



State of Idaho

DEPARTMENT OF WATER RESOURCES

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DIRK KEMPTHORNE
Governor

KARL J. DREHER
Director

May 17, 2004

BLUE LAKES COUNTRY CLUB
PO BOX 582
TWIN FALLS ID 83303-0582

**RE: APPLICATION TO LEASE PART OF WATER RIGHT NO(S). 36-2083A,
36-2083B, 36-8593 TO THE WATER SUPPLY BANK**

Dear Lessor:

The Department of Water Resources ("department") has completed its review of the Applications to Sell or Lease Water Right(s) to the Water Supply Bank ("bank"). Please consider that the offered water right(s) are accepted into the bank.

Several items to keep in mind in connection with the lease of a water right to the bank are as follows:

- 1 A combined diversion rate of 0.22 cfs and a diversion volume of 44.4 acre-feet for irrigation of 11.1 acres are leased to the bank from the above referenced water rights.
- 2 There is no rental payment to the lessor of the water right if the right or a part thereof is not rented from the bank.
- 3 While a right is in the bank, the owner of the right may not use the right even if the right is not rented from the bank.
- 4 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.
- 5 While a water right is in the bank, forfeiture provisions are stayed.
- 6 The water rights referenced above will be rented from the bank at the current rental rate unless otherwise specified by the lessor
- 7 The leased rights when combined with all other rights shall provide not more than 0.02 cfs per acre nor more than 4.0 afa per acre at the field headgate for irrigation of the lands above.

SUPPORT DATA

IN FILE # 36-2083A

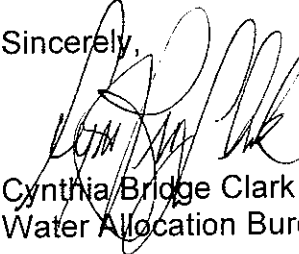
8. Failure of the right holder to comply with the conditions of acceptance is cause for the Director to rescind acceptance of the lease.
9. Upon acceptance of a water right into the Board's water supply bank, the owner of the right may withdraw the right within thirty (30) days of acceptance into the 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, 2006**, 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.

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. Please 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: Cindy Yenter -- IDWR Regional Office
Allen Merritt -- IDWR Regional Office
John A Rosholt - Barker, Rosholt, & Simpson LLP.