

STATE OF IDAHO  
DEPARTMENT OF WATER RESOURCES

## WATER SUPPLY BANK LEASE CONTRACT No. 2034

This Lease Contract ("**Lease**") is between the Idaho Water Resource Board ("**Board**"), and

**LESSOR:** DF KELSEY FAMILY TRUST  
645 N MAIN ST  
PARIS, ID 83261

RECEIVED

JUL 28 2025

### RECITALS

DEPT. OF WATER RESOURCES

1. The Board is authorized under chapter 17, title 42, Idaho Code to operate a water supply bank and to contract with lessors to act as an intermediary in facilitating the rental of water.
2. The Lessor has filed a completed application to lease water rights described below into the Water Supply Bank on forms supplied by the Idaho Department of Water Resources and received by the Department on January 21, 2025.
3. The Director of the Idaho Department of Water Resources has reviewed the application for compliance with the Water Supply Bank rules and has approved the Lease subject to conditions listed below.

NOW, THEREFORE, in consideration of the mutual covenants and contracts herein contained, and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

1. **WATER RIGHTS:** The Lessor shall lease and the Board shall accept into the Bank the Applicant's water rights described as follows:

#### Summary of Water Rights or Portions Leased to the Bank

| Water Right No.     | Priority Date | Source       | Diversion Rate (CFS) | Diversion Volume (AF) | Acres (AC) |
|---------------------|---------------|--------------|----------------------|-----------------------|------------|
| 11-7866             | 2/13/1991     | GROUND WATER | 0.18                 | 30.1                  | 8.5        |
| <b>Lease Totals</b> |               |              | <b>0.18</b>          | <b>30.1</b>           | <b>8.5</b> |

2. **COMPENSATION:** The Lessor shall accept and the Board shall pay compensation determined by the amount of water rented under the following rental rate during such times as the water is rented from the Bank over the term of this Lease.

**Minimum Payment Acceptable:** Current Rental Rate

3. **TERM OF LEASE:** The term of this lease shall be January 1, 2025 to December 31, 2029. This Lease shall bind the parties and take effect when both parties have signed it.
4. **WATER SUPPLY BANK CONDITIONS OF ACCEPTANCE:** The Lessor shall abide by all terms and conditions contained in the Water Supply Bank Conditions of Acceptance, attached hereto as "Attachment A" and incorporated herein by this reference.

## **WATER SUPPLY BANK LEASE CONTRACT No. 2034**

5. **CHANGE OF WATER RIGHT:** This lease specifies water right elements including but not limited to: diversion rates; diversion volumes; number of acres authorized to be irrigated; places of use; points of diversion; beneficial uses; and seasons of use. During the term of this lease, if a water right is administratively changed due to a water right split and renumbering, this lease may be reduced by an equal amount to reflect the water right elements as legally defined under the water right. If a lease contract cannot be reduced sufficient to reflect the legal definition of a water right as amended through a water right split and/or water right transfer, the Board may release the water right from the Water Supply Bank.
6. **ASSIGNMENT OF CONTRACT:** This lease is between the Board and the Lessor, who is the recognized owner or designated representative of the recognized owners of water rights described herein. Should ownership of any part of a water right herein described change during the term of this lease, either through a water right split, a water right transfer, sale of property to which the water right is appurtenant, or through any other recognized water right reassignment, the lease benefits and obligations to the conditions of acceptance for any such water rights will be assigned to the new owners.
7. **DUPLICATE ORIGINAL:** This Lease is executed in duplicate. Each of the documents with an original signature of each party shall be an original.

STATE OF IDAHO  
DEPARTMENT OF WATER RESOURCES

**WATER SUPPLY BANK LEASE CONTRACT No. 2034**

IN WITNESS WHEREOF, the parties have executed this Contract on the date following their respective signatures.

**LESSOR:** DF KELSEY FAMILY TRUST  
645 N MAIN ST  
PARIS, ID 83261

By [Signature]  
Title owner  
Date 7/21/2025

**IDAHO WATER RESOURCE BOARD**  
322 East Front Street  
P.O. Box 83720  
Boise, ID 83720-0098

By [Signature]  
Brian Patton, Executive Manager  
Idaho Water Resource Board

Date 7/30/25

Lease approved by IDWR [Signature]

Date 7/30/25

STATE OF IDAHO  
DEPARTMENT OF WATER RESOURCES

**WATER SUPPLY BANK LEASE CONTRACT No. 2034**

**ATTACHMENT A  
WATER SUPPLY BANK CONDITIONS OF ACCEPTANCE**

The water rights or portions thereof leased to the bank are described as follows:

**Source and Location of Point(s) of Diversion for Water Right No(s): 11-7866**

GROUND WATER      NWNESE      Sec. 33      Twp 13S      Rge 43E      BEAR LAKE County

| Water Right    | Beneficial Use | Season of Use |    |       | Diversion Rate (CFS) | Volume (AF) |
|----------------|----------------|---------------|----|-------|----------------------|-------------|
|                |                | From          |    | To    |                      |             |
| 11-7866        | IRRIGATION     | 03/15         | to | 11/15 | 0.17 cfs             | 29.8 AF     |
|                | STOCKWATER     | 01/01         | to | 12/31 | 0.01 cfs             | 0.3 AF      |
| <b>Totals:</b> |                |               |    |       | 0.18 cfs             | 30.1 AF     |

