



State of Idaho

DEPARTMENT OF WATER RESOURCES

322 East Front Street, P.O. Box 83720, Boise, ID 83720-0098

Phone: (208) 287-4800 Fax: (208) 287-6700 Web Site: www.idwr.idaho.gov

November 9, 2005

DIRK KEMPTHORNE
Governor

KARL J. DREHER
Director

ELLSWORTH ANGUS RANCH
PO BOX 60
LEADORE ID 83464

RE: APPLICATION TO LEASE PART OF WATER RIGHT NO. 74-2320 TO THE WATER SUPPLY BANK

Dear Mr. Ellsworth:

The Department of Water Resources ("department") has completed its review of the Applications to Sell or Lease Water Right(s) to the Water Supply Bank ("bank"). Please consider that the offered water right(s) are accepted into the bank, as of May 17, 2005

WATER SUPPLY BANK LEASE CONDITIONS OF ACCEPTANCE

1. Portions of the above referenced water rights are leased to the bank as follows:

Right No.	Acres (ac)	Diversion Rate (cubic ft per sec., cfs)	Diversion Volume (acre-feet, af)
74-2320	25.6 ac	0.51 cfs	89.6 af

2. Rental of the above referenced right is for consumptive use only and is limited to the consumptive use diversion volume of 64.0 afa, or a continuous diversion rate 0.13 cfs for use from March 15, 2005 to November 15, 2005.
3. While a right is in the bank, the owner of the right may not use the rights even if the rights are not rented from the bank. Any violation of the terms of this lease may result in enforcement procedures pursuant to Section 42-351, Idaho Code, for illegal diversion and use of water, and may include civil penalties pursuant to Section 42-1701B, Idaho Code.
4. A right accepted into the bank stays in the bank until the Board releases it, the lease term expires, or upon request from the lessor to change the term of the lease.
5. While a water right is in the bank, forfeiture provisions are stayed.
6. Acceptance of a right into the bank does not, in itself, confirm the validity of the right or any elements of the water right, or improve the status of the right

including the notion of resumption of use. It does not preclude the opportunity for review of the validity of the right in the ongoing Snake River Basin Adjudication or in any other department application process.

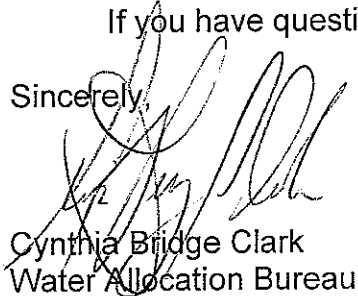
7. Payment for rental of the referenced rights from the bank is contingent upon the determination the lessor is in compliance with an executed rental agreement. Payment to the lessor is based on a negotiated rate through the Columbia River Basin Water Transaction Program.
8. Failure of the right holder to comply with the conditions of acceptance is cause for the Director to rescind acceptance of the lease.
9. Upon acceptance of a water right into the Board's water supply bank, the owner of the right may withdraw the right within thirty (30) days of acceptance into the bank if the owner does not agree with the conditions of acceptance.

The right will remain in the bank through December 31, 2005 unless the right is released earlier by the Board, or upon request by the lessor. To change the term of the lease or to release the right(s) from the bank, the lessor must submit a request in writing to the department prior to the release date.

Enclosed is a copy of the Internal Revenue Service Request for Taxpayer Identification and Certification, Form W-9. The department is required to file an information return with the Internal Revenue Service ("IRS") for all payments issued to for water rented from the bank. Payments for the rental of a water right or a part thereof cannot be issued to the lessor unless the department has received a completed IRS W-9 form. Additionally, documentation of authority to receive payment must be submitted if the name provided on the W-9 form does not match the name of the lessor. Please return this form and any additional documentation to my attention.

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

Sincerely,



Cynthia Bridge Clark
Water Allocation Bureau

Encl: 1

c: Ron Carlson - IDWR Eastern Regional Office
Bill Graham - IDWR State Office