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**APR 12 2005**

DEPARTMENT OF WATER RESOURCES

Before the Idaho Water Resource Board

**WATER SUPPLY BANK RENTAL AGREEMENT**

The Idaho Water Resource Board ("Board") being authorized to operate a Water Supply Bank ("bank") and to contract by and through the Director of the Idaho Department of Water Resources ("Director") for rental of water from the bank agrees to rent water as follows:

1. Renter: Faulkner Land & Livestock Co., Inc.
2. Address: 1989 S 1875 E, Gooding, ID 83330
3. Source of water: Ground Water
4. Volume of water rented: 399.4 AF Max rate: 2.28 cfs
5. Diversion period: 2004 irrigation season
6. Use of water: Irrigation
7. a) Renter's point of diversion:

Legal description: NE1/4SW1/4 Section 8, T6S, R14E, B.M., Gooding County

b) Renter's place of use:

Legal description: Section 8, T6S, R14E, B.M.  
31 acres within SWNE  
34 acres within SENE  
33 acres within NESE  
29 acres within NWSE

8. The right from which water will be rented is 37-7808.

The undersigned renter agrees to pay \$ 4393.40 for rental of the above described water and agrees to use the water in compliance with the Water Supply Bank rules and in compliance with the conditions of water use shown below:

Conditions of water use under this agreement:

- 1 The use of water under this agreement shall be subject to the provisions of Section 42-1766, Idaho Code.

2. There is no rental payment to the owner of the water right if the right or a part thereof is not rented from the bank.
3. Use of water under this agreement does not constitute a dedication of the water to renter's land 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. Renter agrees to comply with all applicable state and federal laws while using water under this agreement.
5. 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.
6. 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.
7. This rental does not grant any right-of-way or easement to use the diversion works or conveyance works of another party.
8. This rental does not authorize the construction of a well.
9. Use of water under this agreement does not prejudice any future lease agreement that may be made of the subject water right after this lease agreement expires.
10. The renter is not authorized to divert more than 399.4 acre-feet of ground water at a rate of 2.28 cfs under this agreement for irrigation of 127 acres.
11. The balance of right 37-7808 in the amount of 171.1 acre-feet and 0.98 cfs shall be left undiverted to provide mitigation for the water use under this agreement.
12. The quantity of water diverted when combined with all other water rights for the same land shall not exceed a rate of 0.02 cfs nor a volume of 3.5 acre-feet for each acre of land.
13. In the event that continued water use is not authorized, the renter agrees to hold the Board, the Director and the state of Idaho harmless from any claim for reimbursement or expenses associated with the development of new and supplemental water uses.
14. Failure of the right holder to comply with the conditions of this agreement is cause for the Director to rescind acceptance of the lease.

**COPY**

Dated this 29 day of MARCH, 2004<sup>5</sup>

by John T Faulkner  
for Faulkner Land & Livestock

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 13 day of April, 2004<sup>5</sup>

Gay Spectman

KARL J. DREHER, Director  
Department of Water Resources