**PLACES OF USE TO BE IDLED UNDER THIS LEASE: IRRIGATION AND STOCKWATER**

| Twp | Rng | Sec | NE |    |     |    | NW |    |    |    | SW |    |    |    | SE |    |    |    | Totals |
|-----|-----|-----|----|----|-----|----|----|----|----|----|----|----|----|----|----|----|----|----|--------|
|     |     |     | NE | NW | SW  | SE | NE | NW | SW | SE | NE | NW | SW | SE | NE | NW | SW | SE |        |
| 13S | 43E | 33  |    |    | 8.5 |    |    |    |    |    |    |    |    |    |    |    |    |    | 8.5    |

Total Acres: 8.5

**ADDITIONAL CONDITIONS OF ACCEPTANCE**

1. The water rights referenced above will be rented from the bank at the current rental rate.
2. There is no rental payment to the lessor of the water right if the right or a part thereof is not rented from the bank.
3. While a right is in the bank, the lessor may not use the right without approval of the Department even if the right is not rented from the bank. Any violation of the terms of this lease may result in enforcement procedures pursuant to Idaho Code § 42-351 for illegal diversion and use of water and may include civil penalties pursuant to Idaho Code § 42-1701B.
4. A right accepted into the bank stays in the bank until the Board releases it, or the lease term expires. A right may be released from the bank upon request, provided the Board approves the release. Unless approved by the Department, leased rights may not be immediately available for release.
5. While a water right is in the bank, forfeiture provisions are stayed pursuant to Idaho Code § 42-223(5).
6. Rental of water under this right is subject to the limitations and conditions of approval of the water right.
7. Failure of the right holder to comply with the conditions of acceptance is cause for the Director to rescind acceptance of the lease.
8. Acceptance of a right into the bank does not, in itself, confirm the validity of the right or any elements of the water right, or improve the status of the right including the notion of resumption of use. It does not preclude the opportunity for review of the validity of this water right in any other Department application process.

