



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

February 14, 2006

DIRK KEMPTHORNE
Governor

KARL J. DREHER
Director

CLEAR SPRINGS FOODS INC
PO BOX 712
BUHL IC 83316

**RE: APPLICATION TO RENT WATER FROM THE WATER SUPPLY BANK.
WATER RIGHT NO(S). 36-16236**

Dear Renter:

The Department of Water Resources (department) acknowledges receipt of your application to rent water from the Water Supply Bank. Please find enclosed a Water Supply Bank Rental Agreement for your review and signature. Upon signature and return of the agreement, together with the rental fee described below, the department also will sign the agreement and will return an executed copy to you. Execution of the agreement and compliance with the conditions of approval authorize diversion and use of water as provided in the agreement.

Applications for rental of water must be reviewed in accordance with Section 42-1763, Idaho Code, and the department's Water Supply Bank Rule 30 (IDAPA 37.02.03.030). This includes consideration of whether there will be injury to other water rights, whether the proposal would constitute an enlargement of the water rights, whether the water will be put to a beneficial use, whether the water supply available from applicable rights in the water supply bank is sufficient for the use intended and whether the proposal is in the local public interest. While a one-year rental usually involves a general review of the water rights and proposed use, rental of water over multiple years may require more comprehensive review, notice to advise anyone who desires to protest the proposed water use, and approval by the Idaho Water Resource Board.

In accordance with Water Supply Bank rules, the department must obtain approval by the Idaho Water Resource Board and give notice of a rental of more than five years. After discussing these requirements with Randy MacMillan, it was determined that the rental should be limited to five years at this time to provide for consideration of the long-term use of the right.

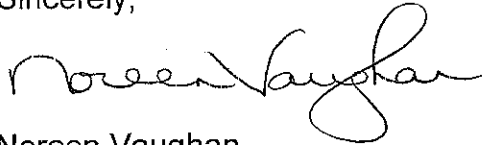
A total annual rental fee of \$352.00 was calculated based on the current rental rate of \$11.00 per acre-foot times 32.0 acre-feet. Ten percent (10%) of the total rental fee is retained by the department for Administrative fees in accordance with Water

Supply Bank rules, IDAPA 37 02 03.01. The remaining ninety percent (90%) is typically issued back to the lessor of the above referenced water right(s) in the form of a warrant. Based on the private negotiated agreement between the lessor and the renter, you are obligated to pay only the administrative fee under this agreement. Therefore, an annual rental fee of **\$35.20** or a single lump sum payment of **\$176.00** for the five-year rental period must be paid in accordance with the rental agreement. A minimum payment of \$70.40 for the 2005 and 2006 irrigation seasons should be submitted with the signed rental agreement.

Please send a check made payable to the Idaho Department of Water Resources together with the signed rental agreement. Return the signed agreement and fee to my attention so processing can be completed.

If you have questions, please feel free to contact me.

Sincerely,

A handwritten signature in cursive script, appearing to read "Noreen Vaughan".

Noreen Vaughan
Water Allocation Bureau

Encl: 1

c: Allen Merritt – IDWR Southern Regional Office
Cindy Yenter – IDWR Southern Regional Office

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

This is to certify that: CLEAR SPRINGS FOODS, INC
PO BOX 712
BUHL ID 83316
(208) 543-3416

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

Right	Rented Rate	Rented Volume	Total Rented Acres
36-16236	0.16 cfs	32.0 af	3.0 ac
COMBINED RENTAL TOTALS:	0.16 cfs	32.0 af	3.0 ac

TERM OF RENTAL: Irrigation Season 3/15 to 11/15 2005 through 2009

TOTAL RENTAL FEE: \$35.20 per year for 5 years

Based on a negotiated agreement between the lessor and the renter, the renter is obligated to pay only the administrative fee of **\$35.20 per year for 5 years**. Payment may be made annually or submitted in one lump sum for the five-year rental period. With the exception of the 2005 irrigation season, annual payments shall be received by the Department of Water Resources prior to March 15, the start of the irrigation season, each year 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 _____ day of _____, 20____.

by _____
(Print Name)

(Signature)

(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 _____ day of _____, 20____.

KARL J DREHER, Director
Department of Water Resources

**WATER RIGHT NO(S). 36-16236
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: CLEAR SPRINGS FOODS, INC
PO BOX 712
BUHL ID 83316
(208) 543-3416

Priority Date: 09/19/1912

Source: CLEAR SPRINGS

<u>BENEFICIAL USE</u>	<u>From</u>	<u>To</u>	<u>Diversion Rate</u>	<u>Volume</u>
IRRIGATION	03/15	to 11/15	0.16 CFS	32.0 AF
	Total: 0.16 CFS			32.0 AF

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

CLEAR SPRINGS SESENE Lot 5 Sec 02 Twp 09S Rge 14E GOODING 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	
09S 14E 01							X			X							
09s 14E 02				X									X				8.0

Total Acres: 8.0

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. The water right(s) referenced above is accepted into the bank and rented in accordance with a private agreement formulated between the lessor and the renter. Administrative fees will be paid based on the current rental rate.
3. 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.
4. Use of water under this agreement does not constitute a dedication of the water to renter's land 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.
5. Renter agrees to comply with all applicable state and federal laws while using water under this agreement.

WATER RIGHT NO(S). 36-16236
WATER SUPPLY BANK RENTAL AGREEMENT

CONDITIONS OF WATER USE

6. 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.
7. 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.
8. This rental does not grant any right-of-way or easement to use the diversion works or conveyance works of another party.
9. 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.
10. 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.

