

**STARTING
LEFT
SIDE OF
FILE**

Before the Idaho Water Resource Board

WATER SUPPLY BANK RENTAL AGREEMENT

The Idaho Water Resource Board ("Board") being authorized to operate a Water Supply Bank ("bank") and to contract by and through the Director of the Idaho Department of Water Resources ("Director") for rental of water from the bank agrees to rent water as follows:

1. Renter: Idaho Power Company
2. Address: PO Box 70, Boise, ID 83707
3. Source of water: Snake River
4. Volume of water rented: Estimated volume of 78,759.9 af (based on total of 26,253.3 dried acres times 3.0 afa/yr).

Max rate: Estimated diversion rate of 62 cfs to 284 cfs

5. Diversion period: 2004 irrigation season
6. Use of water: Hydropower at Hells Canyon Complex
7. a) Renter's point of diversion:

Legal description: Brownlee, Oxbow, and Hells Canyon Projects

- b) Renter's place of use:

Legal description: NA

8. The right from which water will be rented is: See Attachment: Summary of Rentals

The U.S. Bureau of Reclamation (Reclamation) and Bonneville Power Administration agree to pay the Lessors identified on the attached list, a price per acre as specified in individual agreements between Reclamation and the Lessors (agreements). The agreements provide that one half of the estimated payment will be made on or about July 30, 2004, and one half will be after the irrigation season has ended and verification of compliance with the agreements is complete. The Idaho Department of Water Resources (IDWR) shall comply with the payment scheme specified in the individual agreements between Reclamation and the Lessors. Prior to making payment to the Lessors, IDWR will invoice Reclamation for the payment plus the associated ten percent (10%) for the Water Administration Account.

Reclamation and Bonneville Power Administration agree to use the water in compliance with the Water Supply Bank rules and in compliance with the conditions of water use shown below:

Conditions of water use under this agreement

1. The use of water under this agreement shall be subject to the provisions of Section 42-1766, Idaho Code.
2. Rental of the right(s) from the bank is contingent upon a determination that the acres associated with the rental application have a valid Snake River water right(s), and that they qualify for payment as provided in Contract number 1425-04-WL-10-0023 (Contract) between Reclamation and IDWR to Implement the Rental of Water Rights Under the Pilot Program for Leasing of Snake River Natural Flow Water Rights for 2004 (Program).
3. Acceptance of a right into the bank does not confirm the validity of the right or any elements of the water right.
4. Rental of the right(s) from the bank shall be from May 1, 2004 to November 15, 2004, and the right(s) will be considered released from the bank on December 31, 2004.
5. Use of water under this agreement does not constitute a dedication of the water to renter's use and upon expiration of this agreement, the points of diversion and place of use of the water shall revert to its original points of diversion and place of use and/or again be available to rent from the bank.
6. Renter agrees to comply with Water Supply Bank Rules while using water under this agreement.
7. 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.

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

Dated this 21st day of July, 2004.

by [Signature]
for Idaho Power Company

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 23rd day of July, 2004.

[Signature]
for KARL J. DREHER, Director
Department of Water Resources

**2004 PILOT LEASING PROGRAM FOR LEASING OF SNAKE RIVER
NATURAL FLOW WATER RIGHTS
RENTAL OF WATER FROM THE WATER SUPPLY BANK
SUMMARY OF RENTALS FROM THE WATER SUPPLY BANK**

LESSOR	AGREEMENT BETWEEN LESSORS AND USBOF ¹			Estimated Total Payment by Reclamation	RENTED WATER RIGHT(S)
	Agreement No.	Contracted Idled Acres (ac)	Payment Rate (price/ac)		
Bell Rapids Mutual Irrigation Co.	1425-04-WL-10-00012	2405.9	\$150.00	\$360,885.00	2-10205
Bergh Farms	1425-04-WL-10-0004	477.6	\$139.50	\$66,625.20	2-2159, 2-2354, 2-7184, 2-7229, 2-7284
Clover Hollow, LLC.	1425-04-WL-10-0002	3122.4	\$139.00	\$434,013.60	2-2386, 2-2387, 2-2388, 2-7148
Dirks, Robert	1425-04-WL-10-0007	185.7	\$149.00	\$27,669.30	2-2279, 2-7012
Falcon Butte Farms, Inc.	1425-04-WL-10-0004	4072.2 197.0	\$111.50 \$134.50	\$480,546.80	2-2249, 2-2250, 2-2251, 2-2252, 2-2253, 2-2254, 2-2255, 2-2256, 2-2361, 2-7001
Farm Development Corp.	1425-04-WL-10-00013	123.6	\$150.00	\$18,540.00	2-2371, 2-2372
Grindstone Butte Mutual Canal CO	1425-04-WL-10-00011	5856.3	\$150.00	\$878,445.00	2-2262
Huey Farms, Inc.	1425-04-WL-10-0006	589.9	\$149.00	\$87,895.10	2-2361, 2-7001
Kitos, Constantine	1425-04-WL-10-00018	52.3	\$150.00	\$7,845.00	2-2145, 2-7144
Little Valley Mutual Irrigation Company	1425-04-WL-10-00016	814.6	\$150.00	\$122,190.00	2-2443, 2-7030, 2-7068
Mills, James	1425-04-WL-10-00017	258.3	\$150.00	\$38,745.00	2-7076, 2-7132
Montierth, Herbert, Edward Ray & Susan	1425-04-WL-10-00018	729.7	\$149.00	\$108,725.30	2-2198, 2-2191
Murphy Flats Water Company, Inc.	1425-04-WL-10-00018	537.9	\$150.00	\$80,685.00	2-2361, 2-2370, 2-7001
Rosti, Martha	1425-04-WL-10-00010	111.4	\$150.00	\$16,710.00	2-2194A, 2-2194B
Sailor Creek Water Company	1425-04-WL-10-0009	870.8	\$150.00	\$130,620.00	2-2186, 2-2204, 2-2206, 2-2214, 2-2215, 2-2217, 2-2218
South Elmore Irrigation Company	1425-04-WL-10-0005	4883.9	\$140.00	\$683,746.00	2-2210, 2-2269, 2-2367
TLK Farms, Inc.	1425-04-WL-10-0003	573.4	\$140.00	\$80,276.00	2-2379
Young, Roger	1425-04-WL-10-00014	390.4	\$150.00	\$58,560.00	2-2298, 2-2376, 2-7182
TOTALS:		26253.3		\$3,682,722.30	

¹ The "Agreement" represents the Water Rental and Forbearance Agreement entered into between the United States Bureau of Reclamation (Reclamation) and the individual Lessors. The **Contracted Acres Idled** and the **Payment Rate** represent the number of acres to be idled and the payment per acre agreed upon between the Lessors and Reclamation. The **Estimated Total Payment by Reclamation** is based on the Contracted Idled acres times the Payment Rate.

Before the Idaho Water Resource Board

RECEIVED

JUL 22 2004

DEPARTMENT OF
WATER RESOURCES**APPLICATION TO RENT WATER
FROM THE WATER SUPPLY BANK**

Applicant Idaho Power Company Phone 388-2905
 Address P.O. Box 70
 City Boise State ID Zip Code 83707

A. DESCRIPTION OF WATER SOUGHT TO RENT

1. Source of water Snake River tributary to
2. Maximum volume of water Estimated volume of 78,759.9 AF (based on a
Total of 26,253.3 dried acres times 3 afa/yr).
3. Maximum rate of diversion Estimated diversion rate ranging from 62 cfs
to 284.0 cfs.

B. DESCRIPTION OF USE PROPOSED

1. Nature of intended use Hydropower, Hells Canyon Complex
2. Location of point of diversion Brownlee, Oxbow and Hells Canyon Dam.
 Township , Range , B.M. County.
3. Season of use: From May 1, 2003⁴ to November 15, 2003⁴
4. Description of diverting works: N/A
 Pump HP Lift Pump type
 Canal name, if appropriate
5. Place of use:
 a. If water is for irrigation, describe the number of acres to be irrigated by
 40-acre tract, section, township and range.

N/A

b. If water is not for irrigation, describe the nature of the intended use and the place of use.

Power Generation Purposes at the Hells Canyon Complex

6. Describe any other water rights used for the same purposes as rental water sought under this application.

N/A

7. Who owns the property at the point of diversion?

N/A

Who owns the property at the place of use?

N/A

8. Are you seeking a rental for more than one (1) year? **NO** (yes or no)

If yes, for how many years? _____

9. Remarks: See Attached Table 1 for list of rights for rent.

7/21/04

Date

[Signature]
Signature of Applicant

Edwards Power Company

FOR DEPARTMENT USE ONLY

Received by [Signature] Date 7/22/04 Time _____

Published in _____ Pub. dates _____

Protests filed by _____

Hearing held by _____

Action recommended _____

TABLE I

LESSOR	Contracted Idled	
	Agreement No.¹	Acres (ac)
Bell Rapids Mutual Irrigation Co.	1425-04-WL-10-00012	2405.9
Bergh Farms	1425-04-WL-10-0004	477.6
Clover Hollow LLC	1425-04-WL-10-0002	3122.4
Dirks, Robert	1425-04-WL-10-0007	185.7
Falcon Butte Farms, Inc.	1425-04-WL-10-0004	4072.2 197.0
Farm Development Corp.	1425-04-WL-10-00013	123.6
Grindstone Butte Mutual Canal CO	1425-04-WL-10-00011	5856.3
Huey Farms, Inc.	1425-04-WL-10-0006	589.9
Kitsos, Constantine	1425-04-WL-10-00018	52.3
Little Valley Mutual Irrigation Company	1425-04-WL-10-00016	814.6
Mills, James	1425-04-WL-10-00017	258.3
Montierth, Herbert, Edward & Susan	1425-04-WL-10-00018	729.7
Murphy Flats Water Company, Inc.	1425-04-WL-10-00018	537.9
Rosti, Martha	1425-04-WL-10-00010	111.4
Sailor Creek Water Company	1425-04-WL-10-0009	870.8
South Elmore Irrigation Company	1425-04-WL-10-0005	4883.9
Terry Ketterling (TLK Farms, Inc.)	1425-04-WL-10-0003	573.4
Young, Roger	1425-04-WL-10-00014	390.4
TOTALS:		26253.3

Conditions of Rental Application

1) The "Agreement" represents the Water Rental and Forbearance Agreement entered into between the United States Bureau of Reclamation (Reclamation) and the individual Lessors.

2) The acreages listed above were compiled from the Applications submitted by the corresponding entities to lease water to the Water Supply Bank in accordance with Contract no. 1425-04-WL-10-0023 between the U.S. Bureau of Reclamation and the Department of Water Resources. The lessors have agreed to leave these lands idle through the 2004 irrigation season, and the Snake River water rights appurtenant to these acres have been leased to the Water Supply Bank.

3) The volume of water available to lease is contingent upon the determination that the lessors have complied with the terms of the Agreements and that the acres associated with Agreements have valid Snake River water rights.



State of Idaho

DEPARTMENT OF WATER RESOURCES

1301 North Orchard Street, Boise, ID 83706 - P.O. Box 83720, Boise, ID 83720-0098
Phone: (208) 327-7900 Fax: (208) 327-7866 Web Site: www.idwr.state.id.us

DIRK KEMPTHORNE
Governor

KARL J. DREHER
Director

August 4, 2004

CONSTANTINE KITSOS
9000 NE 2ND AVE
MIAMI FL 33138

**RE: APPLICATION TO LEASE PART OF WATER RIGHT NOS. 2-2145 and 2-7144
TO THE WATER SUPPLY BANK**

Dear Mr. Kitsos:

The department has conducted an initial review of Agreement No. 1425-04-WL-10-00018 (Agreement) between you and the United States Bureau of Reclamation (Reclamation) submitted to this office as an Application to Sell or Lease a Water Right to the Water Supply Bank (bank). The application was submitted in connection with the 2004 Snake River Pilot Leasing Program initiated by Reclamation.

Please consider that the offered part(s) of the water rights (rights) are accepted into the bank under the following terms:

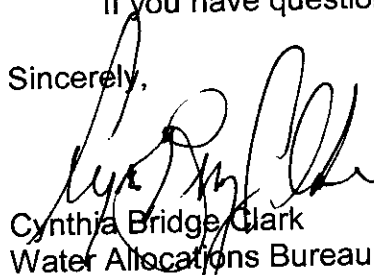
1. Payment for rental of the right(s) from the bank is contingent upon the determination that the acres associated with the rental application have a valid Snake River water right(s), and that they qualify for payment as provided in Contract no. 1425-04-WL-10-0023 between the United States Bureau of Reclamation and the Idaho 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, said agreement dated June 30, 2004 (Contract).
2. While part(s) of a right is in the bank, the owner of the right may not use that part of the right.
3. While a right is in the bank, forfeiture provisions are stayed.
4. Acceptance of a right into the bank does not confirm the validity of the right or any elements of the water right.
5. The right will be considered released from the bank on December 31, 2004.

August 4, 2004
Page 2

The Agreement and Contract specify that one half of the estimated payment will be paid on or around July 30, 2004, and the second half shall be issued after the irrigation season has ended and verification of compliance with the Agreement is complete. Payment to the individual lessors will be issued at a pay rate per acre identified in the individual Agreement between Reclamation and the lessors minus ten percent (10%) to be credited to the Water Administration Account as provided in the Water Supply Bank rules. The department has invoiced Reclamation for the funds associated with the first payment as required in the Contract. A state warrant will be issued in the amount of \$3,530.25 for the first payment for rental of water from the bank in accordance with the above referenced Agreement. The Controller's office will issue the warrant directly to the address identified on the Internal Revenue Service W-9 form submitted with the application to lease water rights to the bank.

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

Sincerely,



Cynthia Bridge Clark
Water Allocations Bureau

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

United States Department of the Interior
Bureau of Reclamation

RECEIVED

JUN 25 2004

DEPARTMENT OF WATER RESOURCES

Water Rental and Forbearance Agreement

With **Constantine Kitsos**
(Lessor's name)

Reclamation agreement number **#1425-04-WL-10-00018**

This Agreement is entered into pursuant to the Reclamation Act of 1902, as amended and supplemented, for the purpose of meeting commitments of the Bureau of Reclamation (Reclamation) under the Biological Opinions on the Operation of the Federal Columbia River Power System and the operation and maintenance of Reclamation Projects in the Snake River Basin above Brownlee Dam. This Agreement is by and between the United States of America, acting by and through the Department of the Interior, Bureau of Reclamation, represented by the officer executing this instrument on its behalf and Constantine Kitsos, hereafter known as the Lessor.

RECITALS

- A. WHEREAS, Reclamation has commitments under Biological Opinions on the operation of the Federal Columbia River Power System and the operation and maintenance of Reclamation Projects in the Snake River Basin above Brownlee Dam to provide flow augmentation for delivery at Lower Granite Dam.
- B. WHEREAS, The Idaho Legislature authorized Reclamation to annually rent up to 427,000 acre-feet of storage water per year during the years 2002-2004 under the provisions of Idaho Code § 42-1763B.
- C. WHEREAS, In 2003, there was insufficient storage water available for rental by Reclamation to meet the 427,000 acre-feet rental target. Therefore, Reclamation conducted a pilot leasing program under which water right holders submitted proposals to idle land and place their water rights in the State Water Supply Bank, thereby increasing water flow downstream to Lower Granite Dam. Rules governing the Idaho State Water Supply Bank, IDAPA 37.02.03, provide that rentals shall be approved only for use in Idaho unless there is compliance with the provisions of Idaho Code § 42-401(3). In order to avoid the complexities of Reclamation seeking approval for out-of-state use, the water was rented by the Idaho Power Company and used for hydropower generation in Idaho with the result that additional water flowed to Lower Granite Dam for flow augmentation.
- D. WHEREAS, Similar to 2003, it is expected that insufficient storage water will be available this year for rental by Reclamation. Therefore, Reclamation is conducting another similar pilot program (Program). Under this Program, water right holders will forego irrigation of land and place their water right into the Idaho State Water Supply Bank. As a practical way of ensuring that Reclamation receives additional water, over and above the water flows that would otherwise be available, a qualification was added requiring that the land to which the water right is appurtenant was either irrigated last year or was in Reclamation's 2003

program explained in Recital C above. Again, it is intended for Idaho Power to rent the water from the State Water Supply Bank.

- E. Reclamation advertised a request for proposals to the public. In response, the Lessor submitted a proposal for participation in the Program. The proposal shows that the Lessor has a right to use water for irrigation purposes and absent this Program was intending to irrigate with the water proposed for the Program. Therefore, placing the Lessor's water in the Water Bank during 2004 will result in additional water in the Snake River at Lower Granite Dam, Oregon. This additional water will be counted towards Reclamation's obligation to provide 427,000 acre-feet of water at Lower Granite Dam.