STATE OF IDAHO  
DEPARTMENT OF WATER RESOURCES

**WATER SUPPLY BANK LEASE CONTRACT No. 2034**

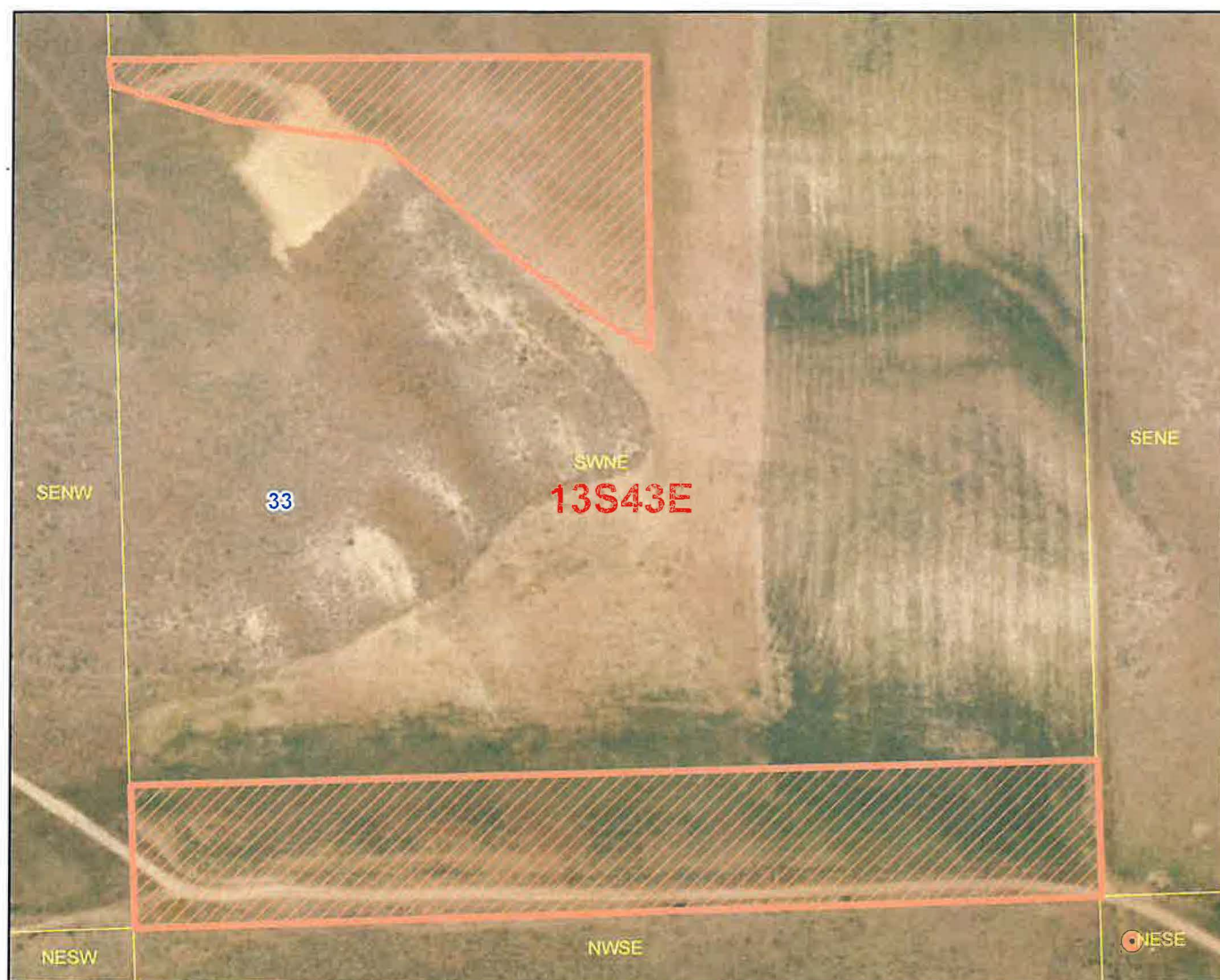
9. In accordance with Idaho Code § 42-248 and § 42-1409(6), all owners of water rights are required to notify the Department of any changes in mailing address or change in ownership of all or part of a water right. Notice must be provided within 120 days of the change.
10. If a water right leased into the Water Supply Bank is sold or conveyed during the lease term, and if the leased right was rented, the rental proceeds will be disbursed in the following manner regardless of any arrangements between the buyer(s) and seller(s) to the contrary:
  - a. Rental payments will go to the lessor(s) of record at the beginning of the rental season, even if the Department processes a Notice of Change in Water Right Ownership during the rental season.
  - b. New lessor(s) of record will receive payment for any subsequent rental seasons.
11. The water right(s) is leased to the bank subject to all prior water rights and shall be administered in accordance with Idaho law and applicable rules of the Department of Water Resources.
12. This right when combined with all other rights shall provide no more than 3.5 afa per acre at the field headgate for irrigation of the lands above.
13. The annual volume of water diverted for stock watering purposes shall not exceed 0.3 af.
14. This right when combined with all other rights shall provide no more than 0.02 cfs per acre nor exceed a combined annual maximum diversion volume of 29.8 af at the field headgate for irrigation of the place of use.
15. After specific notification by the Department, the right holder shall install a suitable measuring device or shall enter into an agreement with the Department to use power records to determine the amount of water diverted and shall annually report the information to the Department.

Idaho Water Resource Board  
**Water Supply Bank Lease Contract No. 2034**

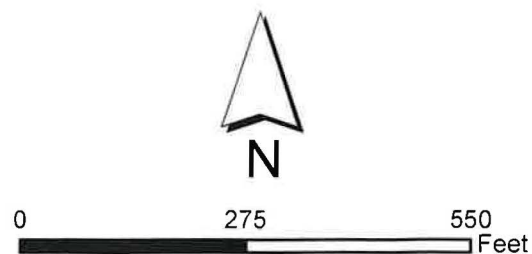
11-7866

Effective until December 31, 2029

This map depicts the **place of use** to be idled pursuant to the lease contract and is attached to the contract solely for illustrative purposes.



-  Approved Lease POD
-  Approved Lease POU
-  Township/Range
-  Sections
- QQ



STATE OF IDAHO  
WATER RESOURCE BOARD

JAN 21 2025  
DEPT. OF WATER RESOURCES  
PRINT FORM

APPLICATION TO SELL OR LEASE A WATER RIGHT  
TO THE WATER SUPPLY BANK

Applicant / Designated Lessor The DF Kelsey Family Trust Water Right No. 11-7866  
(Select one owner – see item 1A on the application) (One water right per application)

Is this application being submitted with a rental application as a lease/rental package? Yes ☐ No ☒  
If yes, include renter and rental fee payment information as attachment 5B.

This application must be prepared in accordance with the minimum requirement checklist below. Use this checklist to ensure all necessary documentation has been provided. This checklist is part of the lease application and must be included with the lease application. Applications that do not meet the minimum requirements will not be processed and may be returned or denied.

