

**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
Kitsos, 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.



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 3, 2004

ERROL CARLSEN
PRESIDENT
FALCON BUTTE FARMS INC
PO BOX 2006
HAILEY ID 83333

RE: APPLICATION TO LEASE PART OF WATER RIGHT NOS. 2-2249, 2-2250, 2-2251, 2-2252, 2-2253, 2-2254, 2-2255, 2-2256, 2-2361, and 2-7001 TO THE WATER SUPPLY BANK

Dear Mr. Carlsen:

The department has conducted an initial review of Agreement No. 1425-04-WL-10-0001 (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.

SUPPORT DATA

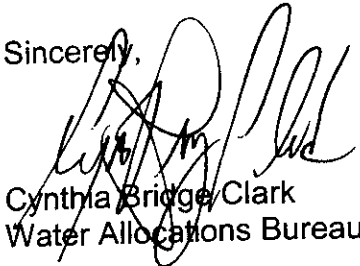
IN FILE # 2-2249 SCANNED

August 3, 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 \$216,246.06 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

SCANNED

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: Water diversions associated with 14,394 acres fallowed, currently estimated to be 43,182 af based on 3.0 afa/yr).

Max rate: To be determined

5. Diversion period: 2003 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 to Water Supply Bank Rental Agreement.

MICROFILMED
JUL 15 2003

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 1, 2003, and one half will be after the irrigation season has ended. 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 the Agreement between the U.S. Bureau of Reclamation and the Idaho Department of Water Resources for Water Leasing Program of Natural Flow Snake River Water Rights for 2003.
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, 2003 to November 15, 2003, and the right(s) will be considered released from the bank on December 31, 2003.
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 18th day of June, 2003.

by Jonathan C. Bowling

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 June, 2003.

K. J. Dreher
for KARL J. DREHER, Director
Department of Water Resources

Before the Idaho Water Resource Board

**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 Volume associated with beneficial use of irrigation on 14,394 dried acres, which is currently estimated to be 3 acre-ft per acre per year.
3. Maximum rate of diversion 7 gallons per minute per acre.

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, 2003 to November 15, 2003.
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

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JUN 15 2003

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.

6/18/03
Date

Jonathon C. Bowling
Signature of Applicant

FOR DEPARTMENT USE ONLY

Received by WZ Date 6-19-03 Time _____

Published in _____ Pub. dates _____

Protests filed by _____

Hearing held by _____

Action recommended _____

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JUL 15 2003

Attachment

Table 1

	Latest number (in acres)	Agreement No.
Bergh Farms	620.4	1425-03-MA-10-3870
Clover Hollow LLC	2406.2	1425-03-MA-10-3880
Falcon Butte Farms, Inc.	3,756.8	1425-03-MA-10-3960
Farm Development Corp	159.5	1425-03-MA-10-3900
Good, Jeff & Vivienne	482.0	1425-03-MA-10-3890
Grindstone Butte	3605.1	1425-03-MA-10-3980
Hartley, Don	245.4	1425-03-MA-10-3860
Hulet, Blaine & Yvonne	357.9	1425-03-MA-10-3950
Rosti, Martha	62.0	1425-03-MA-10-3840
Sailor Creek	331.4	1425-03-MA-10-3910
South Elmore	1791.7	1425-03-MA-10-3920
TLK Farms, Inc.	575.6	1425-03-MA-10-3930
TOTALS	14,394.0	

Conditions of application

1. Idaho Power will not be responsible for any payment for these water rights. Payment is covered by the Agreements cited above.
2. Water rented from the Water Supply Bank ("bank") under this application is based on the above-cited agreements. It shall only include water leased to the bank by the entities listed above.
2. The acreages and volumes listed above were compiled from the Applications submitted by the corresponding entities to lease water to the Water Supply Bank.
3. The volume of water available for lease is contingent upon the determination that the acres associated with the rental applications have a valid Snake River water right(s).

MICROFILMED
JUL 15 2003

United State Department of the Interior
Bureau of Reclamation

Water Rental and Forbearance Agreement

With **Falcon Butte Farms Inc.**
(Lessor's name)

Reclamation agreement number # 1425-03-MA-10-3960

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 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 2002, there was insufficient storage water available for rental by Reclamation to meet the 427,000 acre-feet rental target. Therefore, Reclamation worked with the Idaho Department of Water Resources (IDWR) under Memorandum of Agreement No. 1425-02-MA-10-3460 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, 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 2002, it is expected that insufficient storage water will be available this year for rental by Reclamation. Therefore, Reclamation has initiated a similar pilot Snake River Leasing Program (Program), although this year it was advertised to the public and a request for proposals was sent to eligible water right holders. 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 2002 program explained in Recital C above. Again, it is intended for Idaho Power to rent the water from the State Water Supply Bank.
- E. 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 2003 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 3756.8 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 2003 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. No water may be applied to the land from any source, including, but not limited to, groundwater, wastewater, effluent, surface water, regardless of whether or not the State of Idaho requires a water right permit or license for the application. The limitation on the application of effluent will not apply before April 11, 2003 or after November 15, 2003. The Lessor may not water the Land for any reason; for example, testing equipment, irrigating a cover crop, or dust abatement. 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.
- 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.

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 \$ 432,190.20. This amount is based on \$ 108.00 per acre for parcels identified as "108" in attachment A for a total of 3126.9 acres and \$150.00 per acre for parcels identified as "150" in attachment A for a total of 629.9 acres. 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 1, 2003, 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, 2003.
- 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: ERROL CARLSEN

Print name: _____

Mailing address: P.O. Box 2006

HAILEY, ID 83333

Phone: (503) 702-1809 (Cell)

Signed Errol Carlson

Title: President - Falcon Butte Farms Inc.

Date: 4-29-03

Signed _____

Title: _____

Date: _____

For the Bureau of Reclamation

Signature: J. William McDonald
Regional Director, Pacific Northwest Region

Date: April 16, 2003

Water Right Numbers for lands in 2003 Snake River Pilot Leasing Program.

02-2256, 02-2255, 02-2254, 02-2253, 02-2252, 02-2251, 02-2250, 02-2249, 02-7001, 02-2361

Legal Description of Lands Approved for 2003 Snake River Pilot Leasing Program at \$150.00 per acre

TWN	RGE	SEC	NE			NW			SW			SE		
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE
2S	1W	15	112.2			38.2								
3S	1W	10&11	479.5											

Total acres 629.9

Applicant initials ZC. Applicant initials _____ Applicant initials _____

Water Right Numbers for lands in 2003 Snake River Pilot Leasing Program.

02-2256, 02-2255, 02-2254, 02-2253, 02-2252, 02-2251, 02-2250, 02-2249, 02-7001, 02-2361

Legal Description of Lands Approved for 2003 Snake River Pilot Leasing Program at \$108.00 per acre

TWN	RGE	SEC	NE			NW			SW			SE		
			NE	NW	SE	NE	NW	SW	NE	NW	SW	NE	NW	SE
2S	1W													
		21												39.7
		23	160								28.3	74		
		27				131.5			123.6			30.6	97.4	
		34		119.1										
3S	1W	2					77						160	
		3											116	
		4											159.7	
		7											155.6	
		8	153.2			154.2			155.4					
		10				40	75.7							
		17	79.9	119.9		79.9	74.8	80	80				40	
		18		160		158.1							80	
		20				80								

Total acres 3126.9

Applicant initials ΣC Applicant initials _____ Applicant initials _____



R02W R01W

103S



Prepared by: M. Wilkins
Iowa Department of Water Resources
1301 North Oakland Street
Boone, IA 52706
(319) 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
- ☐ Township/Range Lines
- ☐ Section Lines
- ☐ Quarter/Quarter Lines
- ☐ Water Right 2-7001
- ☒ Water Right 2-2361

Imagery: July 26, 2002

Total Number of Eligible Acres for Lease: 2802.2 acres

4000 0 4000 8000 Feet

George R. Shaw
Applicant Signature

3/28/03
Date

COPY

Falcon Butte South

2003 Snake River Pilot Leasing Program
Rental of Water from the Water Supply Bank

USBOR Signature

Date

Prepared: March 11, 2003

170E 01 2

R01W

J2S



Prepared by: M. Wilkins
Idaho Department of Water Resources
1301 North Orchard Street
Boise, ID 83706
(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
- Township/Range Lines
- Section Lines
- Quarter/Quarter Lines
- Water Right 2-2256
- Water Right 2-2255
- Water Right 2-2254
- Water Right 2-2253
- Water Right 2-2252
- Water Right 2-2250
- Water Right 2-2249

Imagery: June 24, 2002

Applicant Signature

3/28/03

Date

USBOR Signature

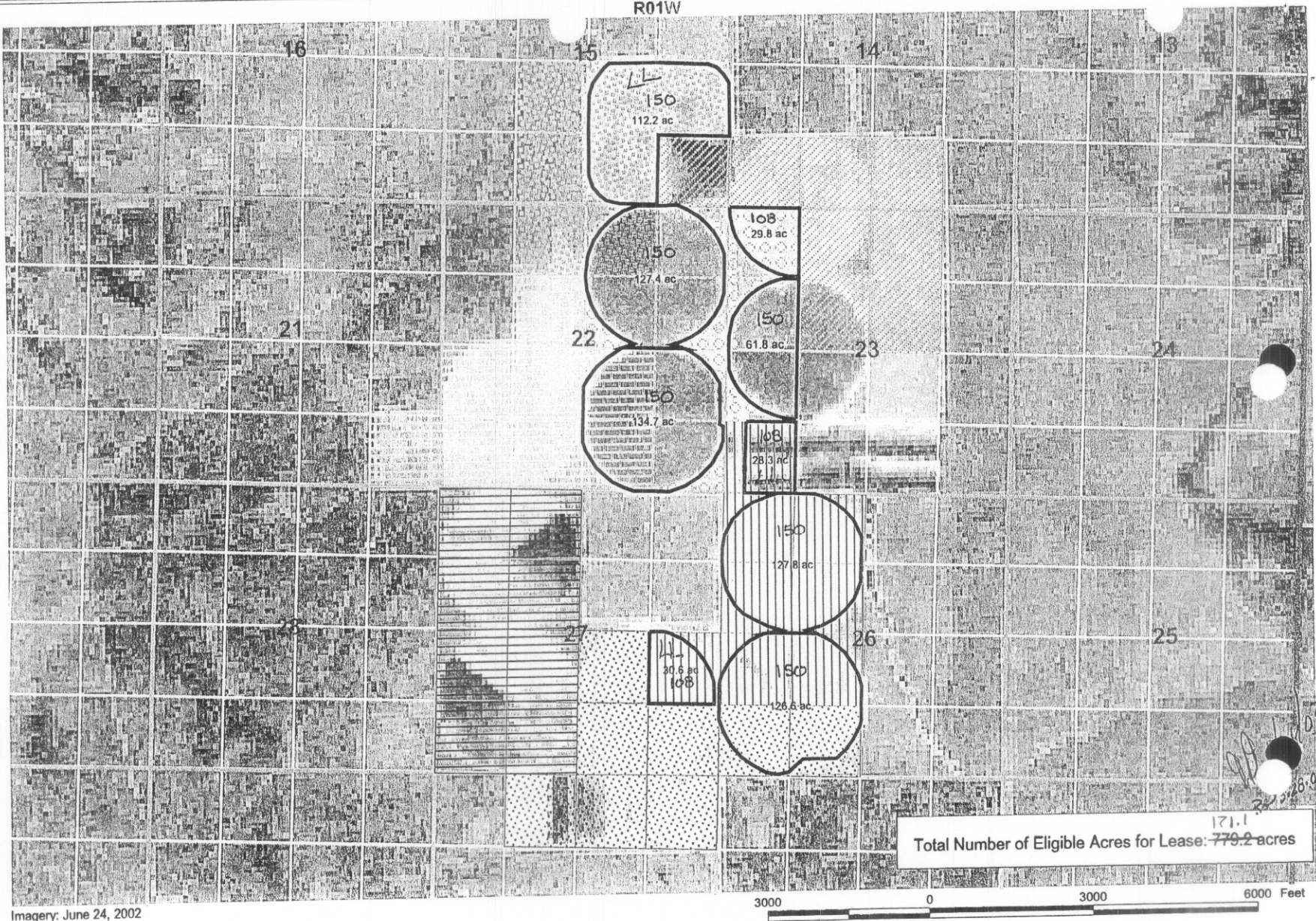
Date

COPY

Falcon Butte North (group 2)

2003 Snake River Pilot Leasing Program
Rental of Water from the Water Supply Bank

Prepared: March 11, 2003



Total Number of Eligible Acres for Lease: 779.2 acres



12S

R01W



Prepared by: M. Wilkins
Idaho Department of Water Resources
1301 North Orchard Street
Boise, ID 83706
(208) 327-7500

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
- ☐ Township/Range Lines
- ☐ Section Lines
- ☐ Quarter/Quarter Lines
- ☐ Water Right 2-2256
- ☐ Water Right 2-2255
- ☐ Water Right 2-2254
- ☐ Water Right 2-2253
- ☐ Water Right 2-2252
- ☐ Water Right 2-2251
- ☐ Water Right 2-2250
- ☐ Water Right 2-2249

Imagery: September 28, 2002

George P. Shaw
Applicant Signature

3/28/03
Date

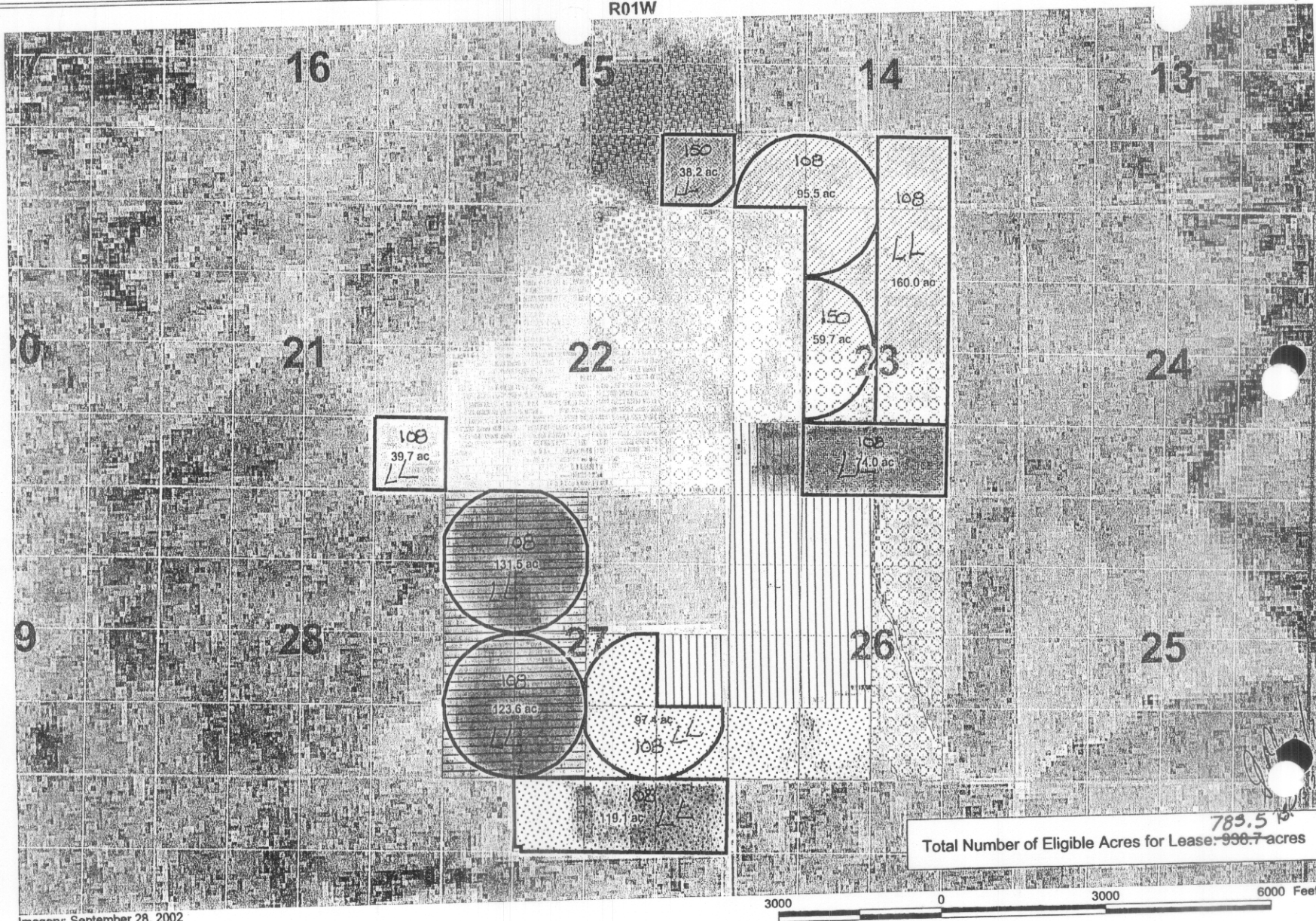
COPY

USBOR Signature

Date

Falcon Butte North (group 1)**2003 Snake River Pilot Leasing Program
Rental of Water from the Water Supply Bank**

Prepared: March 11, 2003



PROPOSAL FOR THE SNAKE RIVER PILOT LEASING PROGRAM

Applicant Information

JAN 24 2003

1. Name(s): FALCON BUTTE FARMS, INC.
ERROL CARLSEN - PRESIDENT
GEORGE GRANT - VICE PRESIDENT
ERROL CARLSEN
2. Mailing Address: P.O. BOX 2006
HAILEY, ID 83333
ERROL CARLSEN
3. Daytime Phone Number: 208-788-3831 OR CELL - 503-702-1809
OR GEORGE GRANT CELL - 208-431-9911
4. Fax: 208-788-3831
5. E-mail Address: _____
6. Do you own all of the land you propose for the program?
___ yes ☒ no
7. If not, do you lease the land you do not own? ☒ yes ___ no
 - a) If yes, attach documentation showing that you have a valid lease for the land.
 - b) Name and address of the land owner:
JAY HULET, ~~2000~~ HC 79, BOX 2020, MURPHY, ID 83650
 - c) Do you have the landowner's permission to lease the water into the Idaho State Water Bank? ☒ yes ___ no
 - d) If yes, attach documentation showing permission.
8. Proposed price per acre: \$ _____ per acre. Note that you will only receive 90% of that rate.
446.8 ACRES @ 108" / ACRE
780 ~~600~~ ACRES @ 150" / ACRE

Information about the water right

9. Water Right Number: 2-2249, 2-2250, 2-2251, 2-2252, 2-2253
2-2254, 2-2255, 2-2256

permit
 X license
 decree

12. Have you made a claim for the water right in the Snake River Basin Adjudication (SRBA)?
0 yes. Attach a copy of this SRBA claim.