AGREEMENT

NOW THEREFORE, in consideration of the mutual and dependent covenants herein contained, the parties agree as follows:

I. **Land Accepted into the Program**

- A. The total number of acres accepted into the Program is 52.3 acres. The land, hereinafter referred to as the Land, accepted into the Program is identified as "LL" on the map(s) included in Attachment A. This is the maximum number of acres eligible for payment under this Agreement. Reclamation recognizes the following conditions may exist: 1) additional acres may have been proposed in the Lessor's application, 2) the Lessor may have a right to irrigate additional acres, 3) the Lessor may intend to irrigate additional acres in 2004 and is willing to idle those acres, and 4) the Lessor may submit an application to the State Water Supply Bank to lease water rights appurtenant to acres other than the acres identified in this Agreement. Notwithstanding any of the conditions stated above or any other conditions, under this "willing seller, willing buyer" Agreement, the number of acres covered by the Agreement is limited to the number and location stated in this section I.A. of the Agreement.
- B. If it is determined after the execution of this Agreement that certain acres are not eligible for the Program because of a mistake, error, or misrepresentation in the Lessor's application, the land covered under this Program will be reduced accordingly.
- C. The Land may not be irrigated from any source, regardless of whether there is another valid water right appurtenant to the Land. Water authorized to be diverted under water rights, or portions of water rights, leased to the Water Supply Bank may not be applied to lands that are not identified in this Agreement. The Lessor may not water the Land for any reason; for example, testing equipment, irrigating a cover crop, or dust abatement.
- D. IDWR intends to monitor the Lessor's idled lands. The monitoring will include field visits, and the collection and analysis of satellite data and related pump and flow measurements collected at IDWR's discretion. The Lessor agrees to allow the collection of data and access for field visits.

II. **Water Rights Appurtenant to the Leased Land**

- A. The Lessor agrees that this Agreement shall be submitted to the Idaho State Water Supply Bank as an application to lease water to the bank, and that the Lessor is offering the water rights described in Attachment A to the bank by signing this Agreement. The Lessor agrees that any additional information or requirement IDWR may require to process or accept the application shall be furnished promptly to IDWR, including but not limited to, the submission of a separate application form if required. Failure to comply with IDWR requests for information or other requirements is cause for termination of this agreement.
- B. All rentals of the Lessor's water rights out of the water bank shall be subject to Reclamation's approval.
- C. With respect to the water rights covered by this Agreement, the Lessor warrants that the Lessor has the right, title, and interest necessary to enter into this Agreement; and that there are no agreements, leases, licenses, liens or encumbrances which would prohibit the Lessor from placing the Lessor's water rights into the Idaho State Water Bank; and that to the extent necessary, the Lessor has obtained any consent or approval necessary to authorize the execution of this contract.
- D. The Lessor shall immediately notify Reclamation if there are any changes in ownership, or any encumbrances or liens placed upon, any of the real property or water rights covered by this contract during the term of the Agreement.

III. **Payment**

- A. By signing this Agreement the Lessor offers to the Idaho State Water Supply Bank the water rights described above for a total lease price of \$ 7,845⁰⁰. This amount is based on \$ 150⁰⁰ per acre of land idled. The Lessor understands that the amount the Lessor will receive from the Idaho State Water Supply Bank is 90% of the total lease price. Ten percent will be retained by IDWR for administrative costs of operating the Water Supply Bank, pursuant to the Water Supply Bank Rules.
- B. Payment as shown in section III.A above is based upon a dollar amount per acre of land idled, regardless of the diversion rate or maximum diversion volume allowed under the water right, the historical diversion rate or consumptive use under the water right, or the diversion rate or diversion volume approved for lease by IDWR.
- C. Pursuant to the Water Supply Bank Rules, IDAPA 37.02.03, after the water rights are leased, payment is to be made by the Water Supply Bank to the Lessor. Lessor agrees to accept the following intended plan for payment by IDWR: One half of the estimated payment will be made on or about July 30, 2004, and the remainder will be paid after the irrigation season ends and final verification of program compliance is complete. Reclamation will enter into a separate contract with IDWR to make payment to the Water Supply Bank for this purpose.

IV. **Term, Termination of Agreement and Remedies**

- A. The Agreement shall become effective on the date of the last signature hereto and shall extend through December 31, 2004.
- B. At Reclamation's discretion, this Agreement may be terminated upon:
- (1) Failure of the Lessor to abide by the terms and conditions of this Agreement;
 - (2) Refusal of the Lessor to allow Reclamation or IDWR access to the Land to monitor compliance with the Agreement;
 - (3) Application of water by the Lessor to the Land during the period of this Agreement, except in emergency situations where the application of water is required for public safety reasons;
 - (4) Discovery of fraudulent information submitted in the Lessor's Application.
- C. If this Agreement is terminated for any other reason prior to its ending date, the Lessor shall reimburse Reclamation for a prorated portion of the amount stated in Section III.A of this Agreement, as determined by Reclamation.

V. **Miscellaneous**

- A. The Landowner or Lessor is responsible for all taxes, assessments, soil conservation measures such as weed and erosion control and other obligations related to any of the Land covered by this Agreement.
- B. The Landowner will indemnify and hold harmless Reclamation from any loss or damage and from any liability on account of personal injury, property damage, or claims for personal injury or death, or property damage of any nature caused by the Landowner or any person, firm or corporation acting on the Landowner's behalf related to or arising out this Agreement.

C. **Water Right Ownership**

This Agreement shall not be used as evidence of ownership of water rights in the Snake River Basin Adjudication.

D. **Officials Not to Benefit**

No member of or delegate to Congress or the Resident Commissioner shall be admitted to any share or part of this Agreement or to any benefit to arise therefrom, but this restriction shall not be construed to extend to this Agreement if made with a corporation or company for its general benefit.

E. **Covenant Against Contingent Fees**

The Lessor warrants that no person or agency has been employed or retained to solicit or secure this Agreement upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee except bona fide employees and bona fide commercial agencies maintained by the Lessor for the purpose of securing business. For breach or violation of this warranty, Reclamation shall have the right to revoke this Agreement without liability or in its discretion to require the Lessor to pay the full amount of such commission, percentage, brokerage, or contingency fee to the United States.

Signatures

Print name(s): CONSTANTINE N. KITSOS

Mailing address: 9000 NE 2nd Ave MIAMI, FL 33138

Phone: 305 754-0400

Signed CK

Signed CK

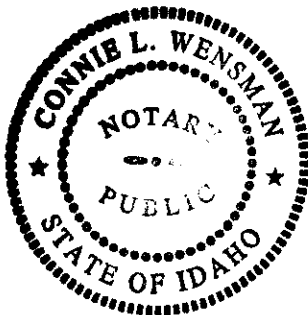
Title: OWNER

Date: 03-31-2004

On this 31 day of MARCH, 2004, before me the undersigned Notary Public in and for said county and state, personally appeared CONSTANTINE N. KITSOS, known to me to be the person whose name is subscribed to within instrument and acknowledged to me that he/she executed the same.

In WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year in this certificate first written.

Connie L. Wensman
Notary Public in and for Idaho
Residing at; MAR-DAVID
Commission Expires: 10-06-04



For the Bureau of Reclamation

Agreement # 1425-04-WL-10-00018

Signature: Kenneth R. Pedde
Regional Director, Pacific Northwest Region

Date: 4/16/04

State of Idaho

County of Ada

On this 16th day of April 2004, before me the undersigned Notary Public in and for said county and state, personally appeared Kenneth R. Pedde, known to me to be the person whose name is subscribed to within instrument and acknowledged to me that he/she executed the same.

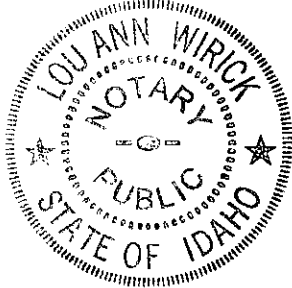
In WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year in this certificate first written.

Lou Ann Wirick

Notary Public in and for Idaho

Residing at; _____

Commission Expires: Oct 22, 2008



02-2145, 02-7144

[illegible]

Applicant initials OK Applicant initials _____ Applicant initials _____

APPLICATION FOR PROPOSAL FOR SNAKE RIVER PILOT LEASING PROGRAM 2004

A. GENERAL

A1. Applicant name(s): CONSTANTINE N. KITSOS

A2. Proposed price per acre: \$ 150 per acre. Note that you will only receive 90% of that rate.

A3. Number of acres you propose to idle: 105 acres

B. INFORMATION ABOUT THE APPLICANT

B1. Type of applicant:

☒ Single individual
☐ Joint owners

☐ Partnership
☐ Corporation

☐ Limited liability co.
☐ Irrigation district

☐ Other _____

B2. Taxpayer identification number, if applicable: 531-38-8935

B3. Mailing Address: 9000 NE 2nd Ave, MIAMI FL 33138

B4. Daytime Phone Number: 305 754-0400 Additional cell phone number: 305 868-6886 Fax: 305 754-0045

B5. E-mail Address: _____

B6. Do you ☒ own the land that is to be idled?
☐ lease the land that is to be idled?
☐ neither, you only hold the water rights, e.g. irrigation district, canal company.

B7. If you lease the land that is to be idled, complete the following:

- Provide a copy of your entire lease.
- Does your lease provide for authorization to put water into the water bank?
☐ Yes, on page ____ of my lease.
☐ No, but I have separate authorization, which is enclosed.
- Name and address of the lessor landowner: _____

C. INFORMATION ABOUT THE LAND THAT WILL BE IDLED

- C1. Does each tract of land you are proposing meet the eligibility criteria? ☒ Yes ☐ No
- C2. Were any of the proposed lands leased to the Idaho State Water Supply Bank under a 2003 contract with Reclamation? ☐ Yes ☒ No
- C3. Is a cover crop planned for the idled land? ☒ No ☐ Yes, my cover crop will be: old alfalfa
- C4. Have you completed and enclosed the attached grid? (See application instructions.) ☐ Yes
- C5. Have you attached an **acceptable** map with the proposed acres identified? (See application instructions.) ☒ Yes
- C6. Have you enclosed acceptable evidence of irrigation of the proposed lands during the 2003 irrigation season? (See instructions) ☐ Yes

D. INFORMATION FOR EACH WATER RIGHT INCLUDED IN YOUR PROPOSAL

If you are proposing to lease more than one water right, copy this section and fill out a separate page for each water right.

- D1. Water Right Number: 27144 A02-07144
- D2. What is the basis of the water right? ☐ permit ☒ license ☐ decree
- D3. Have you attached a copy of the permit, license, or decree? ☒ Yes
- D4. Has a claim been made for the water right in the Snake River Basin Adjudication (SRBA)? ☒ Yes Attach a copy of this SRBA claim.
- D5. Priority date of the water right: June 19, 1974
- D6. (a) What is the total number of acres described in the place of use for irrigation under this water right? 55 acres
- (b) Does this right have a permissible place of use? ☒ Yes ☐ No
- D7. Is the number of acres authorized for irrigation under this right limited within the place of use in a single irrigation season?
- ☒ Yes, it is limited to 55 acres.
- ☐ No
- D8. Are any other water rights appurtenant to the proposed lands that are not included in this proposal?
- ☐ Yes, the other water rights are: _____
- ☒ No
- D9. How many acres authorized under this water right were irrigated during the 2003 season? 55 acres
- D10. Were any acres under this water right leased to the Idaho Water Supply Bank under a 2003 Contract with Reclamation?
- ☐ Yes, _____ acres.
- ☒ No
- D11. Do you propose to enter only a portion of the water right into the Program? ☐ Yes ☒ No
- D12. If so, how many acres authorized under this water right will still be irrigated during the 2004 irrigation season if your proposal is accepted into the Program? NA acres

D. INFORMATION FOR EACH WATER RIGHT INCLUDED IN YOUR PROPOSAL

If you are proposing to lease more than one water right, copy this section and fill out a separate page for each water right.

- D1. Water Right Number: 27288 A02 - 02145
- D2. What is the basis of the water right? ☐ permit ☒ license ☐ decree
- D3. Have you attached a copy of the permit, license, or decree? ☒ Yes
- D4. Has a claim been made for the water right in the Snake River Basin Adjudication (SRBA)? ☒ Yes Attach a copy of this SRBA claim.
- D5. Priority date of the water right: MAR. 20, 1958
- D6. (a) What is the total number of acres described in the place of use for irrigation under this water right? 50 acres
- (b) Does this right have a permissible place of use? ☒ Yes ☐ No
- D7. Is the number of acres authorized for irrigation under this right limited within the place of use in a single irrigation season?
- ☒ Yes, it is limited to 50 acres.
☐ No
- D8. Are any other water rights appurtenant to the proposed lands that are not included in this proposal?
- ☐ Yes, the other water rights are: _____
☒ No
- D9. How many acres authorized under this water right were irrigated during the 2003 season? 50 acres
- D10. Were any acres under this water right leased to the Idaho Water Supply Bank under a 2003 Contract with Reclamation?
- ☐ Yes, _____ acres.
☒ No
- D11. Do you propose to enter only a portion of the water right into the Program? ☐ Yes ☒ No
- D12. If so, how many acres authorized under this water right will still be irrigated during the 2004 irrigation season if your proposal is accepted into the Program? NA acres

E. INFORMATION ABOUT OVERALL IRRIGATION PRACTICES

Answer E1 & E2 if you are a landholder, i.e. you own or lease land that was or will be irrigated, or you are a part owner of an entity that owns or leases land that was or will be irrigated.

- E1. (a) If you are a landholder, how many acres did you irrigate in 2003, at any location from any water rights from, or tributary to, the Snake River? 165 acres
- (b) If you were a part owner of one or more entities that leased or owned land, how many acres did each entity irrigate in 2003, at any location from any water rights from, or tributary to, the Snake River? _____ acres
- E2. (a) How many acres do you intend to irrigate in 2004, at any location from any and all water sources from, or tributary to, the Snake River if your proposed acres are accepted? 60 acres
- (b) If you are a part owner of one or more entities that holds land and intends to irrigate in 2004, at any location from any and all water sources from, or tributary to, the Snake River if your proposed acres are accepted? _____ acres

Answer E3 if you are completing this application on behalf of an irrigation district or canal company or similar entity.

- E3. Submit the following information for each landholder who is proposing to idle land under this application:

Landholder 1

- (a) Name: NA
- (b) Number of acres the landholder proposes to idle: _____ acres
- (c) Number of acres the landholder (either by him/herself, or as part of another entity, such as a partnership or limited liability company) irrigated in 2003 from any and all water sources from, or tributary to, the Snake River in any location: _____ acres
- (d) Number of acres the landholder (either by him/herself, or as part of another entity) plans to irrigate in 2004: _____ acres

E3 (cont.) Make copies of this page if you need additional space.

Landholder #2

- a) Name: _____
- b) Number of acres the landholder proposes to idle: _____ acres
- c) Number of acres the landholder (either by him/herself, or as part of another entity, such as a partnership or limited liability company) irrigated in 2003 from any and all water sources from, or tributary to, the Snake River in any location: _____ acres
- d) Number of acres the landholder (either by him/herself, or as part of another entity) plans to irrigate in 2004: _____ acres

Landholder #3

- a) Name: _____
- b) Number of acres the landholder proposes to idle: _____ acres
- c) Number of acres the landholder (either by him/herself, or as part of another entity, such as a partnership or limited liability company) irrigated in 2003 from any and all water sources from, or tributary to, the Snake River in any location: _____ acres
- d) Number of acres the landholder (either by him/herself, or as part of another entity) plans to irrigate in 2004: _____ acres

Landholder #4

- a) Name: _____
- b) Number of acres the landholder proposes to idle: _____ acres
- c) Number of acres the landholder (either by him/herself, or as part of another entity, such as a partnership or limited liability company) irrigated in 2003 from any and all water sources from, or tributary to, the Snake River in any location: _____ acres
- d) Number of acres the landholder (either by him/herself, or as part of another entity) plans to irrigate in 2004: _____ acres

Landholder #5

- a) Name: _____
- b) Number of acres the landholder proposes to idle: _____ acres
- c) Number of acres the landholder (either by him/herself, or as part of another entity, such as a partnership or limited liability company) irrigated in 2003 from any and all water sources from, or tributary to, the Snake River in any location: _____ acres
- d) Number of acres the landholder (either by him/herself, or as part of another entity) plans to irrigate in 2004: _____ acres



T05S R10E
T06S R10E



Prepared by: M. Wilkins
Idaho Department of Water Resources
1301 North Orchard Street
Boise, ID 83709
(208) 327-7900

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

- ELIGIBLE
- INELIGIBLE
- QUESTIONABLE
- Water Right 2-2145
- Water Right 2-7144
- Township/Range Lines
- Section Lines
- Quarter/Quarter Lines

SPOT Satellite Image Mosaic:
09-10-2002, 06-28-2003

2000 0 2000 4000 Feet

Total Number of Eligible Acres for Lease: 52.3 acres

COPY

Applicant Signature

Date

USBOR Signature

Date

Constantine N. Kitsos

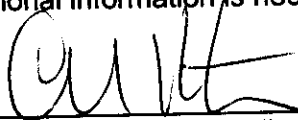
**2004 Snake River Pilot Leasing Program
Rental of Water from the Water Supply Bank**

Prepared: February 19, 2004

SIGNATURES

By signing below, you certify that the information included in this proposal is accurate and true to the best of your knowledge.