MINIMUM REQUIREMENT CHECKLIST  
Check All Items as Either Attached (Yes) or Not Applicable (N/A)

| Yes                                 |                                     |             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|-------------------------------------|-------------------------------------|-------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <input checked="" type="checkbox"/> |                                     |             | Completed <i>Application to Sell or Lease a Water Right to the Water Supply Bank</i> , printed <b>single sided</b> , per requirement of the Water Supply Bank.                                                                                                                                                                                                                                                                                                                                                                                                      |
| <input checked="" type="checkbox"/> |                                     |             | Application filing fee of \$250.00 per water right. If you are submitting more than one lease application and the water rights have an overlapping, common place of use, or a common diversion rate or volume, the total fee for all water rights is \$500.00. For places of use, multiple water rights must be used to irrigate the same lands in order to qualify for the joint filing fee. Individual filing fees are required for water rights that share a common permissible place of use but which cover separate acres within the permissible place of use. |
| N/A                                 | Yes                                 | Attachments |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <input checked="" type="checkbox"/> | <input type="checkbox"/>            | 1A          | Signatures and contact information for <i>all owners</i> of the water right to be leased or sold on this application.                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | 1B          | An <u>Internal Revenue Service (IRS) Form W-9</u> for the Applicant / Designated Lessor.                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <input checked="" type="checkbox"/> | <input type="checkbox"/>            | 1C          | <i>Notice of Change in Water Right Ownership</i> form (accessible from <a href="http://www.idwr.idaho.gov">www.idwr.idaho.gov</a> ).                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | 1D          | Contact information for an authorized representative and documentary proof they are authorized to represent the Applicant on this application. If the Applicant is a business, partnership, municipality, organization or association, include documents identifying officers authorized to sign or act on behalf of the entity.                                                                                                                                                                                                                                    |
| <input checked="" type="checkbox"/> | <input type="checkbox"/>            | 2           | Description of a water right portion offered to the Water Supply Bank.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | 3           | A map that clearly outlines the specific location where irrigated acres will be dried up, or where a beneficial use of water will be suspended. You have the option of printing a map using the map tool on IDWR's website at: <a href="http://www.idwr.idaho.gov">www.idwr.idaho.gov</a> .                                                                                                                                                                                                                                                                         |
| <input checked="" type="checkbox"/> | <input type="checkbox"/>            | 4A          | Written consent from irrigation district or water delivery company.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <input checked="" type="checkbox"/> | <input type="checkbox"/>            | 4G          | Evidence demonstrating the water right has not been forfeited pursuant to <u>Section 42-222(2), Idaho Code</u> .                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <input checked="" type="checkbox"/> | <input type="checkbox"/>            | 5B          | Rental rate and owner payment agreement between lessor and renter for lease/rental packages.                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |

Department Use Only

Fee Amount \$ 500 250- Received By: KM Date Received: 1.21.25 Receipt # C119900  
W-9 received? Yes ☒ No ☐ (Route W-9 to Fiscal) Name on W-9: D.F Kelsey Family Trust

3182

STATE OF IDAHO  
WATER RESOURCE BOARD

**APPLICATION TO SELL OR LEASE A WATER RIGHT**  
(Continued)

**1. CONTACT INFORMATION**

- A. The applicant or designated lessor must be listed as a current owner of the water right offered for sale or lease to the Water Supply Bank. If there are multiple current owners, choose one owner as the Designated Lessor. Complete and attach the Designated Lessor - Attachment 1A of this application package with the signatures of all current owners.

Applicant / Designated Lessor The DF Kelsey Family Trust

Mailing Address 645 North Main Paris Idaho 83261  
Street City State Zip Code

Email Address dan.lazykfarms@gmail.com Phone Number 512-970-1700

☒ The Applicant is the sole owner of the water right being sold or leased to the Water Supply Bank.

OR

☐ The Designated Lessor is representing additional water right holders who have completed Attachment 1A.

- B. Has the Designated Lessor / Applicant submitted an IRS Form W-9 to this Department within 6 months? Yes ☐ No ☒  
If no, complete the form and attach to this application (Attachment 1B).

- C. Are all applicants on this form listed in IDWR's records as the current owners of the water right? Yes ☒ No ☐  
If no, attach a *Notice of Change in Water Right Ownership* form along with the required documentation and fee (Attachment 1C).

- D. Is this application being completed by an authorized representative of the Water Right Holder? Yes ☒ No ☐  
If yes, representatives (includes employees of Water Right Holder companies) must complete this section and submit documentary proof of their authority to represent the Water Right Holder (Attachment 1D).

Name of Representative Kristin Moore Organization Rocky Mountain Environmental Assoc. Inc.

Professional Title Senior Water rights Analyst Email Address kristin.rmea@gmail.com

Mailing Address 482 Constitution Way, Ste 303, Idaho Falls, ID 83402 Phone Number 208-524-2353

☐ Send all correspondence for this application to the representative and not to the Designated Lessor / Applicant.

OR

☒ Send original correspondence to the Designated Lessor / Applicant and copies to the representative.

**2. DESCRIPTION OF WATER RIGHT OFFERED TO THE BANK**

☒ The full water right is being offered to the Bank and none will still be used.

OR

☐ A portion of the water right is being offered to the Bank and a portion will still be used.

