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APR 24 2007

DEPARTMENT OF STATE OF IDAHO
WATER RESOURCES
DEPARTMENT OF WATER RESOURCES

Water Supply Bank No. _____

Water Right No. _____

**APPLICATION TO SELL OR LEASE A WATER RIGHT
TO THE WATER SUPPLY BANK**

Name of Seller/Lessor GEORGE KELLEY Phone 208-673-5364

Post office address P.O. BOX 25, ALBION, ID 83311

1 DESCRIPTION OF WATER RIGHT:

Right evidenced by:

- a. Decree No. 45-4084 Decreed to: GEORGE KELLEY
(Name)
in case of _____ vs _____
dated: 5/6/2005 in _____ county of _____
(Name of court)
- b. License No. _____ issued by the Idaho Department of Water
Resources.
- c. Permit No. _____ issued by the Idaho Department of Water
Resources.

2. DESCRIPTION OF PORTION OF RIGHT FOR SALE OR LEASE: (If the entire right is for sale or lease,
show "all" on line a. below and skip the remainder of part 2.)

- a. Amount of water under right: ALL cubic feet per second &/or _____
acre-feet per annum
- b. Point of diversion: NW of NE of NW of S1, T12S, R24E, B.M. in Cassia County
Additional points _____

c. Place of use:

TWP	RGE	SEC	N E				N W				S W				S E				Totals
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
12S	24E	1					30	27											57

If the right is for irrigation, show the number of acres for the part of the right to be put into the bank.

Total number of acres 57

3. ADDITIONAL INFORMATION ABOUT RIGHT, OR PORTION THEREOF, FOR SALE OR LEASE

- a. Explain how the seller/lessor acquired the right, or portion thereof, and attach a copy of the deed to the land to which it is appurtenant or other evidence of ownership of the right. If the right is not recorded in the name of the seller/lessor, attach a copy of a change of ownership form as required by Section 42-248 or 42-1409(6), Idaho Code, together with required documentation.

The property, including the section 1 well has been in the Kelley family for over 50-years (See tax statements, attached hereto as Attachment A).

- b. Describe the frequency of water use under the right, or portion thereof, during the past five (5) years of use. Attach watermaster records, pumping power bills, or other evidence to demonstrate that the right has not been lost through abandonment or forfeiture. (This information is not required if a partial decree has been issued on the right within the last 5 years).

Water was developed under this right in 1958 at the well located in Section 1 (description above). In the 1980's a portion of the well collapsed and significantly reduced the quantity of water that would be diverted there from. A new well was drilled just north of the Section 1 well and George began diverting from that well in 2001. A NOV was issued against George and he was informed that he must, within 7-days of October 26, 2001, cap the section 1 well and file a transfer application. (Consent Order & Agreement Attached hereto as Exhibit B). The well was capped and an application was filed. Problems with the application caused its rejection. George refilled his transfer application on March 1, 2007. The water under

this right has not been used since the summer of 2001. However, since the right was not decreed until 2005, forfeiture should not be a problem.

- c. If the right is from a surface water source, describe the period of the year that water is typically available to satisfy the right

N/A

- d. Describe any other water rights with the same purpose and place of use as the right, or portion thereof, offered for lease. Will the present place of use continue to receive water from any source? If so, describe.

Water Right 45-4236 has a point of diversion at the same section 1 well, for .6 cfs. George Kelley will also be leasing this right to the water bank as part of this Companion Application.

- e. If the water right is a permit, describe the work accomplished toward developing the right.

N/A

- f. If the right to the use of the water or the use of the diversion works or irrigation system is represented by shares of stock in a company or corporation, or if such works or system is owned or managed by an irrigation district, a written consent of the sale or lease must be attached.

N/A

4. REMARKS:

George Kelley requests that this Companion Application be expedited. Since the section 1 well has been capped, he must wait until the transfer application is approved before he can use the water. This water will not be used unless and until this Companion Application is approved.

5. SALE/LEASE AGREEMENT

1. The water right, or portion thereof, described above is offered to the Idaho Water Resource Board:

___ For sale;

X For lease for a period from 4/15/07 to 12/31/07
(Day month, year) (Day month, year)

(The lease period may be shown as "indefinite", if the total duration of lease is unknown); or

___ As a gift to the state of Idaho.

- 2 Show the minimum payment acceptable to the Seller/Lessor Include the method of determining the minimum payment The minimum payment may be shown as the "current rental rate"

Current Rental Rate

I hereby assert that the information contained in this application is true to the best of my knowledge, and that I have the authorities necessary to offer this right for sale or lease to the Idaho Water Resource Board.