NOTE: To support your proposal, you may be asked to provide additional information. We will notify the applicant shown above if additional information is necessary.



Applicant's Signature

CONSTANTINE N. KITSOS

Printed Name

Applicant's Signature

Printed Name

Applicant's Signature

Printed Name

Applicant's Signature

Printed Name

Applicant's Signature

Printed Name

1-6-04

Date

Office held (if entity)

Date

Office held (if entity)

Date

Office held (if entity)

Date

Office held (if entity)

Date

Office held (if entity)

02-7144
55 AC

02-2145
50 AC

5

Constance
Kibbe
Application

Close

IDAHO DEPARTMENT OF WATER RESOURCES
Adjudication Claim Report

01/15/2004

WATER RIGHT NO. 2-2145

<u>Owner Type</u>	<u>Name and Address</u>
Current Owner	CONSTANTINE KITSOS 9000 NE 2ND AVE MIAMI, FL 33138 (305)754-0400
Original Owner	BEVERLY E KEVAN
Original Owner	JAMES E KEVAN PO BOX 70 GLENN'S FERRY, ID 83623 (208)366-2459

Priority Date: 03/20/1958

Basis: License

Status: Active

<u>Source</u>	<u>Tributary</u>
SNAKE RIVER	COLUMBIA RIVER

<u>Beneficial Use</u>	<u>From</u>	<u>To</u>	<u>Diversion Rate</u>	<u>Volume</u>
IRRIGATION	3/15	11/15	1 CFS	
Total Diversion			1 CFS	

Location of Point(s) of Diversion:

SNAKE RIVER	SWSW Lt 6	Sec. 32	Township 05S	Range 10E	ELMORE County
-------------	-----------	---------	--------------	-----------	---------------

Place(s) of use:

Water Right Report

Place of Use Legal Description: IRRIGATION ELMORE County

Township	Range	Section	Lot	Tract	Acres	Lot	Tract	Acres	Lot	Tract	Acres	Lot	Tract	Acres
06S	10E	5		NWNE	10		SWNE	10		SENE	5			
				NENW	20									
				NESE	5									

Total Acres: 50

Dates:

Licensed Date: 02/13/1979

Claim Received Date:

Decreed Date:

Enlargement Use Priority Date:

Enlargement Statute Priority Date:

Other Information:

State or Federal: S

Owner Name Connector:

Water District Number:

Generic Max Rate per Acre:

Generic Max Volume per Acre:

Civil Case Number:

Old Case Number:

Decree Plaintiff:

Decree Defendant:

Swan Falls Trust or Nontrust:

Swan Falls Dismissed:

DLE Act Number:

Cary Act Number:

Mitigation Plan: False

Water Right Report

 IDAHO DEPARTMENT OF WATER RESOURCES
 Adjudication Claim Report

01/15/2004

WATER RIGHT NO. 2-7144

<u>Owner Type</u>	<u>Name and Address</u>
Current Owner	CONSTANTINE KITSOS 9000 NE 2ND AVE MIAMI, FL 33138 (305)754-0400
Original Owner	CHARLES W KEVAN , ID
Original Owner	BEVERLY E KEVAN
Original Owner	JAMES E KEVAN PO BOX 70 GLENN'S FERRY, ID 83623 (208)366-2459

Priority Date: 06/19/1974

Basis: License

Status: Active

<u>Source</u>	<u>Tributary</u>
SNAKE RIVER	COLUMBIA RIVER

<u>Beneficial Use</u>	<u>From</u>	<u>To</u>	<u>Diversion Rate</u>	<u>Volume</u>
IRRIGATION	3/15	11/15	1.1 CFS	
STOCKWATER	1/01	12/31	0.2 CFS	
Total Diversion			1.14 CFS	

Location of Point(s) of Diversion:

SNAKE RIVER	SWSW Lt 6	Sec. 32	Township 05S	Range 10E	ELMORE County
-------------	-----------	---------	--------------	-----------	---------------

Water Right Report

SNAKE RIVER	SWSW Lt 6	Sec. 32	township 05S	Range 10E	ELMORE County
-------------	-----------	---------	--------------	-----------	---------------

Place(s) of use:

Place of Use Legal Description: IRRIGATION ELMORE County

Township	Range	Section	Lot	Tract	Acres	Lot	Tract	Acres	Lot	Tract	Acres	Lot	Tract	Acres
05S	10E	32	6	SWSW	4									
06S		5		NWNE	8		SWNE	8		SENE	16			
				NENW	2									
				NESE	17									

Place of Use Legal Description: STOCKWATER same as IRRIGATION

Total Acres: 55

Conditions of Approval:

1.	001	A measuring device of a type approved by the Department shall be permanently installed and maintained as part of the diverting works.
2.	016	See remarks for additional conditions of approval.

Dates:

Licensed Date: 02/21/1979

Claim Received Date:

Decreed Date:

Enlargement Use Priority Date:

Enlargement Statute Priority Date:

Other Information:

State or Federal: S

Owner Name Connector:

Water District Number:

Generic Max Rate per Acre:

Generic Max Volume per Acre:

Civil Case Number:

Old Case Number:

Decree Plaintiff:

Decree Defendant:

Swan Falls Trust or Nontrust:

Swan Falls Dismissed:

DLE Act Number:

Cary Act Number:

IN THE DISTRICT COURT OF THE FIFTH JUDICIAL DISTRICT OF THE STATE OF IDAHO,
IN AND FOR THE COUNTY OF TWIN FALLS

IN RE THE GENERAL ADJUDICATION
OF RIGHTS TO THE USE OF WATER FROM
THE SNAKE RIVER BASIN WATER SYSTEM.

CIVIL CASE NUMBER: 39576

Ident. Number: **A02-07144**
Date Received: 12/ 5/1989
Receipt No: C013277
Received By: _____

**NOTICE OF CLAIM TO A WATER RIGHT
ACQUIRED UNDER STATE LAW**

1. Name: JAMES E KEVAN 208-366-2459
Address: PO BOX 70
GLENN'S FERRY ID 83623
OR
Name: BEVERLY E KEVAN 208-366-2459
Address: PO BOX 70
GLENN'S FERRY ID 83623

2. Date of Priority: JUN 19, 1974

3. Source: SNAKE RIVER Trib. to: COLUMBIA RIVER

4. Point of Diversion:

Township	Range	Section	1/4 of	1/4 of	1/4 of	Lot	County
05S	10E	32	SW	SW	SW	6	ELMORE

5. Description of diverting works:
150 HP PUMP; SPRINKLERS

6. Water is used for the following purposes:

Purpose	From	To	C.F.S	(or)	A.F.A.
IRRIGATION	03/15	11/15	1.100		
STOCKWATER	01/01	12/31	0.200		

7. Total Quantity Appropriated is:
1.140 C.F.S. (and/or)

A.F.A.

8. Total consumptive use is

Acre Feet Per Annum.

9. Non-irrigation uses:
STOCKWATER, 900 HEAD

State of Idaho

Department of Water Resources

WATER RIGHT LICENSE

License of Water Right No. 02-7144 Priority June 19, 1974 Amount 2.50 cfs

THIS IS TO CERTIFY, that JAMES E. KEVAN
of Glenns Ferry, Idaho, has complied with the terms and conditions of Permit
No. 02-7144 issued pursuant to Application for Permit dated June 19, 1974
and has submitted proof to the Department of Water Resources on September 20, 1974
that he has applied water to a beneficial use; an examination by the Department indicates that the works have a
capacity for the diversion of 3.35 cfs of water from the Snake River
tributary to the Columbia River, and that the permit holder has applied to a beneficial use and
established a right to use water as follows:

Beneficial Use	Period of Use	Rate of Diversion	Annual Volume
Stockwater from	Jan. 1 to Dec. 31	at 0.20 cfs and	12 acre feet
Irrigation from	April 1 to Oct. 1	at 2.30 cfs and	575 acre feet or
			5.0 af per acre

(both dates inclusive)

Subject, however, to the condition that no more than 2.50 cfs of water be diverted at any one time, and
that the amount of water so diverted and to which such right is entitled and confirmed is for the purpose
aforementioned and is limited to the amount which can actually be beneficially used and shall not exceed
587 acre feet per year, said waters to be diverted within the Lot 6 (SW $\frac{1}{4}$ SW $\frac{1}{4}$) of
Sec. 32, Twp. 5 S, Rge. 10 E, B.M. in the County of Elmore

Description and location of place of use:

Twp.	Range	Sec.	NE $\frac{1}{4}$				NW $\frac{1}{4}$				SW $\frac{1}{4}$				SE $\frac{1}{4}$				Totals
			NE $\frac{1}{4}$	NW $\frac{1}{4}$	SW $\frac{1}{4}$	SE $\frac{1}{4}$	NE $\frac{1}{4}$	NW $\frac{1}{4}$	SW $\frac{1}{4}$	SE $\frac{1}{4}$	NE $\frac{1}{4}$	NW $\frac{1}{4}$	SW $\frac{1}{4}$	SE $\frac{1}{4}$	NE $\frac{1}{4}$	NW $\frac{1}{4}$	SW $\frac{1}{4}$	SE $\frac{1}{4}$	
6 S	10 E	5		20	25	15	30								25				115

Total number of acres irrigated 115

MAR 08 1988

A measuring device of a type approved by this Department shall be permanently
maintained as part of the diverting works.

NOTE: Modifications to or variance from this license must be made within the limits of Section 42-222, Idaho
Code, or the applicable Idaho Law. This right may be forfeited by five years of non-use.

The right to the use of the water hereby confirmed is restricted and appurtenant to the lands or place of use
herein described, as provided by the laws of Idaho.

Witness the seal and signature of the Director, affixed at Boise, Idaho, this 9 day of
October 19 76

Director



NOTE: Modifications to or variance from this license must be made within the limits of Section 42-222, Idaho Code, or the applicable Idaho Law. This right may be forfeited by five years of non-use.

The right to the use of the water hereby confirmed is restricted and appurtenant to the lands or place of use herein described, as provided by the laws of Idaho.

Witness the seal and signature of the Director, affixed at Boise, Idaho, this 9 day of

IN THE DISTRICT COURT OF THE FIFTH JUDICIAL DISTRICT OF THE STATE OF IDAHO,
IN AND FOR THE COUNTY OF TWIN FALLS

IN RE THE GENERAL ADJUDICATION
OF RIGHTS TO THE USE OF WATER FROM
THE SNAKE RIVER BASIN WATER SYSTEM.

CIVIL CASE NUMBER: 39576

Ident. Number: **A02-02145**
Date Received: 12/ 5/1989
Receipt No: C013277
Received By: _____

NOTICE OF CLAIM TO A WATER RIGHT
ACQUIRED UNDER STATE LAW

1. Name: JAMES E KEVAN 208-366-2459
Address: PO BOX 70
GLENNS FERRY ID 83623

OR
Name: BEVERLY E KEVAN 208-366-2459
Address: PO BOX 70
GLENNS FERRY ID 83623

2. Date of Priority: MAR 20, 1958

3. Source: SNAKE RIVER Trib. to: COLUMBIA RIVER

4. Point of Diversion:

Township	Range	Section	1/4 of	1/4 of	1/4 of	Lot	County
05S	10E	32	SW	SW	SW	6	ELMORE

5. Description of diverting works:

6. Water is used for the following purposes:

Purpose	From	To	C.F.S.	(or)	A.F.A.
IRRIGATION	03/15	11/15	1.000		

7. Total Quantity Appropriated is:
1.000 C.F.S. (and/or)

A.F.A.

8. Total consumptive use is

Acre Feet Per Annum.

9. Non-irrigation uses:

10. Place of Use:

Township	Range	Section	1/4 of	1/4 of	Lot	Use	Acres
06S	10E	5	NW	NE		IRR	10.0

State of Idaho
Department of Water Resources

WATER RIGHT LICENSE

License of Water Right No. 27288/02-2145 Priority March 20, 1958 Amount 1.0 cfs

THIS IS TO CERTIFY, that JAMES E. KEVAN
of Glenns Ferry, Idaho, has complied with the terms and conditions of Permit
No. 27288/02-2145 issued pursuant to Application for Permit dated March 20, 1958,
and has submitted proof to the Department of Water Resources on March 20, 1969,
that he has applied water to a beneficial use; an examination by the Department indicates that the works have a
capacity for the diversion of 3.35 cfs of water from the Snake River,
tributary to the Columbia River, and that the permit holder has applied to a beneficial use and
established a right to use water as follows:

Beneficial Use	Period of Use	Rate of Diversion	Annual Volume
<u>Irrigation</u>	from <u>March 15</u> to <u>Nov. 15</u>	at <u>1.0</u> cfs and	<u>250 acre feet or</u> <u>5.0 af per acre</u>
_____	from _____ to _____	at _____ cfs and	_____
_____	from _____ to _____	at _____ cfs and	_____

(both dates inclusive)

Subject, however, to the condition that no more than 1.0 cfs of water be diverted at any one time, and
that the amount of water so diverted and to which such right is entitled and confirmed is for the purpose
aforementioned and is limited to the amount which can actually be beneficially used and shall not exceed
250 acre feet per year, said waters to be diverted within the Lot 6 (SW $\frac{1}{4}$ SW $\frac{1}{4}$) of
Sec. 32, Twp. 5 S, Rge. 10 E, B. M. in the County of Elmore

Description and location of place of use:

Twp.	Range	Sec.	NE $\frac{1}{4}$				NW $\frac{1}{4}$				SW $\frac{1}{4}$				SE $\frac{1}{4}$				Totals
			NE $\frac{1}{4}$	NW $\frac{1}{4}$	SW $\frac{1}{4}$	SE $\frac{1}{4}$	NE $\frac{1}{4}$	NW $\frac{1}{4}$	SW $\frac{1}{4}$	SE $\frac{1}{4}$	NE $\frac{1}{4}$	NW $\frac{1}{4}$	SW $\frac{1}{4}$	SE $\frac{1}{4}$	NE $\frac{1}{4}$	NW $\frac{1}{4}$	SW $\frac{1}{4}$	SE $\frac{1}{4}$	
6 S	10 E	5		10	10	5	20								5				50

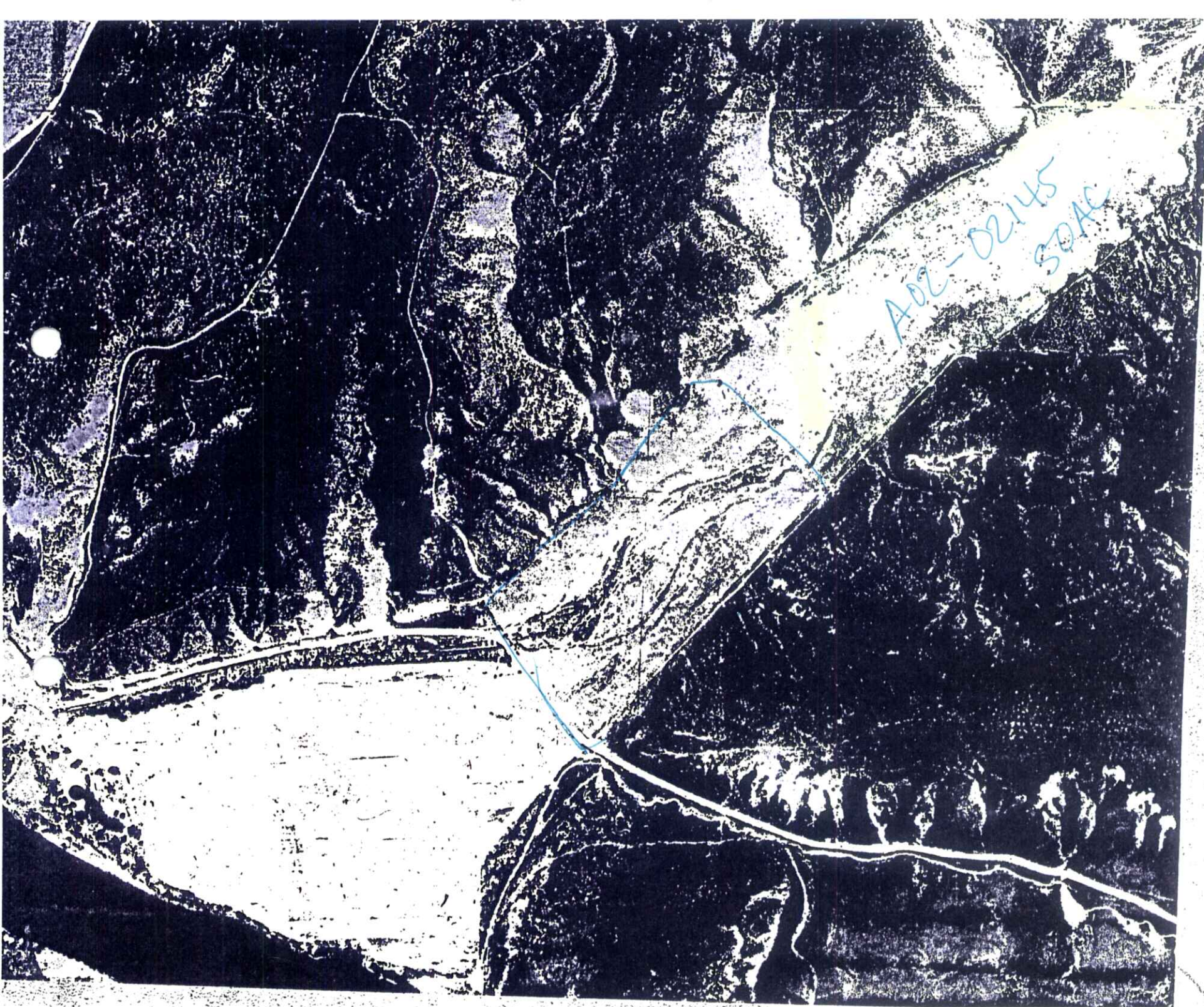
Total number of acres irrigated 50

NOTE: Modifications to or variance from this license must be made within the limits of Section 42-222, Idaho Code, or the applicable Idaho Law. This right may be forfeited by five years of non-use.

