in the local public interest. While a one-year rental usually involves a general review of the water rights and proposed use, rental of water over multiple years may require more comprehensive review, notice to advise anyone who desires to protest the proposed water use, and approval by the Idaho Water Resource Board.

Please review the conditions of acceptance specified on the Lease Acceptance and the conditions of water use specified on the Rental Agreement. If you have any questions, please contact me at (208) 287-4943.

Sincerely,



Aaron Marshall
Water Allocation Bureau

Enclosure(s)

c: David R. Tuthill, Jr. – Director, Idaho Department of Water Resources
Allen Merritt – Manager, IDWR Southern Regional Office
Kevin Lakey – Watermaster, State Water District No. 37
Wallace Huffman – Manager, Sun Valley Co.

AMENDED

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

This is to certify that: SINCLAIR OIL CORPORATION
DBA SUN VALLEY CO
PO BOX 10
SUN VALLEY ID 83353
(208) 622-4111

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
	37-415	1.75 CFS	179.6 AF	51.3 AC
COMBINED RENTAL TOTALS:		1.75 CFS	179.6 AF	51.3 AC

TERM OF RENTAL: June 21, 2007 to December 31, 2011

RENTAL FEE: \$251.44 per year

The total fee for rental of the above-described water is \$2,514.40. The renter is also the lessor under this agreement and is therefore obligated to pay only the administrative fee of \$251.44 per year. An annual payment shall be received by the Department of Water Resources prior to April 15, the start of the irrigation season, 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 _____ day of _____, 20_____.

By: _____
(Print Name) (Signature)

(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 ____ day of _____, 20_____.

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

AMENDED

WATER RIGHT NO. 37-415
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: SINCLAIR OIL CORPORATION
 DBA SUN VALLEY CO
 PO BOX 10
 SUN VALLEY ID 83353
 (208) 622-4111

Priority Date: 04/25/1881

Source: TRAIL CREEK

<u>BENEFICIAL USE</u>	<u>From</u>	<u>To</u>	<u>Diversion Rate</u>	<u>Volume</u>
IRRIGATION	04/15	10/31	1.75 CFS	179.6 AF
	Total:		1.75 CFS	179.6 AF

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

TRAIL CREEK NE¼SE¼ Sec. 32 Twp 05N Rge 18E BLAINE County

RENTER'S PLACE OF USE: IRRIGATION

Twp	Rge	Sec	NE				NW				SW				SE				Totals
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
04N	18E	5								0.2									0.2
04N	18E	6									2.2			6.7	3.2	0.2	11.4	2.0	25.7
04N	18E	7		2.7			15.5			5.7									23.9
05N	18E	32												0.5			1.0		1.5
														L3			L2		

Total Acres: 51.3

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. 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 the ongoing Snake River Basin Adjudication or any other department application process.
3. 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.
4. This rental does not grant any right-of-way or easement to use the diversion works or conveyance works of another party.
5. Use of water under this agreement shall not prejudice any action of the Department in its consideration of a permanent application for transfer filed by the applicant for this same use.
6. Renter agrees to comply with all applicable state and federal laws while using water under this agreement.

*****AMENDED*****

**WATER RIGHT NO. 37-415
WATER SUPPLY BANK RENTAL AGREEMENT**

CONDITIONS OF WATER USE

7. 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.
8. 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.
9. Failure of the renter to comply with the conditions of this agreement is cause for the Director to rescind approval of the rental agreement.