



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.

DIRK KEMPTHORNE
Governor

KARL J. DREHER
Director

SEPTEMBER 22, 2005

SORRENTO LACTALIS INC
PO BOX 1280
NAMPA ID 83653

**RE: APPLICATION TO RENT WATER FROM THE WATER SUPPLY BANK.
WATER RIGHT NO(S). 63-15634**

Dear Renter:

The department acknowledges receipt of your application to rent water from the Water Supply Bank. Please find enclosed a Water Supply Bank Rental Agreement for your review and signature. Upon signature and return of the agreement, together with the rental fee described below, the department also will sign the agreement and will 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.

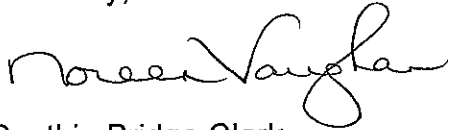
The rental fee is **\$2,750.00** and was calculated as \$11.00 per acre-foot times 250 acre-feet. Please send a check made payable to the Idaho Department of Water Resources together with the signed rental agreement. Also return the signed agreement and fee to my attention so I can complete the processing.

Please note that applications for rental of water must be reviewed in accordance with Section 42-1763, Idaho Code, and the department's 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 water supply 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.

If you have questions, please feel free to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Cynthia Bridge Clark". The signature is fluid and cursive, with the first name "Cynthia" being more prominent.

for: Cynthia Bridge Clark
Water Allocation Bureau

Encl: 1

c: John Westra – IDWR Western Regional Office
Terry Scanlan - SPF Water Engineering LLC

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: Sorrento Lactalis, Inc
2. Address: PO Box 1280 Nampa ID 83653
3. Source of water: Ground water
4. Volume of water rented: 250 af Max rate: 0.57 cfs
5. Diversion period: 2005 irrigation season
6. Use of water: Commercial
7. a) Renter's point of diversion:
Legal description: SW1/4SW1/4 Section 8, T3N, R1W, B.M., Canyon County
b) Renter's place of use:
Legal description: NESW, NWSW, SWSW, SESW, NESE, NWSE, SWSE, SESE of Section 8, T3N, R1W.
8. The right from which water will be rented is 63-15634

The undersigned renter agrees to pay **\$2,750.00** for rental of the above-described water and agrees to use the water in accordance 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. 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 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 shall not prejudice any action of the Department in its consideration of the permanent application for transfer filed by the applicant for this same use.
10. 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.

Dated this _____ day of _____, 2005.

by _____
for _____

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 _____, 2005.

KARL J. DREHER, Director
Department of Water Resources