14. Number of acres authorized for irrigation under this water right: 2454 acres

16. How many acres authorized under this water right were irrigated during the 2002 season?

17. Were any of the proposed lands leased to the Idaho State Water Bank under Memorandum of Agreement #1425-02-MA-10-3460 between IDWR and Reclamation? P yes no

19. Do you propose to enter only a portion of the water right into the Program?

20. Are any other water rights appurtenant to the proposed lands?

~~Х~~ по

21. Number of acres you are proposing for the Program: _____ acres

10

23. Have you attached an acceptable map with the acres identified (see application instructions for types that are acceptable) with proposed lands and fields identified? ____ yes
24. Have you enclosed the attached grid? (See #24 on the application instructions for an explanation of what must be identified.) ____ yes
25. Have you attached documentation of use during the year 2002? (See application instructions.) ____ yes
26. Do you plan on a cover crop on the land? ____ yes ____ no

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.

X Jay H. Hulet Date: 1-24-03
Applicant's Signature

JAY H. HULET
Printed Name

Errol Carlson Date: 1-24-03
Applicant's Signature

ERROL CARLSEN - PRESIDENT - FOR FALCON BURGERS FARMS INC AND GEORGE GRANT
Printed Name

____ Date: ____
Applicant's Signature

Printed Name

____ Date: ____
Applicant's Signature

Printed Name

SCALE: 2 inches equal 1 mile. Draw plan in ink.

EXHIBIT 1

LEASE BETWEEN FALLON BUTZ
AND JAY HULET

FALLON BUTZ FARM

MAY 24 2002

DEPARTMENT OF WATER RESOURCES

Sinker Butte Farm

Lease With Option to Purchase

This Lease with Option to Purchase (hereinafter "Agreement") is made between Jay Hulet and all other owners of Sinker Butte Farm, including the 160 acre parcel located within the Sinker Butte Farm further discussed in paragraph "Lessor's Obligations (C)" (hereinafter "Lessor" or "Seller") and George Grant and Errol Carlsen, (hereinafter "Lessee" or "Buyer").

Lessor, in consideration of the covenants and agreements hereinafter mentioned, to be kept by Lessee, leases to Lessee all those premises situate in Owyhee County, Idaho, known as the Sinker Butte Farm, and described in Addendum 1, attached hereto and incorporated herein (hereinafter "Property").

1. **Term of Lease.** Lessee shall have and hold the herein described premises, with all the privileges and appurtenances belonging to the same, from the dates set forth in this Lease for the term of 7 years (until the end of 2004). Lessee shall lease said property for three years, and thereafter shall have the option to lease said property on a year to year basis, providing Lessor with written notice of intent to lease by December 1 of the year preceding said lease.

2. **Lease Acreage.** During 1998, Lessee shall lease an amount of acres to be agreed upon between Lessor and Lessee. During 1999, Lessee shall lease an amount of acres, not less than leased in 1998, to be agreed upon between Lessor and Lessee. During 2000 and subsequently, Lessee shall lease the entire farm comprising approximately 2500 acres.

3. Lease Payments.

[REDACTED]

4. **Farm Improvements.** In addition to the lease payments noted above, Lessee shall finance and oversee the reconditioning or replacement, and wiring of main electric motors, pumps, and panels at the main pumping station. The Lessee shall finance and oversee the necessary work needed to bring the canal back to working order. The Lessee shall finance and oversee the installation of the field irrigation equipment, including sprinkler systems, mainline, auxiliary pumps, panels, and wiring as needed. The improvements noted in this paragraph shall be done as needed to farm the acreages agreed upon between Lessor and Lessee during the first two years. Thereafter, the improvements noted in this paragraph shall be completed as determined by Lessee.

Lessor and Lessee shall make an inventory of existing equipment on the property. Lessor shall retain full ownership interest in said equipment. Lessee may sell or trade said equipment for equipment of equal or greater value, but Lessor shall retain an ownership interest in the new equipment not less than the value of the equipment disposed of. Lessee agrees not to use any

of the equipment or value derived therefrom as a part of a required lease payment.

5. Lessor's Obligations.

A. Encumbrances. Lessor shall provide Lessee with a detailed written description of all encumbrances on the property.

B. With Idaho Power. Lessor shall negotiate with and obtain from Idaho Power the necessary transformers and cause them to be installed. The cost of transformer installation not paid by Idaho Power shall be paid by Lessee. Lessor shall assist Lessee in obtaining a power contract with Idaho Power which is satisfactory to Lessee. Lessor shall provide assurance satisfactory to Lessee regarding the installation of the transformers and the procurement of the power contract prior to the Lessee placing a deposit with the pump repair contractor for the work at the main pumping station as noted in this Agreement.

C. 160 Acre Parcel. The approximately 160 acre parcel lying inside the Sinker Butte Farm is included in this agreement. Lessor guarantees said parcel will be made available to Lessee under the same terms and conditions as the main farm. Lessor warrants he has control over this parcel and has the right and ability to perform as described in this paragraph and this Agreement. Lessee may initiate the lease of this property at any time during the 7 years duration of this Lease With Option to Purchase.

Should Lessee exercise the option to purchase the main farm, said parcel will be included in the purchase with the main farm. The purchase price described in paragraph "Option to Purchase" will be increased by [REDACTED]. The purchase of said parcel will be under the same terms as the main farm. Lessor shall take those steps necessary to insure the terms of this Agreement regarding said parcel are implemented with all reasonable speed.

D. CRP Removal. When Lessor receives proof of deposit and the guarantee satisfaction letter from the contractor noted in "Lessee's Obligations," Lessor shall make application to remove the appropriate acreage of farm ground from the CRP Program. The effective date of this contract is the effective date of the CRP removal.

E. To Lessee. Lessor promises and agrees to furnish the Property and to let the Lessee into possession of said premises on the date of execution of this lease and permit the Lessee the quiet and peaceful possession of the Property so long as the Lessee abides by the terms of this agreement.

F. Taxes. Lessor promises and agrees to pay all real property taxes on the Property through the term of the lease, subject to Lessee's repayment as part of the purchase price as noted in paragraph "Option to Purchase."

6. Lessee's Obligations. Upon receipt of the written description of all encumbrances and assurance satisfactory to Lessee as set forth in paragraphs A and B of "Lessor's Obligations," Lessee shall get a bid for the first year's costs to make the 3 main pumps, electric motors, and panels fully operational. Lessee shall pay the deposit to the company awarded the bid, and guarantee payment in full. Lessee shall provide Lessor with proof of deposit and a letter from the contractor demonstrating their satisfaction with the payment guarantee. Lessor shall not be under any obligation to remove the acreage from CRP until he receives the proof of deposit and payment guarantee.

7. **Other Tenants.** The Lessee will ensure the farming of the leased land which may include leasing some or all of the irrigated land to farmers other than the Lessee.

8. **Termination.** Lessee guarantees to pay the first three year's lease on all irrigation improvements made to the farm. In the event the lease is terminated thereafter, Lessee shall have the right to remove said equipment, subject to Lessor's first right to assume the lease or loan obligations for the equipment. Lessor hereby agrees to allow Lessee's finance entities or leasing entities to enter upon said property to remove all irrigation equipment, subject to Lessor's first right to assume the loans and leases or purchase said irrigation equipment. Neither Lessee nor any entity Lessee is obligated to shall have the right to remove the main pumps, electric motors, and panels at the main pumping station, and those items will be the property of Lessor upon their completion. In the event there are any balances owing on the main pumps, electric motors, and panels at the main pumping station, Lessee shall be responsible to pay those outstanding balances.

9. **Option to Purchase.** Lessor hereby gives and grants Lessee the exclusive option to purchase the said Property during or at the expiration of this lease. It is agreed that the Lessee shall have the sole right to purchase said property at any time during the term of this lease (through 2004), or any extension or renewal thereof, together with all structures, equipment, and improvements thereon, [REDACTED], plus the property taxes Lessor has paid on the ground during the term of the lease, "less a credit" of 80% of all lease payments made by Lessee. In the event Lessor sells said property during the term of this lease to any other person except the Lessee, said sale will not diminish any of Lessee's rights to lease or purchase the property in accordance with this Agreement. In the event Lessor sells said property during the term of this lease to any other person except the Lessee, Lessor shall immediately notify Lessee of such sale in writing. Lessor shall not encumber the property during the term of this lease to any other person except the Lessee. The purchase price includes all water and mineral rights which accompanied the property as of August, 1997, and any additional water and mineral rights added thereafter.

10. **Terms of Purchase.** In the event Lessee exercises his right to purchase the property herein described, payment shall be made in the form [REDACTED] and Lessor shall carry the balance owing with a schedule of payments equal to a thirty year amortization, at a 7% interest rate, with a balloon payment for the entire amount at the end of 15 years.

11. **Exercise of Option.** This option shall be exercised if at all by written notice given to Lessor at any time during the lease period, which notice shall specify Lessee has elected to exercise this option. This option may be exercised only with respect to the entirety of the Sinker Butte property. Upon exercise of this option, Lessor shall be obligated to sell the property to Lessee, and Lessee shall be obligated to purchase the property, for the price and in the manner herein set forth. Within ten (10) days after Lessor receives notice of Lessee's exercising his option to purchase said Property, Lessor shall deliver to Lessee a preliminary title insurance report on said Property. Lessor and Lessee shall complete and execute a Contract of Sale of Real Property in conformity with the Lease With Option to Purchase, a copy of which is

attached hereto as Addendum "B" and hereby incorporated herein.

12. Title Matters. Within ten (10) days of Lessee notifying Lessor that Lessee is exercising his option to purchase, Lessor shall deliver to Lessee true copies of all surveys in Sellers possession pertaining to the Property and shall disclose to Lessee all easements, liens or other like matters, including those shown in the public record. Lessee shall deliver to Lessor written notice of any unsatisfactory conditions disclosed by Lessor within ten (10) days of receipt of the above information. Lessor shall have thirty (30) days to cure any unsatisfactory conditions. In the event Lessor does not cure all unsatisfactory conditions, Lessee shall, at Lessee's option, 1) cure said conditions and deduct all costs and damages associated with such cure from the down payment and purchase price of the property, 2) accept the unsatisfactory condition, or 3) have no further obligation to Lessor.

13. Closing. Prior to closing, Lessor shall obtain and cause to be delivered to Lessee the preliminary title report discussed in paragraph "Exercise of Option." Lessee shall notify Lessor of any exceptions listed therein which, in the opinion of Lessee, should be removed in order to permit issuance of title insurance policies. At or prior to the closing date, Lessor shall pay the unpaid principal and accrued interest of any liens and encumbrances on the property necessary to be paid in order to permit issuance of a standard owner's policy of title insurance insuring title in Lessee.

Closing shall occur as soon as possible following exercise of this option by Lessee and, in any event, not later than the sixtieth (60th) day following the date of exercise of this option. At closing Lessor shall deliver to Lessee a duly executed and acknowledged statutory warranty deed conveying the property to Lessee free and clear of all liens and encumbrances. Lessor shall provide title insurance satisfactory to Lessee insuring free and clear title to said property in Lessee.

14. Failure to Exercise Option. In the event Lessee does not exercise his option to purchase the farm, Lessor shall have the right to sell or lease the farm to another person(s). The Seller will retain all of the improvements made during the lease period, subject to any remaining lease payments owing on those improvements. Lessee shall have no further obligation to Lessor, and Lessor shall have no further obligation to Lessee. *lease*

15. Lessor's Warranty. Lessor warrants that he has the right to grant this lease and this option and will be able to deliver the warranty deed, assignments and the title insurance policy specified in this agreement.

16. Assignment; Successors. All of the terms, provisions and conditions hereof shall be binding upon and inure to the benefit of the heirs, successors and assigns of the respective parties, provided, that if Lessee assigns this lease and/or this option, Lessee shall immediately provide written notice of such assignment to Lessor.

17. Default. If either party shall fail or refuse to carry out any provision hereof, the other party shall be entitled to such remedy or remedies for breach of contract as may be

available under applicable law, including without limitation the remedy of specific performance, if such other party has fully performed all of its obligations hereunder. Time is of the essence hereof.

18. Dispute Resolution. If a dispute arises relating to this Agreement, and is not resolved, the parties involved in such dispute shall first proceed in good faith to submit the matter to mediation. The parties will jointly appoint an acceptable mediator and will share equally in the cost of such mediation. In the event the entire dispute is not resolved within thirty (30) days from the date written notice requesting mediation is sent by one of the parties, the mediation, unless otherwise agreed, shall terminate. This section shall not alter any date in this contract unless otherwise agreed between the parties.

19. Attorney Fees. In any suit or action brought upon or arising out of this agreement, and upon any appeal thereof, the losing party agrees to pay the prevailing party's reasonable attorney fees to be fixed by the trial and appellate courts respectively.

20. Modification. No subsequent modification of any of the terms of this agreement shall be valid, binding upon the parties, or enforceable, unless made in writing and signed by the parties.

21. Entire Agreement. This agreement constitutes the entire agreement between the parties relating to the subject hereof, and any prior agreements pertaining thereto, whether oral or written, have been merged and integrated into this agreement.

22. Notice of Acceptance. This proposal shall expire unless accepted in writing by Lessor and Lessee, as evidenced by their signatures below, and the Lessee receives notice of such acceptance on or before September 30, 1997. If accepted, this document shall become a contract between the parties. Two (2) copies of this document may be executed by each party separately, and when each party has received a copy thereof, each copy shall be deemed to be a full and complete contract between the parties.

23. Applicable Law. This Agreement shall be interpreted under Idaho law, and all disputes arising from this Agreement shall be filed and heard in Idaho.

24. Murphy Flat Farm. It is agreed that Lessee shall have the right to purchase the farm situate in Owyhee County, Idaho, known as the Murphy Flat Farm, and described in Addendum 2, attached hereto and incorporated herein. This right shall extend for a period of four (4) months from the time Lessor provides the assurance noted in paragraph B of "Lessor's Obligations." During this time Lessee shall have the right to purchase said property for the same price for which the Lessor would be willing to sell to any other person, not to exceed \$1,500.00 per acre. Lessee shall also have the option to purchase, simultaneously with the purchase of the Murphy Flat Farm, 1501 acres of Snake River Sugar Company Stock at a price to be negotiated at the time the option is exercised.

After the four months has elapsed, Lessee may, at his option, extend the options to

5 - LEASE WITH OPTION TO PURCHASE

purchase said property and stock under the same terms, provided Lessee pays Lessor \$10,000 per month for said extension. All sums paid for said extension shall be deducted from the purchase price.

The Parties understand Blaine Hulet owns a portion of this farm, irrigated from the same water source, which is not included in this Agreement. The Parties further understand the houses owned by Don Hartley, Michelle Stull, and Blaine Hulet, located on the Murphy Flat Farm, are not included in this Agreement. In the event Lessee exercises the option to purchase the Murphy Flat Farm, the sale shall be subject to the continuing lease agreements in existence at that time.

Jay Hulet
Jay Hulet, Lessor
10-6-97

SUBSCRIBED before me this ____ day of _____, 199__.

Notary Public for _____
My Commission Expires: _____

_____, Lessor

SUBSCRIBED before me this ____ day of _____, 199__.

Notary Public for _____
My Commission Expires: _____

_____, Lessor

SUBSCRIBED before me this ____ day of _____, 199__.

Notary Public for _____
My Commission Expires: _____


George Grant, Lessee

10-6-97

SUBSCRIBED before me this ____ day of _____, 199__.

Notary Public for _____
My Commission Expires: _____


Errol Carlsen, Lessee

10-6-97

SUBSCRIBED before me this ____ day of _____, 199__.

Notary Public for _____
My Commission Expires: _____

October 4-1997

I, Marcia Hulet, a landowner of record and by exchange contract of ground on Jay Hulet's Sinker Butte farm allow him to contract to George Grant and Errol Carlsson a development lease purchase agreement with Jay operating as Hulet Management Co. This agreement doesn't in any way dissolve or delegate my portion of the CRP contract that is in existence and continues through the year 1999.

Signed Marcia Hulet Date 10/4/97
MARCIA HULET

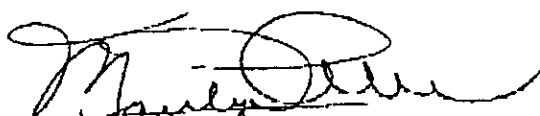
October 2, 1997

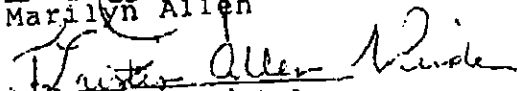
TO WHOM IT MAY CONCERN:

We, the undersigned, give Jay H. Hulet the authority to rent the total Sinker Butte property that we own in Sec. 15 & 22, T. 2 S., R. 1 W., to George Grant; while not disturbing the CRP Contracts.

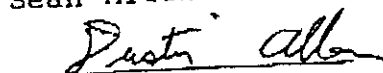
After the CRP Contracts expire in the year 2000, we agree to have our property transferred to the Murphy Flat Farm.

Sincerely,


Marilyn Allen


Kristin Allen Winder


Sean Allen


Dustin Allen

October 4-1997

We, Donald Hartley and Barbara Hartley, landowners of record and by exchange contract of ground on Jay Hulet's Sinker Butte farm allow him to contract to George Grant and Errol Carlson a development lease purchase agreement with Jay operating as Hulet Management Co.

This agreement doesn't in any way dissolve or delegate our portion of the CRP contract that is in existence and continues through the year 1999.

Signed Donald Hartley Date 10-5-97
DONALD HARTLEY

Signed Barbara Hartley Date 10-5-97
BARBARA HARTLEY

Exhibit "A"

All in Township 2 South, Range 1 West, Boise Meridian, Owyhee County, Idaho.