The right to the use of the water hereby confirmed is restricted and appurtenant to the lands or place of use herein described, as provided by the laws of Idaho.

Witness the seal and signature of the Director, affixed at Boise, Idaho, this 9 day of
October, 19 76.

Director



AOL-02145
SOAC

R. 10 E

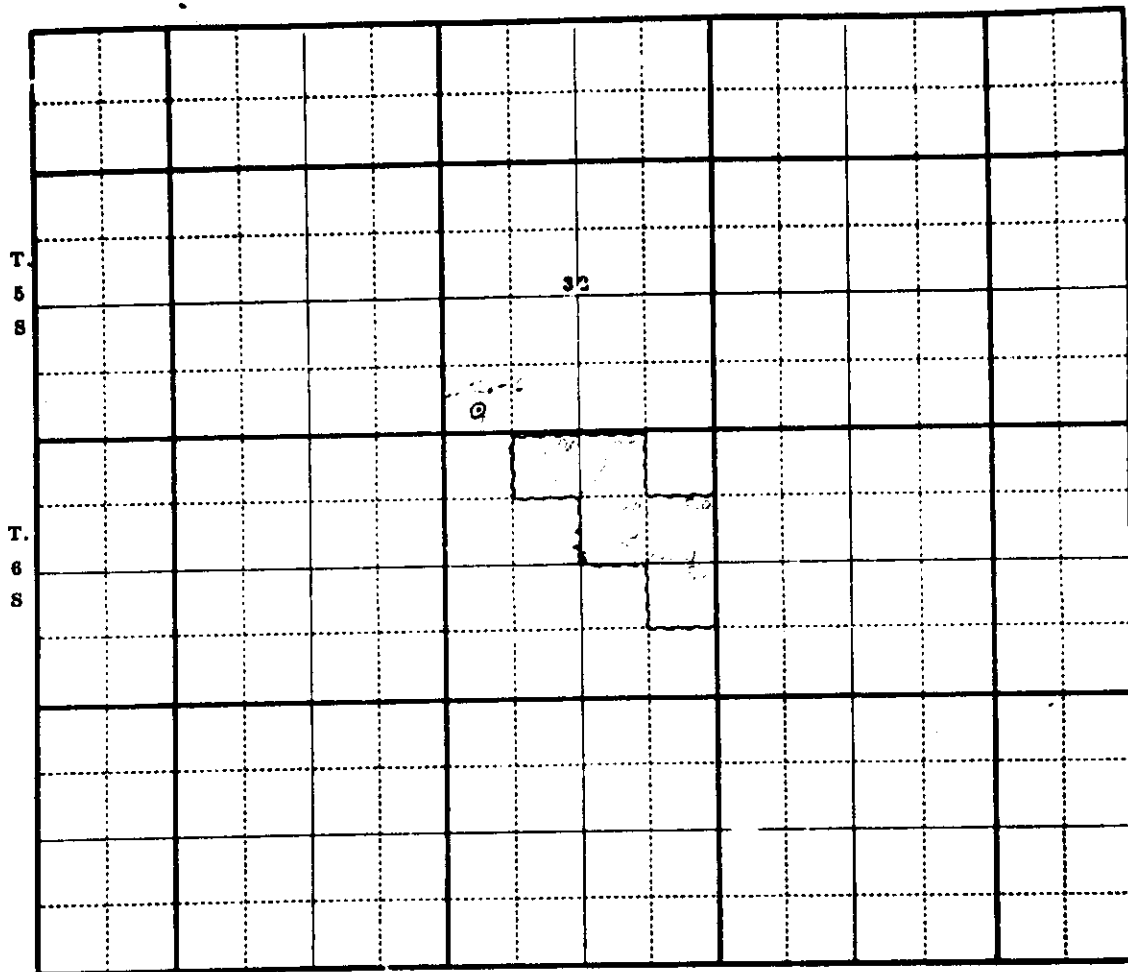


Diagram of System

NOT RECORDED
NO. 1000
MICROFILMED

Copies: White-State, Yellow-Vietnam

**NOW
STARTING
RIGHT
SIDE OF
FILE**



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

KARL J. DREHER
Director

December 20, 2004

CONSTANTINE KITSOS
9000 NE 2ND AVE
MIAMI FL 33138

**RE: FINAL PAYMENT FOR RENTAL OF WATER FROM SNAKE RIVER THROUGH
THE WATER SUPPLY BANK. WATER RIGHT NOS. 2-2145, 2-7144**

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-10-00018 ("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 **\$3,530.25** 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 \$150.00 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.

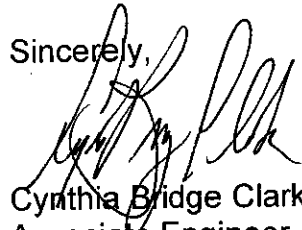
The enclosed map identifies the eligibility status of the lands as evaluated by the department. It indicates whether the lands were determined to be eligible or ineligible for payment. Below is a summary of the payments to Constantine Kitsos for the rental

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
52.3	52.3	0.0	\$150.00	\$3,530.25	\$3,530.25	\$7,060.50

This payment, in the amount of \$3,530.25, 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

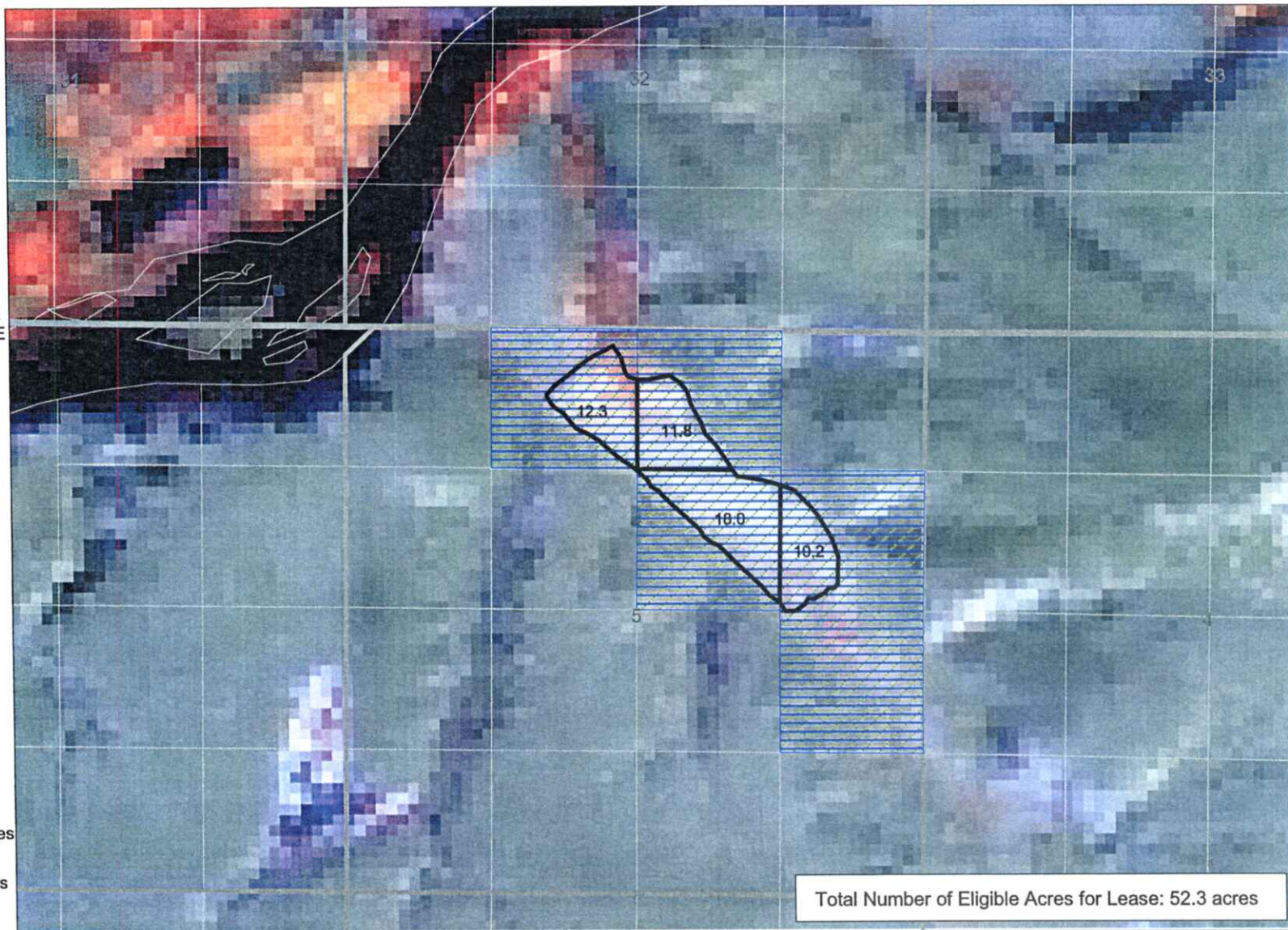
E. Gail McGarry
Program Manager, Water Rights & Acquisition
Bureau of Reclamation
1150 N Curtis, Suite 100
PN 3100
Boise ID 83706-1234



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

T05S R10E
T06S R10E

-  ELIGIBLE
-  INELIGIBLE
-  Water Right 2-2145
-  Water Right 2-7144
-  Township/Range Lines
-  Section Lines
-  Quarter/Quarter Lines



Landsat 5 Satellite Image: 09-09-2004

2000 0 2000 4000 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. Wallis

Final Determination of Eligible Acres

Constantine N. Kitsos

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

Prepared: December 14, 2004

MEMORANDUM

To: Debbie Allen

From: Cynthia Bridge Clark

Date: December 15, 2004

Re: INVOICE TO USBOR AND PAYMENT OF LESSORS PARTICIPATING IN THE 2004 SNAKE RIVER PILOT LEASING PROGRAM FOR RENTAL OF WATER FROM THE WATER SUPPLY BANK. WATER RIGHT NOS. 2-10205, 2-2159, 2-2354, 2-7184, 2-7229, 2-7284, 2-2386, 2-2387, 2-2388, 2-7148, 2-2279, 2-7012, 2-2249, 2-2250, 2-2251, 2-2252, 2-2253, 2-2254, 2-2255, 2-2256, 2-2361, 2-7001, 2-2371, 2-2372, 2-2262, 2-2145, 2-7144, 2-2443, 2-7030, 2-7068, 2-7076, 2-7132, 2-2198, 2-2191, 2-2370, 2-2194A, 2-2194B, 2-2186, 2-2204, 2-2206, 2-2214, 2-2215, 2-2217, 2-2218, 2-2210, 2-2269, 2-2367, 2-2379, 2-2298, 2-2376, AND 2-7182

The following information is provided in order to invoice the United States Bureau of Reclamation (Reclamation) for the rental of water rights from the State Water Supply Bank (bank) in accordance with the Contract No. 1425-04-WL-10-0023 between the United States Bureau of Reclamation and the Idaho 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).

Under section II.C.1, the Contract specifies that payment to the individual lessors will be issued at a pay rate per acre identified in the individual agreements (Agreements) between Reclamation and the lessors minus ten percent (10%) to be credited to the Water Administration Account as provided in the Water Supply Bank rules (*IDAPA 37.02.035.01*). The individual Agreements provide that one half of the estimated payment will be paid on or around July 30, 2004, and balance shall be issued after the irrigation season has ended and verification of the Program compliance is complete. The Contract specifies that the department shall invoice Reclamation for each payment to the lessors plus the associated 10% for the Water Administration Account.

Reclamation issued an amendment to the Contract to authorize a payment date later than the schedule identified in the individual Agreements. The following are lessors have requested special payment considerations:

1. Farm Development Corp. and Sail Creek Water Co. requested a single payment after the end of the irrigation season. The full payment for these entities should be invoiced with the final payment.
2. Grindstone Butte Mutual Canal Co. requested a single payment on or after January 3, 2005 and before January 7, 2005.

3. The Montierth's (listed below) own the rights leased to the bank jointly, and have requested that fifty percent of the payment be issued to Herbert and the remaining fifty percent to Edward Ray Montierth. The payment is split accordingly in the table below (the first payment was also split).

Please let me know if the state is unable to issue a warrant on the specified dates and I will notify the entities.

The first payment was invoiced in mid-July, 2004, and calculated based on 50% of the estimated final payment in accordance with the Contract. All of the entities were issued this first payment with the exception of the three entities who requested that a single payment be issued after the end of the irrigation season. All of the lessors will be issued the remainder of the total payment in accordance with the amounts listed below.

The attached tables (Table I & II) identify the participating lessors, contract numbers, acres idled, and summarize the total payment amounts.

Summary

The following lessors will be issued warrants for the second and/or final payment in the amounts listed below. The corresponding administrative fees are referenced, as well as the total amount to be requested from Reclamation for Payment 2.

