



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

MARCH 22, 2005

DIRK KEMPTHORNE
Governor

KARL J. DREHER
Director

FAULKNER LAND & LIVESTOCK CO INC
1989 S 1875 E
GOODING ID 83330

RE: 2004 AND 2005 LEASE/RENTAL APPLICATIONS. WATER RIGHT NO. 37-7808

Dear Mr. Faulkner:

As per your request, find enclosed copies of your Lease and Rental applications to the Water Supply Bank for the 2004 irrigation season, a copy of the unexecuted 2004 Rental Agreement, and other related documents.

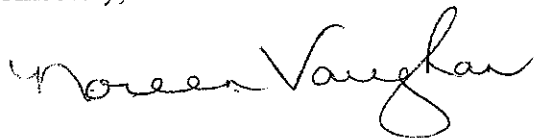
Last year's Water Supply Bank Rental Agreement was mailed to you on July 1, 2004, for your signature and payment of the rental fee. The Department of Water Resources ("department") did not receive either a signed agreement or the rental fee. Consequently, the rental agreement was not executed and you were not given authorization to divert water under the terms of the agreement.

You indicated an interest exercising a similar agreement for the 2005 irrigation season. We ask that you consider finalizing the 2004 agreement prior to submitting new applications for lease and rental of water through the bank. The rental fee of \$4,393.40 for the 2004 agreement was calculated based on the current rental rate of \$11.00 per acre-foot times 399.4 af. 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(s) in the form of a warrant. Since you were the lessor and the renter under the agreement, the department will require that you submit only the portion of the total payment to be retained for administrative fees. Therefore, a total rental fee of **\$439.34** is required to finalize the 2004 rental agreement.

I have enclosed a copy of the 2004 rental agreement for your signature and payment. Upon receipt of the signed agreement and the rental fee, the department will also sign the agreement and return an executed copy to you. I have also enclosed new Lease and Rental applications for the bank if you decide to apply for rental of water during the 2005 irrigation season.

If you have any further questions, please call me.

Sincerely,

A handwritten signature in cursive script that reads "Noreen Vaughan". The signature is written in dark ink and is positioned above the printed name.

Noreen Vaughan

Water Allocations Bureau