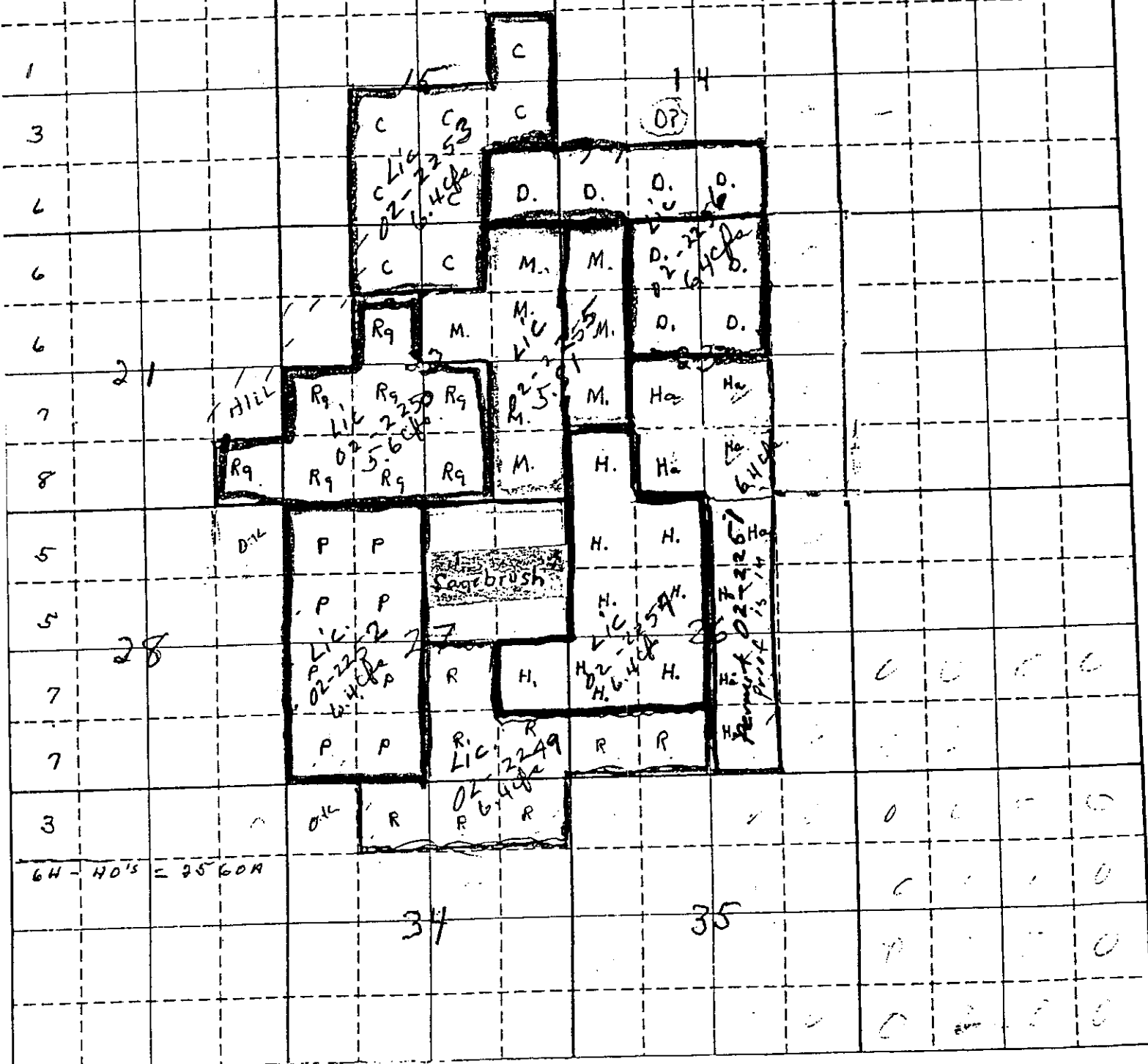
- Section 14: The SW1/4SE1/4 and the S1/2SW1/4
- Section 15: The SE1/4NE1/4, the SE1/4 and the E1/2SW1/4
- Section 21: The SE1/4SE1/4
- Section 22: The E1/2, the SW1/4, and the E1/2NW1/4
- Section 23: The W1/2 and the W1/2E1/2
- Section 26: The W1/2 and the W1/2E1/2
- Section 27: All
- Section 34: The N1/2NE1/4 and the NE1/4NW1/4

50	-	320A
51	-	320A
53	-	320A
54	-	320A
55	-	320A
56	-	320A
57	-	320A
		<u>2060</u>

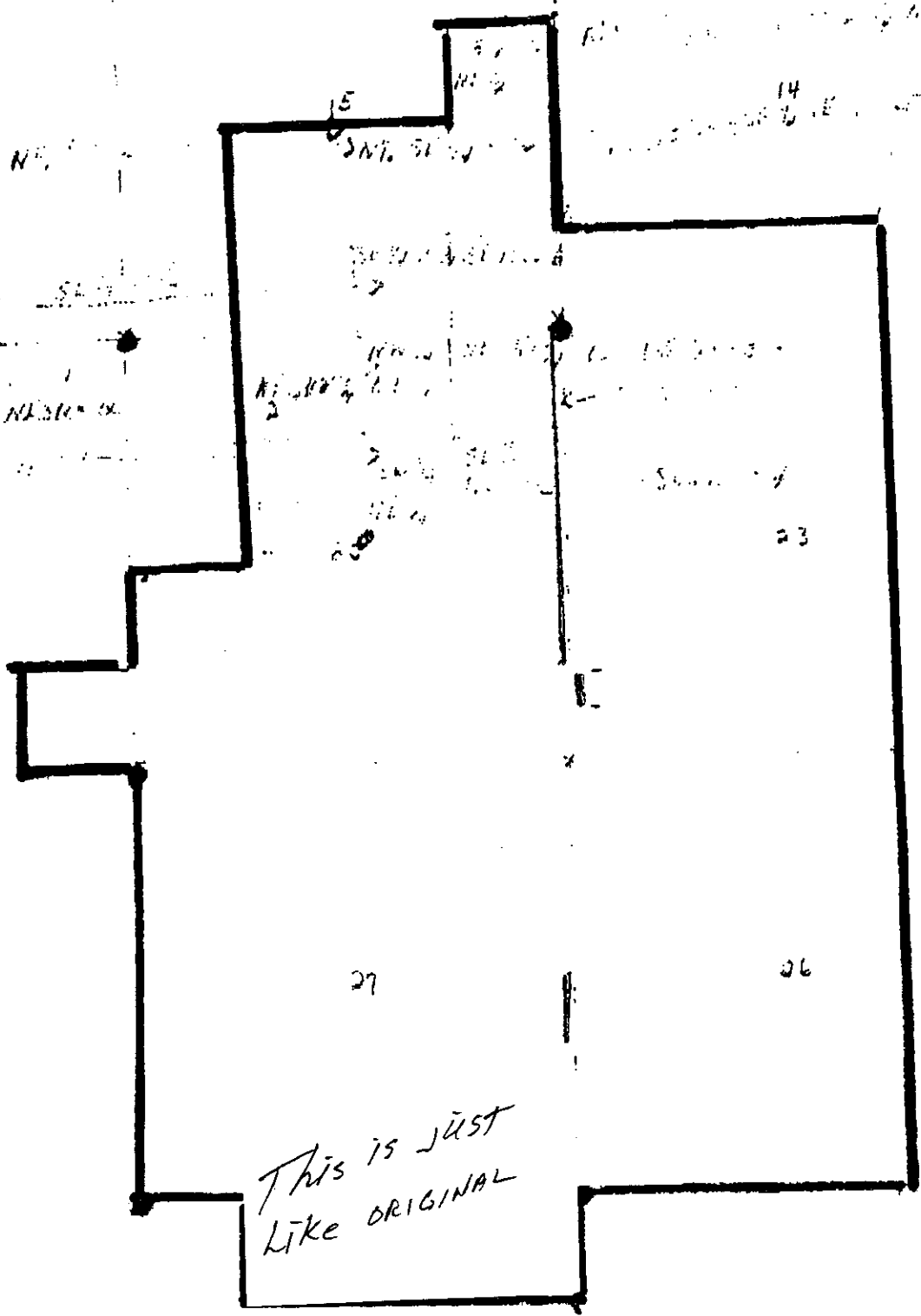
21	22	6.4	6
23	26	6.4	60
15	32	6.4	64
33	26	6.4	64
22	23	5.81	5.8
14	23	6.4	6.4

27	6.4	6.4
	50.61	49.48

12-29 1E



N.



This is just
like ORIGINAL

Jays
State
Sec 36

EXHIBIT

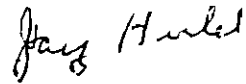
PERMISSION FROM LANDOWNER TO
LEASE WATER

FALCON BUTTE FARMS

Jay Hulet
15103 Murphy Flat Road
Murphy, Idaho 83650
January 16, 2003

I hereby give my permission for George Grant operating as Falcon Butte Farm to place the water rights that are appurtenant to those lands in the Idaho Department of Water Resources water bank program during the course of his lease agreement with me.

Jay Hulet

A handwritten signature in cursive script that reads "Jay Hulet".

EXHIBIT

DOCUMENTATION OF USE

FALCON BUTTE FARM

① ACCEPTANCE OF 726.8[±] ACRES
INTO 2002 WATER BANK
#1425-02-MA-10-3460

② APPROX. 1000 ACRES FARMED

MAP SHOWS: YELLOW - WATER BANK
OUTLINES - CROPPED



State of Ida. J

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, 2002

GEORGE GRANT
FALCON BUTTE FARM
PO BOX 119
PAUL ID 83347

RE: APPLICATION TO LEASE PORTIONS OF WATER RIGHTS 2-2249, 2-2250, 2-2251, 2-2252, 2-2253, 2-2254, 2-2255, AND 2-2256 TO THE WATER SUPPLY BANK

Dear Mr. Grant:

The department has conducted an initial review of the Application to Sell or Lease a Water Right to the Water Supply Bank ("bank") that you submitted to this office in the name of Falcon Butte Farm. The application was submitted in connection with the lease of water rights ("rights") from high-lift pumpers on the Snake River.

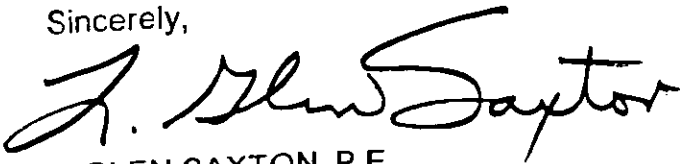
Please consider that the offered part(s) of the water rights are accepted into the bank under the following terms:

1. Payment for 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 Memorandum of Agreement ("MOA") No. 1425-02-MA-10-3460 between the U.S. Bureau of Reclamation and the Idaho Department of Water Resources regarding Rental of Water From High-Lift Pumpers on the Snake River, said agreement dated May 10, 2002.
2. While part(s) of a right(s) is in the bank, the owner of the right may not use that part of the right. As specified in the MOA, however, a lessor who did not divert water prior to the acceptance of the lease may give notice that the lessor requires the use of water on and after September 1, 2002 for land or crop preparation purposes for the 2003 irrigation season.
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(s) will be considered released from the bank on December 31, 2002.

If you have questions, please feel free to contact the Department.

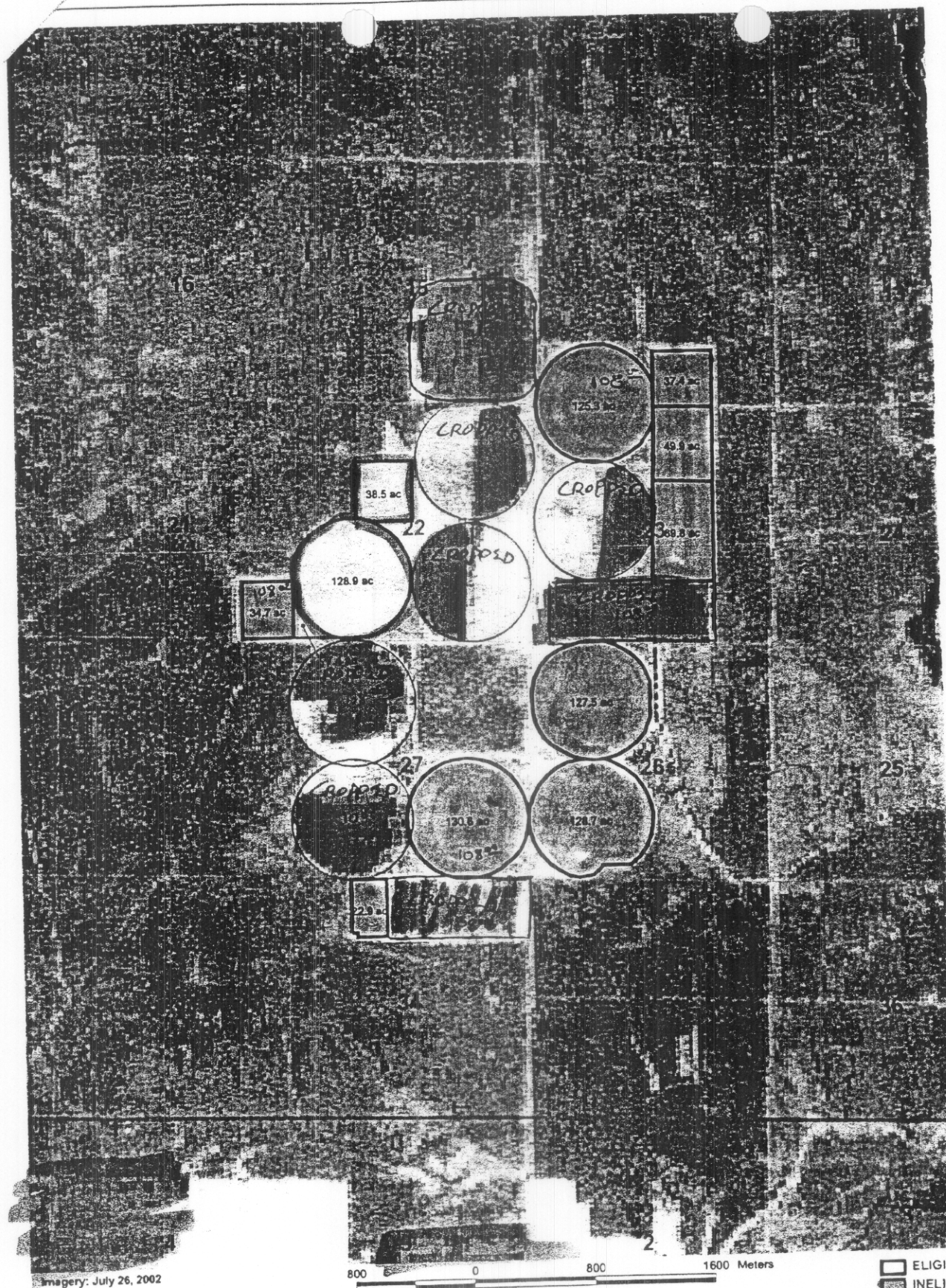
Sincerely,

A handwritten signature in black ink, appearing to read "L. Glen Saxton". The signature is fluid and cursive, with the first name "L." being small and the last name "Saxton" being larger and more prominent.

L. GLEN SAXTON, P.E.
Chief, Water Allocation Bureau

c: IDWR Regional Office
Water right nos. 2-2249, 2-2250, 2-2251, 2-2252, 2-2253, 2-2254,
2-2255, 2-2256

Rich Rigby
ESA Coordinator
Bureau of Reclamation
1150 N Curtis, PN 3030
Boise ID 83706-1234



- ☐ ELIGIBLE
- ☐ INELIGIBLE
- ☐ Township/Range Lines
- ☐ Section Lines

Falcon Butte Farms

Payment No.1 Acreage Estimates for Rental of Water from
High-Lift Pumps from the Snake River to the Water Supply Bank

Prepared: October 1, 2002



Prepared by
Idaho Department of Water Resources
1301 North Orchard Street
Boise, ID 83709
(208) 377-7900

EXHIBIT

LICENSE DOCUMENTATION

FALCON BUTZ FARM

IDAHO DEPARTMENT OF WATER RESOURCES

Water Right Report 2-2249

WATER RIGHT NUMBER: 2-2249

Owner Type Name and Address
 Current Owner RONALD H WARRICK
 MERIDIAN, ID 83642

Priority Date: 12/04/1963

Basis: License

Status: Active

Source Tributary
 SNAKE RIVER COLUMBIA RIVER

<u>Beneficial Use</u>	<u>From</u> <u>To</u>	<u>Diversion Rate</u>	<u>Annual Volume</u>
IRRIGATION	3/15 to 11/15	6.400 CFS	1,440.00 AF
	<u>Total Diversion:</u>	6.400 CFS	1,440.00 AF

Location of Point(s) of Diversion
 SNAKE RIVER SE 1/4 NW 1/4 Sec. 30, Twp 02S, Rge 01E, B.M.
 OWYHEE County

Place of Use
 IRRIGATION

Twp Rge Sec	NE				NW				SW				SE				Totals
	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
02S 01W 26											40.0	40.0					80.0
02S 01W 27														40.0	40.0	40.0	120.0
02S 01W 34	40.0	40.0			40.0												120.0

Total Acres: 320

Conditions of Approval:

- 016 See remarks for additional conditions of approval.

Remarks:Comments:Dates and Other Information:

IDAHO DEPARTMENT OF WATER RESOURCES

Water Right Report 2-2249

Dates and Other Information:

Licensed Date: 2/13/1979
Decreed Date:
Water Supply Bank Enrollment Accepted:
Water Supply Bank Enrollment Removed:
Enlargement Use Priority Date:
Enlargement Statute Priority Date:
State or Federal:
Owner Name Connector:
Water District Number:
Generic Max Rate Per Acre:
Generic Max Volume Per Acre:
Decree Defendant:
Decree Plaintiff:
Civil Case Number:
Judicial District:
Swan Falls Trust or Nontrust:
Swan Falls Dismissed:
DLE Act Number:
Carey Act Number:
Mitigation Plan: False

IDAHO DEPARTMENT OF WATER RESOURCES
Water Right Report 2-2250

WATER RIGHT NUMBER: 2-2250

<u>Owner Type</u>	<u>Name and Address</u>
Current Owner	ROGER WARRICK
	MERIDIAN, ID 83642

Priority Date: 12/04/1963

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>Annual Volume</u>
IRRIGATION	3/15 to 11/15	5.600 CFS	1,440.00 AF
	<u>Total Diversion:</u>	5.600 CFS	1,440.00 AF

<u>Location of Point(s) of Diversion</u>		
SNAKE RIVER	SE 1/4 NW 1/4	Sec. 30, Twp 02S, Rge 01E, B.M.
OWYHEE County		

Place of Use
IRRIGATION

Twp	Rge	Sec	NE				NW				SW				SE				Totals	
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE		
02S	01W	21																	40.0	40.0
02S	01W	22									40.0	40.0	40.0	40.0	40.0	40.0				280.0

Total Acres: 320

Conditions of Approval:

- 016 See remarks for additional conditions of approval.

Remarks:Comments:Dates and Other Information:

IDAHO DEPARTMENT OF WATER RESOURCES

Water Right Report 2-2250

Dates and Other Information:

Licensed Date: 2/13/1979
Decreed Date:
Water Supply Bank Enrollment Accepted:
Water Supply Bank Enrollment Removed:
Enlargement Use Priority Date:
Enlargement Statute Priority Date:
State or Federal:
Owner Name Connector:
Water District Number:
Generic Max Rate Per Acre:
Generic Max Volume Per Acre:
Decree Defendant:
Decree Plaintiff:
Civil Case Number:
Judicial District:
Swan Falls Trust or Nontrust:
Swan Falls Dismissed:
DLE Act Number:
Carey Act Number:
Mitigation Plan: False

IDAHO DEPARTMENT OF WATER RESOURCES
Water Right Report 2-2251

WATER RIGHT NUMBER: 2-2251

Owner Type Name and Address
Original Owner HARRY M WARRICK

Current Owner , ID
JAY H HULET
HC 79 BOX 2020
MURPHY, ID 83650
(208)834-2738

Priority Date: 11/17/1964

Basis: License

Status: Active

Source Tributary
SNAKE RIVER COLUMBIA RIVER

<u>Beneficial Use</u>	<u>From</u> <u>To</u>	<u>Diversion Rate</u>	<u>Annual Volume</u>
IRRIGATION	3/15 to 11/15	6.080 CFS	1,368.00 AF
	<u>Total Diversion:</u>	6.080 CFS	1,368.00 AF

Location of Point(s) of Diversion

SNAKE RIVER SE1/4NW1/4 Sec. 30, Twp 02S, Rge 01E, B.M.
OWYHEE County

Place of Use

IRRIGATION

Twp	Rge	Sec	NE				NW				SW				SE				Totals
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
02S	01W	23									38.0			34.0		40.0	40.0		152.0
02S	01W	26			40.0	38.0										38.0	36.0		152.0

Total Acres: 304

Conditions of Approval:

1. R32 This right when combined with all other rights shall provide no more than .02 cfs per acre nor more than 4.5 afa per acre for irrigation of the lands above.

