



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

February 6, 2003

TERRY KETTERLING
SOUTH ELMORE IRRIGATION CO INC
PO BOX 396
MOUNTAIN HOME ID 83647

**RE: PAYMENT NO. 2 FOR RENTAL OF WATER FROM HIGH-LIFT PUMPERS
FROM THE SNAKE RIVER TO THE WATER SUPPLY BANK. WATER
RIGHTS 2-2269, 2-2270, 2-7263**

Dear Mr. Ketterling:

During the 2002 irrigation season, South Elmore leased all or portions of the water right licenses referenced above to the Water Supply Bank ("bank"). Enclosed is a state warrant in the amount of \$97,650.47 for the second and final payment for rental of water from the Water Supply Bank. Also enclosed is a map identifying the lands that qualified for payment.

Payment for rental of the right(s) from the bank was contingent upon a 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 Memorandum of Agreement ("MOA") No. 1425-02-MA-10-3460 between the U.S. Bureau of Reclamation ("USBR") and the Idaho Department of Water Resources ("department"). Eligibility of the lands was verified by the department based on interpretation of satellite imagery and field visits. As specified in the MOA, the rental rate for the right holder is \$45.45 per acre-foot (af). The annual diversion volume was determined using US Geological Survey and IDWR data (up to a maximum of 3 acre-feet per annum per acre). Based on the available data, payment to South Elmore Irrigation Company will be calculated at 2.88 acre-feet per annum per acre (afa per acre).

The total number of acres considered for payment is based on measurement of the lands using available satellite imagery, and may differ from the totals specified on the lease applications to the bank. In the case of South Elmore Irrigation Company, 2149.0 acres were measured and determined to be eligible by the department. The maximum number of acres eligible for payment shall not exceed the total number of acres specified for lease on the entity's application.

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On October 8, 2002, the department sent a warrant for \$182,971.47 to South Elmore Irrigation Company, as the first payment for rental of water from the bank. The first payment was calculated based on 75% of the *estimated eligible acres*. Lands recommended for denial or whose eligibility was in question, were not included in the total estimated eligible acres.

Based on satellite imagery and site visits, it was determined Mr. Jack Post of the South Elmore Irrigation Company, watered leased lands during the 2002 irrigation season. Mr. Post provided documentation that the land was watered for dust abatement purposes and estimated the total amount diverted to have been 14.8 acre-feet. Reclamation approved a pro-rata reduction of 14.8 acre-feet from the total volume rented from South Elmore.

A total of 415.9 acres were found to be ineligible based on criteria set forth in the MOA: 44.7 acres were irrigated during the 2002 irrigation season, 217.1 acres were not irrigated in either 2000 or 2001, and 195.4 acres are not currently authorized under a valid water right (41.3 of the unauthorized acres overlap those acres not irrigated in previous years). The department has been in contact with members of the South Elmore Irrigation Company regarding the eligibility status of the lands, and understands that the company is working with ERO Consulting to clarify the status the company's water rights.

The attached map identifies the eligibility status of lands as determined by the department. It indicates whether the lands are eligible or ineligible, and identifies the number of acres measured.

The total payment issued to South Elmore Irrigation Company was calculated based on the total number of acres determined to be eligible for payment multiplied by 2.88 afa per acre, and further multiplied by \$45.45 per acre-foot. The second payment represents the difference between the first and total payments. Below is a summary of the payments issued to South Elmore Irrigation Company for rental of the referenced water rights from the bank:

Acres Requested on Lease App. (ac)	Total Eligible Acres (ac)	Authorized Diversion Rate (afa per acre)	Irrigation Reductions (af)	Total Volume Rented (af)	Payment(s) to Applicant @ \$45.45 per acre-foot		
					1st Payment	2 nd Payment	Total Payment to Applicant
2530.2	2149.0	2.88	14.8	6174.3	\$182,971.47	\$97,650.47	\$280,621.94

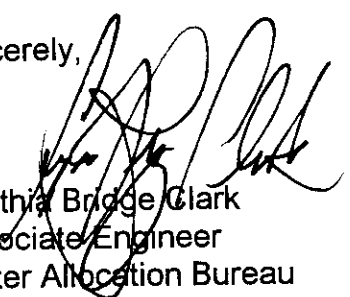
It is our understanding that the company plans to submit documentation to support the eligibility of some of the lands that have been identified as ineligible for payment. This payment will be considered the final payment for the rental of water rights for the 2002 irrigation season unless the documentation submitted warrants a change in the eligibility status of the lands.