LESSOR	Payment 2 To Lessor (90% Payment 2)	Administrative Fee (10% Payment 2)
Bell Rapids Mutual Irrigation Co.	\$157,119.75	\$17,457.75
Bergh Farms	\$29,981.34	\$3,331.26
Clover Hollow LLC	\$194,955.84	\$21,661.76
Dirks, Robert	\$12,451.19	\$1,383.47
Falcon Butte Farms, Inc.	\$216,246.06	\$24,027.34
Farm Development Corp.	\$16,686.00	\$1,854.00
Grindstone Butte Mutual Canal CO	\$790,600.50	\$87,844.50
Huey Farms, Inc.	\$39,552.80	\$4,394.76
Kitsos, Constantine	\$3,530.25	\$392.25
Little Valley Mutual Irrigation Company	\$54,985.50	\$6,109.50
Mills, James	\$17,435.25	\$1,937.25
Montierth, Herbert	\$24,463.19	\$2,718.13
Montierth, Edward Ray	\$24,463.19	\$2,718.13
Murphy Flats Water Company, Inc.	\$36,308.25	\$4,034.25
Rosti, Martha	\$7,519.50	\$835.50
Sailor Creek Water Company	\$117,558.00	\$13,062.00
South Elmore Irrigation Company	\$307,685.70	\$34,187.30
Terry Ketterling (TLK Farms, Inc.)	\$36,124.20	\$4,013.80
Young, Roger	\$26,352.00	\$2,928.00

TOTALS: \$2,114,018.51 \$234,890.95

Total Invoice to Reclamation for Payment 2: \$2,348,909.45

**2004 SNAKE RIVER PILOT LEASING PROGRAM
RENTAL OF WATER FROM THE WATER SUPPLY BANK**

**INVOICE TO U.S. BUREAU OF RECLAMATION
FOR FINAL LESSOR PAYMENT**

TABLE I: CONTRACT & FINAL ACREAGE SUMMARY

LESSOR	AGREEMENT BETWEEN LESSORS AND USBOR ¹					TOTAL IDLED ACRES ²		RENTED WATER RIGHT(S)
	Agreement No.	Contracted Idled Acres (ac)	Payment Rate (price/ac)	Estimated Total Payment by Reclamation	Idled Acres (End of Irr. Season)	Eligible Idled Acres	Acres Ineligible for Payment	
Bell Rapids Mutual Irrigation Co.	1425-04-WL-10-00012	2405.9	\$150.00	\$360,885.00	2366.8	39.1		2-10205
Bergh Farms	1425-04-WL-10-0004	477.6	\$139.50	\$66,625.20	477.6	0.0		2-2159, 2-2354, 2-7184, 2-7229, 2-7284
Clover Hollow, LLC.	1425-04-WL-10-0002	3122.4	\$139.00	\$434,013.60	3119.6	2.8		2-2386, 2-2387, 2-2388, 2-7148
Dirks, Robert	1425-04-WL-10-0007	185.7	\$149.00	\$27,669.30	185.7	0.0		2-2279, 2-7012
Falcon Butte Farms, Inc.	1425-04-WL-10-0001	4072.2	\$111.50	\$454,050.30	4072.2	0.0		2-2249, 2-2250, 2-2251, 2-2252, 2-2253, 2-2254, 2-2255, 2-2256, 2-2361, 2-7001
Falcon Butte Farms, Inc.	1425-04-WL-10-0001	197.0	\$134.50	\$26,496.50	197.0	0.0		2-2371, 2-2372
Farm Development Corp.	1425-04-WL-10-00013	123.6	\$150.00	\$18,540.00	123.6	0.0		2-2262
Grindstone Butte Mutual Canal CO	1425-04-WL-10-00011	5856.3	\$150.00	\$878,445.00	5856.3	0.0		2-2361, 2-7001
Huey Farms, Inc.	1425-04-WL-10-0006	589.9	\$149.00	\$87,895.10	589.9	0.0		2-2145, 2-7144
Klisos, Constantine	1425-04-WL-10-00018	52.3	\$150.00	\$7,845.00	52.3	0.0		2-2443, 2-7030, 2-7068
Little Valley Mutual Irrigation Company	1425-04-WL-10-00016	814.6	\$150.00	\$122,190.00	814.6	0.0		2-7076, 2-7132
Mills, James	1425-04-WL-10-00017	258.3	\$150.00	\$38,745.00	258.3	0.0		2-2198, 2-2191
Montierth, Herbert, Edward Ray & Susan	1425-04-WL-10-0008	729.7	\$149.00	\$108,725.30	729.7	0.0		2-2361, 2-2370, 2-7001
Murphy Flats Water Company, Inc.	1425-04-WL-10-00015	537.9	\$150.00	\$80,685.00	537.9	0.0		2-2194A, 2-2194B
Rosti, Martha	1425-04-WL-10-00010	111.4	\$150.00	\$16,710.00	111.4	0.0		2-2186, 2-2204, 2-2206, 2-2214, 2-2215, 2-2217, 2-2218
Sailor Creek Water Company	1425-04-WL-10-0009	870.8	\$150.00	\$130,620.00	870.8	0.0		2-2210, 2-2269, 2-2367
South Elmore Irrigation Company	1425-04-WL-10-0005	4883.9	\$140.00	\$683,746.00	4883.9	0.0		2-2379
TLK Farms, Inc.	1425-04-WL-10-0003	573.4	\$140.00	\$80,276.00	573.4	0.0		
Young, Roger	1425-04-WL-10-00014	390.4	\$150.00	\$58,560.00	390.4	0.0		2-2298, 2-2376, 2-7182
TOTALS:		26253.3		\$3,682,722.30	26211.4		41.9	

¹ The "Agreement" represents the Water Rental and Forbearance Agreement entered into between the United States Bureau of Reclamation ("Reclamation") and the individual Lessors. The Contracted Acres Idled and the Payment Rate represent the number of acres to be idled and the payment per acre agreed upon between the Lessors and Reclamation. The Estimated Total Payment by Reclamation is based on the Contracted Idled acres times the Payment Rate.

² The Eligible Idled Acres represent the total number of acres determined to be eligible for payment at the end of the irrigation season based on the criteria set forth in the Contract between Reclamation and the Department of Water Resources ("IDWR") to implement the rental of water rights from the Snake River ("Contract"). Acres determined to be ineligible for payment were observed to have been irrigated during the 2004 irrigation season, or did not meet the original eligibility criteria defined in the Lessor's Agreements and IDWR's Contract.

TABLE II: PAYMENT SUMMARY¹

TABLE II: PAYMENT SUMMARY ¹									
	PAYMENT 1 ²			PAYMENT 2 ³			TOTAL PAYMENTS		
	Total Payment 1 by Reclamation (50% of Estimated Total)	Payment 1 To Lessor (90% Payment 1)	Administrative Fee (10% Payment 1)	Total Payment 2 by Reclamation (Remainder of Total)	Payment 2 To Lessor (90% Payment 2)	Administrative Fee (10% Payment 2)	Total Payment To Lessor	Total Administrative Fee	Total Payment by Reclamation
LESSOR									
Bell Rapids Mutual Irrigation Co.	\$180,442.50	\$162,398.25	\$18,044.25	\$174,577.50	\$157,119.75	\$17,457.75	\$319,518.00	\$35,502.00	\$355,020.00
Bergh Farms	\$33,312.60	\$29,981.34	\$3,331.26	\$33,312.60	\$29,981.34	\$3,331.26	\$59,962.68	\$6,662.52	\$66,625.20
Clover Hollow LLC	\$217,006.80	\$195,306.12	\$21,700.68	\$216,617.60	\$194,955.84	\$21,661.76	\$390,261.96	\$43,362.44	\$433,624.40
Dirks, Robert	\$13,834.65	\$12,451.19	\$1,383.47	\$13,834.65	\$12,451.19	\$1,383.47	\$24,902.37	\$2,766.93	\$27,669.30
Falcon Butte Farms, Inc.	\$240,273.40	\$216,246.06	\$24,027.34	\$240,273.40	\$216,246.06	\$24,027.34	\$432,492.12	\$48,054.68	\$480,546.80
Farm Development Corp.	\$0.00	\$0.00	\$0.00	\$18,540.00	\$16,686.00	\$1,854.00	\$16,686.00	\$1,854.00	\$18,540.00
Grindstone Butte Mutual Canal CO	\$0.00	\$0.00	\$0.00	\$878,445.00	\$790,600.50	\$87,844.50	\$790,600.50	\$87,844.50	\$878,445.00
Huey Farms, Inc.	\$43,947.55	\$39,552.80	\$4,394.76	\$43,947.55	\$39,552.80	\$4,394.76	\$79,105.59	\$8,789.51	\$87,895.10
Klissos, Constantine	\$3,922.50	\$3,530.25	\$392.25	\$3,922.50	\$3,530.25	\$392.25	\$7,060.50	\$784.50	\$7,845.00
Little Valley Mutual Irrigation Company	\$61,095.00	\$54,985.50	\$6,109.50	\$61,095.00	\$54,985.50	\$6,109.50	\$109,971.00	\$12,219.00	\$122,190.00
Mills, James	\$19,372.50	\$17,435.25	\$1,937.25	\$19,372.50	\$17,435.25	\$1,937.25	\$34,870.50	\$3,874.50	\$38,745.00
Montierth, Herbert, Edward & Susan	\$54,362.65	\$48,926.39	\$5,436.27	\$54,362.65	\$48,926.39	\$5,436.27	\$97,852.77	\$10,872.53	\$108,725.30
Murphy Flats Water Company, Inc.	\$40,342.50	\$36,308.25	\$4,034.25	\$40,342.50	\$36,308.25	\$4,034.25	\$72,616.50	\$8,068.50	\$80,685.00
Rosti, Martha	\$8,355.00	\$7,519.50	\$835.50	\$8,355.00	\$7,519.50	\$835.50	\$15,039.00	\$1,671.00	\$16,710.00
Sailor Creek Water Company	\$0.00	\$0.00	\$0.00	\$130,620.00	\$117,558.00	\$13,062.00	\$117,558.00	\$13,062.00	\$130,620.00
South Elmore Irrigation Company	\$341,873.00	\$307,685.70	\$34,187.30	\$341,873.00	\$307,685.70	\$34,187.30	\$615,371.40	\$68,374.60	\$683,746.00
Terry Ketterling (TLK Farms, Inc.)	\$40,138.00	\$36,124.20	\$4,013.80	\$40,138.00	\$36,124.20	\$4,013.80	\$72,248.40	\$8,027.60	\$80,276.00
Young, Roger	\$29,280.00	\$26,352.00	\$2,928.00	\$29,280.00	\$26,352.00	\$2,928.00	\$52,704.00	\$5,856.00	\$58,560.00
	\$1,327,558.65	\$1,194,802.79	\$132,755.87	\$2,348,909.45	\$2,114,018.51	\$234,890.95	\$3,308,821.29	\$367,646.81	\$3,676,468.10

¹ As stipulated in the Contract between Reclamation and the Department of Water Resources, two payments will be issued to all of the lessors unless otherwise requested by the lessor. The first payment shall include one half of the Total Payment to Lessor on or around July 1, 2003, and the second payment will be issued after the irrigation season has ended for the remainder of the Total Payment to Lessor. Prior to making the payments to the lessors, IDWR will invoice Reclamation for the payment including the associated 10% for state Administrative Fees. Three of the lessors requested in writing that a single payment be issued after the end of the irrigation season. These include Farm Development Corporation, Grindstone Butte Mutual Canal Company, and Sailor Creek Water Company. These entities were not issued a first payment. The Total Payment to Lessor is based on ninety percent (90%) of the Eligible Idled Acres times the individual Payment Rate. The remaining ten percent (10%) is retained for Administrative Fees.

² Total Payment 1 by Reclamation was calculated based on one half (50%) of the Estimated Total Payment by Reclamation. (For the purposes of the first payment, all of the contracted acres were considered to have been left idle in accordance with criteria set forth in the Lessor Agreements. This was based in part on satellite imagery collected on May 4, 2004.) Payment 1 to Lessor represents ninety percent (90%) of the Total Payment 1, while the Administrative Fee represents remaining ten percent (10%). Total Payment 1 = (Estimated Idled Acres) x (Payment Rate per Acre) x (50%); Payment 1 to Lessor = (Total Payment 1) x (90%)

³ Total Payment 2 by Reclamation was calculated based on the remainder of the total payment due from Reclamation: Eligible Idled Acres times the Payment Rate minus Total Payment 1. Total Payment 2 = (Eligible Idled Acres) x (Payment Rate) - (Total Payment 1); Payment 2 to Lessor = (Total Payment 2) x (90%)

MEMORANDUM

To: Glen Saxton, Hal Anderson, Jeff Peppersack

From: Cynthia Bridge Clark

Date: December 15, 2004

Re: INVOICE TO USBOR FOR SECOND PAYMENT TO LESSORS PARTICIPATING IN THE 2004 SNAKE RIVER PILOT LEASING PROGRAM FOR RENTAL OF WATER FROM THE WATER SUPPLY BANK. WATER RIGHT NOS. 2-10205, 2-2159, 2-2354, 2-7184, 2-7229, 2-7284, 2-2386, 2-2387, 2-2388, 2-7148, 2-2279, 2-7012, 2-2249, 2-2250, 2-2251, 2-2252, 2-2253, 2-2254, 2-2255, 2-2256, 2-2361, 2-7001, 2-2371, 2-2372, 2-2262, 2-2145, 2-7144, 2-2443, 2-7030, 2-7068, 2-7076, 2-7132, 2-2198, 2-2191, 2-2370, 2-2194A, 2-2194B, 2-2186, 2-2204, 2-2206, 2-2214, 2-2215, 2-2217, 2-2218, 2-2210, 2-2269, 2-2367, 2-2379, 2-2298, 2-2376, AND 2-7182

The following is a summary of the number of acres eligible for the second and final payment from the Water Supply Bank (bank) under the Snake River Pilot Leasing Program for 2004. Payments will be issued in accordance with the Contract number 1425-04-WL-10-0023 (Contract) between the United States Bureau of Reclamation (Reclamation) and the Idaho Department of Water Resources (IDWR) to Implement the Rental of Water Rights Under the Pilot Program for Leasing of Snake River Natural Flow Water Rights for 2004 (Program).

Payment

Under section II.C.1, the Contract specifies that payment to the individual lessors will be issued at a pay rate per acre identified in the individual agreements (Agreements) between Reclamation and the lessors minus ten percent (10%) to be credited to the Water Administration Account as provided in the Water Supply Bank rules (*IDAPA 37.02.035.01*). The individual Agreements provide that one half of the estimated payment will be paid on or around July 30, 2004, and balance shall be issued after the irrigation season has ended and verification of the Program compliance is complete. The Contract specifies that IDWR shall invoice Reclamation for each payment to the lessors plus the associated 10% for the Water Administration Account.

Grindstone Butte Mutual Canal Company, Farm Development Corp., and Sailor Creek Water Company provided written requests to receive a single payment after the end of the irrigation season. Reclamation issued a contract amendment in a letter to the department, PN-3100, WTR-4.10, to authorize the change in payment schedule. Additionally, Grindstone Butte Mutual Canal Company specified in their request that the single payment be issued on or after January 3 and before January 7, 2004. Bergh Farms and Clover Hollow, LLC requested the final payment be issued on or about December 28 or 29, 2004.

Reclamation was invoiced for the first payment in mid-July, 2004. The payment was calculated based on 50% of the estimated total payment in accordance with the Contract. All of the lessors were issued this first payment with the exception of the three entities described

above, and the remainder will be issued in this second and final payment in accordance with the amounts listed on the attached Payment Summary (Table II).

Monitoring and Compliance

Section II.D.2 of the Contract indicates that monitoring compliance with the Agreements, will include review of satellite data and field visits to confirm the leased lands are not being irrigated. The department visited all of the fields identified on the contracts between June 8 and June 22, 2004, and four infrared satellite images, flown May 4, June 21, July 23, and September 9, 2004, were ordered for review of compliance. A large percentage of the lands had cover crops this year, and some of the crops were well developed due to rain in the early part of the season. Assessment of water use was difficult in some cases, particularly on lands benefiting from drainage from other fields. Site visits were used to verify whether water use was evident, field terrain, the presence of irrigation equipment, and to observe the difference between the dry land cover crops and those being irrigated. In most cases vegetative growth on the idled lands were less developed, varied, stressed, or experiencing heavy weed growth and volunteer crops from previous years including alfalfa, wheat/grain and kochia. Many of the fields had been recently cut for weed control.

Watering was not observed on any of the contracted lands during the field visits. However, the following acres were determined to be either ineligible for payment or required additional review to establish compliance:

1. A bean crop was observed on a 39.1-acre field in the Bell Rapids Irrigation Company. Though the field appeared to be dry during the site visit, detached hand lines were positioned across the field. The company confirmed the field was being irrigated and that the field was identified incorrectly on the original application and final contract. Upon request by the company to swap the acres for other idled lands, Reclamation stated by e-mail (July 19, 2004, see attached) that the acres should be declared ineligible for payment since the deadline for submittal of proposed lands had passed and the Agreement was executed. The ineligible acres were included in the first payment to Bell Rapids, but have been subtracted from the final payment (original contract for \$360,885.00, reduced by \$5,865.00 to \$355,020.00).
2. As part of the application review process, the department provided acreage measurements for the proposed fields to Reclamation (see signed maps attached to Agreements between the lessors and Reclamation). Clover Hollow, LLC removed a couple of fields from the program during the signing of the Agreement and estimated the revised size of a field in the southwest quarter of section 5, T5S, R7E, B.M. The field was estimated to be 135.9 acres. The idled lands were later measured by the department using available imagery to be 133.1 acres. In accordance with part IB. of the Agreement, the total number of eligible acres was reduced by 2.8 acres.
3. Potential irrigation activity on a field owned by Roger Young in the northeast and southeast quarters of section 35, T5S, R5E, B.M. was identified upon review of the four available satellite images. Mr. Young contracted with Reclamation to idle lands associated with a total of five adjacent pivots. Imagery indicated that vegetation growth on the western most pivot progressed significantly by the September 9, 2004 image.

