



State of Idaho

DEPARTMENT OF WATER RESOURCES

322 East Front Street, P.O. Box 83720, Boise, ID 83720-0098

Phone: (208) 287-4800 Fax: (208) 287-6700 Web Site: www.idwr.idaho.gov

MAY 23, 2006

DIRK KEMPTHORNE
Governor

KARL J. DREHER
Director

V & R FARMS LLC
C/O VON GIBBY
715 SOUTH 750 EAST
BURLEY ID 83318

**RE: APPLICATION TO LEASE ALL OR PART OF WATER RIGHT NO(S).
45-13948, 45-13950, 45-13962 and 45-13963 TO THE WATER
SUPPLY BANK**

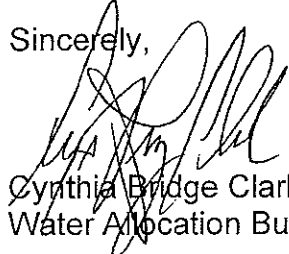
Dear Lessor:

The Department of Water Resources ("department") has completed its review of the Application to Sell or Lease Water Right(s) to the Water Supply Bank ("bank"). The offered water rights are accepted into the bank in accordance with the attached Water Supply Bank Lease Acceptances.

The rights will remain in the bank for an "indefinite" lease term unless the rights are released earlier by the Board, or upon request by the lessor. To change the term of the leases or to release the rights from the bank, the lessor must submit a request in writing to the department.

Please review the conditions of acceptance listed on the Lease Acceptance, and feel free to contact me if you have questions.

Sincerely,



Cynthia Bridge Clark
Water Allocation Bureau

Encl: 2

c: Allen Merritt – IDWR Southern Regional Office
Cindy Yenter – Watermaster
Daren Nelson – Brockway Engineering PLLC