



State of Idaho

DEPARTMENT OF WATER RESOURCES

1301 North Orchard Street, Boise, ID 83706 - P.O. Box 83720, Boise, ID 83720-0098
Phone: (208) 327-7900 Fax: (208) 327-7866 Web Site: www.idwr.state.id.us

December 17, 2003

DIRK KEMPTHORNE
Governor

KARL J. DREHER
Director

SOUTH ELMORE IRRIGATION COMPANY
PO BOX 396
MOUNTAIN HOME ID 83647

**RE: FINAL PAYMENT FOR RENTAL OF WATER FROM SNAKE RIVER THROUGH
THE WATER SUPPLY BANK. WATER RIGHT NOS. 2-2269, 2-2345, AND 2-
2367**

Dear Lessor,

All or portions of the water right(s) referenced above were leased to the Water Supply Bank ("bank") during the 2003 irrigation season in accordance with Agreement No. 1425-03-MA-10-3920 ("Agreement") between you and the United States Bureau of Reclamation ("Reclamation"). The Idaho Department of Water Resources ("department") has invoiced Reclamation for the funds associated with the second and final payment. Upon receipt, the Controller's office will issue a state warrant in the amount of **\$120,939.75** to be sent directly to the address listed above.

The enclosed map identifies the eligibility status of the lands as evaluated by the department. It indicates whether the lands were determined to be eligible or ineligible for payment.

Payment for rental of the right(s) from the bank was contingent upon the determination that the acres associated with the rental application had a valid Snake River water right(s), and that they qualified for payment as provided in Contract no. 1425-03-WL-10-2003 between Reclamation and the 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 2003, said agreement dated June 25, 2003 ("Contract").

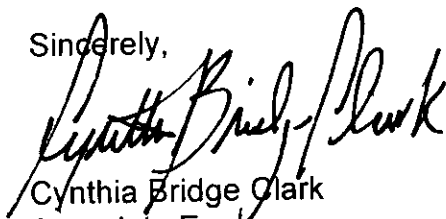
The Agreement and Contract specify that one half of the estimated payment will be paid on or around July 1, 2003, and the second half shall be issued after the irrigation season has ended. The total payment to South Elmore Irrigation Company was calculated based on the total number of acres determined to be eligible for payment times \$150.00 per acre idled minus a ten percent (10%) administrative fee as provided in the Water Supply Bank rules. The first payment was calculated based on fifty percent (50%) of the estimated final payment. The second payment includes the remainder of the total payment based on the number of acres determined to be eligible.

Below is a summary of the payments to South Elmore Irrigation Company for the rental of the referenced water right(s) from the bank:

Contracted Idled Acres (ac)	Eligible Idled Acres (End of irr season)	Acres Ineligible for Payment	Payment Rate (price/ac)	Payment(s) to Lessor		
				Payment 1 (50%)	Payment 2 (remainder)	Total Payment
1791.7	1791.7	0.0	\$150.00	\$120,939.75	\$120,939.75	\$241,879.50

This payment, in the amount of \$120,939.75 is considered to be the final payment for the rental of water rights for the 2003 irrigation season. If you have questions, please feel free to contact the department.

Sincerely,



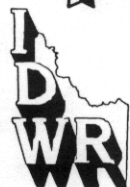
Cynthia Bridge Clark
Associate Engineer
Water Allocations Bureau

