



State of Idaho

DEPARTMENT OF WATER RESOURCES

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July 27, 2004

DIRK KEMPTHORNE
Governor

KARL J. DREHER
Director

MARK MC DONOUGH
PO BOX 74
MELBA ID 83641

**RE: APPLICATION TO LEASE WATER RIGHT NO(S). 2-2240, 2-2431
(PART), 63-361 (PART), 63-8389 (PART), AND 63-9807 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:

WATER SUPPLY BANK LEASE CONDITIONS OF ACCEPTANCE

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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. Acceptance of a right into the bank does not preclude the opportunity for review of the validity of the right in the ongoing Snake River Basin Adjudication or any other department application process.
 6. The water rights referenced above will be rented from the bank at the current rental rate.
 7. The above referenced water rights are leased to the bank as follows:

<u>Water Right</u>	<u>All or Part of Right</u>	<u>Amount Leased:</u>		
		<u>Rate(cfs)</u>	<u>Volume(af)</u>	<u>Acres</u>
2-2240	all	2.25	507	112.5
2-2431	part	1.49	562.5	112.5
combined		2.25	562.5	112.5
63-361	part	0.28	63	14
63-9807	all	0.40	90	20
combined		0.40	90	20
63-8389	part	0.63	140.9	31.3

8. During the term of this lease, use of rights 2-2431, 63-361 and 63-8389 for irrigation is limited to a combined total of 62.5 acres, and a combined diversion rate of 1.25 cfs and diversion volume of 312.5 af.
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 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,



Jeff Peppersack, Manager
Water Right Permits Section

c: John Westra – IDWR Western Regional Office