A cover crop of wheat and some weeds were observed on this pivot during the field visit on June 9, 2004. A pivot was in place on the field running southwest from the center point, but was not in operation. The other fields were also dry with cut grain and alfalfa.

Mr. Young was contacted for information regarding activity on the western most pivot. He stated that the field was planted in potatoes during the 2003 irrigation season. The crop was cleared by late September and watered heavily in the fall to prepare a wheat crop. Mr. Young noted that he had not planned to participate in the leasing program at that point in time. The field was seeded with forty pounds of wheat per acre, and the crop was left uncut and unsprayed during the 2004 season because he intended to obtain a grazing contract. The grazing did not take place, and weeds such as, Russian thistle and possibly Kochia, spread heavily. He also stated that the pivot had been left at approximately 200 degrees from true North after preparing the field for the wheat crop, but was moved around July to about 90 to 100 degrees to protect against winds coming from the northwest.

Mr. Young stated that a hay crop was harvested from some of the other fields seeded in new alfalfa in 2003 that was crowded out by volunteer wheat. The southwestern pivot was left with grain stubble. He agreed to provide an affidavit or map describing the crop and harvest activity on all of the pivots in the 2003 and 2004.

The department reviewed other available photography of the fields, including high resolution NAIP Imagery flown in July of 2004. There is no indication of pivot tire tracks on the western most pivot. The location of the pivot during the field visit is consistent with Mr. Young's description (approximately 200 degrees from north), and appears to have moved by the time the NAIP Image was flown. Pictures from the original field visit in June show what appear to be Russian thistle and Kochia growing within the wheat crop. Kochia is known for being a very drought tolerant plant with a deep taproot. It spreads rapidly and is effective in competing for light, nutrients and soil moisture, and can be a problem for late-maturing crops or fallow lands. Russian thistle has similar characteristics. The presence of such weeds and lack of herbicide may explain the appearance of vegetative growth in the late season infrared image.

Available data suggests that heavy weed growth and spring precipitation could account for the activity highlighted in the infrared imagery. There isn't any other information available to indicate the lands were irrigated during the 2004 irrigation season. Gail McGarry was notified by telephone on December 14, 2004 that the department intends to recommend payment for the identified lands.

Summary

The attached tables (Table I & II) identify the participating lessors, contract numbers, acres idled, and summarizes the total payment amounts.

Reclamation should be invoiced, and the lessors issued warrants for the second and/or final payment in the amounts listed in the Payment Summary, Table II. The corresponding administrative fees are referenced, as well as the total amount to be requested from Reclamation for Payment 2.

**2004 SNAKE RIVER PILOT LEASING PROGRAM
RENTAL OF WATER FROM THE WATER SUPPLY BANK**

**INVOICE TO U.S. BUREAU OF RECLAMATION
FOR FINAL LESSOR PAYMENT**

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Huey Farms, Inc.	1425-04-WL-10-0006	589.9	\$149.00	\$87,895.10	589.9	0.0		2-2361, 2-7001
Kitson, Constantine	1425-04-WL-10-00018	52.3	\$150.00	\$7,845.00	52.3	0.0		2-2145, 2-7144
Little Valley Mutual Irrigation Company	1425-04-WL-10-00016	814.6	\$150.00	\$122,190.00	814.6	0.0		2-2443, 2-7030, 2-7068
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Montleith, Herbert, Edward Ray & Susan	1425-04-WL-10-0008	729.7	\$149.00	\$108,725.30	729.7	0.0		2-2198, 2-2191
Murphy Flats Water Company, Inc.	1425-04-WL-10-00015	537.9	\$150.00	\$80,685.00	537.9	0.0		2-2361, 2-2370, 2-7001
Rosti, Martha	1425-04-WL-10-00010	111.4	\$150.00	\$16,710.00	111.4	0.0		2-2194A, 2-2194B
Sailor Creek Water Company	1425-04-WL-10-0009	870.8	\$150.00	\$130,620.00	870.8	0.0		2-2186, 2-2204, 2-2206, 2-2214, 2-2215, 2-2217, 2-2218
South Elmore Irrigation Company	1425-04-WL-10-0005	4883.9	\$140.00	\$683,746.00	4883.9	0.0		2-2210, 2-2269, 2-2367
TLK Farms, Inc.	1425-04-WL-10-0003	573.4	\$140.00	\$80,276.00	573.4	0.0		2-2379
Young, Roger	1425-04-WL-10-00014	390.4	\$150.00	\$58,560.00	390.4	0.0		2-2298, 2-2376, 2-7182
TOTALS:		26253.3		\$3,682,722.30	26211.4	41.9		

¹ The "Agreement" represents the Water Rental and Forbearance Agreement entered into between the United States Bureau of Reclamation ("Reclamation") and the individual Lessors. The Contracted Acres Idled and the Payment Rate represent the number of acres to be idled and the payment per acre agreed upon between the Lessors and Reclamation. The Estimated Total Payment by Reclamation is based on the Contracted Idled acres times the Payment Rate.

² The Eligible Idled Acres represent the total number of acres determined to be eligible for payment at the end of the irrigation season based on the criteria set forth in the Contract between Reclamation and the Department of Water Resources ("IDWR") to implement the rental of water rights from the Snake River ("Contract"). Acres determined to be ineligible for payment were observed to have been irrigated during the 2004 irrigation season, or did not meet the original eligibility criteria defined in the Lessor's Agreements and IDWR's Contract.

TABLE II: PAYMENT SUMMARY¹

LESSOR	PAYMENT 1 ²		PAYMENT 2 ³		TOTAL PAYMENTS	
	Total Payment 1 by Reclamation (50% of Estimated Total)	Administrative Fee (10% Payment 1)	Total Payment 2 by Reclamation (Remainder of Total)	Administrative Fee (10% Payment 2)	Total Payment to Lessor	Total Payment by Reclamation
Bell Rapids Mutual Irrigation Co.	\$180,442.50	\$18,044.25	\$174,577.50	\$17,457.75	\$319,518.00	\$355,020.00
Bergh Farms	\$33,312.60	\$3,331.26	\$33,312.60	\$3,331.26	\$59,962.68	\$66,625.20
Clover Hollow LLC	\$217,006.80	\$21,700.68	\$216,617.60	\$21,661.76	\$390,281.96	\$433,624.40
Dirks, Robert	\$13,834.65	\$1,383.47	\$13,834.65	\$1,383.47	\$24,902.37	\$27,669.30
Falcon Butte Farms, Inc.	\$240,273.40	\$24,027.34	\$240,273.40	\$24,027.34	\$432,492.12	\$480,546.80
Farm Development Corp.	\$0.00	\$0.00	\$18,540.00	\$1,854.00	\$18,686.00	\$18,540.00
Grindstone Butte Mutual Canal CO	\$0.00	\$0.00	\$878,445.00	\$87,844.50	\$790,600.50	\$878,445.00
Huey Farms, Inc.	\$43,947.55	\$4,394.76	\$43,947.55	\$4,394.76	\$79,105.59	\$87,895.10
Kilos, Constantine	\$3,922.50	\$392.25	\$3,922.50	\$392.25	\$7,060.50	\$7,845.00
Little Valley Mutual Irrigation Company	\$61,095.00	\$6,109.50	\$61,095.00	\$6,109.50	\$109,971.00	\$122,190.00
Millis, James	\$19,372.50	\$1,937.25	\$19,372.50	\$1,937.25	\$34,870.50	\$38,745.00
Montierth, Herbert, Edward & Susan	\$54,362.65	\$5,436.27	\$54,362.65	\$5,436.27	\$97,852.77	\$108,725.30
Murphy Flats Water Company, Inc.	\$40,342.50	\$4,034.25	\$40,342.50	\$4,034.25	\$72,616.50	\$80,685.00
Rosti, Martha	\$8,355.00	\$835.50	\$8,355.00	\$835.50	\$15,039.00	\$16,710.00
Sailor Creek Water Company	\$0.00	\$0.00	\$130,620.00	\$13,062.00	\$117,558.00	\$130,620.00
South Elmore Irrigation Company	\$341,873.00	\$34,187.30	\$341,873.00	\$34,187.30	\$615,371.40	\$683,746.00
Terry Ketterling (TLK Farms, Inc.)	\$40,138.00	\$4,013.80	\$40,138.00	\$4,013.80	\$72,248.40	\$80,276.00
Young, Roger	\$29,280.00	\$2,928.00	\$29,280.00	\$2,928.00	\$52,704.00	\$58,560.00
	\$1,327,558.65	\$132,755.87	\$2,348,909.45	\$234,890.95	\$3,308,821.29	\$3,676,468.10

¹ As stipulated in the Contract between Reclamation and the Department of Water Resources, two payments will be issued to all of the lessors unless otherwise requested by the lessor. The first payment shall include one half of the Total Payment to Lessor on or around July 1, 2003, and the second payment will be issued after the irrigation season has ended for the remainder of the Total Payment to Lessor. Prior to making the payments to the lessors, IDWR will invoice Reclamation for the payment including the associated 10% for state Administrative Fees. Three of the lessors requested in writing that a single payment be issued after the end of the irrigation season. These include Farm Development Corporation, Grindstone Butte Mutual Canal Company, and Sailor Creek Water Company. These entities were not issued a first payment. The Total Payment to Lessor is based on ninety percent (90%) of the Eligible Idled Acres times the individual Payment Rate. The remaining ten percent (10%) is retained for Administrative Fees.

² Total Payment 1 by Reclamation was calculated based on one half (50%) of the Estimated Total Payment by Reclamation. (For the purposes of the first payment, all of the contracted acres were considered to have been left idle in accordance with criteria set forth in the Lessor Agreements. This was based in part on satellite imagery collected on May 4, 2004.) Payment 1 to Lessor represents ninety percent (90%) of the Total Payment 1, while the Administrative Fee represents remaining ten percent (10%). Total Payment 1 = (Estimated Idled Acres) x (Payment Rate per Acre) x (50%); Payment 1 to Lessor = (Total Payment 1) x (90%)

³ Total Payment 2 by Reclamation was calculated based on the remainder of the total payment due from Reclamation: Eligible Idled Acres times the Payment Rate minus Total Payment 1. Total Payment 2 = (Eligible Idled Acres) x (Payment Rate) - (Total Payment 1); Payment 2 to Lessor = (Total Payment 2) x (90%)

Clark, Cynthia (Bridge)

From: Ruth Page [RPAGE@pn.usbr.gov]
Sent: Monday, July 19, 2004 11:14 AM
To: cclark@idwr.state.id.us
Subject: Re: Bells Rapids ineligible field

Hey, welcome back and I hope your vacation was wonderful!

I spoke with Diane and then verified my answer with Gail, but it is too late in the game to be swapping lands. It is very important for the applicants to check, check and recheck the maps. But, mainly it is important to submit the potential eligible lands by the deadline and by allowing them to swap lands now it would be extending the deadline for just them. Also their lands are tied to the contract and the contract has been executed. Gail thought that maybe they could include the lands they want to swap into the exchange. They will lose the 150 on the 39.1 acres since they farmed it, but at least they will make 15 on the other 39.1.

Call me if you want to discuss further.

>>> "Clark, Cynthia (Bridge)" <cclark@idwr.state.id.us> 07/16/04
10:13AM >>>
Gail and Page,

I just got a call from Diane at Bell Rapids regarding the field of beans. They identified the wrong field on the contract and would like to substitute a different 39.1 acres. I told her she should make a request to change the fields with you because it may require a change or amendment to the contract. I also noted that we would have to verify that the new field meets the eligibility criteria. I assume they would not be able to enter a field that increases the total acres. I will also want to verify that the field they propose to substitute is not in the latest exchange proposal. I told her she should see what you might require, but that I would like to see a request in writing to document the change.

I will plan to pay them in full for all of their acres in the first payment. If the field is not changed, I will deduct the full amount from the final payment.

Gail, Jeff Peppersack will act as a contact if you have any questions about the invoice while I am away.

See you all when I get back.
Thanks,
Cynthia

Cynthia Bridge Clark
Idaho Department of Water Resources
Water Allocation Bureau
(208) 327-7898

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T735

ROGER G. YOUNG FARM T.5 S., R.5 E. B.M.
Roger & Young 12-17-04

NORTH 0°

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2003 CROP-POTATOES
HARVESTED MID SEPT. 2003
IRRIGATED FOLLOWING HARVEST
UNTIL WATER WAS TURNED OFF
FOR THE SEASON AROUND 10-26-03,
03-12 & 13-04 SPUD ROWS LEVELED
BY SHALLOW DISCING & HARROW TO
SAVE MOISTURE. 03-19-04 SEEDING
OF WHEAT COVER CROP FINISHED.
PIVOT WAS MOVED BACK & FORTH
180° & 210° FOR BOTH DISCING &
SEEDING. IN AUGUST PIVOT WAS
MOVED CCW TO 135°, NOTHING
WAS HARVESTED IN 2004.

AS OF 12-16-04 THIS FIELD COVER
IS HEADED STANDING WHEAT
& WEEDS. NO 2004
IRRIGATION.

2003 CROP- OLD STAND OF
ESTABLISHED ALFALFA &
IRRIGATED IN THE FALL OF 2003.
06-01-04 THRU 06-11-04 HARVESTED
DRYLAND ALFALFA INCLUDING SOUTH CORNER
2003 CROP- WHEAT W/ ALFALFA
AFTER HARVEST FIELD WAS IRRIGATED
IN THE FALL OF 2003.

2004 COVER - ALFALFA
06-01-04 THRU 06-11-04 HARVESTED
DRYLAND ALFALFA INCLUDING
SOUTH CORNER.
NO 2004 IRRIGATION

2003 CROP WHEAT W/ ALFALFA
AFTER HARVEST FIELD WAS
IRRIGATED IN THE FALL OF 2003.
2004 COVER- ALFALFA
06-01-04 THRU 06-11-04 HARVESTED
DRYLAND ALFALFA INCLUDING
SOUTH CORNERS.

NO 2004 IRRIGATION

2003 CROP- WHEAT
AFTER HARVEST FIELD WAS
IRRIGATED IN THE FALL OF 2003.
2004 COVER- WHEAT STUBBLE.
NOTHING HARVESTED IN 2004.
NO 2004 IRRIGATION

2003 CROP- WHEAT W/ ALFALFA.
AFTER HARVEST FIELD WAS
IRRIGATED IN THE FALL OF 2003.
2004 COVER- WHEAT STUBBLE
& SPOTTY ALFALFA.
NOTHING HARVESTED IN 2004.
NO 2004 IRRIGATION

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DEPARTMENT OF WATER RESOURCES

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State of Idaho

DEPARTMENT OF WATER RESOURCES

1301 North Orchard Street, Boise, ID 83706 - P.O. Box 83720, Boise, ID 83720-0098
Phone: (208) 327-7900 Fax: (208) 327-7866 Web Site: www.idwr.state.id.us

DIRK KEMPTHORNE
Governor

KARL J. DREHER
Director

July 23, 2004

JONATHON C BOWLING
IDAHO POWER COMPANY
PO BOX 70
BOISE ID 83707

**RE: APPLICATION TO RENT WATER FROM THE WATER SUPPLY BANK UNDER
WATER RIGHT NOS. 2-10205, 2-2159, 2-2354, 2-7184, 2-7229, 2-7284, 2-2386, 2-
2387, 2-2388, 2-7148, 2-2279, 2-7012, 2-2249, 2-2250, 2-2251, 2-2252, 2-2253, 2-2254,
2-2255, 2-2256, 2-2361, 2-7001, 2-2371, 2-2372, 2-2262, 2-2145, 2-7144, 2-2443, 2-
7030, 2-7068, 2-7076, 2-7132, 2-2198, 2-2191, 2-2370, 2-2194A, 2-2194B, 2-2186, 2-
2204, 2-2206, 2-2214, 2-2215, 2-2217, 2-2218, 2-2210, 2-2269, 2-2367, 2-2379, 2-2298,
2-2376, AND 2-7182**

Dear Mr. Bowling:

The Department of Water Resources acknowledges receipt of the Application to Rent Water from the Water Supply Bank and the corresponding Rental Agreement in the name of Idaho Power Company, Inc. Enclosed is a copy of a fully executed Rental Agreement in connection with the rental of an estimated 78,759.9 acre-feet of water from the Snake River during the 2004 irrigation season. Idaho Power Company, Inc. is authorized to divert water in compliance with the conditions of water use described in the fully executed agreement.