If a portion of the water right is being offered, **complete Attachment 2.**

**3. MAP**

Attach a map. The map must locate the point of diversion from the source of water and the location of the lands to be idled or the place where the water will no longer be used. The map must also show townships, ranges, sections, and government lots. **For irrigation purposes**, mark the number of acres for lease **per** 40-acre tract (1/4-1/4). If the water right proposed for lease is located within a permissible place of use (PPU) and portions of the PPU will continue to receive water from non-leased water rights, clearly outline on a map the acres within the PPU that will continue to be irrigated, as well as acres that will be idled during the lease term. Label the map **Attachment 3.**

STATE OF IDAHO  
WATER RESOURCE BOARD

**APPLICATION TO SELL OR LEASE A WATER RIGHT**  
(Continued)

**4. GENERAL INFORMATION**

- A. Identify the owner of the water delivery system or well Lazy K Hat Ranch LLC, operated by Dan Kelsey  
*If your water right is delivered through a canal, lateral or ditch operated by a canal company, irrigation district, or similar delivery entity, your lease request must include written consent from the company, district, or similar entity for your removal of water from its system pursuant to Section 42-108, Idaho Code and IDAPA WSB Rule 37.02.03.25.02e. (Label Attachment 4A)*
- B. Please provide a description of the current water diversion and delivery system, including source, pump, pipeline or diversion.  
A well to pump and mainline with irrigation system.
- C. Describe any other water sources, including municipal, irrigation company shares, or water rights with combined limits to the water right offered to the bank, which are used for the same purpose at the same place of use as the water right being offered to the Bank. There are no other water rights on the described place of use for this water right
- D. Are any of the water rights identified in Section 4C stacked with the water right proposed for lease? Yes ☐ No ☒  
*Stacked water rights are used together to achieve a common beneficial use, such as irrigation of the same lands, and usually have combined limits in the conditions of the water rights. Stacked water rights cannot be separated and must be jointly leased to the Water Supply Bank. Stacked water rights qualify for the multiple fee payment of \$500.*
- E. Will the present place of use continue to receive water from any other source, including those listed in 4C? Yes ☐ No ☒  
*If yes, explain the relationship between the different water sources and how enlargement of the authorized use will not occur if this water right is leased.*
- F. Has any portion of this water right undergone a period of five or more consecutive years of non-use? Yes ☐ No ☒  
*If yes, describe the circumstances and attach evidence to demonstrate how the water right has not been lost through forfeiture (Label Attachment 4G). See Section 42-223, Idaho Code for exceptions to forfeiture, including lease into the Bank. Your application may be denied if forfeiture concerns are not addressed.*
- G. Identify annual volumes and/or rates of water diverted (used) in the last 5 years to accomplish the beneficial use authorized by this water right. Last used on this property between 2014 to 2016; however, no quantities were measured by water right holder. Portions of this right were in the WSB in 2015 and were rented out; Enrolled in the WSB since 2017.
- H. Is this water right involved in any other IDWR process, such as an application for transfer or a mitigation plan? ☐ ☒  
*If yes, describe.* Yes No

STATE OF IDAHO  
WATER RESOURCE BOARD

**APPLICATION TO SELL OR LEASE A WATER RIGHT**  
(Continued)

**5. SALE/LEASE CONTRACT**

- A. Is the water right, or portion thereof, offered to the Idaho Water Resource Board (IWRB) for sale ☐ or lease ☒ ?

If lease, specify the first calendar year when the use of water will be suspended: 2025

All lease contracts are for a calendar year from January 1<sup>st</sup> to December 31<sup>st</sup> (year)

| *Mark Desired Lease Duration (Calendar Years) |                               |                               |                               |                                          |                                                                         |
|-----------------------------------------------|-------------------------------|-------------------------------|-------------------------------|------------------------------------------|-------------------------------------------------------------------------|
| <input type="checkbox"/><br>1                 | <input type="checkbox"/><br>2 | <input type="checkbox"/><br>3 | <input type="checkbox"/><br>4 | <input checked="" type="checkbox"/><br>5 | Other Term Length (# of years):<br><i>*Prior IWRB approval required</i> |

- B. Show the minimum payment acceptable to the seller/lessor. If lease, the minimum payment may be shown as the "current rental rate" as established by the IWRB, or a negotiated rental rate with submittal of an agreement between the lessor and the renter. *The owner payment is 90% of the rental fee. The administrative fee retained by the IWRB is 10% of either the current rental rate or the negotiated rental fee, whichever is higher. Include the method of determining the minimum payment if submitted as a companion lease rental package, and whether the owner payment will be paid directly to the lessor from the renter or if owner payment should be collected by the Department from the renter for payment to the lessor. (Label attachment 5B).*

Current rental rate.

I hereby assert that the information contained in this application is true to the best of my knowledge, and that I have the authorities necessary to offer this water right for sale or lease to the Idaho Water Resource Board.

The Designated Lessor / Applicant acknowledges the following:

1. Payment to the Designated Lessor / Applicant is contingent upon the sale or rental of the water right from the Bank.
2. While a water right is in the Bank, the seller/lessor of the water right may not use the water right, even if the water right is not rented from the Bank.
3. A water right accepted into the Bank stays in the Bank until the Designated Lessor / Applicant receives written confirmation from the Board or Water Supply Bank that the water right has been released from the Bank.
4. While a water right is in the Bank, forfeiture is stayed.
5. Acceptance of a water right into the Bank does not, in itself, confirm the validity of the water right or any element of the water right.

