

**STATE OF IDAHO  
DEPARTMENT OF WATER RESOURCES  
WATER SUPPLY BANK LEASE ACCEPTANCE**

This is to certify that: PACKSADDLE PROPERTIES LLC  
PO BOX 584  
DRIGGS ID 83422

has requested to lease the water right(s) listed below to the Water Supply Bank ("bank") The Idaho Water Resource Board ("Board") being authorized to operate a bank and to contract by and through the Director of the Idaho Department of Water Resources ("Director", "department") the acquisition of water rights for the Board's bank, agrees to lease the water right to the bank as follows:

### Summary of Water Rights or Portions Leased to the Bank

|                     |              |                 |                |             |                     |
|---------------------|--------------|-----------------|----------------|-------------|---------------------|
|                     | <u>Right</u> | <u>Lease</u>    | <u>Lease</u>   | <u>Acre</u> | <u>Total Leased</u> |
|                     | 22-13729     | Rate            | Volume         | Limit       | Acres               |
|                     |              | 0.36 CFS        | 67.2 AF        | N/A         | 22.4 AC             |
| <b>COMBINED</b>     |              |                 |                |             |                     |
| <b>LEASE TOTALS</b> |              | <b>0.36 CFS</b> | <b>67.2 AF</b> | <b>N/A</b>  | <b>22.4 AC</b>      |

**TERM OF LEASE:** Lease Begin Date: July 26, 2007  
Expiration Date: Indefinite

**RENTAL AVAILABILITY:** Season of Use: 04/01 to 10/01

**MINIMUM PAYMENT ACCEPTABLE:** Current Rental Rate

Detailed Lease Acceptance attached

Dated this 16TH day of OCTOBER, 2007

for  DAVID R. TUTHILL, JR., Director  
Department of Water Resources

**WATER RIGHT NO. 22-13729  
WATER SUPPLY BANK LEASE ACCEPTANCE**

The water right or portion thereof leased to the bank is described as follows:

**Lessor:** PACKSADDLE PROPERTIES LLC  
PO BOX 584  
DRIGGS ID 83422

**Priority Date:** 08/09/1961

**Source:** GROUND WATER

|                              |                        |                  |                              |                      |
|------------------------------|------------------------|------------------|------------------------------|----------------------|
| <b><u>BENEFICIAL USE</u></b> | <b><u>From</u></b>     | <b><u>To</u></b> | <b><u>Diversion Rate</u></b> | <b><u>Volume</u></b> |
| IRRIGATION                   | 04/01                  | to 10/01         | 0.36 CFS                     | 67.2 AF              |
|                              | <b>Total: 0.36 CFS</b> |                  |                              | 67.2 AF              |

**LOCATION OF POINT(S) OF DIVERSION:**

GROUND WATER      NE¼SE¼SW¼ Sec. 6, Twp 05N, Rge 45E      TETON County

**PLACE OF USE TO BE IDLED UNDER THIS LEASE:** IRRIGATION

| Twp | Rge | Sec | NE |    |    |    | NW |    |    |    | SW  |     |     |     | SE |    |    |    | Totals |
|-----|-----|-----|----|----|----|----|----|----|----|----|-----|-----|-----|-----|----|----|----|----|--------|
|     |     |     | NE | NW | SW | SE | NE | NW | SW | SE | NE  | NW  | SW  | SE  | NE | NW | SW | SE |        |
| 05N | 45E | 6   |    |    |    |    |    |    |    |    | 6.7 | 2.3 | 6.0 | 7.4 |    |    |    |    | 22.4   |

Total Acres: 22.4

Acre Limit within Place of Use described: N/A

**COMBINED LIMITS OF LEASED RIGHT:**

|                               |                    |                      |                     |
|-------------------------------|--------------------|----------------------|---------------------|
| <b><u>Combined Rights</u></b> | <b><u>Rate</u></b> | <b><u>Volume</u></b> | <b><u>Acres</u></b> |
| 22-13727, 22-13729, 22-13731  | 2.84 CFS           | N/A                  | 133.0 AC            |
| 22-13729, 22-13731            | 1.92 CFS           | 406.1 AF             | N/A                 |

**CONDITIONS OF ACCEPTANCE**

1. The water rights referenced above will be rented from the bank at the current rental rate.
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 lessor 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.

**WATER RIGHT NO. 22-13729  
WATER SUPPLY BANK LEASE ACCEPTANCE**

**CONDITIONS OF ACCEPTANCE**

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. Use of rights 22-13727, 22-13729, and 22-13731 are limited when combined to one or more of the following in accordance with the conditions of approval on the water rights: total combined diversion rate, annual diversion volume, and total acres authorized for irrigation.
7. Rental of water under this right is subject to the limitations and conditions of approval of the water right.
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. 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 other department application process.
10. 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.
11. 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.
12. During the term of this lease, use of unleased portions of rights 22-13727, 22-13729, and 22-13731 are limited to irrigation of a combined total of 110.6 acres in a single irrigation season, a total combined diversion rate of 2.48 cfs, and a total combined annual diversion volume of 338.9 acre-feet.

The water right(s) is leased to the bank subject to all prior water rights and shall be administered in accordance with Idaho law and applicable rules of the Department of Water Resources.

Dated this 16TH day of OCTOBER, 2007

  
for DAVID R. TUTHILL, JR., Director  
Department of Water Resources