



State of Idaho

DEPARTMENT OF WATER RESOURCES

1301 North Orchard Street, Boise, ID 83706 - P.O. Box 83720, Boise, ID 83720-0098
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DIRK KEMPTHORNE
Governor

KARL J. DREHER
Director

July 6, 2004

ARTHUR J MERRICK
21118 WEES RD
OREANA ID 83650

**RE: APPLICATION TO LEASE WATER RIGHT NO(S). 57-7034A,
2-2357 (part claimed in SRBA as 2-2357B) and 2-7046A (part claimed
in SRBA as 2-7046E) TO THE WATER SUPPLY BANK**

Dear Lessor:

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.

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

1. There is no rental payment to the lessor of the water right if the right or a part thereof is not rented from the bank.
2. While a right is in the bank, the owner of the right may not use the right even if the right is not rented from the bank.
3. 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.
4. While a water right is in the bank, forfeiture provisions are stayed.
5. The water rights referenced above will be rented from the bank at the current rental rate.
6. The rights referenced above are leased to the bank as follows:

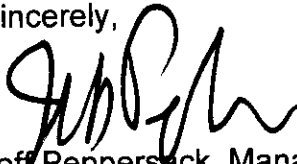
Right No.	Acres (ac)	Diversion Rate (cubic ft per sec., cfs)	Diversion Volume (acre-feet, af)
57-7034A	223	4.46	1000
2-2357B	90	1.80	450
2-7046E	162	2.82	729
combined limit	223	4.46	1000

7. Acceptance of a right into the bank does not preclude the opportunity for review of the validity of the water right in the ongoing Snake River Basin Adjudication or any other department application process.
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 rights will remain in the bank for an "indefinite" period of time unless the rights 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.

If you have questions, please feel free to contact the department.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jeff Peppersack', written over the printed name.

Jeff Peppersack, Manager
Water Right Permits Section

c: John Westra – IDWR Western Regional Office