Remarks:

1. General Use of this right with the rights listed below is limited to a total combined diversion rate of 29.0 cfs.
The combined rights include: 02-02249/02250/02252/02253/02254/ 02255/0256.

IDAHO DEPARTMENT OF WATER RESOURCES
Water Right Report 2-2251

Comments:

Dates and Other Information:

Licensed Date: 7/15/1994
Decreed Date:
Water Supply Bank Enrollment Accepted:
Water Supply Bank Enrollment Removed:
Enlargement Use Priority Date:
Enlargement Statute Priority Date:
State or Federal:
Owner Name Connector:
Water District Number:
Generic Max Rate Per Acre:
Generic Max Volume Per Acre:
Decree Defendant:
Decree Plaintiff:
Civil Case Number:
Judicial District:
Swan Falls Trust or Nontrust:
Swan Falls Dismissed:
DLE Act Number:
Carey Act Number:
Mitigation Plan: False

IDAHO DEPARTMENT OF WATER RESOURCES

Water Right Report 2-2252

WATER RIGHT NUMBER: 2-2252

Owner Type Name and Address
 Current Owner PAUL C WARRICK
 MERIDIAN, ID 83642

Priority Date: 12/04/1963

Basis: License

Status: Active

Source Tributary
 SNAKE RIVER COLUMBIA RIVER

<u>Beneficial Use</u>	<u>From</u> <u>To</u>	<u>Diversion Rate</u>	<u>Annual Volume</u>
IRRIGATION	3/15 to 11/15	6.400 CFS	1,440.00 AF
	<u>Total Diversion:</u>	6.400 CFS	1,440.00 AF

Location of Point(s) of Diversion
 SNAKE RIVER SE 1/4NW1/4 Sec. 30, Twp 02S, Rge 01E, B.M.
 OWYHEE County

Place of Use
 IRRIGATION

Twp	Rge	Sec	NE				NW				SW				SE				Totals
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
02S	01W	27					40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	320.0

Total Acres: 320

Conditions of Approval:

1. 016 See remarks for additional conditions of approval.

Remarks:Comments:Dates and Other Information:

IDAHO DEPARTMENT OF WATER RESOURCES

Water Right Report 2-2252

Dates and Other Information:

Licensed Date: 2/13/1979
Decreed Date:
Water Supply Bank Enrollment Accepted:
Water Supply Bank Enrollment Removed:
Enlargement Use Priority Date:
Enlargement Statute Priority Date:
State or Federal:
Owner Name Connector:
Water District Number:
Generic Max Rate Per Acre:
Generic Max Volume Per Acre:
Decree Defendant:
Decree Plaintiff:
Civil Case Number:
Judicial District:
Swan Falls Trust or Nontrust:
Swan Falls Dismissed:
DLE Act Number:
Carey Act Number:
Mitigation Plan: False

IDAHO DEPARTMENT OF WATER RESOURCES
Water Right Report 2-2253

WATER RIGHT NUMBER: 2-2253

Owner Type Name and Address
Current Owner CORA WARRICK
MERIDIAN, ID 83642

Priority Date: 12/04/1963

Basis: License

Status: Active

Source Tributary
SNAKE RIVER COLUMBIA RIVER

<u>Beneficial Use</u>	<u>From</u> <u>To</u>	<u>Diversion Rate</u>	<u>Annual Volume</u>
IRRIGATION	3/15 to 11/15	6.400 CFS	1,440.00 AF
	<u>Total Diversion:</u>	6.400 CFS	1,440.00 AF

Location of Point(s) of Diversion
SNAKE RIVER SE1/4NW1/4 Sec. 30, Twp 02S, Rge 01E, B.M.
OWYHEE County

Place of Use
IRRIGATION

Twp	Rge	Sec	NE				NW				SW				SE				Totals		
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE			
02S	01W	15				40.0							40.0				40.0	40.0	40.0	40.0	240.0
02S	01W	22			40.0				40.0												80.0

Total Acres: 320

Conditions of Approval:

- 016 See remarks for additional conditions of approval.

Remarks:Comments:Dates and Other Information:

IDAHO DEPARTMENT OF WATER RESOURCES

Water Right Report 2-2253

Dates and Other Information:

Licensed Date: 2/13/1979
Decreed Date:
Water Supply Bank Enrollment Accepted:
Water Supply Bank Enrollment Removed:
Enlargement Use Priority Date:
Enlargement Statute Priority Date:
State or Federal:
Owner Name Connector:
Water District Number:
Generic Max Rate Per Acre:
Generic Max Volume Per Acre:
Decree Defendant:
Decree Plaintiff:
Civil Case Number:
Judicial District:
Swan Falls Trust or Nontrust:
Swan Falls Dismissed:
DLE Act Number:
Carey Act Number:
Mitigation Plan: False

IDAHO DEPARTMENT OF WATER RESOURCES
Water Right Report 2-2254

WATER RIGHT NUMBER: 2-2254

Owner Type Name and Address
Current Owner HILDA WARRICK
MERIDIAN, ID 83642

Priority Date: 12/04/1963

Basis: License

Status: Active

Source Tributary
SNAKE RIVER COLUMBIA RIVER

<u>Beneficial Use</u>	<u>From</u> <u>To</u>	<u>Diversion Rate</u>	<u>Annual Volume</u>
IRRIGATION	3/15 to 11/15	6.400 CFS	1,440.00 AF
	<u>Total Diversion:</u>	6.400 CFS	1,440.00 AF

Location of Point(s) of Diversion

SNAKE RIVER SE 1/4NW1/4 Sec. 30, Twp 02S, Rge 01E, B.M.
OWYHEE County

Place of Use

IRRIGATION

Twp	Rge	Sec	NE				NW				SW				SE				Totals
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
02S	01W	23											40.0						40.0
02S	01W	26					40.0	40.0	40.0	40.0	40.0	40.0							240.0
02S	01W	27													40.0				40.0

Total Acres: 320

Conditions of Approval:

- 016 See remarks for additional conditions of approval.

Remarks:Comments:Dates and Other Information:

IDAHO DEPARTMENT OF WATER RESOURCES

Water Right Report 2-2254

Dates and Other Information:

Licensed Date: 2/13/1979
Decreed Date:
Water Supply Bank Enrollment Accepted:
Water Supply Bank Enrollment Removed:
Enlargement Use Priority Date:
Enlargement Statute Priority Date:
State or Federal:
Owner Name Connector:
Water District Number:
Generic Max Rate Per Acre:
Generic Max Volume Per Acre:
Decree Defendant:
Decree Plaintiff:
Civil Case Number:
Judicial District:
Swan Falls Trust or Nontrust:
Swan Falls Dismissed:
DLE Act Number:
Carey Act Number:
Mitigation Plan: False

IDAHO DEPARTMENT OF WATER RESOURCES

Water Right Report 2-2255

WATER RIGHT NUMBER: 2-2255

Owner Type Name and Address
 Current Owner NORMAN MOODY
 NAMPA, ID 83651

Priority Date: 12/04/1963

Basis: License

Status: Active

Source Tributary
 SNAKE RIVER COLUMBIA RIVER

<u>Beneficial Use</u>	<u>From</u> <u>To</u>	<u>Diversion Rate</u>	<u>Annual Volume</u>
IRRIGATION	3/15 to 11/15	5.810 CFS	1,440.00 AF
	<u>Total Diversion:</u>	5.810 CFS	1,440.00 AF

Location of Point(s) of Diversion

SNAKE RIVER SE1/4NW1/4 Sec. 30, Twp 02S, Rge 01E, B.M.
 OWYHEE County

Place of Use

IRRIGATION

Twp	Rge	Sec	NE				NW				SW				SE				Totals
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
02S	01W	22	40.0		40.0	40.0									40.0			40.0	200.0
02S	01W	23					40.0	40.0			40.0								120.0

Total Acres: 320

Conditions of Approval:

- 016 See remarks for additional conditions of approval.

Remarks:Dates and Other Information:

IDAHO DEPARTMENT OF WATER RESOURCES

Water Right Report 2-2255

Dates and Other Information:

Licensed Date: 2/13/1979
Decreed Date:
Water Supply Bank Enrollment Accepted:
Water Supply Bank Enrollment Removed:
Enlargement Use Priority Date:
Enlargement Statute Priority Date:
State or Federal:
Owner Name Connector:
Water District Number:
Generic Max Rate Per Acre:
Generic Max Volume Per Acre:
Decree Defendant:
Decree Plaintiff:
Civil Case Number:
Judicial District:
Swan Falls Trust or Nontrust:
Swan Falls Dismissed:
DLE Act Number:
Carey Act Number:
Mitigation Plan: False

IDAHO DEPARTMENT OF WATER RESOURCES
Water Right Report 2-2256

WATER RIGHT NUMBER: 2-2256

<u>Owner Type</u>	<u>Name and Address</u>
Current Owner	KAYE G DICK
	BOISE, ID

Priority Date: 12/04/1963

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>Annual Volume</u>
IRRIGATION	3/15 to 11/15	6.400 CFS	1,440.00 AF
	<u>Total Diversion:</u>	6.400 CFS	1,440.00 AF

Location of Point(s) of Diversion

SNAKE RIVER	SE1/4NW1/4	Sec. 30, Twp 02S, Rge 01E, B.M.
OWYHEE County		

Place of Use

IRRIGATION

Twp	Rge	Sec	NE				NW				SW				SE				Totals
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
02S	01W	14									40.0	40.0					40.0		120.0
02S	01W	15															40.0		40.0
02S	01W	23			40.0	40.0	40.0		40.0										160.0

Total Acres: 320

Conditions of Approval:

- 016 See remarks for additional conditions of approval.

Remarks:Dates and Other Information:

IDAHO DEPARTMENT OF WATER RESOURCES
Water Right Report 2-2256

Dates and Other Information:

Licensed Date: 2/13/1979
Decreed Date:
Water Supply Bank Enrollment Accepted:
Water Supply Bank Enrollment Removed:
Enlargement Use Priority Date:
Enlargement Statute Priority Date:
State or Federal:
Owner Name Connector:
Water District Number:
Generic Max Rate Per Acre:
Generic Max Volume Per Acre:
Decree Defendant:
Decree Plaintiff:
Civil Case Number:
Judicial District:
Swan Falls Trust or Nontrust:
Swan Falls Dismissed:
DLE Act Number:
Carey Act Number:
Mitigation Plan: False

EXHIBIT

SRBA APPLICATIONS

FALCON BUTTS FARMS

IDAHO DEPARTMENT OF WATER RESOURCES

Adjudication Claim Report 2-10017

WATER RIGHT NUMBER: 2-10017

<u>Owner Type</u>	<u>Name and Address</u>
Current Owner	HULET FARM MANAGEMENT CO C/O JAY H HULET HC 79 BOX 2020 MURPHY, ID 83650 (208)834-2738

Priority Date: 12/04/1963

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>Annual Volume</u>
IRRIGATION	3/15 to 11/15	43.400 CFS	1,440.00 AF

Total Diversion:Location of Point(s) of Diversion

SNAKE RIVER	SE1/4NW1/4	Sec. 30, Twp 02S, Rge 01E, B.M.
OWYHEE County		

Place of Use

IRRIGATION

Twp	Rge	Sec	NE				NW				SW				SE				Totals
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
02S	01W	14									40.0	40.0					40.0		120.0
02S	01W	15				40.0				31.0			31.0	40.0	40.0	40.0	40.0		262.0
02S	01W	21															40.0		40.0
02S	01W	22	38.0	40.0	40.0	38.0	40.0			40.0	38.0	40.0	37.0	34.0	38.0	40.0	40.0	40.0	543.0
02S	01W	23		40.0	40.0		40.0	40.0	40.0	40.0		40.0	37.0						317.0
02S	01W	26					40.0	40.0	40.0	40.0	40.0	40.0	40.0	36.0					316.0
02S	01W	27					40.0	40.0	40.0	40.0	40.0	30.0	40.0		40.0	40.0	40.0	40.0	430.0
02S	01W	34	40.0	40.0			40.0												120.0

IDAHO DEPARTMENT OF WATER RESOURCES

Adjudication Claim Report 2-10017

Total Acres: 2148

Conditions of Approval:

Remarks:

1. This is a combined right of 02-02249, 02-02250, 02-02252, 02-02253, 02-02254, 02-02255, and 02-02256.

Comments:

Dates and Other Information:

Claim Received Date: 6/6/1989
Enlargement Use Priority Date:
Enlargement Statute Priority Date:
State or Federal: S
Owner Name Connector:
Water District Number:
Generic Max Rate Per Acre:
Generic Max Volume Per Acre:
Swan Falls Trust or Nontrust:
Swan Falls Dismissed:
DLE Act Number:
Carey Act Number:
Mitigation Plan: False

IDAHO DEPARTMENT OF WATER RESOURCES
Adjudication Claim Report 2-10018

WATER RIGHT NUMBER: 2-10018

<u>Owner Type</u>	<u>Name and Address</u>
Current Owner	HULET FARM MANAGEMENT CO C/O JAY H HULET HC 79 BOX 2020 MURPHY, ID 83650 (208)834-2738

Priority Date: 12/04/1963
Basis: Beneficial Use
Status: Temporary

<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>Annual Volume</u>
IRRIGATION	3/15 to 11/15	6.400 CFS	
	<u>Total Diversion:</u>	6.400 CFS	

<u>Location of Point(s) of Diversion</u>		
SNAKE RIVER	SE 1/4 NW 1/4	Sec. 30, Twp 02S, Rge 01E, B.M.
OWYHEE County		

Place of Use
IRRIGATION

Twp	Rge	Sec	NE				NW				SW				SE				Totals		
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE			
02S	01W	23									38.0				34.0				40.0	40.0	152.0
02S	01W	26			40.0	40.0													38.0	36.0	154.0

Total Acres: 306

Conditions of Approval:Remarks:

1. General

THIS CLAIM FILED AS A BENEFICIAL USE CLAIM AND IS BASED ON PERMIT 02-02251
THAT HAS LAPSED BUT COULD BE REINSTATED.

Comments:Dates and Other Information:

IDAHO DEPARTMENT OF WATER RESOURCES
Adjudication Claim Report 2-10018

Dates and Other Information:

Claim Received Date: 4/13/1989
Enlargement Use Priority Date:
Enlargement Statute Priority Date:
State or Federal: S
Owner Name Connector:
Water District Number:
Generic Max Rate Per Acre:
Generic Max Volume Per Acre:
Swan Falls Trust or Nontrust:
Swan Falls Dismissed:
DLE Act Number:
Carey Act Number:
Mitigation Plan: False

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: P.O. Box 70 Boise ID 83707
3. Source of water: SNAKE RIVER
4. Volume of water rented: 43,606.9 AF, Max rate: N/A cfs.
5. Diversion period from May 1, 2002 to November 15, 2002.
6. Use of water: Hydropower at Hells Canyon Complex
7. a) Renter's point of diversion:
Legal description: Brownlee, Oxbow, and Hells Canyon Projects
Pump HP: N/A Lift: N/A
Canal or conveyance works Hells Canyon Complex
b) Renter's place of use:
Legal description: N/A

Total number of acres to be irrigated: N/A
8. The right from which water will be rented is See High-Lift Pumpers from the Snake River Lease application acceptance letters.

The U.S. Bureau of Reclamation and Bonneville Power Administration agree to pay \$ 50 per acre-foot for rental of the above described water and agrees to use the water in compliance with the Water Supply Bank rules and in compliance with the conditions of water use shown below:

SCANNED

JAN 14 2003

MICROFILMED

NOV 14 2003

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 Memorandum of Agreement ("MOA") No. 1425-02-MA-10-3460 between the U.S. Bureau of Reclamation and the Idaho Department of Water Resources regarding Rental of Water From High-Lift Pumpers on the Snake River, said agreement dated May 10, 2002.
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, 2002 to November 15, 2002, and the right(s) will be considered released from the bank on December 31, 2002.
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 place of use of the water shall revert to its original 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.

Dated this 8th day of August, 2002.

Jonathan C. Bowling
Renter

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 7th day of August, 2002.

Karl J. Dreher
for
KARL J. DREHER, Director
Department of Water Resources

MICROFILMED

SCANNED

NOV 14 2003



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 7, 2002

JONATHON C BOWLING
IDAHO POWER COMPANY
1221 W IDAHO STREET
BOISE ID 83702

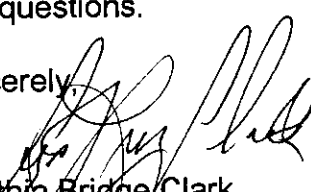
RE: Revised Water Supply Bank Rental Agreement between the Idaho Department of
Water Resources and Idaho Power Company

Dear Mr. Bowling:

Copies of the Water Supply Bank Rental Application and Rental Agreement, signed on August 6, 2002, have been received at the State office of the Department of Water Resources. As we discussed on the telephone earlier today, the Department has recommended a few changes to the conditions set forth on the Rental Agreement. The revised version of the Agreement is attached for your review and signature. The Rental Application will remain unchanged, and the Rental Agreement signed on August 6, 2002 will be superseded by the attached version, dated August 7, 2002.

Thank you for the additional review. Please contact me at (208) 327-7898 if you have any questions.

Sincerely,



Cynthia Bridge Clark
Associate Engineer
Water Right Permits Section

MICROFILMED SCANNED

NOV 14 2003 JAL



An IDACORP Company

RECEIVED

AUG - 7 2002

Department of Water Resources

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

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

August 6, 2002

Cynthia Bridge Clark
State of Idaho
Department of Water Resources
1301 N. Orchard St.
Boise, ID 83720

Dear Ms. Clark,

Attached please find signed copies of the Water Bank Rental Application and Rental Agreement pursuant to the agreement between the State of Idaho, Department of Water Resources and the U.S. Bureau of Reclamation for the rental of water in the Middle Snake River for augmentation purposes.

Idaho Power Company has agreed to facilitate this agreement between the above-mentioned parties and is under no financial obligation. As agreed, the U.S. Bureau of Reclamation will be financially responsible for the leased water.

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

Sincerely,

Jonathon C. Bowling, P.E.
Engineering Project Leader

c: John P. Prescott
James C. Tucker

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NOV 14 2003

12/99

Before the Idaho Water Resource Board

APPLICATION TO RENT WATER FROM THE WATER SUPPLY BANK

Applicant IDAHO POWER COMPANY Phone (208) 388-2905
 Address P.O. Box 70
 City Boise State ID Zip Code 83707

A. DESCRIPTION OF WATER SOUGHT FOR RENTAL

1. Source of water SNAKE RIVER
 which is tributary to _____
2. Maximum volume of water sought 43, 1000 g AF.
3. Maximum rate of diversion N/A cfs.