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

Sincerely,



Cynthia Bridge Clark
Associate Engineer
Water Allocation Bureau

Enclosures

c: Western Regional Office

Rich Rigby, ESA Coordinator
Bureau of Reclamation
1150 N Curtis, PN 3030
Boise ID 83706-1234

Debbie Allen
IDWR, Fiscal Section

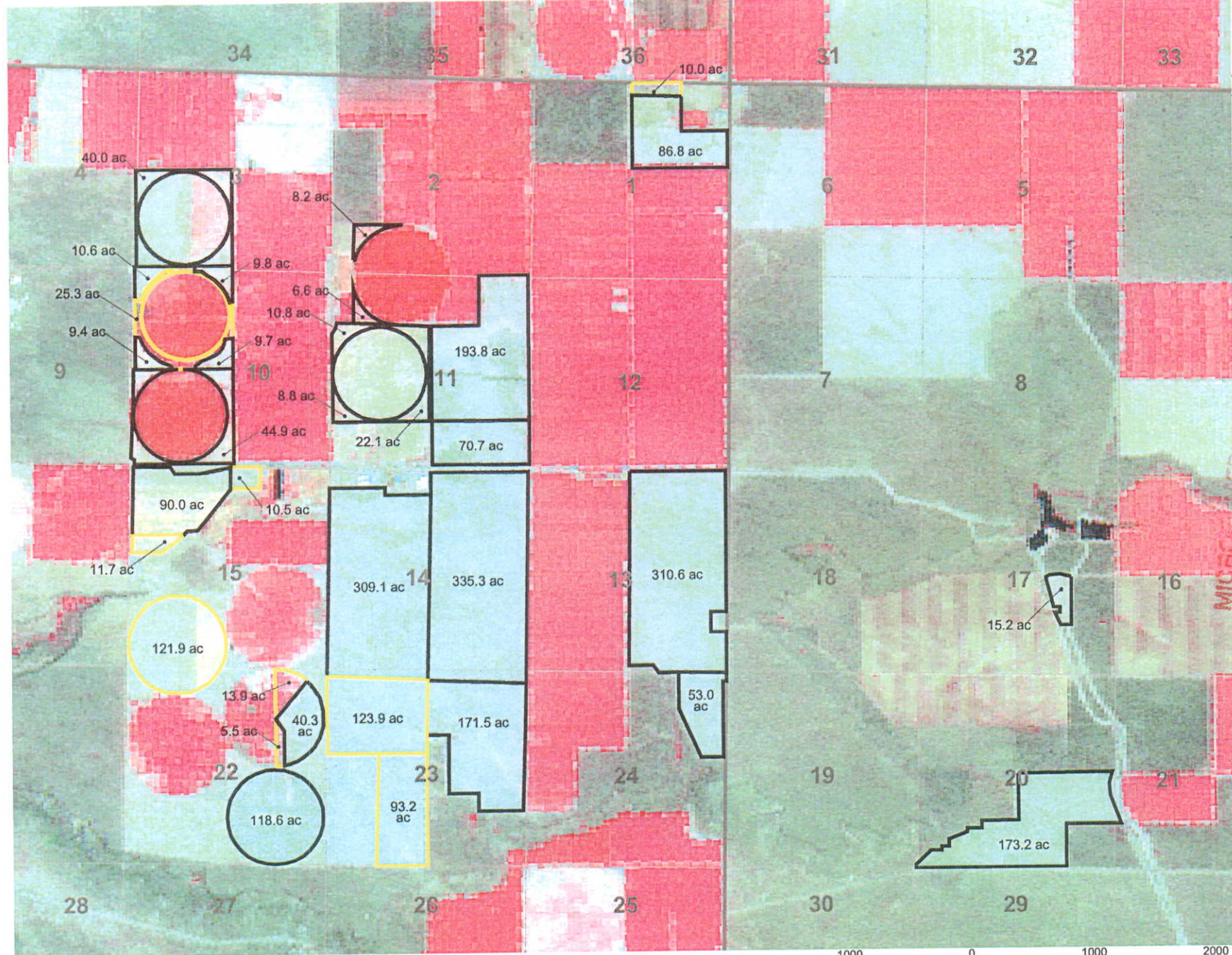
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R06E R07E



T04S
T05S



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Imagery: July 26, 2002



Prepared by: M. Wilkins
Idaho Department of Water Resources
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Boise, ID 83706
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South Elmore Irrigation Company **Acreages for Final Payment for Rental of Water from** **High-Lift Pumps from the Snake River to the Water Supply Bank**

Prepared: February 5, 2003

1000 0 1000 2000 Meters

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