



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

September 5, 2002

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

**RE: PAYMENT SCHEDULE FOR RENTAL OF WATER FROM THE WATER
SUPPLY BANK; LEASED BY HIGH-LIFT PUMPER FROM THE SNAKE
RIVER**

Dear Mr. Ketterling:

The department has conducted a preliminary review of the Application to Sell or Lease a Water Right to the Water Supply Bank that you submitted to this office in the name of South Elmore Irrigation Company, Inc.

To date, this review includes identification of the associated water rights, and an evaluation of acreage eligibility based on satellite imagery from the 2000 and 2001 irrigation seasons in accordance with the criteria set forth in the Memorandum of Agreement ("MOA") No. 1425-02-MA-10-3460 between the U.S. Bureau of Reclamation and the Idaho Department of Water Resources ("department"), and in the applicant agreement. Confirmation that lands were not irrigated during the 2002 irrigation season will be based on evaluation of satellite images, field visits, and flow measurements.

The purpose of this letter is to request written confirmation of a payment schedule preferred by each applicant. Part II, Section e, of the MOA, states: "IDWR shall make lease payments to the lessor in accordance with a payment schedule acceptable to the lessor, provided that the final twenty-five percent (25%) of the total lease payment shall not be paid until after the end of the irrigation season." The department is prepared to issue payments based on the preliminary review of eligible acres. At least 25% of the total potential payment will be retained until the end of the irrigation season to cover adjustments for any lands found to be ineligible as defined in the MOA.

Options for payment include:

1. One final payment for all of the acres determined to be eligible. The payment will be issued on a preferred date after the end of the irrigation season, once the eligibility findings are complete and an agreement on the total amount is reached between the applicant and the department.

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2. Partial payment(s) up to 75% of the total potential payment, as requested by the applicant, can be issued prior to the final review. At least 25% of the total potential payment will be withheld until the eligibility findings are complete and an agreement on the total amount is reached between the applicant and the department.

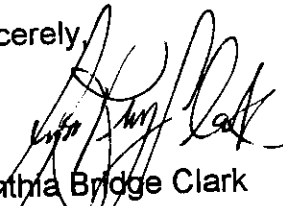
Please submit your request in writing by describing the preferred payment option. Specify the date you would like the final payment issued for option no. 1, or for option no. 2, specify the dates for issuance and the percentage amounts of the early and final payments. All payments will be issued to the name and address provided on the Water Supply Bank application.

Applicants will be notified of the total number of acres determined to be eligible after the irrigation season is complete (November 15, 2002), and will be given an opportunity to appeal any acres found to be ineligible by the department.

Additionally, with regards to late season irrigation, Part II, Section b, of the MOA states: "The rental period shall be from May 1 through the end of the irrigation season, provided that on or before August 15, a lessor who did not divert water prior to acceptance of the lease, may inform Reclamation that the lessor requires the use of water for some period between September 1 and the end of the irrigation season." Please note that the date to request authorization has past. Therefore unless you have already notified the USBR of your intent to use water, late season irrigation is not authorized under the MOA.

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

Sincerely,



Cynthia Bridge Clark
Associate Engineer
Water Allocation Bureau

c: Western Regional Office
Water right nos. 2-2269, ~~2-2367~~, 2-7255, 2-7263, and 2-7317

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

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