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DEPARTMENT OF WATER RESOURCES

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: Grant 4-D Farms
2. Address: 707 East 600 North, Rupert, ID 83350
3. Source of water: Ground water
4. Volume of water rented: 312.8 AF Max rate: 1.37 cfs
5. Diversion period: 2004-2008 irrigation seasons
6. Use of water: Irrigation
7. a) Renter's point of diversion:

Legal description: NESE Section 1, T8S, R25E, B.M., Minidoka County

- b) Renter's place of use:

Legal description: 23 acres within NWNE Section 1, T8S, R25E, B.M.
23 acres within SWNE Section 1, T8S, R25E, B.M.
7 acres within NWSE Section 1, T8S, R25E, B.M.
Total of 53 acres.

8. Rights from which water will be rented: 36-2130C, 36-7850C, 36-8106C, 36-2684

The undersigned renter agrees to pay \$ 17,204.00 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:

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 Renter is limited to an annual diversion rate of 1.1 cfs and a diversion volume of 212 af for irrigation of 53 acres.

3. 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.
4. 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.
5. Renter agrees to comply with all applicable state and federal laws while using water under this agreement.
6. 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.
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. This rental does not grant any right-of-way or easement to use the diversion works or conveyance works of another party.
9. This rental does not authorize the construction of a well.
10. Use of water under this agreement shall not prejudice any action of the Department in its consideration of the permanent application for transfer filed by the applicant for this same use.

Dated this 10th day of May, 2004.

by Don A. Grant
for Grant 4-D Farms

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 21 day of May, 2004.

Karl J. Droher
KARL J. DROHER, Director
Department of Water Resources