Contract No. 1425-04-WL-10-0023 between the United States Bureau of Reclamation and the Idaho Department of Water Resources to Implement the Rental of Water Under the Pilot Program for Leasing of Snake River Natural Flow Water Rights for 2004, specifies that the U.S. Bureau of Reclamation will make the required payments to the State Water Supply Bank for the rental of the water rights identified in the Rental Agreement.

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

Sincerely,


Cynthia Bridge Clark
Water Allocations Bureau

Encl: 1

c: IDWR Western Regional Office

E. Gail McGarry – Bureau of Reclamation



RECEIVED
JUL 22 2004
DEPARTMENT OF
WATER RESOURCES

Jonathon C. Bowling, P.E.
Engineering Leader
Water Management Department

(208) 388-2905
(208) 388-6495 FAX
jbowling@idahopower.com

July 21, 2004

Jeff Peppersack
State of Idaho
Department of Water Resources
1301 N. Orchard St.
Boise, ID 83720

Dear Jeff,

Enclosed please find signed copies of the Application to Rent Water From the Water Supply Bank and the Water Supply Bank Rental Agreement for the USBR natural flow rental program for 2004 for 78,759.9 acre feet of water.

Please return to IPC copies of the signed documents.

Please let me know if you have any questions or comments.

Sincerely,

Jonathon C. Bowling, P.E.
Engineering Leader

MEMORANDUM

To: Debbie Allen

From: Cynthia Bridge Clark

Date: July 16, 2004

Re: INVOICE TO USBOR FOR FIRST PAYMENT TO LESSORS PARTICIPATING IN THE 2004 SNAKE RIVER PILOT LEASING PROGRAM FOR RENTAL OF WATER FROM THE WATER SUPPLY BANK. WATER RIGHT NOS. 2-10205, 2-2159, 2-2354, 2-7184, 2-7229, 2-7284, 2-2386, 2-2387, 2-2388, 2-7148, 2-2279, 2-7012, 2-2249, 2-2250, 2-2251, 2-2252, 2-2253, 2-2254, 2-2255, 2-2256, 2-2361, 2-7001, 2-2371, 2-2372, 2-2262, 2-2145, 2-7144, 2-2443, 2-7030, 2-7068, 2-7076, 2-7132, 2-2198, 2-2191, 2-2370, 2-2194A, 2-2194B, 2-2186, 2-2204, 2-2206, 2-2214, 2-2215, 2-2217, 2-2218, 2-2210, 2-2269, 2-2367, 2-2379, 2-2298, 2-2376, AND 2-7182

The following information is provided in order to invoice the United States Bureau of Reclamation for the rental of water rights from the State Water Supply Bank in accordance with the Contract No. 1425-04-WL-10-0023 between the United States Bureau of Reclamation and the Idaho 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 2003 ("Contract").

Under section II.C.1, the Contract specifies that payment to the individual lessors will be issued at a pay rate per acre identified in the individual agreements (Agreements) between Reclamation and the lessors minus ten percent (10%) to be credited to the Water Administration Account as provided in the Water Supply Bank rules (IDAPA 37.02.035.01). The individual Agreements provide that one half of the estimated payment will be paid on or around July 30, 2004, and one half shall be issued after the irrigation season has ended and verification of the Program compliance is complete. The Contract specifies that IDWR shall invoice Reclamation for each payment to the lessors plus the associated 10% for the Water Administration Account.

The attached table identifies the participating lessors, contract amounts, the total amount of payment no. 1 by Reclamation, the payment to be issued to each lessor and the corresponding administrative fee. Payment no. 1 was calculated based on one half of the estimated total payment (contracted idled acres times the payment rate) minus the ten percent administrative fee: (contracted idled acres) x (payment rate) x 50% x 90%.

Farm Development Corp. and Sail Creek Water Co. requested a single payment after the end of the irrigation season, and Grindstone Butte Mutual Canal Co. requested a single payment on or after January 3, 2005 and before January 7, 2005. I will invoice the full payment for each of these entities with the second and final payment. I will notify the entities if the state is unable to issue a warrant on a specific date (e.g. on January 3, 2005).

Additionally, the Montierth's (listed below) own the rights leased to the bank jointly, and have requested that fifty percent of the payment be issued to Herbert and the remaining fifty percent to Edward Ray Montierth. The payment is split accordingly in the table below.

Summary

I have attached W-9 forms submitted by the lessors. Farm Development Corp., Sail Creek Water Co., and Grindstone Butte Mutual Canal Co. did not submit new W-9 forms as they have provided this information in the past. State warrants should be prepared for the following lessors for the first payment (Payment no. 1) in the amounts listed below and can be sent directly to the lessors based on the information on the W-9 forms. The corresponding administrative fees are referenced, as well as the total amount Reclamation should be invoiced (Payment 1 + Administrative Fee).

LESSOR	Payment 1 To Lessor (90% Payment 1)	Administrative Fee (10% Payment 1)
Bell Rapids Mutual Irrigation Co.	\$162,398.25	\$18,044.25
Bergh Farms	\$29,981.34	\$3,331.26
Clover Hollow, LLC.	\$195,306.12	\$21,700.68
Dirks, Robert	\$12,451.19	\$1,383.47
Falcon Butte Farms, Inc.	\$216,246.06	\$24,027.34
Farm Development Corp.	\$0.00	\$0.00
Grindstone Butte Mutual Canal CO	\$0.00	\$0.00
Huey Farms, Inc.	\$39,552.80	\$4,394.76
Kitsos, Constantine	\$3,530.25	\$392.25
Little Valley Mutual Irrigation Company	\$54,985.50	\$6,109.50
Mills, James	\$17,435.25	\$1,937.25
Montierth, Herbert	\$24,463.19	\$2,718.13
Montierth, Edward Ray	\$24,463.19	\$2,718.13
Murphy Flats Water Company, Inc.	\$36,308.25	\$4,034.25
Rosti, Martha	\$7,519.50	\$835.50
Sailor Creek Water Company	\$0.00	\$0.00
South Elmore Irrigation Company	\$307,685.70	\$34,187.30
TLK Farms, Inc.	\$36,124.20	\$4,013.80
Young, Roger	\$26,352.00	\$2,928.00
TOTALS:	\$1,194,802.79	\$132,755.87

TOTAL Invoice to Reclamation for Payment No. 1: \$1,327,558.66

**2004 PILOT LEASING PROGRAM FOR LEASING OF SNAKE RIVER
NATURAL FLOW WATER RIGHTS
RENTAL OF WATER FROM THE WATER SUPPLY BANK**

**INVOICE TO U.S. BUREAU OF RECLAMATION
FOR LESSOR PAYMENT NO. 1**

	AGREEMENT BETWEEN LESSORS AND USBOR ¹				PAYMENT 1 ²			RENTED WATER RIGHT(S)	
	LESSOR	Agreement No.	Contracted Idled Acres (ac)	Payment Rate (price/ac)	Total Payment 1 by Reclamation (50% of Estimated Total)	Payment 1 To Lessor (90% Payment 1)	Administrative Fee (10% Payment 1)		Estimated Total Program Payment by Reclamation
	Bell Rapids Mutual Irrigation Co.	1425-04-WL-10-00012	2405.9	\$150.00	\$180,442.50	\$162,398.25	\$18,044.25	\$360,885.00	2-10205
	Bergh Farms	1425-04-WL-10-0004	477.6	\$139.50	\$33,312.60	\$29,981.34	\$3,331.26	\$66,625.20	2-2159, 2-2354, 2-7184, 2-7229, 2-7284
	Clover Hollow, LLC.	1425-04-WL-10-0002	3122.4	\$139.00	\$217,006.80	\$195,306.12	\$21,700.68	\$434,013.60	2-2386, 2-2387, 2-2388, 2-7148
	Dirks, Robert	1425-04-WL-10-0007	185.7	\$149.00	\$13,834.65	\$12,451.19	\$1,383.47	\$27,669.30	2-2279, 2-7012
	Falcon Butte Farms, Inc.	1425-04-WL-10-0004	4072.2 197.0	\$111.50 \$134.50	\$240,273.40	\$216,246.06	\$24,027.34	\$480,546.80	2-2249, 2-2250, 2-2251, 2-2252, 2-2253, 2-2254, 2-2255, 2-2256, 2-2361, 2-7001
	Farm Development Corp.	1425-04-WL-10-00013	123.6	\$150.00	\$0.00	\$0.00	\$0.00	\$18,540.00	2-2371, 2-2372
	Grindstone Butte Mutual Canal CO	1425-04-WL-10-00011	5856.3	\$150.00	\$0.00	\$0.00	\$0.00	\$878,445.00	2-2262
	Huey Farms, Inc.	1425-04-WL-10-0006	589.9	\$149.00	\$43,947.55	\$39,552.80	\$4,394.76	\$87,895.10	2-2361, 2-7001
	Kitsons, Constantine	1425-04-WL-10-00018	52.3	\$150.00	\$3,922.50	\$3,530.25	\$392.25	\$7,845.00	2-2145, 2-7144
	Little Valley Mutual Irrigation Company	1425-04-WL-10-00016	814.6	\$150.00	\$61,095.00	\$54,985.50	\$6,109.50	\$122,190.00	2-2443, 2-7030, 2-7068
	Mills, James	1425-04-WL-10-00017	258.3	\$150.00	\$19,372.50	\$17,435.25	\$1,937.25	\$38,745.00	2-7076, 2-7132
	Monterith, Herbert, Edward Ray & Susan	1425-04-WL-10-00018	729.7	\$149.00	\$54,362.65	\$48,926.39	\$5,436.27	\$108,725.30	2-2198, 2-2191
	Murphy Flats Water Company, Inc.	1425-04-WL-10-00018	537.9	\$150.00	\$40,342.50	\$36,308.25	\$4,034.25	\$80,685.00	2-2361, 2-2370, 2-7001
	Rosti, Martha	1425-04-WL-10-00010	111.4	\$150.00	\$8,355.00	\$7,519.50	\$835.50	\$16,710.00	2-2194A, 2-2194B
	Sailor Creek Water Company	1425-04-WL-10-0009	870.8	\$150.00	\$0.00	\$0.00	\$0.00	\$130,620.00	2-2186, 2-2204, 2-2206, 2-2214, 2-2215, 2-2217, 2-2218
	South Elmore Irrigation Company	1425-04-WL-10-0005	4883.9	\$140.00	\$341,873.00	\$307,685.70	\$34,187.30	\$683,746.00	2-2210, 2-2269, 2-2367
	TLK Farms, Inc.	1425-04-WL-10-0003	573.4	\$140.00	\$40,138.00	\$36,124.20	\$4,013.80	\$80,276.00	2-2379
	Young, Roger	1425-04-WL-10-00014	390.4	\$150.00	\$29,280.00	\$26,352.00	\$2,928.00	\$58,560.00	2-2298, 2-2376, 2-7182
					\$1,327,558.65	\$1,194,802.79	\$132,755.87	\$3,682,722.30	

¹ The "Agreement" represents the Water Rental and Forbearance Agreement entered into between the United States Bureau of Reclamation (Reclamation) and the individual Lessors. The Contracted Acres Idled and the Payment Rate represent the number of acres to be idled and the payment per acre agreed upon between the Lessors and Reclamation. The Estimated Total Payment by Reclamation is based on the Contracted Idled acres times the Payment Rate.

² Total Payment 1 by Reclamation was calculated based on one half (50%) of the Estimated Total Payment by Reclamation. For the purposes of the first payment, all of the contracted acres were considered to have been left idle in accordance with criteria set forth in the Lessor Agreements. This was based in part on site visits made to the leased lands by department staff prior to issuance of the first payment. Compliance with the Agreement will be monitored further throughout the irrigation season. Payment 1 to Lessor represents ninety percent (90%) of the Total Payment 1, while the Administrative Fee represents remaining ten percent (10%). Total Payment 1 = (Contracted Acres Idled) x (Payment Rate per Acre) x (50%); Payment 1 to Lessor = (Total Payment 1) x (90%)

ms *HNA* **MEMORANDUM**

To: Glen Saxton, Hal Anderson, Jeff Peppersack

From: Cynthia Bridge Clark

Date: July 15, 2004

Re: INVOICE TO USBOR FOR FIRST PAYMENT TO LESSORS PARTICIPATING IN THE 2004 SNAKE RIVER PILOT LEASING PROGRAM FOR RENTAL OF WATER FROM THE WATER SUPPLY BANK. WATER RIGHT NOS. 2-10205, 2-2159, 2-2354, 2-7184, 2-7229, 2-7284, 2-2386, 2-2387, 2-2388, 2-7148, 2-2279, 2-7012, 2-2249, 2-2250, 2-2251, 2-2252, 2-2253, 2-2254, 2-2255, 2-2256, 2-2361, 2-7001, 2-2371, 2-2372, 2-2262, 2-2145, 2-7144, 2-2443, 2-7030, 2-7068, 2-7076, 2-7132, 2-2198, 2-2191, 2-2370, 2-2194A, 2-2194B, 2-2186, 2-2204, 2-2206, 2-2214, 2-2215, 2-2217, 2-2218, 2-2210, 2-2269, 2-2367, 2-2379, 2-2298, 2-2376, AND 2-7182

The following is a summary of the estimated number of acres eligible for the first payment from the Water Supply Bank (bank) under the Snake River Pilot Leasing Program for 2004. Payments will be issued in accordance with the Contract number 1425-04-WL-10-0023 (Contract) between the United States Bureau of Reclamation (Reclamation) and the Idaho Department of Water Resources (IDWR) to Implement the Rental of Water Rights Under the Pilot Program for Leasing of Snake River Natural Flow Water Rights for 2004 (Program).

Under section II.C.1, the Contract specifies that payment to the individual lessors will be issued at a pay rate per acre identified in the individual agreements (Agreements) between Reclamation and the lessors minus ten percent (10%) to be credited to the Water Administration Account as provided in the Water Supply Bank rules (IDAPA 37.02.035.01). The individual Agreements provide that one half of the estimated payment will be paid on or around July 30, 2004, and one half shall be issued after the irrigation season has ended and verification of the Program compliance is complete. The Contract specifies that IDWR shall invoice Reclamation for each payment to the lessors plus the associated 10% for the Water Administration Account.

Three of the lessors provided a written request to receive a single payment after the end of the irrigation season. As per a telephone conversation on July 15, 2004, Gail McGarry agreed that a single payment could be issued after the end of the irrigation season, and plans to document this option in a letter to the department.

Section II.D.2 of the Contract indicates that monitoring compliance with the Agreements, will include review of satellite data and field visits to confirm the leased lands are not being irrigated. The department has visited all of the fields identified on the contracts, and has ordered two satellite images flown May 4 and June 21, 2004. A large percentage of the lands have a cover crop but do not appear to have been irrigated, though rain in the early part of the irrigation season supplemented crop growth. A number of other fields were

covered heavily by weeds, or were cut recently to control weed growth. A bean crop was observed on a 39.1-acre field in the Bell Rapids Irrigation Company. Though the field appeared to be dry during the site visit, detached hand lines were positioned across the field. Information has been requested from the company. They have been informed that the first payment will be issued for all of the contracted acres. However, the full payment for the field will be withheld from the final payment if the lands are determined to be ineligible.

Based on the data available and the review completed to date, all of the lands leased to the bank will be considered for payment. Withholding 50% of the estimated final payment as specified in the Contract, should be sufficient to cover payment reductions needed for unauthorized use of water during the irrigation season.

The attached table identifies the participating lessors, the contract amounts, the total estimated payments as specified in the individual Agreements, the amounts to be issued for the first payment to the lessors and the corresponding administrative fee. Reclamation should be invoiced for the total amount of the first payment, and state warrants should be issued to each lessor for amounts identified.

