State of Idaho
DEPARTMENT OF WATER RESOURCES
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DIRK KEMPTHORNE
Governor
KARL J. DREHER
Director

August 3, 2004

ROBERT LIPSKOCH
MANAGER
BELL RAPIDS MUTUAL IRRIGATION CO
388 EAST 5900 NORTH
HAGERMAN ID 83332

RE: APPLICATION TO LEASE PART OF WATER RIGHT NOS. 2-10205 TO THE WATER SUPPLY BANK

Dear Mr. Lipskoch

The department has conducted an initial review of Agreement No. 1425-04-WL-10-00012 (Agreement) between you and the United States Bureau of Reclamation (Reclamation) submitted to this office as an Application to Sell or Lease a Water Right to the Water Supply Bank (bank). The application was submitted in connection with the 2004 Snake River Pilot Leasing Program initiated by Reclamation.

Please consider that the offered part(s) of the water rights (rights) are accepted into the bank under the following terms:

1. Payment for rental of the right(s) from the bank is contingent upon the determination that the acres associated with the rental application have a valid Snake River water right(s), and that they qualify for payment as provided in Contract no. 1425-04-WL-10-0023 between the United States Bureau of Reclamation and the Idaho Department of Water Resources to Implement the Rental of Water Rights Under the Pilot Program for Leasing of Snake River Natural Flow Water Rights for 2004, said agreement dated June 30, 2004 (Contract).

2. While part(s) of a right is in the bank, the owner of the right may not use that part of the right.

3. While a right is in the bank, forfeiture provisions are stayed.

4. Acceptance of a right into the bank does not confirm the validity of the right or any elements of the water right.

5. The right will be considered released from the bank on December 31, 2004.

The Agreement and Contract specify that one half of the estimated payment will be paid on or around July 30, 2004, and the second half shall be issued after the irrigation season has ended and verification of compliance with the Agreement is complete. Payment to the individual lessors will be issued at a pay rate per acre identified in the individual Agreement between Reclamation and the lessors minus ten percent (10%) to be credited to the Water Administration Account as provided in the Water Supply Bank rules. The department has invoiced Reclamation for the funds associated with the first payment as required in the Contract. A state warrant will be issued in the amount of $162,398.25 for the first payment for rental of water from the bank in accordance with the above referenced Agreement. The Controller's office will issue the warrant directly to the address identified on the Internal Revenue Service W-9 form submitted with the application to lease water rights to the bank.

If you have questions, please feel free to contact me.

Sincerely,

Cynthia Bridge Clark
Water Allocations Bureau

c: IDWR Regional Office

E. Gail McGarry
Program Manager, Water Rights & Acquisition
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