  
\_\_\_\_\_  
Signature of Designated Lessor or Applicant

Daniel Frederick Kelsey, Trustee  
\_\_\_\_\_  
Printed Name

1/7/25  
\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Co-Applicant

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Authorized Representative

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Date

Mail to:  
Idaho Department of Water Resources  
P.O. Box 83720  
Boise, ID 83720-0098

Print Form

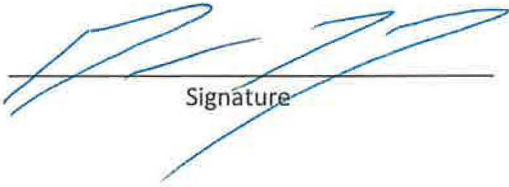
TO: IDAHO DEPARTMENT OF WATER RESOURCES

FROM: THE DF KELSEY FAMILY TRUST

RE: Authorized Representatives

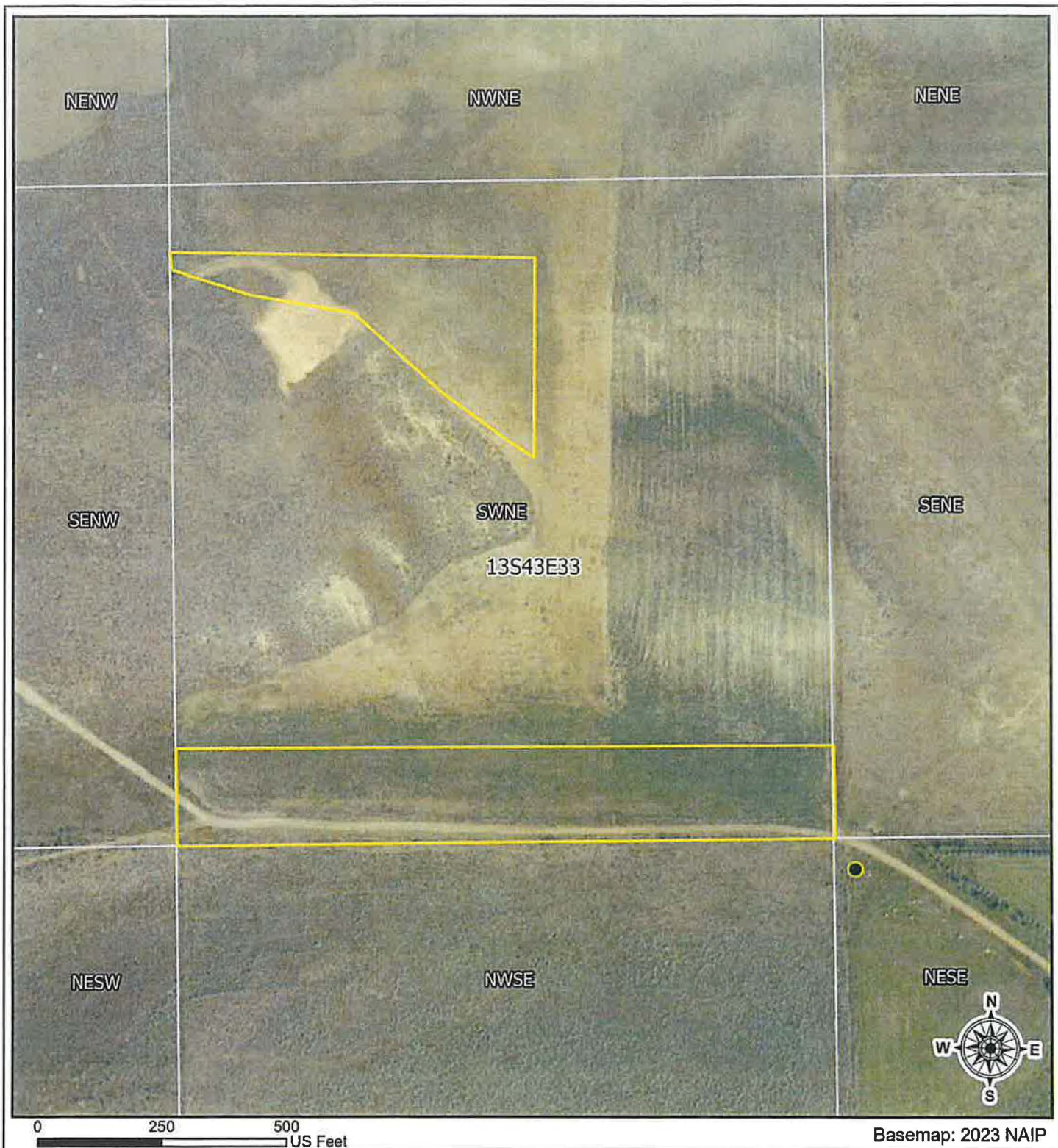
Rocky Mountain Environmental Associates, Inc.  
482 Constitution Way 303  
Idaho Falls, ID 83402  
(208) 524-2353 / (208) 524-1795 Fax

I, Daniel F Kelsey, Trustee, hereby authorize Rocky Mountain Environmental Associates, Inc. (RMEA) to act on my behalf regarding Water Supply Bank Application(s) for my water right(s).