**2004 PILOT LEASING PROGRAM FOR LEASING OF SNAKE RIVER
NATURAL FLOW WATER RIGHTS
RENTAL OF WATER FROM THE WATER SUPPLY BANK**

**INVOICE TO U.S. BUREAU OF RECLAMATION
FOR LESSOR PAYMENT NO. 1**

LESSOR	AGREEMENT BETWEEN LESSORS AND USBOR ¹				PAYMENT 1 ²			Estimated Total Program Payment by Reclamation	RENTED WATER RIGHT(S)
	Agreement No.	Contracted Idled Acres (ac)	Payment Rate (price/ac)	Total Payment 1 by Reclamation (50% of Estimated Total)	Payment 1 To Lessor (90% Payment 1)	Administrative Fee (10% Payment 1)			
Beil Rapids Mutual Irrigation Co.	1425-04-WL-10-00012	2405.9	\$150.00	\$180,442.50	\$162,398.25	\$18,044.25	\$360,885.00	2-10205	
Bergh Farms	1425-04-WL-10-00004	477.8	\$139.50	\$33,312.60	\$29,981.34	\$3,331.26	\$66,625.20	2-2159, 2-2354, 2-7184, 2-7229, 2-7284	
Clover Hollow, LLC.	1425-04-WL-10-00002	3122.4	\$139.00	\$217,006.80	\$195,306.12	\$21,700.68	\$434,013.60	2-2386, 2-2387, 2-2388, 2-7148	
Dirks, Robert	1425-04-WL-10-00007	185.7	\$149.00	\$13,834.65	\$12,451.19	\$1,383.47	\$27,669.30	2-2279, 2-7012	
Falcon Butte Farms, Inc.	1425-04-WL-10-00004	4072.2 197.0	\$111.50 \$134.50	\$240,273.40	\$216,246.06	\$24,027.34	\$480,546.80	2-2249, 2-2250, 2-2251, 2-2252, 2-2253, 2-2254, 2-2255, 2-2256, 2-2361, 2-7001	
Farm Development Corp.	1425-04-WL-10-00013	123.6	\$150.00	\$0.00	\$0.00	\$0.00	\$18,540.00	2-2371, 2-2372	
Grindstone Butte Mutual Canal CO	1425-04-WL-10-00011	5856.3	\$150.00	\$0.00	\$0.00	\$0.00	\$878,445.00	2-2262	
Huey Farms, Inc.	1425-04-WL-10-00006	589.9	\$149.00	\$43,947.55	\$39,552.80	\$4,394.76	\$87,895.10	2-2361, 2-7001	
Kitsos, Constantine	1425-04-WL-10-00018	52.3	\$150.00	\$3,922.50	\$3,530.25	\$392.25	\$7,845.00	2-2145, 2-7144	
Little Valley Mutual Irrigation Company	1425-04-WL-10-00016	814.6	\$150.00	\$61,095.00	\$54,985.50	\$6,109.50	\$122,190.00	2-2443, 2-7030, 2-7068	
Mills, James	1425-04-WL-10-00017	258.3	\$150.00	\$19,372.50	\$17,435.25	\$1,937.25	\$38,745.00	2-7076, 2-7132	
Monlither, Herbert, Edward Ray & Susan	1425-04-WL-10-00018	729.7	\$149.00	\$54,362.65	\$48,926.39	\$5,436.27	\$108,725.30	2-2198, 2-2191	
Murphy Flats Water Company, Inc.	1425-04-WL-10-00018	537.9	\$150.00	\$40,342.50	\$36,308.25	\$4,034.25	\$80,685.00	2-2361, 2-2370, 2-7001	
Martha Rosli	1425-04-WL-10-00010	111.4	\$150.00	\$8,355.00	\$7,519.50	\$835.50	\$16,710.00	2-2194A, 2-2194B	
Sailor Creek Water Company	1425-04-WL-10-00009	870.8	\$150.00	\$0.00	\$0.00	\$0.00	\$130,620.00	2-2186, 2-2204, 2-2206, 2-2214, 2-2215, 2-2217, 2-2218	
South Elmore Irrigation Company	1425-04-WL-10-00005	4883.9	\$140.00	\$341,873.00	\$307,685.70	\$34,187.30	\$683,746.00	2-2210, 2-2269, 2-2367	
TLK Farms, Inc.	1425-04-WL-10-00003	573.4	\$140.00	\$40,138.00	\$36,124.20	\$4,013.80	\$80,276.00	2-2379	
Young, Roger	1425-04-WL-10-00014	390.4	\$150.00	\$29,280.00	\$26,352.00	\$2,928.00	\$58,560.00	2-2298, 2-2376, 2-7182	
TOTALS:				\$1,327,558.65	\$1,194,802.79	\$132,755.87	\$3,682,722.30		

¹ The "Agreement" represents the Water Rental and Forbearance Agreement entered into between the United States Bureau of Reclamation (Reclamation) and the individual Lessors. The Contracted Acres Idled and the Payment Rate represent the number of acres to be idled and the payment per acre agreed upon between the Lessors and Reclamation. The Estimated Total Payment by Reclamation is based on the Contracted Idled acres times the Payment Rate.

² Total Payment 1 by Reclamation was calculated based on one half (50%) of the Estimated Total Payment by Reclamation. For the purposes of the first payment, all of the contracted acres were considered to have been left idle in accordance with criteria set forth in the Lessor Agreements. This was based in part on site visits made to the leased lands by department staff prior to issuance of the first payment. Compliance with the Agreement will be monitored further throughout the irrigation season. Payment 1 to Lessor represents ninety percent (90%) of the Total Payment 1, while the Administrative Fee represents remaining ten percent (10%).
Total Payment 1 = (Contracted Acres Idled) x (Payment Rate per Acre) x (50%); Payment 1 to Lessor = (Total Payment 1) x (90%)



IN REPLY
REFER TO:

PN-3100
WTR-4.10

United States Department of the Interior

BUREAU OF RECLAMATION
Pacific Northwest Region
1150 North Curtis Road, Suite 100
Boise, Idaho 83706-1234

JUN 25 2004

RECEIVED

JUN 25 2004

DEPARTMENT OF WATER RESOURCES

Mr. Karl Dreher
Director
Idaho Department of Water Resources
1301 N. Orchard Street
Boise, ID 83720

Subject: Transmittal of the Contract to Implement the Rental of Water Under the Pilot Program for Leasing of Snake River Natural Flow Water Rights for 2004

Dear Mr. Dreher:

Please find enclosed three copies of the Contract Between the United States Bureau of Reclamation and the Idaho Department of Water Resources to Implement the Rental of Water Under the Pilot Program for Leasing of Snake River Natural Flow Water Rights for 2004 (BOR Contract No. 1425-04-WL-10-0023). Please sign all three copies and return two copies to our office at the address above, Attention: PN-3100.

If you have any questions, please contact me or Ms. Gail McGarry at 208-378-5306.

Sincerely,

J. William McDonald
Regional Director

Enclosure – 1 (In triplicate)

CONTRACT
Between
The United States Bureau of Reclamation
and
The Idaho Department of Water Resources
to
Implement the Rental of Water Under the
Pilot Program for Leasing of Snake River Natural Flow Water Rights for 2004
(BOR Contract No. 1425-04-WL-10-0023)

This Contract to Implement the Rental of Water Under the Bureau of Reclamation's Pilot Program for Leasing of Snake River Natural Flow Water Rights for 2004 (Contract) is entered into by and between the United States Bureau of Reclamation (Reclamation) and the Idaho Department of Water Resources (IDWR), and shall be effective as of the date of execution and shall remain in force until December 31, 2004. The purpose of this Contract is to provide for the implementation of the lease and rental of certain irrigation water rights held by pumpers on the Snake River. Reclamation enters into this Contract pursuant to the authority of the Act of June 17, 1902 (32 Stat. 388) and acts amendatory and supplementary thereto and the Act of December 28, 1973 (87 Stat. 884) and acts amendatory or supplementary thereto.

I. BACKGROUND

Reclamation has commitments under Biological Opinions on the operation of the Federal Columbia River power system and the operation and maintenance of Reclamation Projects in the Snake River Basin above Brownlee Dam to provide flow augmentation for delivery at Lower Granite Dam.

The Idaho Legislature authorized Reclamation to annually rent up to 427,000 acre-feet of storage water per year during the years 2002-2004 under the provisions of Idaho Code § 42-1763B.

In 2003, there was insufficient storage water available for lease by Reclamation to meet the 427,000 acre-feet target. Therefore, Reclamation worked with IDWR pursuant to a Contract between the United States Bureau of Reclamation and the Idaho Department of Water Resources to Implement the Rental of Water Under the Pilot Program for Leasing of Snake River Natural Flow Water Rights for 2003 to have certain water right holders idle land and place their water rights in the State Water Supply Bank, thereby increasing water flow downstream to Lower Granite Dam. Rules governing the Idaho State Water Supply Bank, IDAPA 37.02.03, provide that rentals shall be approved only for use in Idaho unless there is compliance with the provisions of Idaho Code § 42-401(3). In order to avoid the complexities of Reclamation seeking approval for out-of-state use, Reclamation worked with the Governor's Office and the Idaho Power Company for the Idaho Power Company to lease the water out of the State Water Supply Bank for hydropower generation in Idaho resulting in additional water flowing to Lower Granite Dam for flow augmentation.

Again this year, it is expected that there will not be sufficient storage water available for lease for Reclamation to meet its 427,000 acre-feet rental target. Therefore, Reclamation initiated a pilot Snake River Leasing Program (Program) under which a request for proposals was publicly

advertised and copies were sent to eligible water right holders. Under this Program, water right holders forego irrigation of land and place their water rights into the State Water Supply Bank. The applicants to the Program offered a price per acre that they were willing to accept for forgoing irrigation. Reclamation signed individual agreements with the applicants selected.

As a practical way of ensuring that there is additional water in the river, over and above the water that would otherwise be available if there were no Program, Reclamation limited acceptable land to that which was irrigated last year or that which had been in Reclamation's 2003 program.

II. IMPLEMENTING ACTIONS

A. Acceptance of Water Rentals into the Idaho Water Supply Bank

1. Individual Agreements between Reclamation and the Lessors

Reclamation entered into agreements with certain water right holders, hereafter known as the Lessors, whereby the Lessors agree to idle land and lease the associated water right(s) into the State Water Supply Bank. There are 18 individual agreements totaling 26,253.3 idled acres at a total cost of \$3,682,722.30. If Reclamation accepts another one to five idled acres into the Program pursuant to an individual agreement between Reclamation and a Lessor, the total cost may be adjusted upward by \$697.50 for a total cost not to exceed \$3,683,419.80. The individual agreements entered into between Reclamation and the Lessors are appended as Attachment A to this Contract.

2. Land to be Idled

The individual agreements between Reclamation and the Lessors specify the exact location of the land. In section I.B. of the individual agreements between Reclamation and the Lessors, the Lessors agree that "If it is determined after the execution of this Agreement that certain acres are not eligible for the Program because of a mistake, error, or misrepresentation in the Lessor's application, the land covered under this Program will be reduced accordingly." If, at any time, IDWR finds that any land is not eligible, IDWR will promptly notify Reclamation.

3. Water Rights to be Leased to the State Water Supply Bank

Under the Program, the Lessors' water rights appurtenant to the land idled will be leased to the State Water Supply Bank. Under section II.A. of the individual agreements between Reclamation and the Lessors, the Lessors agree that the individual agreements will be submitted by Reclamation as applications to the bank. The Lessors also agree that any additional information or requirements IDWR may require to process or accept the application shall be furnished promptly to IDWR including, but not limited to, the submission of a separate application form if required. IDWR will work with each Lessor to accept the water rights into the State Water Supply Bank.

B. Rental of Water Rights from the State Water Supply Bank

1. Idaho Power Will Rent Water Rights from the State Water Supply Bank

Idaho Power has agreed to rent the water rights from the bank under its Hell's Canyon Complex water right. It is intended that Idaho Power rent the water at no cost to Idaho Power. IDWR will contact and work with Idaho Power for Idaho Power to rent the water rights or portions thereof from the State Water Supply Bank as shown in the attached Individual Agreements between Reclamation and the Lessors. IDWR will submit copies of the rental application made by Idaho Power Company to Reclamation.

2. Reclamation's Approval Required for Rentals out of the Bank

IDWR shall not approve rentals of the water rights associated with this Contract from the State Water Supply Bank without the prior consent of Reclamation to ensure the rentals are compatible with Reclamation's intent of the Program. Section II.B. of the individual agreements between Reclamation and the Lessors provides that "All rentals of the Lessor's water rights out of the water bank shall be subject to Reclamation's approval." The rental period shall be for the entire 2004 irrigation season.

C. Payment For the Water Leases

1. Payment by IDWR to Individual Lessors

Payment to the individual Lessors will be for the price that was stated in the individual agreements between Reclamation and the Lessors minus 10% which shall be credited to the Water Administration Account as required by IDAPA 37.02.035.01. The individual agreements between Reclamation and the Lessors provide that one half of the estimated payment will be made on or about July 30, 2004, and one half will be after the irrigation season has ended and verification of Program compliance is complete. IDWR shall comply with the payment scheme specified in the individual agreements between Reclamation and the Lessors. Prior to making payment to the Lessors, IDWR will invoice Reclamation for the payment plus the associated 10% for the Water Administration Account.

2. Payment by Reclamation to IDWR

It is not intended that Idaho Power will pay for any water leased by the Idaho Power Company under this Contract. The payments to the State Water Supply Bank shall be made by Reclamation and shall be the price agreed to in each individual agreement between Reclamation and each Lessor. Reclamation shall pay the invoices described in subsection II.C.1. above, prior to IDWR making payment to the Lessors. The total amount paid under this Contract to IDWR will not exceed \$3,683,419.80. Payment will be made under Reclamation Cost Authority No. A30-1678-6926-100-00-0-0.

3. Potential Reduction of Payments to Individual Lessors

- a. Payments will be reduced if there are any acres identified by IDWR that are not eligible to be placed into the State Water Supply Bank. The reduction shall be pro rata based on the per acre cost identified in section III.A. of the individual agreement between Reclamation and the Lessor.
- b. Payments will be reduced as described in section II.C.3.a. of this Contract for any unauthorized use of water on any of the land identified as land to be idled in the individual agreements between Reclamation and the Lessors or for any unauthorized use of the water rights leased under the agreements between Reclamation and the Lessors, although other legal remedies remain available to IDWR or to Reclamation including, but not limited to, immediate termination of the lease.
- c. Any part of the payment by Reclamation not used for the purposes authorized under this Contract will be reimbursed by IDWR to Reclamation by December 1, 2004.

D. Administration by IDWR

1. Protection of Water Right if Regulation is Required

IDWR will protect the water rented under this Program by the Idaho Power Company. The water will be protected to the Hells Canyon Complex.

2. Verification of Compliance with the Lease Agreements

In accordance with the provisions in this Contract, IDWR will periodically confirm, through satellite data and field visits, that the land from which the water rights are leased is not being irrigated.

3. Summary of Program Results

At the end of the irrigation season, IDWR will summarize findings regarding monitoring of compliance with the lease agreement. IDWR will work with Reclamation to estimate flow increases resulting from these Water Supply Bank rentals based on crop water requirement data, the number of acres dried up in accordance with the lease agreements and other pertinent information. Payments to the Lessors will not be affected by this data gathering.

III. GENERAL PROVISIONS

A. Officials Not To Benefit

No member of or delegate to Congress, or Resident Commissioner, shall be admitted to any share or part of this Contract or to any benefit that may arise out of it.

B. Covenant Against Contingent Fees

The recipient warrants that no person or agency has been employed or retained to solicit or secure this Contract upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide offices established and maintained by the recipient for the purpose of securing agreements or business. For breach or violation of this warranty, the Government shall have the right to annul this Contract without liability or, in its discretion, to deduct from the Contract amount, or otherwise recover, the full amount of such commission, percentage, brokerage, or contingent fee.

3. Triplicate Originals

This Contract is executed in triplicate. Each of the documents with an original signature of each party shall be an original.

IV. SIGNATURES

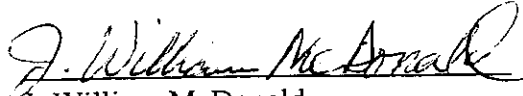
IN WITNESS WHEREOF, the parties have executed this Contract on the date following their respective signatures.

**STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES**


Karl V. Dreher
Director

June 30, 2004
Date

**UNITED STATES
BUREAU OF RECLAMATION**


J. William McDonald
Regional Director

June 25, 2004
Date

ATTACHMENT A

**To Contract to Implement the Rental of Water Under the Pilot
Program for Leasing of Snake River Natural Flow Water Rights for
2004 (BOR Contract No. 1425-04-WL-10-0023)**

SRBA CLAIM REVIEW MEMO

MEMORANDUM

TO: File 02-7144

FROM: Don Shaff *DS*

DATE: 4-06-83

SUBJECT: Review Analysis

The license issued for this water right in 1976 did not exclude the land that was double covered by an earlier license, 02-2145. The total irrigated acreage in sections 32 and 5 is 165 acres. Right 02-2068 covers 60 acres in section 32; right 02-2145 covers 50 acres in section 5, and right 02-7144 picks up the balance of the 55 acres. Each of the rights provides one inch per acre for all of the lands.

The diversion rate for this right was reduced from the license for two reasons: (1) the irrigated acres discussed above, (2) the total diversion rate measured in 1976 was 3.34 cfs. The combination of all three rights totals this amount of water. A larger 150 horsepower motor has replaced the 125 horsepower motor in place in 1976, but the diversion required for this ground is still no more than 3.34 cfs when the stock-water requirement is included.