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WATER RESOURCES
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July 6, 2004

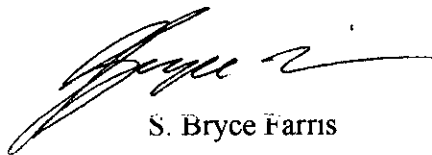
Steve Lester
Idaho Department of Water Resources
Western Region
2735 Airport Way
Boise, Idaho 83705

Re: Water Right Transfer in the Name of Idaho City

Dear Steve:

This letter is to follow-up regarding the above-referenced Transfer Application. Enclosed please find an Agreement reached between Idaho City and the Bureau of Land Management (BLM) concerning use of this water right on land which is currently owned by the BLM and which is leased by Idaho City. Please contact me and let me know if there is any other information that you will need in order to complete the processing of the above-referenced Transfer Application.

Yours very truly,



S. Bryce Farris

SBF:kw
Enclosure

cc: Effie Schultsmeier
Bob Malis
Tim Flemming

*BLM LEASE c
proposal pld, pln*

Water Rights Agreement for Recreation and Public Purposes Lease IDI-31768

The *lessee* shall establish and maintain title to water to be used upon United States public lands associated with Recreation and Public Purposes Lease IDI-31768 (hereinafter, Lease) solely in the name of the United States during the term of the Lease. Failure of the *lessee* to obtain title to water to be used on public lands in the name of the United States and to remain in compliance with Idaho Department of Water Resource (IDWR) rules, regulations or requirements regarding the use of the water shall result in the automatic termination of this agreement, unless the Bureau of Land Management (BLM) at its sole discretion elects otherwise in writing. No rights to United States public lands shall accrue due to their description as the Point of Diversion (POD) or as the Place of Use (POU) within a water right obtained pursuant to this agreement.

Upon expiration, non-renewal or termination of the Lease according to its terms, BLM agrees to allow water rights associated with the Lease to be transferred off of United States public lands pursuant to I. C. 42-222 and to confer title to said water rights to the *lessee*. Water rights associated with this agreement, or portions thereof, not transferred off of public lands shall be deemed forfeited.

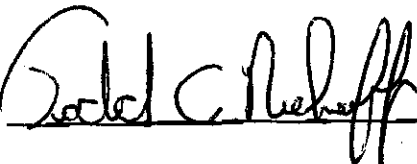
Upon transfer of title to the *lessee* of public lands associated with the Lease, the BLM agrees to allow transfer of title to water rights, established in the name of the United States pursuant to this agreement, to the *lessee*.

The United States shall be released and held harmless from loss, injury, damage and/or reduction in value of water rights should the Lease expire, not be renewed or terminate according to its terms.

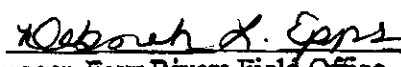
All costs incurred for the transfer of water rights associated with this agreement shall be borne by the *lessee*.

IN WITNESS WHEREOF, the Parties hereto have executed this agreement as of the last date written below.

Lessee

By  Date 5/25/04

Bureau of Land Management

By  Date 6/30/04
Manager, Four Rivers Field Office