  
\_\_\_\_\_  
Signature

\_\_\_\_\_  
Daniel F Kelsey  
Printed Name

  
\_\_\_\_\_  
Date



### Attachment 3: WSB Lease Map for WR 11-7866

- POD
- POU
- PLSS Section
- PLSS QQ

**DF Kelsey Family Trust**  
**645 North Main Street Parls, Idaho**  
**Water Banking Rental**

Date: 1/3/2025

RMEA #: 20-0129

Drafted by: AG





IDAHO DEPARTMENT OF  
**WATER RESOURCES**

322 E Front Street, Suite 648, Boise ID 83702 • PO Box 83720, Boise ID 83720-0098  
Phone: 208-287-4800 • Fax: 208-287-6700 • Email: [idwrinfo@idwr.idaho.gov](mailto:idwrinfo@idwr.idaho.gov) • Website: [idwr.idaho.gov](http://idwr.idaho.gov)

Governor Brad Little

Director Mathew Weaver

August 5, 2025

DF KELSEY FAMILY TRUST  
645 N MAIN ST  
PARIS ID 83261

**RE: WATER SUPPLY BANK LEASE CONTRACTS 2034  
FOR WATER RIGHT 11-7866**

Dear Lessor:

Water rights **11-7866** are/is leased into the Water Supply Bank (Bank) as of January **2025** in accordance with the enclosed executed lease contract. **Your water rights, as described on the lease contract, are considered leased into the Bank and should remain unused until they are formally released from the Bank.** More information and further restrictions placed on your water rights while leased can be found in conditions of acceptance of the lease contract. Read the conditions of acceptance carefully.

The right(s) will automatically be released from the Bank on **December 31, 2029** unless the rights are released earlier by the Water Resource Board (Board). To release the water rights from the Bank prior to the release date, submit a written request on the *Request to Release a Water Right from the Bank* form. This form is available on our public website at [www.idwr.idaho.gov](http://www.idwr.idaho.gov). **Please note your water rights may not be available for immediate release if they are rented.**

If you have questions regarding this matter, please contact this office at [bank@idwr.idaho.gov](mailto:bank@idwr.idaho.gov) or 208-287-4800.

Sincerely,

Jean Hersley  
Technical Records Specialist II

Enclosure: Executed Lease Contract

c: IDWR-Eastern Region Office  
Rocky Mountain Environmental Assoc. Inc



IDAHO DEPARTMENT OF  
**WATER RESOURCES**

322 E Front Street, Suite 648, Boise ID 83702 • PO Box 83720, Boise ID 83720-0098  
Phone: 208-287-4800 • Fax: 208-287-6700 • Email: [idwrinfo@idwr.idaho.gov](mailto:idwrinfo@idwr.idaho.gov) • Website: [idwr.idaho.gov](http://idwr.idaho.gov)

Governor Brad Little

Director Mathew Weaver

July 15, 2025

DF KELSEY FAMILY TRUST  
645 N MAIN ST  
PARIS ID 83261

**RE: APPLICATION TO LEASE WATER RIGHTS 11-7866 TO THE WATER SUPPLY BANK  
CONTRACT 2034**

**\*\*\*\*TIME SENSITIVE RESPONSE REQUIRED\*\*\*\***

Dear Applicant:

The Department of Water Resources has completed its review of your application to lease the above-mentioned water right to the Water Supply Bank. **I have enclosed two original Water Supply Bank Lease Contracts for your review and signature. Please sign and return ALL Lease Contracts within 14 days.** Upon signature and return of the contracts, the Department will also sign the original contracts and return an executed copy to you. The Lease Contract is not considered final until you and the Department have both signed.

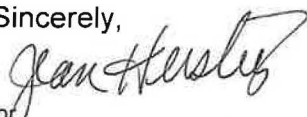
The right will automatically be released from the Bank on **December 31, 2029** unless the right is released earlier by the Board, or upon your request. To release the right from the Bank prior to the release date, submit a written request on the Request to Release a Water Right from the Bank form. To propose a new lease period, submit a new Application to Sell or Lease a Water Right to the Water Supply Bank form along with applicable fees to the Department. These forms are available from any IDWR office or from our public website at <http://www.idwr.idaho.gov>. Please note your right may not be available for immediate release if it has been rented.

Please review the conditions of acceptance listed on the Lease Contract, including #3 which says:

"While a right is in the bank, **the lessor may not use the right** without approval of the department even if the right is not rented from the bank. Any violation of the terms of this lease may result in enforcement procedures pursuant to Idaho Code § 42-351 for illegal diversion and use of water and may include civil penalties pursuant to Idaho Code § 42-1701B."

If you have questions regarding this matter, please contact this office at [bank@idwr.idaho.gov](mailto:bank@idwr.idaho.gov) or 208-287-4800.

