



State of Idaho

DEPARTMENT OF WATER RESOURCES

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February 8, 2006

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**RE: APPLICATION TO LEASE ALL OR PART OF WATER RIGHT NO(S).
63-2461 TO THE WATER SUPPLY BANK**

Dear Lessor:

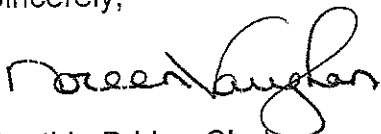
The Department of Water Resources ("department") has completed its review of the Application to Sell or Lease Water Right(s) to the Water Supply Bank ("bank"). As you are aware a portion of the above referenced right (diversion rate of 0.7 cfs and 35 acres) was accepted into the bank as of January 1, 2002. In response to a telephone conversation between Philip Peterson and myself, a new application was filed to lease the entire right in order to include the remainder of the right in the lease (0.1 cfs and 5 acres). Upon further consideration of your situation, a second lease has been prepared accepting only the remaining portion of the right into the bank. The original lease will remain in the bank under the original date of acceptance.

When renting water from the bank, Water Supply Bank rules require consideration of the order in which water rights are accepted into the bank. First consideration is given to rights that have continuously been in the bank the longest period of time provided the rights are suitable for the purpose of the renter. Since the original lease pertains to the majority of the water right, it was left unchanged to maintain the initial acceptance date. The second lease reflects a lease begin date of September 9, 2005 and has been placed into the bank in accordance with the attached Water Supply Bank Lease Acceptance.

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

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

Sincerely,


for Cynthia Bridge Clark
Water Allocation Bureau

Encl: 1

c: John Westra – IDWR Western Regional Office
Philip Peterson – White Peterson Attorneys at Law