B. DESCRIPTION OF USE PROPOSED

1. Nature of use HYDROPOWER, HELL CANYON COMPLEX
2. Location of point of diversion 1/4 1/4, Section _____, (BROWNLEE, DIXON, AND HELL CANYON DAMS)
 Township _____, Range _____, B.M. _____ County _____
3. Season of use: From MAY 1, 2002 to NOVEMBER 15, 2002.
4. Description of diverting works: N/A
 Pump HP _____ Lift _____ Pump type _____
 Canal name, if appropriate N/A
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

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yab

12/99

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. (SEE MEMORANDUM OF AGREEMENT NO.
1425-02-NA-10-3460)

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

8. Who owns the property at the place of use?

N/A

9. Are you seeking a rental for more than one (1) year? No

If so, how many years? _____

10. Remarks: See Attached

8/6/02
Date

Jonathan C. Bowling
Signature of Applicant
Engineering Leader

FOR DEPARTMENT USE ONLY

Received by _____ Date _____ Time _____

Published in _____ Pub. dates _____

Protests filed by _____

Hearing held by _____

Action recommended _____

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Job

**ATTACHMENT
APPLICATION TO RENT WATER
FROM THE WATER SUPPLY BANK**

Entities Leasing to Water Supply Bank	Acres Submitted on Application	Acre-feet per acre	Maximum Vol. Acre-feet
Bell Rapids Mutual Irrigation Co	4386.9	3.0	13160.7
Sailor Creek Water Co	185	2.83	523.55
Grindstone Butte Mutual Canal Co	2627	3.0	7881
South Elmore Irrigation Co	2530.2	2.88	7286.976
Clover Hollow LLC	1071.5	2.88	3085.92
Falcon Butte Farms	929.9	3.0	2789.7
Murphy Flats Farm	2959.7	3.0	8879.1
TOTALS:	14690.2 ac		43606.9 af

Notes:

1. Water rented from the Water Supply Bank ("bank") under this application is based on Memorandum of Agreement No. 1425-02-MA-10-3460 between the U.S. Bureau of Reclamation and the Idaho Department of Water Resources. It shall only include water leased to the bank by the entities listed above.
2. The acreages and volumes listed above were compiled from the Applications submitted by the corresponding entities to lease water to the Water Supply Bank.
3. The volume of water available for lease is contingent upon the determination that the acres associated with the rental applications have a valid Snake River water right(s), and that they qualify for payment as provided in Memorandum of Agreement No. 1425-02-MA-10-3460.

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08-5-02

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: P.O. Box 70, Boise, ID 83707
3. Source of water: SNAKE RIVER
4. Volume of water rented: 43,606.9 AF, Max rate: N/A cfs.
5. Diversion period from May 1, 2002 to November 15, 2002.
6. Use of water: Hydropower at Hells Canyon Complex
7. a) Renter's point of diversion:
Legal description: Brownlee, Oxbow, and Hells Canyon Projects
Pump HP: N/A Lift: N/A
Canal or conveyance works Hells Canyon Complex
b) Renter's place of use:
Legal description: N/A

Total number of acres to be irrigated: N/A
8. The right from which water will be rented is See High-Lift Pumpers from the Snake River Lease application acceptance letters.

The U.S. Bureau of Reclamation and Bonneville Power Administration agree to pay \$ 50 per acre-foot for rental of the above described water and agrees to use the water in compliance with the Water Supply Bank rules and in compliance with the conditions of water use shown below:

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yCB

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 Memorandum of Agreement ("MOA") No. 1425-02-MA-10-3460 between the U.S. Bureau of Reclamation and the Idaho Department of Water Resources regarding Rental of Water From High-Lift Pumpers on the Snake River, said agreement dated May 10, 2002.
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, 2002 to November 15, 2002, and the right(s) will be considered released from the bank on December 31, 2002.
5. The renter shall provide information as needed for the determination of the amount of the water diverted in a manner acceptable to the Director.
6. Use of water under this agreement does not constitute a dedication of the water to renter's land and upon expiration of this agreement, the place of use of the water shall revert to its original place of use and/or again be available to rent from the bank.
7. Renter agrees to comply with all applicable state and federal laws while using water under this agreement.
8. 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.
9. 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.

Dated this 6th day of August, 2002.

Jonathan C. Bowling
Renter
Engineering Leader

JB

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Having determined that this agreement satisfies the provisions of Section 42-1763, Idaho Code, and IDAPA 37.02.03030 (Water Supply Bank Rule 30) for the rental and use of water under the terms and conditions herein provided, and none other, I hereby execute this Rental Agreement on behalf of the Idaho Water Resource Board this ____ day of _____, 200__.

KARL J. DREHER, Director
Department of Water Resources

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MAY 24 2002

DEPARTMENT OF WATER RESOURCES

Water Right No. 2-10017

**ATTACHMENT TO APPLICATION TO LEASE A WATER RIGHT TO THE WATER
SUPPLY BANK - DESCRIBING CRITERIA FOR THE LEASE OF WATER
FROM HIGH-LIFT PUMPERS ON THE SNAKE RIVER**

The Idaho Department of Water Resources (IDWR) will accept Water Supply Bank Lease Applications from high-lift pumpers on the Snake River pursuant to a Memorandum of Agreement (MOA) between IDWR and the U.S. Bureau of Reclamation (Reclamation). The total rental price for up to a maximum of 3 acre-feet per acre is \$50 per acre-foot (including a 10% fee for administrative costs to IDWR of \$4.55). The rental period shall be from May 1 to the end of the irrigation season, provided that by August 15 a lessor who did not divert water prior to acceptance of the lease may give notice that the lessor requires the use of water on and after September 1 for land or crop preparation purposes for the 2003 irrigation season. Leased water rights must be appurtenant to lands that satisfy the following criteria:

1. The acres were fully irrigated in 2001, or
2. The acres were either fully irrigated or under the federal Conservation Reserve Program (CRP) in 2000 and included in the Idaho Power buyback program in 2001, or
3. The acres were under the federal CRP program in 2001 and the lessor has satisfied Reclamation and IDWR that the acres would have been fully irrigated for crops in 2002 had the water rights not been placed in the Water Bank for use by Idaho Power/Reclamation.

IDWR will take the following steps to quantify the amount of water accepted for lease into the Water Bank and rented for the purposes described in the MOA:

1. Map the field boundaries to which the water rights are appurtenant and verify the number of acres in each field using GIS.
2. Establish the volume of water diverted per acre, up to a maximum of 3 acre-feet per acre, based upon the average historic diversion divided by the total acres, which will be determined using US Geological Service and IDWR data (1988 to 1993) or as demonstrated by the lessor to the satisfaction of IDWR.

IDWR shall make lease payments and determine any pro rata reductions in the amount to be paid to a lessor in accordance with the provisions of Section II.e.2 of the MOA.

**APPLICANT HEREBY ACKNOWLEDGES RECEIPT OF A COPY OF THE MOA AND
CERTIFIES THAT THE LANDS ASSOCIATED WITH THE WATER RIGHTS
SOUGHT TO BE PLACED IN THE WATER SUPPLY BANK SATISFY THE
ACCEPTANCE CRITERIA SET OUT ABOVE.**

DATED this 24 day of May, 2002.

Falson Butte by David R. Hunt
(Signature of Applicant/Authorized Agent)

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NOV 14 2003

APPURTENANT RIGHTS:

CLAIMS: 2-10017, 2-10018

WR: 2-2249, 2-2250, 2-2252, 2-2253

2-2254, 2-2255, 2-2256, 2-2257

RECEIVED

MAY 24 2002

Form No. 42-1781
3-92

Water Supply Bank, DEPARTMENT OF WATER RESOURCES

Water Right No. _____

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES
APPLICATION TO SELL OR LEASE A WATER RIGHT
TO THE
WATER SUPPLY BANK

Name of Seller/Lessor

FALCON BUTTE FARMS

Phone

431 9911

Post office address

Box 119 Paul Idaho

83347

A. DESCRIPTION OF RIGHT AS RECORDED

1. Right evidenced by:

See Attached A

a. Decree No. _____ Decreed to _____ (Name)

in case of _____ vs _____

dated _____ in _____ county of _____ (Name of court)

b. License No. _____ Issued by the Idaho Department of Water Resources.

c. Permit No. _____ Issued by the Idaho Department of Water Resources.

2. Source of water _____ tributary to _____

3. Date of priority _____

4. Water is used for the following purposes:

amount _____ for _____ purposes from _____ to _____

amount _____ for _____ purposes from _____ to _____

amount _____ for _____ purposes from _____ to _____ (month/day — both dates inclusive)

5. Total amount of water under right: a. _____ cubic feet per second &/or

b. _____ acre feet per annum

6. Location of point of diversion is _____ 1/4 of _____ 1/4 of Section _____

Township _____ Range _____, B.M. in _____ County

Additional points of diversion, if any _____

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7. Lands irrigated or place of use:

See Attached A

TWP.	RANGE	SEC.	NE¼				NW¼				SW¼				SE¼				TOTALS
			NE¼	NW¼	SW¼	SE¼	NE¼	NW¼	SW¼	SE¼	NE¼	NW¼	SW¼	SE¼	NE¼	NW¼	SW¼	SE¼	

See Attached B

Total number of acres to be irrigated _____

Also Highlighted A

B. DESCRIPTION OF PORTION OF RIGHT FOR SALE OR LEASE (If the entire right is for sale or lease, omit part B.)

1. Amount of water: a. _____ cubic feet per second
&/or
b. _____ acre feet per annum

2. Point of diversion _____ ¼ _____ ¼, Section _____ Township _____

Range _____, B.M., _____ County

Additional points _____

3. Place of use:

TWP.	RANGE	SEC.	NE¼				NW¼				SW¼				SE¼				TOTALS
			NE¼	NW¼	SW¼	SE¼	NE¼	NW¼	SW¼	SE¼	NE¼	NW¼	SW¼	SE¼	NE¼	NW¼	SW¼	SE¼	

Total number of acres to be irrigated _____

*929.9 to be
Leased*

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MAY 14 2003

C. ADDITIONAL INFORMATION ABOUT RIGHT, OR PORTION THEREOF, FOR SALE OR LEASE

1. Explain how the seller/lessor acquired the right, or portion thereof, and attach a copy of the deed to the land to which it is appurtenant or other evidence of ownership of the right.

See Lease Option agreement

2. Describe the frequency of water use under the right, or portion thereof, during the past 5 years. Attach water-master records, pumping power bills, or other evidence to demonstrate that the right has not been lost through abandonment or forfeiture:

3. Describe the relative availability of water to fill the right, or portion thereof. Attach evidence to support the availability:

4. Describe any other water rights with the same purpose and place of use as the right, or portion thereof. Will the present place of use continue to receive water from any source? If so, describe.

5. If the water right is a permit, describe the work accomplished toward developing the right.

6. If the right to the use of the water or the use of the diversion works or irrigation system is represented by shares of stock in a company or corporation, or if such works or system is owned or managed by an irrigation district, a written consent of the sale or lease must be attached.

7. If the right is included in an ongoing adjudication, a copy of the claim must be provided with this application.

8. Draw a map indicating the point(s) of diversion and place of use of the right, or portion thereof. Show clearly the land involved by section, township and range. *See map below*

Sec map provided

[illegible]

SCALE: 2 inches equal 1 mile. Draw plan in ink.

9. Remarks This site is being used as a wastewater
site for a cheese plant. Some of the irrigated
lands may receive this water.

D. SALE/LEASE AGREEMENT

1. The water right, or portion thereof, described above is offered to the Idaho Water Resource Board:

_____ For sale

X For lease for period from MAY 1st 2002 to Dec 1st 2002
(year) (year)

_____ As a gift to the State of Idaho.

2. The minimum payment acceptable to the Seller/Lessor is: (Include the method of determining the minimum payment)

50⁴ Acre ft 3 Acre ft per acre

3. Payment contingent on subsequent sale or leasing of this right, or portion thereof, is:

_____ Acceptable _____ Not Acceptable

I hereby assert that the information contained in this application is true to the best of my knowledge, and that I have the authorities necessary to offer the sale or lease of this right to the Idaho Water Resource Board.

5/24/02 George Brown for Falcon Butte
(Date) (Signature of Applicant)
Farms

FOR DEPARTMENT USE ONLY

Received by _____ Date _____ Preliminary check by _____

Watermaster recommendation requested on _____ Received _____

Recommended for _____ approval _____ denial by _____

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NOV 14 2003

IDAHO DEPARTMENT OF WATER RESOURCES
Adjudication Claim Report 2-10017

05/01/2002
RECEIVED

MAY 24 2002

DEPARTMENT OF WATER RESOURCES

WATER RIGHT NUMBER: 2-10017

Owner Type Name and Address
Current Owner HULET FARM MANAGEMENT CO
 % JAY H HULET
 HC 79 BOX 2020
 MURPHY, ID 83650
 (208)834-2738

Priority Date: 12/04/1963

Basis: License

Status: Active

Source Tributary
SNAKE RIVER COLUMBIA RIVER

<u>Beneficial Use</u>	<u>From</u> <u>To</u>	<u>Diversion Rate</u>	<u>Annual Volume</u>
IRRIGATION	3/15 to 11/15	43.400 CFS	1,440.00 AF

Total Diversion:

Location of Point(s) of Diversion

SNAKE RIVER SE1/4NW1/4 Sec. 30, Twp 02S, Rge 01E, B.M.
OWYHEE County

Place of Use

IRRIGATION

Twp Rge Sec	NE				NW				SW				SE				Totals
	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
02S 01W 14									40.0	40.0			40.0				120.0
02S 01W 15				40.0				31.0			31.0		40.0	40.0	40.0	40.0	262.0
02S 01W 21																40.0	40.0
02S 01W 22	38.0	40.0	40.0	38.0	40.0			40.0	38.0	40.0	37.0	34.0	38.0	40.0	40.0	~~40.0~~	543.0
02S 01W 23		~~40.0~~	~~40.0~~		40.0	40.0	40.0	40.0	~~40.0~~	~~37.0~~							317.0
02S 01W 26					40.0	40.0	40.0	40.0	40.0	40.0	40.0	36.0					316.0
02S 01W 27					40.0	40.0	40.0	40.0	40.0	30.0	40.0		40.0	40.0	40.0	40.0	430.0
02S 01W 34	~~40.0~~	40.0			40.0												120.0

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IDAHO DEPARTMENT OF WATER RESOURCES
Adjudication Claim Report 2-10017

Total Acres: 2148

Conditions of Approval:

Remarks:

1. This is a combined right of 02-02249, 02-02250, 02-02252, 02-02253, 02-02254, 02-02255, and 02-02256.

Comments:

Dates and Other Information:

Claim Received Date:
Enlargement Use Priority Date:
Enlargement Statute Priority Date:
State or Federal:
Owner Name Connector: 0
Water District Number:
Generic Max Rate Per Acre:
Generic Max Volume Per Acre:
Swan Falls Trust or Nontrust: False
Swan Falls Dismissed:
DLE Act Number:
Carey Act Number:
Mitigation Plan:

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05/01/2002

IDAHO DEPARTMENT OF WATER RESOURCES
Adjudication Claim Report 2-10018

WATER RIGHT NUMBER: 2-10018

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MAY 24 2002

DEPARTMENT OF WATER RESOURCES

Owner Type Name and Address
Current Owner HULET FARM MANAGEMENT CO
 % JAY H HULET HC 79 BOX 2020
 MURPHY, ID 83650
 (208)834-2738

Priority Date: 12/04/1963
Basis: Beneficial Use
Status: Temporary

Source Tributary
SNAKE RIVER COLUMBIA RIVER

<u>Beneficial Use</u>	<u>From</u> <u>To</u>	<u>Diversion Rate</u>	<u>Annual Volume</u>
IRRIGATION	3/15 to 11/15	6.400 CFS	
	<u>Total Diversion:</u>	6.400 CFS	

Location of Point(s) of Diversion
SNAKE RIVER SE1/4NW1/4 Sec. 30, Twp 02S, Rge 01E, B.M.
OWYHEE County

Place of Use
IRRIGATION

Twp	Rge	Sec	NE				NW				SW				SE				Totals
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
02S	01W	23																	152.0
02S	01W	26			40.0	40.0											38.0	36.0	154.0

Total Acres: 306

Conditions of Approval:Remarks:

1. General THIS CLAIM FILED AS A BENEFICIAL USE CLAIM AND IS BASED ON PERMIT 02-02251 THAT HAS LAPSED BUT COULD BE REINSTATED.

Comments:Dates and Other Information:

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CUSTOMER CONSENT FORM

(To Release Idaho Power Company Customer Account Information)

I, the customer of record, do hereby agree and allow Idaho Power Company to release the following account information (Indicate information to be released):

- ☒ Electrical Usage
☒ Irrigation Information
☐ Credit Information
☒ Service Location / Address
☐ Other _____

This information may be released to the following person(s) or representative of the following organization(s):

Name I.D.W.R. BOR
Address _____

Information may be released on the following account:

Name Falcon Butte Farms
Service Location Murphy Idaho
Pump # 1088
Account Number 6215418877

List additional accounts on the back.

Signed Falcon Butte Farms [Signature] Date 5/24/02
CUSTOMER OF RECORD

DBA _____

This authorization is valid until 12/1/02 (Date)

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NOV 14 2003

FALCON BOIR
2-10018
2-10017

Sheet1

ATTACHMENT B

T2S R1W

	A	B	C	D	E	F	G	H
1	FIELD	ACRES	TO BE FARMED	BOR	LEASE	PLANNED DEVELOPMENT		
2	1	79				79		
3	2	40				40		
4	3							
5	4	155	155					
6	5							
7	6							
8	7	41.7			41.7			
9	8	127	127					
10	9							
11	10	123			123			
12	11							
13	12	53.3			53.3			
14	13	35.4			35.4		MAIN	OUTDIVE
15	14							
16	15							
17	16							
18	17	70			70			
19	18	128.5			128.5		PAD	MAINLINE
20	19	131.9	131.9					
21	20	119.4	119.4					
22	21	60			60			
23	22							
24	23							
25	24							
26	25	106.1	106.1					
27	26							
28	27							
29	28	122.2	122.2					
30	29	126.3			126.3			
31	30							
32	31	5.6				5.6		
33	32	73.5				73.5		
34	33	124.9	124.9					
35	34							
36	35	128.6			128.6			
37	36							
38	37							
39	38	125.6			125.6			
40	39	19				19		
41	40	16.1				16.1		
42	41							
43	42							
44	43							
45	44	33.8				33.8		
46	45	37.5			37.5			
47	45A	90	90					
48	46	125				125		
49								
50		2298.4	976.5		929.9	392		2298.4

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MAY 24 2002

DEPARTMENT OF WATER RESOURCES

NOV 14 2003

TOTAL FOR LEASE 929.9

MAY 24 2002

DEPARTMENT OF WATER RESOURCES

Sinker Butte Farm**Lease With Option to Purchase**

This Lease with Option to Purchase (hereinafter "Agreement") is made between Jay Hulet and all other owners of Sinker Butte Farm, including the 160 acre parcel located within the Sinker Butte Farm further discussed in paragraph "Lessor's Obligations (C)" (hereinafter "Lessor" or "Seller") and George Grant and Errol Carlsen, (hereinafter "Lessee" or "Buyer").

