



State of Idaho

DEPARTMENT OF WATER RESOURCES

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DIRK KEMPTHORNE
Governor

KARL J. DREHER
Director

April 21, 2005

DOT LLP
581 EAST PROVIDENT DRIVE
BOISE ID 83706

RE: APPLICATION TO LEASE PART OF WATER RIGHT NO(S). 71-2091C, 71-2091D, 71-7008, 71-7009, 71-7083, 71-10665A, 71-10065B AND 71-10665C TO THE WATER SUPPLY BANK

Dear Lessor:

All of the water rights referenced above, with the exception of water right 71-10665C, were leased to the Water Supply Bank ("Bank") in 2004 for an indefinite lease term. In accordance with the Water Right Lease Agreement ("Agreement") between you and the Idaho Water Resource Board ("Board") dated April 21, 2005, the Department of Water Resources ("Department") has revised the conditions of acceptance to lease the above referenced rights to the Bank. All of the water rights except the stockwater portion of right 71-7009 and 71-10665C will be rented by the Board in accordance with the Agreement. Please consider that the offered water right(s) are accepted into the bank subject to the following conditions.

WATER SUPPLY BANK LEASE CONDITIONS OF ACCEPTANCE

1. Portion(s) of the above referenced water right(s) are leased to the bank as follows:

Right No.	Acres (ac)	Diversion Rate (cubic ft per sec., cfs)	Diversion Volume (acre-feet per acre, afa)	Source	Beneficial Use
71-2091C	35.2 ac	0.7 cfs	105.6 afa	Beaver Creek	Irrigation
71-2091D	18.1 ac	0.36 cfs	54.3 afa	Beaver Creek	Irrigation
71-7008	146 ac	2.92 cfs	438 afa	Beaver Creek	Irrigation
71-7009	37.3 ac	0.75 cfs	115.9 afa	Salmon River	Irrigation
		0.07 cfs	4.0 afa	Salmon River	Stockwater
71-7083	200 ac	3.48 cfs	600 afa	Ground water	Irrigation
71-10665A	30.8 ac	3.48 cfs	92.4 afa	Beaver Creek	Irrigation
71-10665B	10.8 ac	1.31 cfs	32.4 afa	Beaver Creek	Irrigation
71-10665C	NA	0.33 cfs	NA	Beaver Creek	Stockwater
Combined Totals :					
Irrigation	278.2 ac	9.38 cfs	834.6 afa		
Stockwater		0.4 cfs	4.0 afa		

2. Rental of rights 71-2091C, 71-2091D, 71-7008, 71-7083, 71-10665A, and 71-10665B is limited to a total combined diversion rate of 8.63 cfs and a combined diversion volume of 722.7 afa for use during the irrigation season authorized under each water right.
3. Rental of rights 71-2091C, 71-2091D, 71-7008, 71-7009, 71-7083, 71-10665A, and 71-10665B for consumptive use only, is limited to the consumptive use diversion volume of 556.4 afa, or a continuous diversion rate of 1.74 cfs for use from during the period of use authorized by the water rights.
4. While a right is in the bank, the owner of the right may not use the right without approval of the department even if the right is not rented from the bank. Any violation of the terms of this lease may result in enforcement procedures pursuant to Section 42-351, Idaho Code, for illegal diversion and use of water, and may include civil penalties pursuant to Section 42-1701B, Idaho Code.
5. Payment for rental of the referenced rights from the bank is contingent upon the determination the lessor is in compliance with the Agreement between the lessor and the Board. Payment rate of \$20.00 per acre is based on conditions of the Agreement.
6. In accordance with Sections 42-248 and 42-1409(6), Idaho Code, all owners of water rights are required to notify the department of any changes in mailing address or change in ownership of all or part of a water right. Notice must be provided within 120 days of the change.
7. A right accepted into the bank stays in the bank until the Board releases it, the lease term expires, or upon request from the lessor to change the term of the lease.
8. While a water right is in the bank, forfeiture provisions are stayed.
9. Acceptance of a right into 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 any department application process.
10. Failure of the right holder to comply with the conditions of acceptance is cause for the Director to rescind acceptance of the lease.
11. Pursuant to the Water Supply Bank Rules, IDAPA 37.02.03, the Director of the Department shall give notice for a rental for a period of more than five (5) years as required in Section 42-222(1), Idaho Code.
12. Upon acceptance of a water right into the Board's water supply bank, the owner of the right may withdraw the right within thirty (30) days of acceptance into the bank if the owner does not agree with the conditions of acceptance.

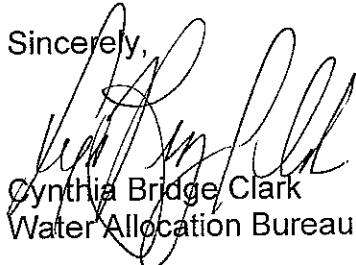
The right(s) will automatically be released from the bank on **December 31, 2014**, unless the right(s) are released earlier by the Board, or upon request by the lessor. To change the term of the lease or to release the right(s) from the bank, the lessor must submit a request in writing to the department prior to the release date. Release from the bank prior to the referenced date will be subject to conditions of the Lease Agreement.

Enclosed is a copy of the Internal Revenue Service Request for Taxpayer Identification and Certification, Form W-9. The department is required to file an information return with the Internal Revenue Service ("IRS") for all payments issued to for water rented from the bank. Payments for the rental of a water right or a part thereof cannot be issued to the lessor unless the department has received a completed IRS W-9 form.

Additionally, documentation of authority to receive payment must be submitted if the name provided on the W-9 form does not match the name of the lessor. The address associated with the water right leased to the bank will be updated in the department database to the address provided on the W-9 form unless otherwise requested by the lessor. If you no longer have an interest in the water right, please contact the department. Return this form and any additional documentation to my attention.

If you have questions, please feel free to contact me

Sincerely,



Cynthia Bridge Clark
Water Allocation Bureau

Encl: 1

c: IDWR Regional Office
Thomas Grant – IDWR State Office