Sincerely,

  
for  
Water Supply Bank

Enclosures: Proposed Lease Contracts

CC: Rocky Mountain Environmental

| WATER SUPPLY BANK                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Quick Tools  |                              |
|--------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|------------------------------|
| <b>Lease Review Checklist</b>                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Decreed Year | No Forfeiture Concerns Thru: |
| <b>Applicant(s) Name:</b> DF Kelsey Family Trust |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 2011         | 2017                         |
| <b>Memo Date:</b> 07/10/2025                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 2012         | 2018                         |
|                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 2013         | 2019                         |
| <b>Water Right Number(s):</b> 11-7866            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 2014         | 2020                         |
|                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 2015         | 2021                         |
| <b>Reviewers Name:</b> Jean                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |              |                              |
|                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Check box    | COMMENTS/CONCERNS:           |
| 1                                                | Fill out WSB Data Entry Checklist for Leases (Front of File)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | x            |                              |
| 2                                                | Reason for lease of water rights (Brief description of lease proposal in narrative)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |              |                              |
|                                                  | Portion of right                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |              |                              |
|                                                  | All of right                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | x            |                              |
| 3                                                | Check GWMA/CGWA/ADC and basin 63 areas of concern (note area in comments)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | x            |                              |
|                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Yes          | No                           |
| 4                                                | Rentable? (If no explain in comments or narrative)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | x            |                              |
| 5                                                | Authority to file                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |              |                              |
|                                                  | Current owner or designated applicant                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | x            |                              |
|                                                  | SOS Web site checked for business entity                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |              |                              |
|                                                  | Other (explain in comments)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |              |                              |
| 6                                                | Water Right validity                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |              |                              |
|                                                  | Decreed/Licensed/Statutory claim date (write in comments section)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |              | 2009- licensed               |
|                                                  | Past irrigation to ensure forfeiture is not an issue if decreed or licensed over 7 years ago (consider transfers that changed the POU, rentals to the POU etc.)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |              |                              |
|                                                  | Has this right previously been leased to the bank or in CREP?                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | x            | since 2017                   |
| 7                                                | Injury to other water rights                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |              |                              |
|                                                  | If the POD is through a delivery entity, was consent provided?                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |              | na                           |
|                                                  | If the POD is through a delivery entity, was holdback required? (percentage in comments)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |              | %                            |
|                                                  | Any other concerns                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | x            |                              |
| 8                                                | Enlargement concerns                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Check box    |                              |
|                                                  | Complete a POU comparison overlap analysis                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | x            |                              |
|                                                  | Complete a combined limits review                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | x            |                              |
|                                                  | Complete POD overlap analysis (if there is an overlap add condition to lease)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | x            |                              |
|                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Yes          | No                           |
|                                                  | Are there overlapping rights that need to be placed in the bank also?                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |              | x                            |
|                                                  | Will the place of use continue to receive water? (if yes explain in comments)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |              | x                            |
| 9                                                | Local Public Interest                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |              |                              |
|                                                  | Does the processor know of any problems this action will cause for the local public?                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |              | x                            |
| 10                                               | Have you contacted regional office and watermaster for comment/concerns?                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | x            |                              |
|                                                  | Send the watermaster comment request form or e-mail request                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |              | na                           |
| 11                                               | Area Headgate requirement (write in Comments)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |              | 3.5                          |
| 12                                               | Is water right involved in any other department action? Pull file and check database<br>( ) Ownership Change ( ) Transfer ( ) Mitigation ( ) Other - Explain in comments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |              | x                            |
| 13                                               | <b>Narrative:</b> The Department received this application on January 21, 2025. The applicant wishes to place the entire right in the Bank. This right is a split of 11-7391 which was licensed in 2009 and in the Bank since 2017. This right was placed in the Bank again from 2020-2024. There are no issues with forfeiture. There are no overlapping water rights with the POU. This right shares a POD with 11-7391 and 11-7869. This right has been claimed in the Bear River Basin Adjudication. An email was sent to the applicant letting them know the right is protected while pending in the adjudication. No response was received. This right is not currently within a WD as it is a groundwater right. |              |                              |

## Hersley, Jean

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**From:** Hersley, Jean  
**Sent:** Monday, June 2, 2025 1:53 PM  
**To:** dan.lazykfarms@gmail.com; kristin.rmea@gmail.com  
**Subject:** WSB Lease Application for 11-7866

The Department of Water Resources (Department) received an Application to Lease Water Right 11-7866 to the Water Supply Bank (Bank). It appears you have also filed a claim in the Bear River Basin Adjudication. If you are filing the Application to Sell or Lease a Water Right to the Bank to protect the water right from non-use, the filing of a claim stays the forfeiture clock, which will reset when the water right is decreed.

Please let me know if you would like to withdraw your Application to Sell or Lease a Water Right to the Bank within 14 days. If you wish to withdraw your application will be returned and a refund will be requested. If the Department does not hear from you within 14 days, your Application to Sell or Lease a Water Right to the Bank will be processed. Please let me know if you have any questions. Thank you.



*Jean Hersley  
Technical Records Specialist II  
Idaho Dept Water Resources  
(208) 287-4942*