Lessor, in consideration of the covenants and agreements hereinafter mentioned, to be kept by Lessee, leases to Lessee all those premises situate in Owyhee County, Idaho, known as the Sinker Butte Farm, and described in Addendum 1, attached hereto and incorporated herein (hereinafter "Property").

1. **Term of Lease.** Lessee shall have and hold the herein described premises, with all the privileges and appurtenances belonging to the same, from the dates set forth in this Lease for the term of 7 years (until the end of 2004). Lessee shall lease said property for three years, and thereafter shall have the option to lease said property on a year to year basis, providing Lessor with written notice of intent to lease by December 1 of the year preceding said lease.

2. **Lease Acreage.** During 1998, Lessee shall lease an amount of acres to be agreed upon between Lessor and Lessee. During 1999, Lessee shall lease an amount of acres, not less than leased in 1998, to be agreed upon between Lessor and Lessee. During 2000 and subsequently, Lessee shall lease the entire farm comprising approximately 2500 acres.

3. **Lease Payments.**

4. **Farm Improvements.** In addition to the lease payments noted above, Lessee shall finance and oversee the reconditioning or replacement, and wiring of main electric motors, pumps, and panels at the main pumping station. The Lessee shall finance and oversee the necessary work needed to bring the canal back to working order. The Lessee shall finance and oversee the installation of the field irrigation equipment, including sprinkler systems, mainline, auxiliary pumps, panels, and wiring as needed. The improvements noted in this paragraph shall be done as needed to farm the acreages agreed upon between Lessor and Lessee during the first two years. Thereafter, the improvements noted in this paragraph shall be completed as determined by Lessee.

Lessor and Lessee shall make an inventory of existing equipment on the property. Lessor shall retain full ownership interest in said equipment. Lessee may sell or trade said equipment for equipment of equal or greater value, but Lessor shall retain an ownership interest in the new equipment not less than the value of the equipment disposed of. Lessee agrees not to use any

1 - LEASE WITH OPTION TO PURCHASE

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NOV 14 2003

of the equipment or value derived therefrom as a part of a required lease payment.

5. Lessor's Obligations.

A. Encumbrances. Lessor shall provide Lessee with a detailed written description of all encumbrances on the property.

B. With Idaho Power. Lessor shall negotiate with and obtain from Idaho Power the necessary transformers and cause them to be installed. The cost of transformer installation not paid by Idaho Power shall be paid by Lessee. Lessor shall assist Lessee in obtaining a power contract with Idaho Power which is satisfactory to Lessee. Lessor shall provide assurance satisfactory to Lessee regarding the installation of the transformers and the procurement of the power contract prior to the Lessee placing a deposit with the pump repair contractor for the work at the main pumping station as noted in this Agreement.

C. 160 Acre Parcel. The approximately 160 acre parcel lying inside the Sinker Butte Farm is included in this agreement. Lessor guarantees said parcel will be made available to Lessee under the same terms and conditions as the main farm. Lessor warrants he has control over this parcel and has the right and ability to perform as described in this paragraph and this Agreement. Lessee may initiate the lease of this property at any time during the 7 years duration of this Lease With Option to Purchase.

Should Lessee exercise the option to purchase the main farm, said parcel will be included in the purchase with the main farm. The purchase price described in paragraph "Option to Purchase" will be increased by [REDACTED]. The purchase of said parcel will be under the same terms as the main farm. Lessor shall take those steps necessary to insure the terms of this Agreement regarding said parcel are implemented with all reasonable speed.

D. CRP Removal. When Lessor receives proof of deposit and the guarantee satisfaction letter from the contractor noted in "Lessee's Obligations," Lessor shall make application to remove the appropriate acreage of farm ground from the CRP Program. The effective date of this contract is the effective date of the CRP removal.

E. To Lessee. Lessor promises and agrees to furnish the Property and to let the Lessee into possession of said premises on the date of execution of this lease and permit the Lessee the quiet and peaceful possession of the Property so long as the Lessee abides by the terms of this agreement.

F. Taxes. Lessor promises and agrees to pay all real property taxes on the Property through the term of the lease, subject to Lessee's repayment as part of the purchase price as noted in paragraph "Option to Purchase."

6. Lessee's Obligations. Upon receipt of the written description of all encumbrances and assurance satisfactory to Lessee as set forth in paragraphs A and B of "Lessor's Obligations," Lessee shall get a bid for the first year's costs to make the 3 main pumps, electric motors, and panels fully operational. Lessee shall pay the deposit to the company awarded the bid, and guarantee payment in full. Lessee shall provide Lessor with proof of deposit and a letter from the contractor demonstrating their satisfaction with the payment guarantee. Lessor shall not be under any obligation to remove the acreage from CRP until he receives the proof of deposit and payment guarantee.

2 - LEASE WITH OPTION TO PURCHASE

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NOV 14 2003

7. **Other Tenants.** The Lessee will ensure the farming of the leased land which may include leasing some or all of the irrigated land to farmers other than the Lessee.

8. **Termination.** Lessee guarantees to pay the first three year's lease on all irrigation improvements made to the farm. In the event the lease is terminated thereafter, Lessee shall have the right to remove said equipment, subject to Lessor's first right to assume the lease or loan obligations for the equipment. Lessor hereby agrees to allow Lessee's finance entities or leasing entities to enter upon said property to remove all irrigation equipment, subject to Lessor's first right to assume the loans and leases or purchase said irrigation equipment. Neither Lessee nor any entity Lessee is obligated to shall have the right to remove the main pumps, electric motors, and panels at the main pumping station, and those items will be the property of Lessor upon their completion. In the event there are any balances owing on the main pumps, electric motors, and panels at the main pumping station, Lessee shall be responsible to pay those outstanding balances.

9. **Option to Purchase.** Lessor hereby gives and grants Lessee the exclusive option to purchase the said Property during or at the expiration of this lease. It is agreed that the Lessee shall have the sole right to purchase said property at any time during the term of this lease (through 2004), or any extension or renewal thereof, together with all structures, equipment, and improvements thereon, [REDACTED], plus the property taxes Lessor has paid on the ground during the term of the lease, "less a credit" of 80% of all lease payments made by Lessee. In the event Lessor sells said property during the term of this lease to any other person except the Lessee, said sale will not diminish any of Lessee's rights to lease or purchase the property in accordance with this Agreement. In the event Lessor sells said property during the term of this lease to any other person except the Lessee, Lessor shall immediately notify Lessee of such sale in writing. Lessor shall not encumber the property during the term of this lease to any other person except the Lessee. The purchase price includes all water and mineral rights which accompanied the property as of August, 1997, and any additional water and mineral rights added thereafter.

10. **Terms of Purchase.** In the event Lessee exercises his right to purchase the property herein described, payment shall be made in the form [REDACTED] and Lessor shall carry the balance owing with a schedule of payments equal to a thirty year amortization, at a 7% interest rate, with a balloon payment for the entire amount at the end of 15 years.

11. **Exercise of Option.** This option shall be exercised if at all by written notice given to Lessor at any time during the lease period, which notice shall specify Lessee has elected to exercise this option. This option may be exercised only with respect to the entirety of the Sinker Butte property. Upon exercise of this option, Lessor shall be obligated to sell the property to Lessee, and Lessee shall be obligated to purchase the property, for the price and in the manner herein set forth. Within ten (10) days after Lessor receives notice of Lessee's exercising his option to purchase said Property, Lessor shall deliver to Lessee a preliminary title insurance report on said Property. Lessor and Lessee shall complete and execute a Contract of Sale of Real Property in conformity with the Lease With Option to Purchase, a copy of which is

3 - LEASE WITH OPTION TO PURCHASE

MICROFILMED

NOV 14 2003

SCHEDULE A

Effective Date: August 1, 2001 @ 7:30 a.m. Commitment No: PO4110-2nd Commitment

To:
PIONEER TITLE COMPANY OF CANYON COUNTY
Escrow Department
Attn: Blanca Acosta PN64642

Escrow inquiries should be directed to:
Blanca Acosta [REDACTED]
Title inquiries should be directed to:
Michael D. Thill

Policy or Policies to be issued:

Amount

Fee

Owner's Policy -
ALTA Form 1402.92 (10-17-92)
Proposed Insured:

Loan Policy - STANDARD
ALTA Form 1056.92 (10-17-92)
Proposed Insured:
[REDACTED]

Endorsements:

3. Fee simple interest in the land described in this Commitment is owned, at the Commitment Date by:

TRACT I:
JAY H. HULET, also known as JAY HULET, and GERTRUDE HULET, husband and wife

TRACT II:
JAY H. HULET and GERTRUDE HULET, husband and wife

TRACT III:
THE STATE OF IDAHO

4. The land referred to in this Commitment is described as follows:

See Attached Exhibit "A"

PN4110-2nd Commitment

Exhibit "A"

TRACT I:

All in Township 2 South, Range 1 West, Boise Meridian, Owyhee County, Idaho.

- Section 14: The SW1/4SE1/4 and the S1/2SW1/4
Section 15: The SE1/4NE1/4, the SE1/4 and the E1/2SW1/4
Section 21: The SE1/4SE1/4
Section 22: The E1/2, the SW1/4, and the E1/2NW1/4
Section 23: The W1/2 and the W1/2E1/2
Section 26: The W1/2 and the W1/2E1/2
Section 27: All
Section 34: The N1/2NE1/4 and the NE1/4NW1/4

TRACT II:

In Township 4 South, Range 1 East, Boise Meridian, Owyhee County, Idaho.

Section 1: Lots 2, 3 and 4, SW1/4 NE1/4, S1/2 NW1/4, SW1/4, W1/2 SE1/4

EXCEPT a portion of W1/2 NW1/4 and of SW1/4 that lies Westerly of a line and Northerly of said irrigation ditch, said line and ditch being more particularly described as follows:

COMMENCING at the Northwest corner of said Section 1; thence
South 89° 47'40" East along the North boundary of said Northwest Quarter of the
Northwest Quarter, Section 1 a distance of 434.91 feet to the TRUE POINT OF BEGINNING;
thence

South 50° 18'33" East a distance of 205.14 feet; thence
South 46° 15'23" East a distance of 108.41 feet; thence
South 20° 46'08" East a distance of 95.00 feet; thence
South 0° 14'15" West a distance of 377.58 feet; thence
South 25° 11'43" West a distance of 88.00 feet; thence
South 9° 52'00" West a distance of 54.43 feet; thence
South 21° 16'02" East a distance of 77.07 feet; thence
South 39° 18'21" East a distance of 281.33 feet; thence
South 18° 37'25" East a distance of 96.39 feet; thence
South 9° 29'26" West a distance of 41.48 feet; thence
South 31° 37'45" West a distance of 113.25 feet; thence
South 19° 16'38" West a distance of 142.14 feet; thence
South 36° 22'41" West a distance of 74.77 feet; thence
South 44° 45'57" West a distance of 112.82 feet; thence
South 30° 19'46" West a distance of 52.82 feet; thence
South 15° 33'05" West a distance of 153.08 feet; thence
South 8° 29'25" East a distance of 88.15 feet; thence
South 27° 55'28" East a distance of 64.90 feet; thence
South 53° 16'26" East a distance of 116.21 feet; thence
South 20° 00'03" East a distance of 66.60 feet; thence

RECEIVED

MAY 24 2002

DEPARTMENT OF WATER RESOURCES

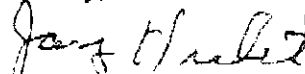
Jay Hulet
HC 79, Box 2020
Murphy, Idaho 83650
December 19, 2001

To Whom It May Concern:

I am leasing the subject property (legal description and verification of ownership attached) to Falcon Butte Farms, Inc. I am aware of the plans to apply Sorrento waste materials to the fields, and I hereby grant my permission to Falcon Butte Farms, Inc. and Sorrento to do so.

Do not hesitate to contact me should you have any questions.

Sincerely,


Jay Hulet

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NOV 14 2003



An IDACORP Company

IDAHO POWER COMPANY
P.O. BOX 70
BOISE, IDAHO 83707

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SEP 27 2002

DEPARTMENT OF WATER RESOURCES

Falcon Butte Farms
Falcon Butte Farms Inc.
17649 Can Ada Rd
Nampa, ID 83857-8319

March 20, 2001

Dear Customer:

This letter is to confirm that your Offer to Reduce Electrical Energy Consumption submitted in response to Idaho Power Company's Request for Proposals issued February 16, 2001, has been accepted. Enclosed is a copy of your Offer to Reduce Electrical Energy Consumption which is signed by Idaho Power Company. Also enclosed is a copy of your Offer Form Worksheet which details the Offered Energy Reduction of 8,361,916 you have committed to provide during the 2001 growing season and the Base Energy Consumption Amount of 8,361,916 from which the actual energy reduction provided will be computed.

As stated in Idaho Power's Request for Proposals, the metered service points included in your accepted offer must remain connected for electric service during the full term of the program. If you have metered service points that are currently not connected for service, you do not need to contact us. Idaho Power will confirm that each metered service point is connected for service, and if it is not, will coordinate to have our crews perform the necessary work. If you prefer to have your service disconnected during the winter, you may contact us after November 15, 2001 to request a service disconnection.

As a condition for participating in the Irrigation Buy Back Program, you are required to remain as the responsible party for each of the metered service points included in your accepted offer. If you become the responsible party for additional metered service points not included in your offer, Idaho Power will include the energy consumption for each additional metered service point in computing both a revised Base Energy Consumption Amount and the actual energy reduction provided. Becoming the responsible party for metered service points not included in your offer could affect your ability to provide the energy reduction committed to in your offer.

Idaho Power will begin making monthly payments in May for energy reductions actually provided, as detailed in the Request for Proposals. If you would prefer to have your payments deferred until 2002, please contact us. Interest will not be paid on deferred payments.

We look forward to your participation in this program. If you have any questions, please feel free to contact us.

Sincerely,

Idaho Power Company

Contact Numbers:
In Boise 388-2323
Outside Boise 1-800-488-6151

MICROFILMED

NOV 14 2003



OFFER FORM WORKSHEET

Bid #

2

Account Information as of: 2/13/2000

Tax ID #: 820501117T

Base Energy Consumption Amount

8,361,916

-6,477,208-

Offered Energy Reduction
(kWh)

8,361,916

Bid Price
(Cents per kWh)

15¢

FALCON BUTTE FARMS

17649 CAN ADA RD

NAMPA, ID 83687-8319

of Acres / County Name

of Acres taken
out of Production
(By County Name)

0 - Owyhee

of Acres / County Name

IRRIGATION METERED SERVICE POINTS

Meter Ser #	IPCo Location #	Service City	HP	Max kW	Avg kWh	kWh Reduced
2080991	1082 HP 50	MURPHY	50	40	97833 70,100	97,833
2060990	1086 HP 75	MURPHY	75	81	9,278 101,490	121,278
1826095	1088 HP 4200	MURPHY	3,600	3,520	24,655 10,440	6,846,000
355460	1090 HP 800	MURPHY	800	382	109,328 100,000	109,328
2453865	1094 HP 5 PIVOT	MURPHY	5	153	2058 82,042	2058
2453827	1098 HP 5 PIVOT	MURPHY	60	50	14,601 28,900	14,601
2080993	1098 HP 110	MURPHY	110	87	81886 100,000	181,826

Adjusted/Rex ^{2/24/02}
2000 AVG. NEW TOTAL = 8,361,916 kWh

RECEIVED

SEP 27 2002

DEPARTMENT OF WATER RESOURCES

*5 year history (last 50 years not available)

MICRON

NOV 14 2003

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SEP 27 2002



ATTACHMENT A TO RFP

FEBRUARY 16, 2001

DEPARTMENT OF WATER RESOURCES

OFFER TO REDUCE ELECTRICAL ENERGY CONSUMPTION

This offer is made in response to the Request for Proposals ("RFP") issued by Idaho Power on or about February 16, 2001. The undersigned is an irrigation customer of Idaho Power receiving service under Rate Schedule 24 ("Bidder"). In consideration for the compensation specified on the attached worksheet, Bidder hereby offers to reduce its consumption of electrical energy in the total amount specified on the attached worksheet ("Offered Energy Reduction") during the 2001 growing season.

1. Bidder Data

Bidder's name: FALCON BUTTE FARM INC.
 Mailing address: 17649 CAN AD RD, NAMPA, ID 83687
 Telephone No.: (208) 431-9911 (503) 702-1809
 Fax No. (if any): _____
 E-mail (if any): _____

Bidder is a (select one) () sole proprietor, () general partnership,
 (X) corporation, () limited partnership, () limited liability company,
 () other _____.

If the information provided by Bidder in this Paragraph 1 is different than the information shown on the attached worksheet, please mark this box. ☐

2. Bidder Verification of Data On Worksheet. Bidder understands that the information concerning the Bidder and the metered service points for Bidder shown on the attached worksheet are based on the best information currently available to Idaho Power. Bidder states that it has carefully reviewed the metered service points data and consumption data for each metered service point shown on the attached worksheet. Bidder has verified with Idaho Power any corrections to the data and has

Indicated those corrections to the data on the space provided on the worksheet.

RECEIVED

SEP 27 2002

3. Contract Terms and Conditions. By making this offer, Bidder agrees that it will comply with all of the terms, conditions, warranties, covenants and representations contained in the RFP, and acknowledges that all of the definitions, terms, conditions, warranties and covenants contained in the RFP are included in this offer by reference.
4. Binding Agreement. The undersigned Bidder understands that this offer is binding and if this signed offer is accepted by Idaho Power, this offer will constitute a contract between Idaho Power and the Bidder. Bidder further understands that Idaho Power has encouraged Bidder to consult legal counsel prior to signing this offer. Bidder further understands that if Idaho Power has not notified Bidder of its acceptance of this offer by 5:00 p.m. (MST) on March 15, 2001, the offer is deemed rejected, but this offer cannot be withdrawn or revoked by Bidder prior to that time.

Offered:

By Errol Carlson
Irrigation Customer - Bidder

Its President - Eden Butte Farms, Inc.
Date 2-27-2001

Accepted:

IDAHO POWER COMPANY

Maggie Bailey

Page 2

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NOV 14 2003

**NOW
STARTING
RIGHT
SIDE OF
FILE**



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

December 17, 2003

ERROL CARLSEN
FALCON BUTTE FARMS INC
PO BOX 2006
HAILEY ID 83333

**RE: FINAL PAYMENT FOR RENTAL OF WATER FROM SNAKE RIVER THROUGH
THE WATER SUPPLY BANK. WATER RIGHT NOS. 2-2249, 2-2250, 2-2251,
2-2252, 2-2253, 2-2254, 2-2255, 2-2256, 2-2361, AND 2-7001**

Dear Mr. Carlsen,

All or portions of the water rights referenced above were leased to the Water Supply Bank ("bank") during the 2003 irrigation season in accordance with Agreement No. 1425-03-MA-10-3960 ("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 **\$194,485.59** to be sent directly to the address listed above.

