



State of Idaho

DEPARTMENT OF WATER RESOURCES

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

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DIRK KEMP HORNE
Governor

KARL J. DREHER
Director

July 28, 2005

ERIK STORLIE & TAMARA KAISER
3217 HUMBOLDT AVE SOUTH
MINNEAPOLIS MN 55408

RE: APPLICATION TO LEASE PART OF WATER RIGHT NO(S). 75-2137,
75-4199 AND 75-4200 TO THE WATER SUPPLY BANK

Dear Lessor:

The department has completed its review of the Application to Sell or Lease
Water Right(s) to the Water Supply Bank ("bank") that you submitted to this office.
Please consider that as of May 23, 2005 the offered water right(s) are accepted into the
bank in the portions listed below.

Several items to keep in mind in connection with the lease of a water right to the
bank are as follows:

- 1 Portion(s) of the above referenced water right(s) are leased to the bank as
follows:

Table with 4 columns: Right No., Acres (ac), Diversion Rate (cubic ft per sec., cfs), Diversion Volume (acre-feet per acre, afa). Rows include 75-2137, 75-4199, 75-4200, and a Total row.

- 2 The portion of the above referenced rights leased to the bank are limited to
irrigation of 26 acres, and a total combined diversion rate of 0.52 cfs and
combined diversion volume of 91 afa.
3. Rental of the rights is for consumptive use only and is limited to the consumptive
use diversion volume of 65 afa, or a continuous diversion rate of 0.15 cfs for use
from April 1 to November 1, 2005.
4. 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.
5. While a right is in the bank, the owner of the right may not use the right without
approval of the department even if the right is 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.

6. While a water right is in the bank, forfeiture provisions are stayed.
7. Prior to rental of the right from the bank, additional review may be required to confirm the validity of the right and availability of the surface water source.
8. 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 this water right in the ongoing Snake River Basin Adjudication or any other department application process.
9. Failure of the right holder to comply with the conditions of acceptance is cause for the Director to rescind acceptance of the lease
10. 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(s) will automatically be released from the bank on **November 1, 2005**, unless the right(s) are 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: IDWR Eastern Regional Office  
Thomas Grant – IDWR State Office