



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

November 21, 2002

GEORGE GRANT
MURPHY FLATS 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"). Murphy Flats Farm ("Murphy Flats") 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 \$302,666.32 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 Murphy Flats 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.

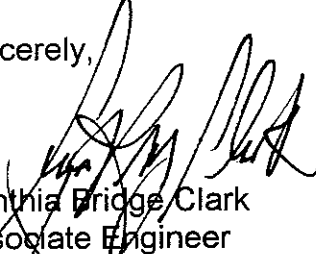
The attached map identifies the eligibility status of lands based on the review to date. It indicates whether the lands are eligible, ineligible or whether there are questions surrounding their eligibility at this time.

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 Payment(s) @ \$45.45 per acre-foot		
				1st Payment (75%)	2nd Payment (25% or remainder)	Estimated Total Payment
2959.7	2959.7	3.0	8879.1	\$302,666.32	\$100,888.77	\$403,555.10

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. 2-2361, 2-2370, 2-7001

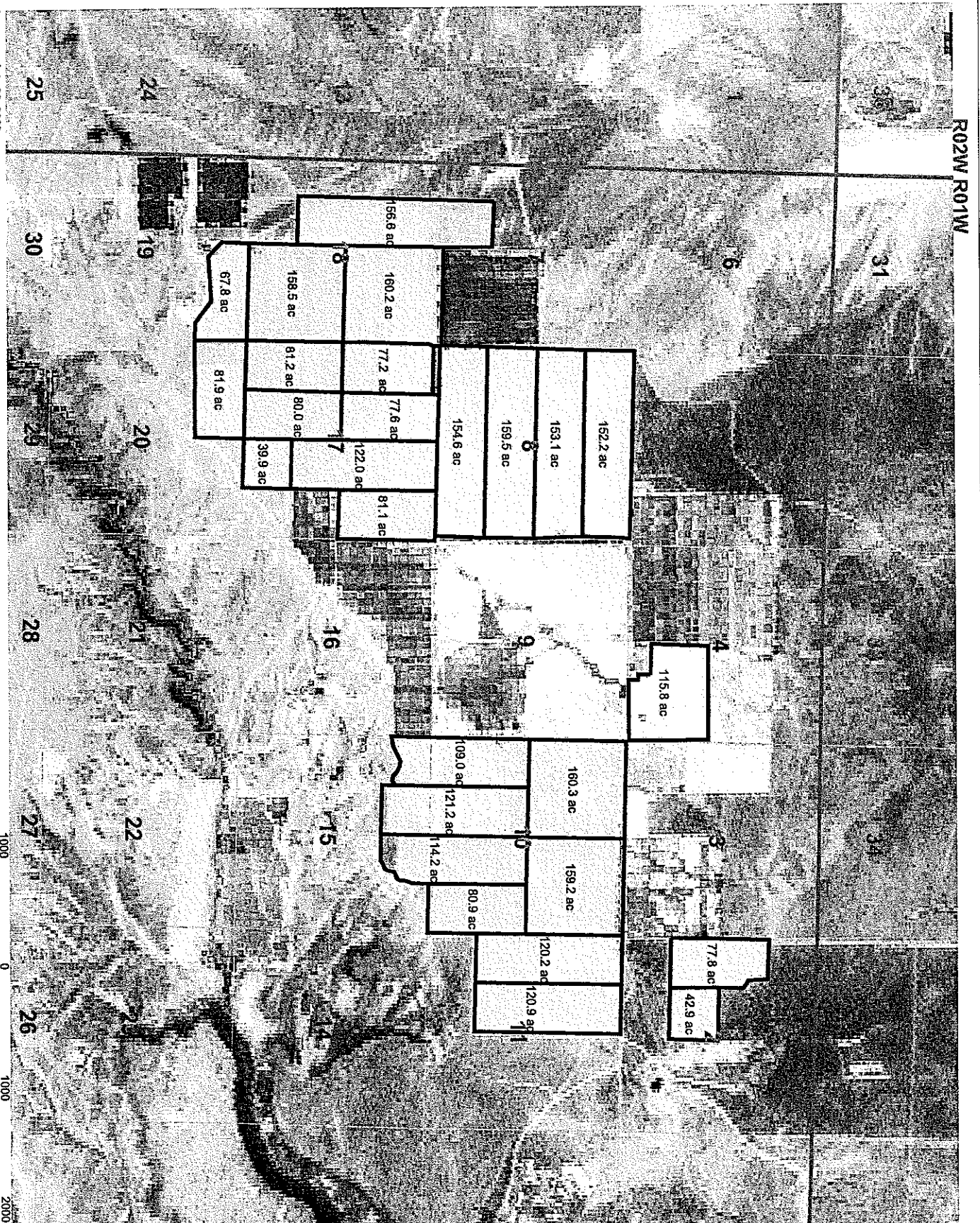
Rich Rigby, ESA Coordinator
Bureau of Reclamation
1150 N Curtis, PN 3030
Boise ID 83706-1234

Debbie Allen
IDWR, Fiscal Section



Prepared by:
Utah Department of Water Resources
1301 North Oakland Street
Boise, ID 83709
(208) 322-7900

Imagery: July 26, 2002



R02W R01W

T03S
T04S

Murphy Flats 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

1000 0 1000 2000 Meters

ELIGIBLE
Township/Range Lines
Section Lines