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.

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. 1425-03-WL-10-2003 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 2003, said agreement dated June 25, 2003 ("Contract").

The Agreement and Contract specify that one half of the estimated payment will be paid on or around July 1, 2003, and the second half shall be issued after the irrigation season has ended. The total payment to Falcon Butte Farms was calculated based on the total number of acres determined to be eligible for payment times the corresponding payment rate (\$150.00 or \$108.00 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

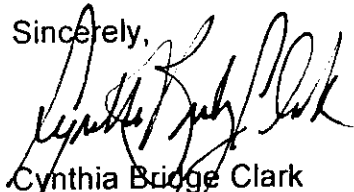
acres determined to be eligible.

Below is a summary of the payments to Falcon Butte Farms 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
3126.9	3126.9	0.0	\$108.00	\$151,967.34	\$151,967.34	\$303,934.68
629.9	629.9	0.0	\$150.00	\$42,518.25	\$42,518.25	\$85,036.50
TOTALS:				\$194,485.59	\$194,485.59	\$388,971.18

This payment, in the amount of \$194,485.59 is considered to be the final payment for the rental of water rights for the 2003 irrigation season. If you have questions, please feel free to contact the department.

Sincerely,

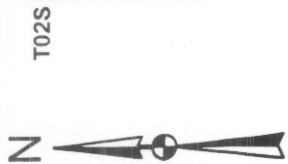


Cynthia Bridge Clark
Associate Engineer
Water Allocations Bureau

Enclosure

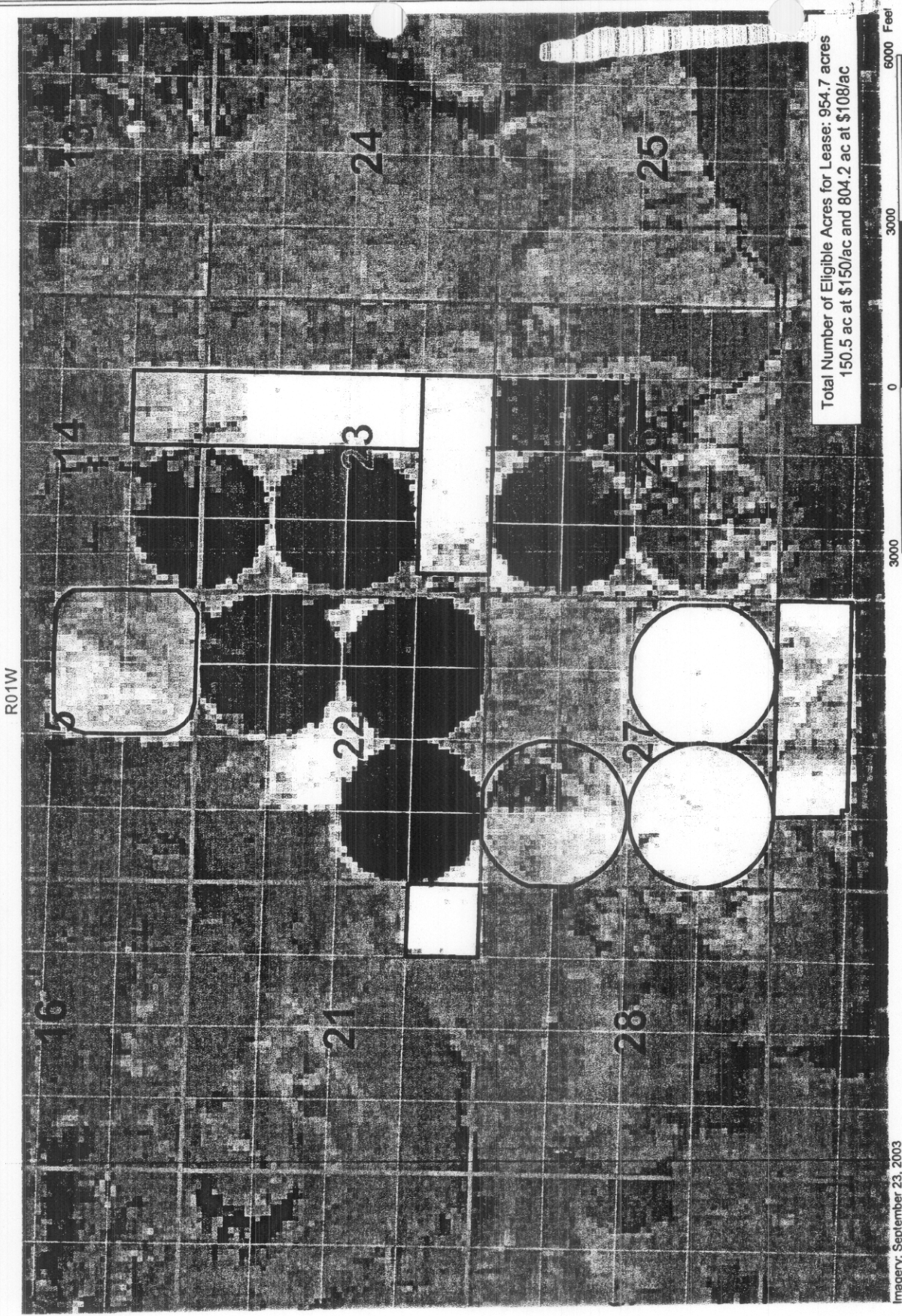
c: IDWR Western Region

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



Prepared by: M. Wilkins
Idaho Department of Water Resources
1301 North Orchard Street
Boise, ID 83726
(208) 372-7200

- ☐ ELIGIBLE
- ☐ INELIGIBLE
- ☐ QUESTIONABLE
- ☐ Township/Range Lines
- ☐ Section Lines
- ☐ Quarter/Quarter Lines



Imagery: September 23, 2003

Falcon Butte North

2003 Snake River Pilot Leasing Program
Rental of Water from the Water Supply Bank

Prepared: December 2, 2003

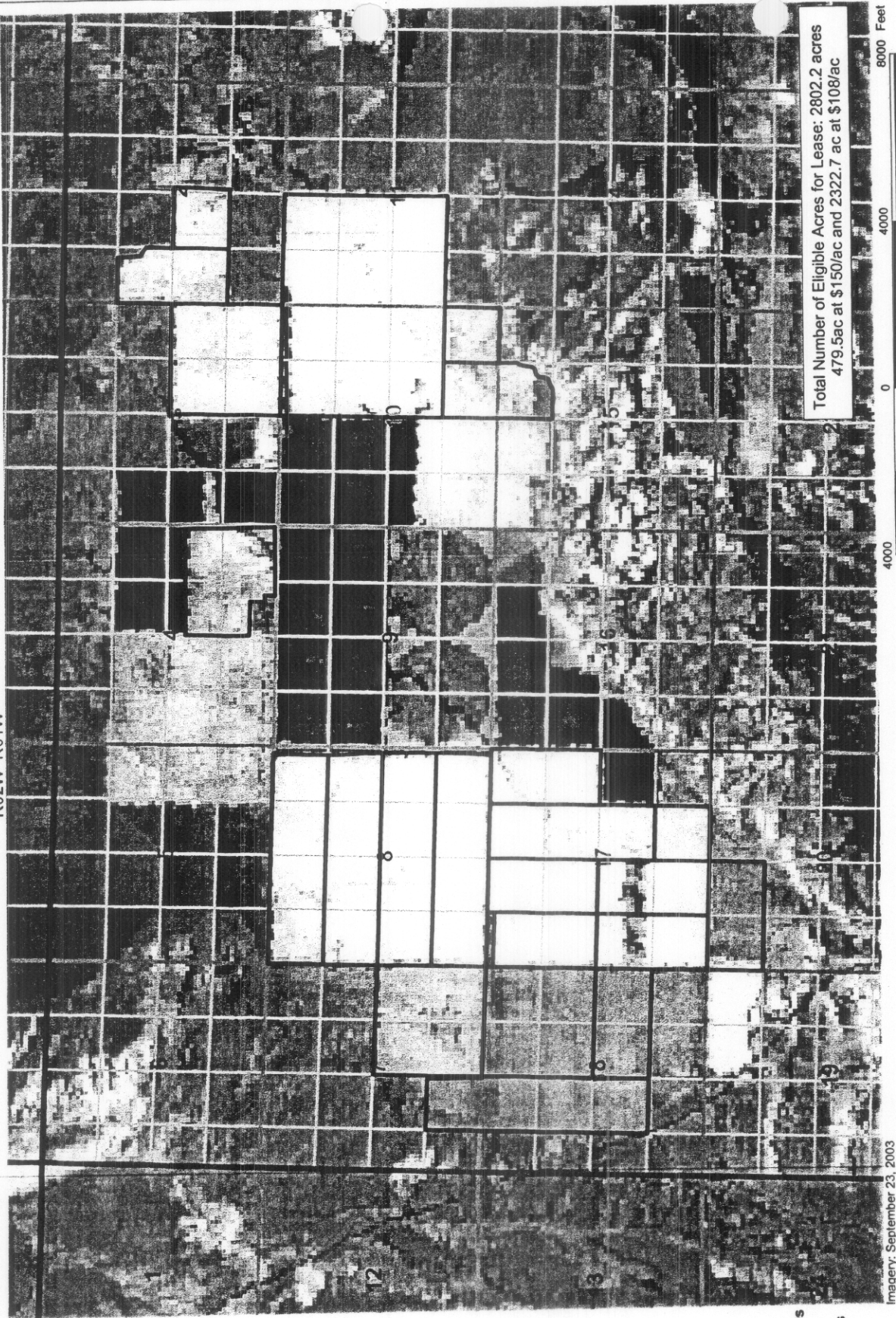


Prepared by: M. Wilkins
Idaho Department of Water Resources
1301 North Orchard Street
Boise, ID 83706
(208) 327-7900

- ☐ ELIGIBLE
- ☐ INELIGIBLE
- ☐ QUESTIONABLE
- ☐ Township/Range Lines
- ☐ Section Lines
- ☐ Quarter/Quarter Lines

R02W R01W

T03S



Imagery: September 23, 2003

4000 0 4000 8000 Feet

Total Number of Eligible Acres for Lease: 2802.2 acres
479.5ac at \$150/ac and 2322.7 ac at \$108/ac

Falcon Butte South

2003 Snake River Pilot Leasing Program
Rental of Water from the Water Supply Bank

Prepared: December 2, 2003



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 25, 2003

ERROL CARLSEN
FALCON BUTTE FARMS
PO BOX 2006
HAILEY ID 83333

**RE: TAX IDENTIFICATION NUMBER. WATER RIGHT NOS. 2-2249, 2-2250, 2-
~~2251~~, 2-2252, 2-2253, 2-2254, 2-2255, 2-2256, 2-2361, AND 2-7001**

Dear Mr. Carlsen:

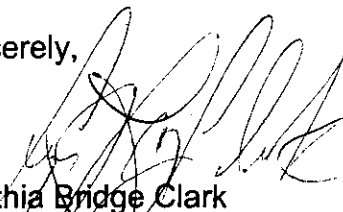
Falcon Butte Farms has leased water rights to the State Water Supply Bank in conjunction with an agreement between the U.S. Bureau of Reclamation and the Idaho Department of Water Resources to implement the rental of water rights under a pilot program to secure natural flow in the Snake River during the 2003 irrigation season. As we discussed over the telephone, a Tax Identification Number is required for the State of Idaho to issue a payment to an applicant leasing rights to the Water Supply Bank through this pilot program.

Please find enclosed a Request for Taxpayer Identification Number and Certification, or W-9 Form, from the Department of the Treasury, Internal Revenue Service. The form should be completed and returned to:

Idaho Department of Water Resources
1301 North Orchard
Boise, Idaho 83706-2237
Attn: Cynthia Bridge Clark

If you have questions, please feel free to contact the Department.

Sincerely,


Cynthia Bridge Clark
Water Allocations Bureau

Encl: 1

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JUL 15 2003



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 7, 2003

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JUL 9 2003

Department of Water Resources

ERROL CARLSEN
FALCON BUTTE FARMS INC
PO BOX 2006
HAILEY ID 83333

RE: APPLICATION TO LEASE PART OF WATER RIGHT NOS. 2-2249, 2-2250, 2-2251, 2-2252, 2-2253, 2-2254, 2-2255, 2-2256, 2-2361, AND 2-7001 TO THE WATER SUPPLY BANK

Dear Mr. Carlsen,

The department has conducted an initial review of Agreement No. 1425-03-MA-10-3960 ("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 2003 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. 1425-03-WL-10-2003 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, said agreement dated June 25, 2003 ("Contract").
2. While part(s) of a right(s) 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(s) will be considered released from the bank on December 31, 2003.

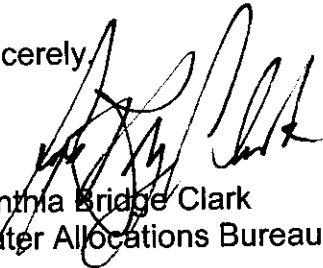
MICROFILMED

JUL 15 2003

The Agreement and Contract specify that one half of the estimated payment will be paid on or around July 1, 2003, and the second half shall be issued after the irrigation season has ended. 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 a ten percent (10%) administrative fee 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 \$194,485.59 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 above.

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

Sincerely,



Cynthia Bridge Clark
Water Allocations Bureau

c: IDWR - W. Region
2-2249, 2-2250, 2-2251, 2-2252, 2-2253, 2-2254, 2-2255, 2-2256, 2-2361, &
2-7001

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

MICROFILMED

JUL 15 2003



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

June 25, 2003

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. 2-2159, 2-2354, 2-2398, 2-7184, 2-7229, 2-2386, 2-2387,
2-2388, 2-7148, 2-2249, 2-2250, 2-2251, 2-2252, 2-2253, 2-2254, 2-2255, 2-
2256, 2-2361, 2-7001, 2-2371, 2-7053, 2-2262, 2-2194A, 2-2194B, 2-2206, 2-
2217, 2-2218, 2-2269, 2-2345, 2-2367, AND 2-2379**

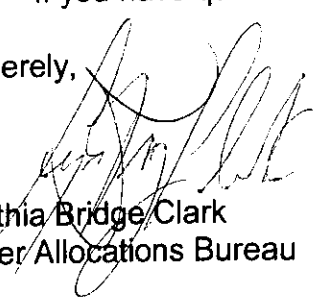
Dear Mr. Bowling:

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 42,182 acre-feet of water from the Snake River during the 2003 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.

The Contract 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, 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

MICROFILMED

JUL 15 2003

Encl: 1

c: IDWR Western Regional Office

Rich Rigby
ESA Coordinator, Bureau of Reclamation
1150 N Curtis, PN 3030
Boise ID 83706-1234

MICROFILMED

JUL 15 2003



An IDACORP Company

RECEIVED

JUN 19 2003

Department of Water Resources

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

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

June 17, 2003

Hal Anderson
State of Idaho
Department of Water Resources
1301 N. Orchard St.
Boise, ID 83720

Dear Hal,

Attached please find signed copies of the Water Bank Rental Application and Rental Agreement pursuant to the agreement between the State of Idaho, Department of Water Resources and the U.S. Bureau of Reclamation for the rental of water in the Middle Snake River for augmentation purposes.

Idaho Power Company has agreed to facilitate this agreement between the above-mentioned parties and is under no financial obligation. As agreed, the U.S. Bureau of Reclamation will be financially responsible for the leased water.

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

Sincerely,

Jonathon C. Bowling, P.E.

c: John P. Prescott
James C. Tucker

MICROFILMED

JUL 15 2003



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

February 6, 2003

GEORGE GRANT
FALCON BUTTE FARM
PO BOX 119
PAUL ID 83347

**RE: FINAL PAYMENT FOR RENTAL OF WATER FROM HIGH-LIFT PUMPERS FROM
THE SNAKE RIVER TO THE WATER SUPPLY BANK. WATER RIGHTS 2-2249,
2-2250, 2-2251, 2-2252, 2-2253, 2-2254, 2-2255, 2-2256**

Dear Mr. Grant:

During the 2002 irrigation season, Falcon Butte Farm leased all or portions of the water right licenses referenced above to the Water Supply Bank ("bank"). Enclosed is a state warrant in the amount of \$24,495.28 for the second and final payment for rental of water from the Water Supply Bank. Also enclosed is a map identifying the lands that qualified for payment.

Payment for rental of the right(s) from the bank was 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 Memorandum of Agreement ("MOA") No. 1425-02-MA-10-3460 between the U.S. Bureau of Reclamation ("USBR") and the Idaho Department of Water Resources ("department"). Eligibility of the lands was verified by the department based on interpretation of satellite imagery and field visits. As specified in the MOA, the rental rate for the right holder is \$45.45 per acre-foot (af). The annual diversion volume was determined using US Geological Survey and IDWR data (up to a maximum of 3 acre-feet per acre). Based on the available data, payment to Falcon Butte Farms will be calculated at the maximum of 3.0 acre-feet per annum per acre (afa per acre).

The total number of acres considered for payment is based on measurement of the lands using available satellite imagery, and may differ from the totals specified on the lease applications to the bank. In the case of Falcon Butte Farm, 724.6 acres were measured and determined to be eligible by the department. The maximum number of acres eligible for payment shall not exceed the total number of acres specified for lease on the entity's application.

On October 28, 2002, the department sent a warrant for \$74,303.93 to Falcon Butte Farm, as the first payment for rental of water from the bank. The first payment was calculated

100 15 2003

based on 75% of the *estimated eligible acres*. Lands recommended for denial or whose eligibility was in question, were not included in the total estimated eligible acres. Two fields totaling 174.8 acres were determined to be ineligible based on criteria set forth in the MOA. Both fields were in the Idaho Power Buy Back Program in 2001, but were not irrigated in 2000. Since the first payment, approximately 2.0 additional acres have been identified as ineligible based on changes to the field boundaries to coincide with the water right place of use limits.

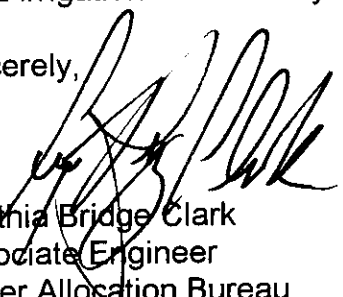
The attached map identifies the eligibility status of lands as determined by the department. It indicates whether the lands are eligible or ineligible, and identifies the number of acres measured.

