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OCT 24 2005

Before the Idaho Water Resource Board

Department of Water Resources

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

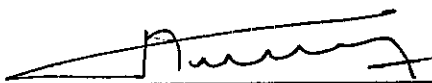
The undersigned renter agrees to pay **\$2,750.00** for rental of the above-described water and agrees to use the water in accordance with the Water Supply Bank rules and in compliance with the conditions of water use shown below:

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 10 day of October, 2005.

by 
for
SORRENTO LACTALIS

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 8 day of NOVEMBER, 2005.

A handwritten signature in black ink, appearing to read 'Karl Dreher', written over a horizontal line.

KARL DREHER, Director
Department of Water Resources