

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: Trail Creek Sprinkler Irrigation Company
2. Address: PO Box 131, Victor ID 83455
3. Source of water: Trail Creek and tributaries (including Game Creek, Moose Creek, Warm Creek)
4. Rental period: 2005 through 2009
5. The water will be rented from the water rights associated with the following Snake River Basin Adjudication claims: 22-221C, 22-222A, 22-435A
6. Quantity and Use of water rented:

Beneficial Use	Season of Use		Diversion Rate	Annual Volume
	To	From		
Diversion to Storage	4/15 to 10/31		0.6	
Aesthetic & Other Storage	1/1 to 12/31			106.0 af
Irrigation	4/15 to 10/31		2.93	513.5 af
Totals:			3.53 cfs	619.5 af

7. Renter's point of diversion:

QQQ	QQ	Q	SEC	TWP	RGE	COUNTY	LOCAL NAME FOR DIVERSION
NW	SE	SW	17	3N	46E	TETON	GAME CREEK PIPELINE
SW	SW	SE	19	3N	46E	TETON	TRAIL CREEK CANAL & PIPELINE
SW	SW	SE	19	3N	46E	TETON	STRING CANAL
SE	NW	SE	13	3N	46E	TETON	KIMBALL CANAL
SW	SE	NW	13	3N	46E	TETON	KEARSLEY CANAL
SW	SE	NW	13	3N	46E	TETON	TOWN CANAL
NW	SW	NE	14	3N	46E	TETON	SPENCER CANAL
NW	SW	NE	14	3N	46E	TETON	HUMBLE CANAL
NE	SW	NW	11	3N	46E	TETON	TONKS CANAL
SE	NE	SE	16	3N	46E	TETON	WARM CREEK
SE	SE	NW	23	3N	46E	TETON	SHERMAN SPRINGS DIVERSION
SE	SE	SE	19	3N	46E	TETON	MOOSE CREEK DIVERSION

8. Renter's place of use:

IRRIGATION, IRRIGATION FROM STORAGE

TWP	RGE	SEC	NE				NW				SW				SE				Total Acres
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
3N	45E	13									15		17						32
3N	45E	14													38	39	40	39	156
3N	45E	23	39	40	40	39									13	8			179
3N	45E	24					19	19			2								40

Total Acres*: 407

*IRRIGATION USE IS LIMITED TO 146.7 ACRES WITHIN THE 407 POU.

AESTHETIC STORAGE & OTHER

TWP	RGE	SEC	NE				NW				SW				SE				Total
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
3N	45E	13									X		X						
3N	45E	14													X	X	X	X	
3N	45E	23	X	X	X	X									X	X			
3N	45E	24						X			X								

The fee for rental of the above-described water is \$ 6,814.50 per year. The undersigned renter is also the lessor under this agreement, and is therefore obligated to pay only the administrative fee of \$ 681.45. An annual payment shall be received by the Department of Water Resources prior to April 15, the start of the irrigation season, each year for the duration of the rental period. The agreement will be void if the payment is not received in a given year. The renter agrees to use the water in accordance 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. The beneficial use of Aesthetic Storage and Other will include aesthetic storage, irrigation storage, wildlife storage, recreation storage, and fire protection storage.
3. The total pond surface area is limited to 30.3 acres.
4. Use of water under this agreement is limited to the irrigation of 146.7 acres within place of use described above.
5. Upon Department request, the renter shall provide for the measurement of the

water diverted in a manner acceptable to the Director and shall report the amount of water diverted at the end of the irrigation season.

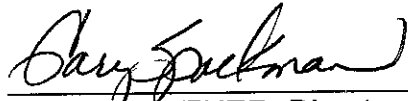
6. Use of water under this agreement does not constitute a dedication of the water to renter's land and upon expiration of this agreement, the points of diversion and place of use of the water shall revert to those authorized under the water right and/or again be available to rent from the bank.
7. Renter 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.
8. Use of water under this agreement shall not prejudice any action of the Department in its consideration of a permanent application for transfer filed by the applicant for this same use, nor does it prejudice any future rental agreement that may be made of the subject water rights after this rental agreement expires.
9. Acceptance of a right into the bank, and rental of a right from 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. The validity of a water right will be reviewed in the ongoing Snake River Basin Adjudication, and considered in any other department application process.
10. The amounts and conditions of the rental agreement may be revised upon review of the availability of surface water sources, the extent of beneficial use, or the validity of a right in the ongoing Snake River Basin Adjudication or any other department application process.
11. This rental does not grant any right-of-way or easement to use the diversion works or conveyance works of another party.
12. Renter agrees to comply with all applicable state and federal laws while using water under this agreement.
13. 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.
14. In the event that continued water use is not authorized, the renter agrees to hold the Board, the Director and the state of Idaho harmless from any claim for reimbursement or expenses associated with the development of new and supplemental water uses.
15. Failure of the right holder to comply with the conditions of this agreement is cause for the Director to rescind acceptance of the lease.

Dated this 6th day of December, 2004.

by John Vinger pres.
for

Trail Creek Sprinkler Irrigation Co.

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 20th day of December, 2004.



KARL J. DREHER, Director
Department of Water Resources