



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

DIRK KEMPTHORNE
Governor

December 21, 2004

KARL J. DREHER
Director

SOUTH ELMORE IRRIGATION COMPANY
PO BOX 396
MOUNTAIN HOME ID 83647

**RE: FINAL PAYMENT FOR RENTAL OF WATER FROM SNAKE RIVER THROUGH
THE WATER SUPPLY BANK. WATER RIGHT NO(S). 2-2210, 2-2269, 2-2367**

Dear Lessor,

All or portions of the water rights referenced above were leased to the Water Supply Bank ("bank") during the 2004 irrigation season in accordance with Agreement No. 1425-04-WL-10-0005 ("Agreement") between you and the United States Bureau of Reclamation ("Reclamation"). The Idaho Department of Water Resources ("department") has invoiced Reclamation for the funds associated with the second and final payment. Upon receipt, the Controller's office will issue a state warrant in the amount of **\$307,685.70** to be sent directly to the address identified on the Internal Revenue Service W-9 form submitted with the application to lease water rights to the bank.

Payment for rental of the right(s) from the bank was contingent upon the determination that the acres associated with the rental application had a valid Snake River water right(s), and that they qualified for payment as provided in Contract No. 1425-04-WL-10-0023 between Reclamation and the Department of Water Resources to Implement the Rental of Water Rights Under the Pilot Program for Leasing of Snake River Natural Flow Water Rights for 2004 ("Contract").

The Agreement and Contract specify that one half of the estimated payment will be paid on or around July 30, 2004, and the balance shall be issued after the irrigation season has ended and verification of compliance with the Agreement is complete. The total payment was calculated based on the total number of acres determined to be eligible for payment times \$140.00 per acre idled minus a ten percent (10%) administrative fee as provided in the Water Supply Bank rules. The first payment was calculated based on fifty percent (50%) of the estimated final payment. The second payment includes the remainder of the total payment based on the number of acres determined to be eligible.

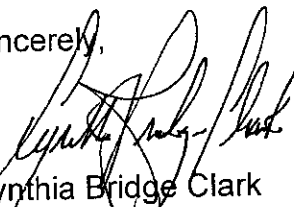
The enclosed map identifies the eligibility status of the lands as evaluated by the department. It indicates whether the lands were determined to be eligible or ineligible

for payment. Below is a summary of the payments to South Elmore Irrigation Company for the rental of the referenced water rights from the bank:

Contracted Idled Acres (ac)	Eligible Idled Acres (End of irr season)	Acres Ineligible for Payment	Payment Rate (price/ac)	Payment(s) to Lessor		
				Payment 1 (50%)	Payment 2 (remainder)	Total Payment
4883.9	4883.9	0.0	\$140.00	\$307,685.70	\$307,685.70	\$615,371.40

This payment, in the amount of \$307,685.70, is considered to be the final payment for the rental of water rights for the 2004 irrigation season. If you have questions, please feel free to contact the department.

