

MEMORANDUM

To: File 37-7808

From: Jeff Peppersack

Date: July 1, 2004

Re: Lease of Water Right to and Rental from the State Water Supply Bank

<u>Water Right</u>	<u>SRBA Claim</u>	<u>Lease:</u> <u>Rate</u>	<u>Volume</u>	<u>Acres</u>
37-7808	not required	3.26 cfs	570.5 af	163 ac

The applicant, Faulkner Land & Livestock Co., Inc. has offered the entire right for lease to the bank for the 2004 irrigation season with the intent to rent the right from the bank at a different location. Right 37-7808 is a licensed water right with proof submitted in 1991 (no SRBA claim required). The license received an approved extension of time to avoid forfeiture through 2003 and was leased to and rented from the bank in 2003. No forfeiture or other issues have been identified. The right should be accepted into the bank as proposed in the application.

The same applicant has applied to rent the right from the bank to apply water from a different point of diversion and to a different place of use. A mitigation plan submitted by Brockway in 2003 indicates a need to reduce the use to 70% for the second year of rental of the right. A 70% reduction results in an authorized diversion volume of 399.4 af and a rate of 2.28 cfs with a balance of 171.1 af and 0.98 cfs to be left undiverted as mitigation. Rentals beyond the 2004 irrigation season by the applicant will require a reduction to 54% of the authorized amount under the water right.