Enclosure

c: IDWR Western Region

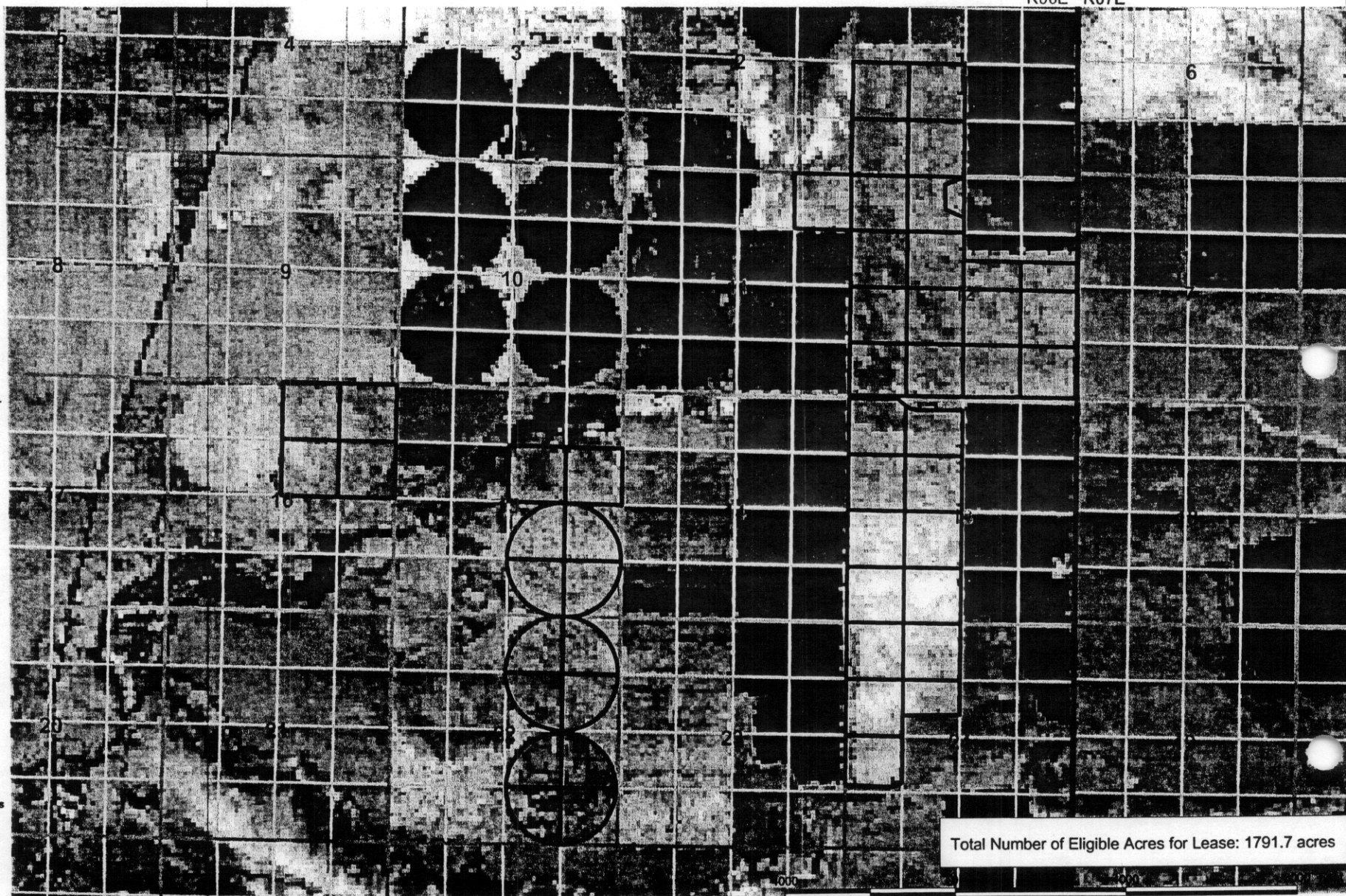
E. Gail McGarry
Program Manager, Water Rights & Acquisition
Bureau of Reclamation
1150 N Curtis, Suite 100
PN 3100
Boise ID 83706-1234

N T05S



Prepared by: M. Wilbur
Idaho Department of Water Resources
1301 North Central Street
Boise, ID 83706
(208) 325-7900

R06E R07E



- ELIGIBLE
- INELIGIBLE
- QUESTIONABLE
- Township/Range Lines
- Section Lines
- Quarter/Quarter Lines

Imagery: September 23, 2003

South Elmore Irrigation, Inc.

**2003 Snake River Pilot Leasing Program
Rental of Water from the Water Supply Bank**

Prepared: December 2, 2003

AFFIDAVIT

I, Terry Ketterling, President, South Elmore Irrigation Company, do hereby affirm that the water and facilities developed under authorization of permit #02-02345 has been utilized on 160 acres in the SE/4, Section 10, and 160 acres in the SW/4, Section 14, T5S, R7E, since approximately 1966 in a more or less continuous manner since that time. The original permitted land was not irrigated under this permit since it already had a full water supply under an existing water right and there was no need to duplicate the irrigation of this property. Unfortunately, the permit was not amended to reflect the actual place of use prior to the proof of beneficial use examination. South Elmore Irrigation Company respectfully requests that the permit be licensed in accordance with the above described place of use.

Signed Terry L. Ketterling President
Terry Ketterling, President

State of Idaho)
County of Elmore) SS.

Subscribed and sworn (or affirmed) before me this 7th day of December
1995.

Bonnie M. Henderson
Notary Public

SEAL

Residing at Mountain Home, Idaho
My Commission Expires November 15, 1996

FILED
TO S.O.
FOR PERMIT FILE
11-13-02
JC

SCANNED
AUG 31 2004