Sincerely,



Cynthia Bridge Clark
Associate Engineer
Water Allocations Bureau

Enclosure

c: IDWR Regional Office

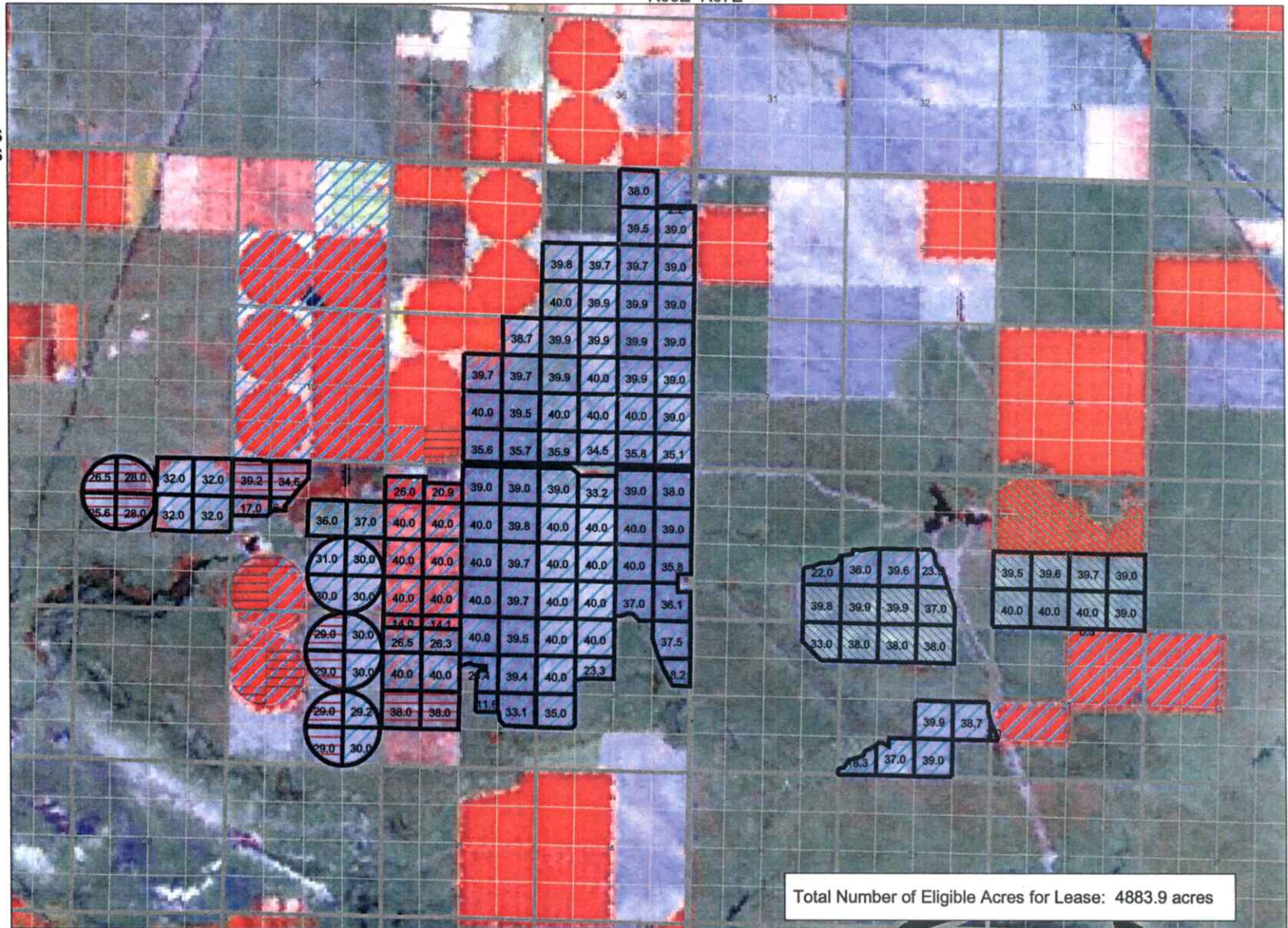
E. Gail McGarry
Program Manager, Water Rights & Acquisition
Bureau of Reclamation
1150 N Curtis, Suite 100
PN 3100
Boise ID 83706-1234



Water right boundaries identify the quarter quarters within the licensed or permitted place of use, but do not represent the number of acres authorized.

T04S
T05S

R06E R07E



- ELIGIBLE
- INELIGIBLE
- WR Rec. 2-2367
- WR Rec. 2-2269
- WR Rec. 2-2210
- Township/Range
- Section
- Quarter/Quarter

Landsat 5 Satellite Image: 09-09-2004

6000 0 6000 12000 Feet



GIS/Remote Sensing
 Idaho Department of Water Resources
 322 East Front Street
 Boise, Idaho 83702
 208.287.4800
 www.idwr.idaho.gov
 prepared by: M. Watkins

Final Determination of Eligible Acres

South Elmore Irrigation Company

2004 Snake River Pilot Leasing Program Rental of Water from the Water Supply Bank

Prepared: December 14, 2004