The owner/lessor acknowledges the following:

1. Payment to the owner/lessor is contingent upon the sale or rental of the right from the bank.
2. While a right is in the bank, the owner of the right may not use the right even if the right is not rented.
3. A right accepted into the bank stays in the bank until the Board releases it or until the lease term expires.
4. While a water right is in the bank, forfeiture provisions are stayed
5. Acceptance of a right into the bank does not, in itself, confirm the validity of the right or any elements of the water right

Date 4-18-07

Signature George Kelley

FOR DEPARTMENT USE ONLY

Received by _____ Date _____ Preliminary check by _____

Watermaster recommendation requested on _____ Received _____

Recommended for _____ approval _____ denial by _____

ATTACHMENT "A"

BILL# 12650			RP12524E012400	
AYLE EREKSON			L	21,774
ASSIA COUNTY TAX COLLECTOR			I	70,717
159 OVERLAND PH: 878-7202				
JURLEY, ID 83318				
1ST HALF DUE	2ND HALF DUE	FULL DUE	TOT MV	92,491
AX 386.10 TAX 386.10 TAX 772.20				
ATE LATE	LATE			
INT INT	INT			
CST COST	CST		MAC	1,500
TOT TOT	TOT		TOT ACS	79,830

KELLEY GEORGE M
 & KELLEY JOANN H/W
 P O BOX 25
 ALBION ID 83311

LOTS 3, 4
 S 1 T 12 R 24

*** IMPORTANT ***
 PLEASE READ BOTH FRONT AND BACK
 *** MONTHLY PAYMENTS ARE ACCEPTED ***

TO AVOID LATE CHARGES, PAYMENTS MUST BE
 RECEIVED OR POSTMARKED BY THE DUE DATE.

OR PAY BY CREDIT CARD CALL
 1-888-827-4240 OPT. 5 OR VISIT
 WWW.OFFICIALPAYMENTS.COM

TAXING DISTRICT	RATE	
COUNTY	003230159	298.76
ECN DIST 151	000000000	
#151 BOND	002366154	218.84
#151 PLANT FAC	000483397	44.70
#151 SUPP	000733746	67.86
ALBION HWY	000209776	19.40
ALBION CEM	000171541	15.86
ALBION FIRE	000668001	61.78
DISTRICT TOTAL	007862774	727.20
SOLID WASTE FEE		45.00
AMOUNT DUE		772.20

ATTACHMENT "B"

BEFORE THE DEPARTMENT OF WATER RESOURCES
OF THE STATE OF IDAHO
CONSENT ORDER AND AGREEMENT

In the matter of Notice of Violation and Cease and Desist Order dated September 18, 2001, issued to George Kelley pursuant to Section 42-1701B, Idaho Code. As agreed between the Department and George Kelley during the compliance conference held on October 26, 2001, it is hereby ordered and agreed that:

Terms of Agreement

- 1) Term No. 1 No further diversion of water from the irrigation well in the NENE S35, T11S, R24E, B.M. will be made until a valid water right is approved for use of the well by the Department.
- 2) Term No. 2 A transfer shall be filed with the Department within 60 days to seek approval for use of the well in NENE S35, T11S, R24E, B.M.
- 3) Term No. 3 A well log shall be prepared and submitted to the Department by George Kelley or other responsible parties to document the construction of the well in the NENE S35, T11S, R24E within 60 days.
- 4) Term No. 4 Within 7 days a steel plate shall be welded on the casing to seal the top of the well located in NENW S1, T12S, R24E. The steel plate may be removed when the well is modified for use as a domestic source.
- 5) Term No. 5 No wells on the George Kelley property or property under control of George Kelley shall be drilled or modified unless said well construction complies with Section 42-235 of the IDAHO CODE.
- 6) Term No. 6 Payment of an agreed civil penalty by George Kelley in the amount of \$400.00 payable to the Idaho Department of Water Resources within 7 days of the execution of this agreement by George Kelley for the violation identified in said Notice of Violation dated September 18, 2001.
- 7) Term No. 7 Payment of \$17,600 civil penalty is suspended by the Idaho Department of Water Resources. This penalty or any portion may be re-imposed if the transfer to

be filed pursuant to Term No. 2 is ultimately denied including all appeals and diversion of water continues from the well without a water right by George Kelley or for failure to fully comply with this agreement.

Dated this 26th day of October, 2001



Allen Merritt
Manager, Southern Regional Office

CONSENT

Respondent acknowledges in general the facts set forth during the conference and accepts fully the terms and conditions of this Order. These terms shall become effective upon execution by the parties. Respondent waives any right to contest this Order and consents to the issue hereof.

Signed this 26 day of Oct., 2001


George Kelley