The total payment issued to Falcon Butte Farm was calculated based on the total number of acres determined to be eligible for payment multiplied by 3.0 afa per acre, and further multiplied by \$45.45 per acre-foot. The second payment represents the difference between the first and total payments. Below is a summary of the payments issued to Falcon Butte Farm for rental of the referenced water rights from the bank:

Acres Requested on Lease App. (ac)	Total Eligible Acres (ac)	Authorized Diversion Rate (afa per acre)	Irrigation Reductions (af)	Total Volume Rented (af)	Payment(s) to Applicant @ \$45.45 per acre-foot		
					1st Payment	2 nd Payment	Total Payment to Applicant
929.9	724.6	3.0	0.0	2173.8	\$74,303.93	\$24,495.28	\$98,799.21

This payment is considered to be the final payment for the rental of water rights for the 2002 irrigation season. If you have questions, please feel free to contact the department.

Sincerely,



Cynthia Bridge Clark
Associate Engineer
Water Allocation Bureau

Enclosures

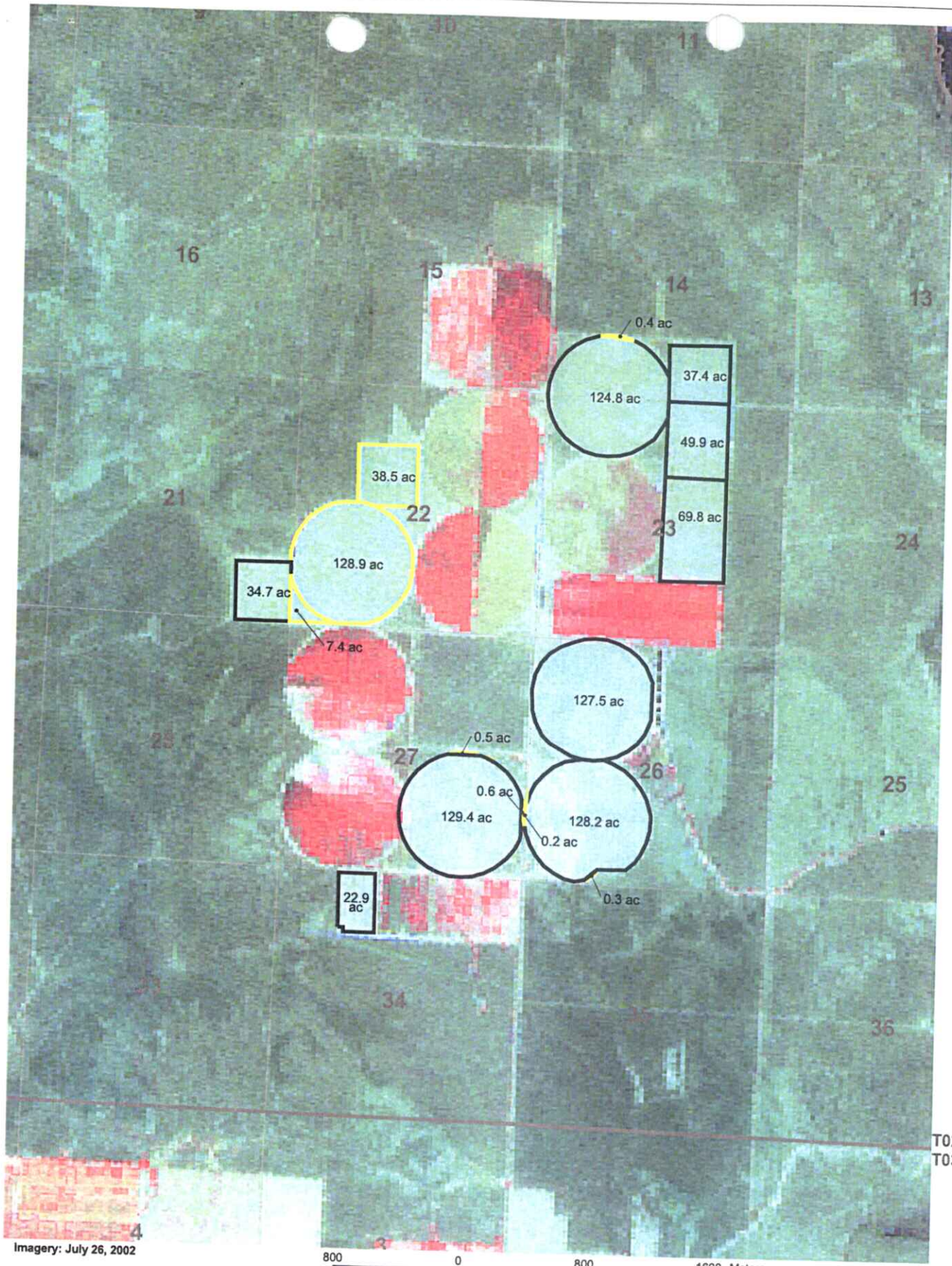
c: Western Regional Office

Rich Rigby, ESA Coordinator
Bureau of Reclamation
1150 N Curtis, PN 3030
Boise ID 83706-1234

Debbie Allen
IDWR, Fiscal Section

MICROFILMED

JUL 15 2003



T02S R01W
T03S R01W

Imagery: July 26, 2002

800 0 800 1600 Meters

ELIGIBLE
INELIGIBLE
Township/Range Lines
Section Lines

Falcon Butte Farms

Acreages for Final Payment for Rental of Water from
High-Lift Pumpers from the Snake River to the Water Supply Bank

Prepared: February 5, 2003



Prepared by: M. Wilkins
Idaho Department of Water Resources
1301 North Orchard Street
Boise, ID 83706
(208) 327-7900



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

October 28, 2002

GEORGE GRANT
FALCON BUTTE FARM
PO BOX 119
PAUL ID 83347

**RE: PAYMENT NO. 1 FOR RENTAL OF WATER FROM HIGH-LIFT PUMPERS
FROM THE SNAKE RIVER TO THE WATER SUPPLY BANK**

Dear Mr. Grant:

On September 5, 2002, the Department of Water Resources ("department") requested confirmation of the payment schedule preferred by the High-Lift Pumpers leasing water to the Water Supply Bank ("bank"). Falcon Butte Farm ("Falcon Butte") identified Option 2, which provides for one partial payment of up to 75% of the total potential payment to be issued prior to final review, and a second payment for the remaining sum to be issued after eligibility findings are finalized by the department.

Enclosed is a state warrant in the amount of \$74,303.93 for the first payment for rental of water from High-Lift Pumpers from the Snake River to the Water Supply Bank. Also enclosed is map identifying the lands that qualified for the first payment.

Estimates of lands eligible for payment are based on review of associated water rights, satellite imagery interpretations, field visits, and flow measurements in accordance with the criteria delineated in Memorandum of Agreement ("MOA") No. 1425-02-MA-10-3460 between the U.S. Bureau of Reclamation ("USBR") and the Idaho Department of Water Resources. As specified in the MOA, the rental rate is \$45.45 per acre-foot, and the annual diversion volume was determined using US Geological Service and IDWR data (up to a maximum of 3 acre-feet per acre). Based on the available data, the annual diversion volume for Falcon Butte is 3.0 acre-feet per acre (afa).

The first payment has been calculated based on 75% of the *estimated eligible acres only*. Lands that will be recommended for denial or whose eligibility is in question, have not been included in the total estimated eligible acres. Please note, that the total acres are based on those measured using available satellite imagery, and may differ from the totals specified on the applications to the bank. The maximum number of acres eligible for payment shall not exceed the total number of acres identified on the entity's application. Additionally, please note that the eligibility status is yet to be finalized and may change pending final review.

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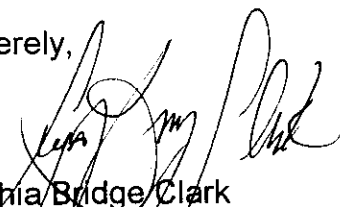
The attached map identifies the eligibility status of lands based on the review to date. It indicates whether the lands are eligible, ineligible or whether there are questions surrounding their eligibility at this time.

Below is a total summary for the first payment:

Acres Requested on App.	Estimated Eligible Acres	Acre-feet per acre	Estimated Eligible Acre-feet	Estimated 1st Payment (75%)	Estimated Payment(s) @ \$45.45 per acre-foot 2nd Payment (25% or remainder)	Estimated Total Payment
929.9	726.6	3.0	2179.8	\$74,303.93	\$24,767.98	\$99,071.91

If you have questions, please feel free to contact the department.

Sincerely,



Cynthia Bridge Clark
Associate Engineer
Water Allocation Bureau

Enclosures

c: Western Regional Office
Water right nos. 2-2249, 2-2250, 2-2251, 2-2252, 2-2253, 2-2254,
2-2255, 2-2256

Rich Rigby, ESA Coordinator
Bureau of Reclamation
1150 N Curtis, PN 3030
Boise ID 83706-1234

Debbie Allen
IDWR, Fiscal Section

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JUL 15 2003



Imagery: July 26, 2002

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JUL 15 2003

800 0 800 1600 Meters

- ELIGIBLE
- INELIGIBLE
- Township/Range Lines
- Section Lines



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

Falcon Butte Farms
Payment No.1 Acreage Estimates for Rental of Water from
High-Lift Pumpers from the Snake River to the Water Supply Bank

Prepared: October 1, 2002

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SEP 16 2002

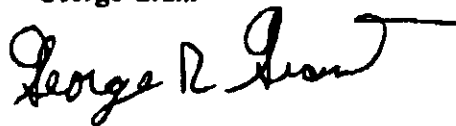
DEPARTMENT OF WATER RESOURCES

Dear Mrs. Clark,

Please accept this letter on behalf of Falcon Butte Farms and George Grant, Murphy Flats Farm.

Both farms request option two outlined in your letter of Sept. 5 2002. We request that 75% of the payments for water rentals be made immediately and the remaining 25% be paid Jan. 1st 2003.

Sincerely yours,
George Grant



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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

September 5, 2002

GEORGE GRANT
FALCON BUTTE FARM
PO BOX 119
PAUL ID 83347

**RE: PAYMENT SCHEDULE FOR RENTAL OF WATER FROM THE WATER
SUPPLY BANK; LEASED BY HIGH-LIFT PUMPER FROM THE SNAKE
RIVER**

Dear Mr. Grant:

The department has conducted a preliminary review of the Application to Sell or Lease a Water Right to the Water Supply Bank that you submitted to this office in the name of Falcon Butte Farm.

To date, this review includes identification of the associated water rights, and an evaluation of acreage eligibility based on satellite imagery from the 2000 and 2001 irrigation seasons in accordance with the criteria set forth in the Memorandum of Agreement ("MOA") No. 1425-02-MA-10-3460 between the U.S. Bureau of Reclamation and the Idaho Department of Water Resources ("department"), and in the applicant agreement. Confirmation that lands were not irrigated during the 2002 irrigation season will be based on evaluation of satellite images, field visits, and flow measurements.

The purpose of this letter is to request written confirmation of a payment schedule preferred by each applicant. Part II, Section e, of the MOA, states: "IDWR shall make lease payments to the lessor in accordance with a payment schedule acceptable to the lessor, provided that the final twenty-five percent (25%) of the total lease payment shall not be paid until after the end of the irrigation season." The department is prepared to issue payments based on the preliminary review of eligible acres. At least 25% of the total potential payment will be retained until the end of the irrigation season to cover adjustments for any lands found to be ineligible as defined in the MOA.

Options for payment include:

1. One final payment for all of the acres determined to be eligible. The payment will be issued on a preferred date after the end of the irrigation season, once the eligibility findings are complete and an agreement on the total amount is reached between the applicant and the department.

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2. Partial payment(s) up to 75% of the total potential payment, as requested by the applicant, can be issued prior to the final review. At least 25% of the total potential payment will be withheld until the eligibility findings are complete and an agreement on the total amount is reached between the applicant and the department.

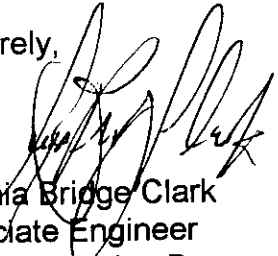
Please submit your request in writing by describing the preferred payment option. Specify the date you would like the final payment issued for option no. 1, or for option no. 2, specify the dates for issuance and the percentage amounts of the early and final payments. All payments will be issued to the name and address provided on the Water Supply Bank application.

Applicants will be notified of the total number of acres determined to be eligible after the irrigation season is complete (November 15, 2002), and will be given an opportunity to appeal any acres found to be ineligible by the department.

Additionally, with regards to late season irrigation, Part II, Section b, of the MOA states: "The rental period shall be from May 1 through the end of the irrigation season, provided that on or before August 15, a lessor who did not divert water prior to acceptance of the lease, may inform Reclamation that the lessor requires the use of water for some period between September 1 and the end of the irrigation season." Please note that the date to request authorization has past. Therefore unless you have already notified the USBR of your intent to use water, late season irrigation is not authorized under the MOA.

If you have questions, please feel free to contact the department.

Sincerely,



Cynthia Bridge Clark
Associate Engineer
Water Allocation Bureau

c: Western Regional Office
Water right nos. 2-2249, 2-2250, 2-2251, 2-2252, 2-2253, 2-2254,
2-2255, 2-2256

Rich Rigby, ESA Coordinator
Bureau of Reclamation
1150 N Curtis, PN 3030
Boise ID 83706-1234

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JUL 15 2003



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 2, 2002

GEORGE GRANT
FALCON BUTTE FARMS
23 FALCON BUTTE RD
PO BOX 71
MURPHY ID 83650

**RE: ELIGIBILITY OF LAND FROM HIGH-LIFT PUMPERS RENTAL AGREEMENT
TO THE WATER SUPPLY BANK**

Dear Mr. Grant:

The Idaho Department of Water Resources has received your letter dated July 8, 2002 regarding the leasing eligibility of two fields associated with the High-Lift Pumpers rental agreement to Water Supply Bank ("bank"). In your letter, you identified two tracts of land that you would like to be considered for entry into the bank.

The purpose of this program is to secure water in the Snake River during the 2002 irrigation season from acres that otherwise would have been irrigated this season. It is particularly difficult to document the intent to irrigate a specific parcel of land with larger farms exercising crop and field rotation, and participating in alternative irrigation programs such as the CRP, the Idaho Power Buyback Program of 2001, and Idaho Power Time-of-Use Rates. Therefore, criteria by which land will be considered eligible for lease from the bank by Idaho Power Company was defined in Memorandum of Agreement ("MOA") No. 1425-02-MA-10-3460 between the U.S. Bureau of Reclamation and the Idaho Department of Water Resources, and the attachment to the Water Supply Bank application, signed by you on May 24, 2002.

The eligibility criteria set forth in the MOA was established to ensure that the water associated with the proposed acres has been diverted from the river during the irrigation season in recent years, and would have been diverted during the 2002 season as well. The criteria also allows administrators of the Water Supply Bank to be consistent in evaluating the recent historic use of water on each proposed acre of land, lending credibility to the objectives of the program.

In your letter, you described two fields, a 125 acre circular field and a 35.4 acre square field, that have not been irrigated as outlined in the eligibility criteria. In both cases, the fields were in the Idaho Power Buyback Program in 2001, but were not irrigated in the

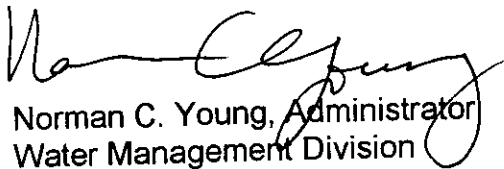
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year 2000 in accordance with no. 2 of the eligibility criteria. Given that this year's arrangement to lease water from High-Lift pumpers from the Snake River is a pilot program that has demanded extensive processing resources to assure that implementation meets the goal of actually securing increased river flows, it's success depends upon consistent administration by the Department and participation by the applicants. Therefore, only acres qualifying under the eligibility criteria described by the MOA will be approved for lease. Though we appreciate that there may have been an intent to irrigate both the identified parcels during the 2002 irrigation season, the water associated with these acres will not be eligible for lease from the bank under this program.

Please feel free to contact this office if you have additional questions.

Sincerely,



Norman C. Young, Administrator
Water Management Division

c: Rich Rigby
ESA Coordinator
Bureau of Reclamation
1150 N Curtis, PN 3030
Boise ID 83706-1234

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NOV 14 2003



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, 2002

GEORGE GRANT
FALCON BUTTE FARM
PO BOX 119
PAUL ID 83347

RE: APPLICATION TO LEASE PORTIONS OF WATER RIGHTS 2-2249, 2-2250, 2-2251, 2-2252, 2-2253, 2-2254, 2-2255, AND 2-2256 TO THE WATER SUPPLY BANK

Dear Mr. Grant:

The department has conducted an initial review of the Application to Sell or Lease a Water Right to the Water Supply Bank ("bank") that you submitted to this office in the name of Falcon Butte Farm. The application was submitted in connection with the lease of water rights ("rights") from high-lift pumpers on the Snake River.

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

1. Payment for 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 Memorandum of Agreement ("MOA") No. 1425-02-MA-10-3460 between the U.S. Bureau of Reclamation and the Idaho Department of Water Resources regarding Rental of Water From High-Lift Pumpers on the Snake River, said agreement dated May 10, 2002.
2. While part(s) of a right(s) is in the bank, the owner of the right may not use that part of the right. As specified in the MOA, however, a lessor who did not divert water prior to the acceptance of the lease may give notice that the lessor requires the use of water on and after September 1, 2002 for land or crop preparation purposes for the 2003 irrigation season.
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.

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JUL 15 2003

5. The right(s) will be considered released from the bank on December 31, 2002.

If you have questions, please feel free to contact the Department.

Sincerely,

A handwritten signature in black ink, appearing to read "L. Glen Saxton". The signature is fluid and cursive, with the first name "L." being small and the last name "Saxton" being larger and more prominent.

L. GLEN SAXTON, P.E.
Chief, Water Allocation Bureau

- c: IDWR Regional Office
Water right nos. 2-2249, 2-2250, 2-2251, 2-2252, 2-2253, 2-2254,
2-2255, 2-2256

Rich Rigby
ESA Coordinator
Bureau of Reclamation
1150 N Curtis, PN 3030
Boise ID 83706-1234

MICROFILMED
JUL 15 2003

July. 8 2002

George Grant
Vice-President, Falcon Butte Farms
23 Falcon Butte Road
P.O. Box 71
Murphy, ID 83650

IDWR and BOR
Boise Idaho

Re: Land not farmed in 2002

TO IDWR AND BOR

In regards to Falcon Buttes water bank request. Two tracts of land which Falcon Butte requested entry into the water bank for purposes of the BOR rental were not farmed in crop year 2000. One field was a circle of 125 acres the other a square field of 35.4 acres. The circle was farmed since it came out of the CRP in the fall of 1997; the pivot was moved temporarily to another location in 2000. The field was scheduled to be farmed in 2001 however the Idaho Power buyout preempted farming that year. However the mainline, wire, phone hookup and pivot pad was all in place. Furthermore Falcon Butte had prepared the land for planting. Falcon Butte believes that this land should be allowed into the water bank as there is ample evidence of Falcon Buttes intent. The second parcel of 35.4 acres was not farmed since going out of the CRP in 1999. However this parcel was connected to water and the land was prepared for farming this year. Thank you for your consideration on this matter


George Grant, Vice-President
For Falcon Butte Farms Inc.

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NOV 14 2003