

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES
WATER SUPPLY BANK RENTAL AGREEMENT

This is to certify that: V & R FARMS LLC
 715 SOUTH 750 EAST
 BURLEY ID 83318
 (208) 654-2054

filed an application to rent water from 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") for rental of water from the bank agrees to rent water as follows:

Summary of Water Rights or Portions Rented from the Bank

	<u>Right</u>	<u>Rented Rate</u>	<u>Rented Volume</u>	<u>Total Rented Acres</u>
COMBINED	45-13962	1.26 cfs	252 af	63 ac
RENTAL TOTALS:		1.26 cfs	252 af	63 ac

TERM OF RENTAL: 03/20/06 to 11/15/06 and
 03/15/07 to 11/15/07

TOTAL RENTAL FEE: \$3,528.00 per year

The fee for rental of the above-described water is \$ 3,528 00 per year. The renter is also the lessor under this agreement and is therefore obligated to pay only the administrative fee of \$ 352.80. An annual payment shall be received by the Department of Water Resources prior execution of this agreement and prior to March 15, the start of the irrigation season, in all subsequent years for the duration of the rental period. The agreement will be void if the payment is not received in a given year.

Detailed water right specific limitations and conditions attached.

The undersigned renter agrees to use the water rented under this agreement in accordance with the Water Supply Bank rules and in compliance with the limitations and conditions of use described in this agreement:

Dated this 31 day of May, 20 06

by V & R FARMS Van Gibby
 (Print Name)

Van Gibby
 (Signature)

Owner & President
 (Title if on behalf of company or organization)

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 13th day of June, 20 06

Karl J. Dreher
 KARL J. DREHER, Director
 Department of Water Resources

**WATER RIGHT NO(S). 45-13962
WATER SUPPLY BANK RENTAL AGREEMENT**

The renter agrees to use the water rented under this agreement in accordance with the Water Supply Bank rules and in compliance with the limitations and conditions of use described below:

Renter: V & R FARMS LLC
715 SOUTH 750 EAST
BURLEY ID 83318
(208) 654-2054

Priority Date: 08/29/1991

Source: GROUND WATER

<u>BENEFICIAL USE</u>	<u>From</u>	<u>To</u>	<u>Diversion Rate</u>	<u>Volume</u>
IRRIGATION	03/15	to 11/15	1.26 CFS	252 AF
	Total: 1.26 CFS			252 AF

LOCATION OF RENTER'S POINT(S) OF DIVERSION:

GROUND WATER SESE Sec. 20 Twp 11S Rge 24E CASSIA County

RENTER'S PLACE OF USE: 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	
11S	24E	27									20.0	4.0	29.0	10.0					63.0

Total Acres: 63.0

CONDITIONS OF WATER USE

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 place of use 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. This rental does not grant any right-of-way or easement to use the diversion works or conveyance works of another party.
5. This rental does not authorize the construction of a well.

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CONDITIONS OF WATER USE

6. Use of water under this agreement shall not prejudice any action of the Department in its consideration of a permanent application for transfer filed by the applicant for this same use
7. Renter agrees to comply with all applicable state and federal laws while using water under this agreement.
8. 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.
9. 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.
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.