

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

WATER SUPPLY BANK LEASE CONTRACT No. 2039

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

LESSOR: L & J LAND AND LIVESTOCK LLC
105 LAZY J RD
GARDEN VALLEY, ID 83622-6020

RECEIVED
OCT 22 2025
DEPARTMENT OF
WATER RESOURCES

RECITALS

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 July 23, 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)
65-23566	6/8/1945	NORTH FORK FAWN CREEK, tributary to FAWN CREEK	0.01	Not Stated	0.6
Combined Lease Totals			0.01	Not Stated	0.6

Water Right	Diversion Rate (CFS)	Diversion Volume (AF)	Acres (Limited) (AC)	Rate Per Acre (CFS/AC)	Volume Per Acre (AF/AC)
65-23566	0.01	1.8	0.6	0.02	3.0
Combined Limit Totals	0.01	1.8	0.6	0.02	3.0

** The volumes stated in this table are based on the field headgate standard of 3.0 AFA.*

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.

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

WATER SUPPLY BANK LEASE CONTRACT No. 2039

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.
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.

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

LESSOR: L & J LAND AND LIVESTOCK LLC
105 LAZY J RD
GARDEN VALLEY, ID 83622-6020

By John C. Beggs
Title Owner
Date 10-22-25

IDAHO WATER RESOURCE BOARD

322 East Front Street
P.O. Box 83720
Boise, ID 83720-0098

By Brian Patton
Brian Patton, Executive Manager
Idaho Water Resource Board

Date 11/4/25

Lease approved by IDWR Plummer

Date 11/4/25

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

WATER SUPPLY BANK LEASE CONTRACT No. 2039

**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): 65-23566

FAWN CREEK	NENW	Sec. 3	Twp 12N	Rge 03E	VALLEY County
FAWN CREEK	NENW	Sec. 3	Twp 12N	Rge 03E	VALLEY County

Water Right	Beneficial Use	Season of Use			Diversion Rate (CFS)	Volume (AF)
		From		To		
65-23566	IRRIGATION	04/15	to	10/15	0.01 cfs	Not Stated
Totals:					0.01 cfs	Not Stated

PLACES OF USE TO BE IDLED UNDER THIS LEASE: IRRIGATION

Twp	Rng	Sec	NE				NW				SW				SE				Totals
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
13N	03E	36														0.6			0.6

Total Acres: 0.6

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.

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

WATER SUPPLY BANK LEASE CONTRACT No. 2039

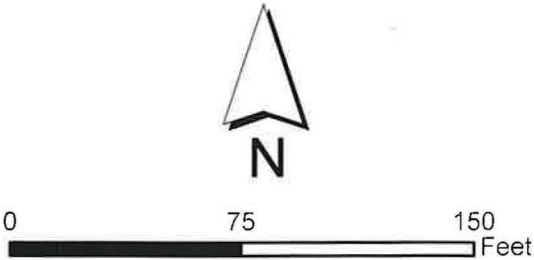
8. Acceptance of a right into the bank does not, in itself, confirm the validity of the right or any elements of the water right, or improve the status of the right including the notion of resumption of use. It does not preclude the opportunity for review of the validity of this water right in any other Department application process.
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. Rights 65-23565, 65-2443 And 65-2454B when combined shall not exceed a total diversion rate of 6.69 cfs at the field headgate, and the irrigation of 334.5 acres.
13. The unleased portions of 65-23566 shall not exceed a total diversion rate of 1.68 cfs, a total annual maximum diversion volume of 275.7 af at the field headgate, and the irrigation of 91.9 acres.
14. Use of water under this right may be regulated by a watermaster with responsibility for the distribution of water among appropriators within a water district. At the time of this approval, this water right is within State Water District No.65.

Idaho Water Resource Board
Water Supply Bank Lease Contract No. 2039
65-25366
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.



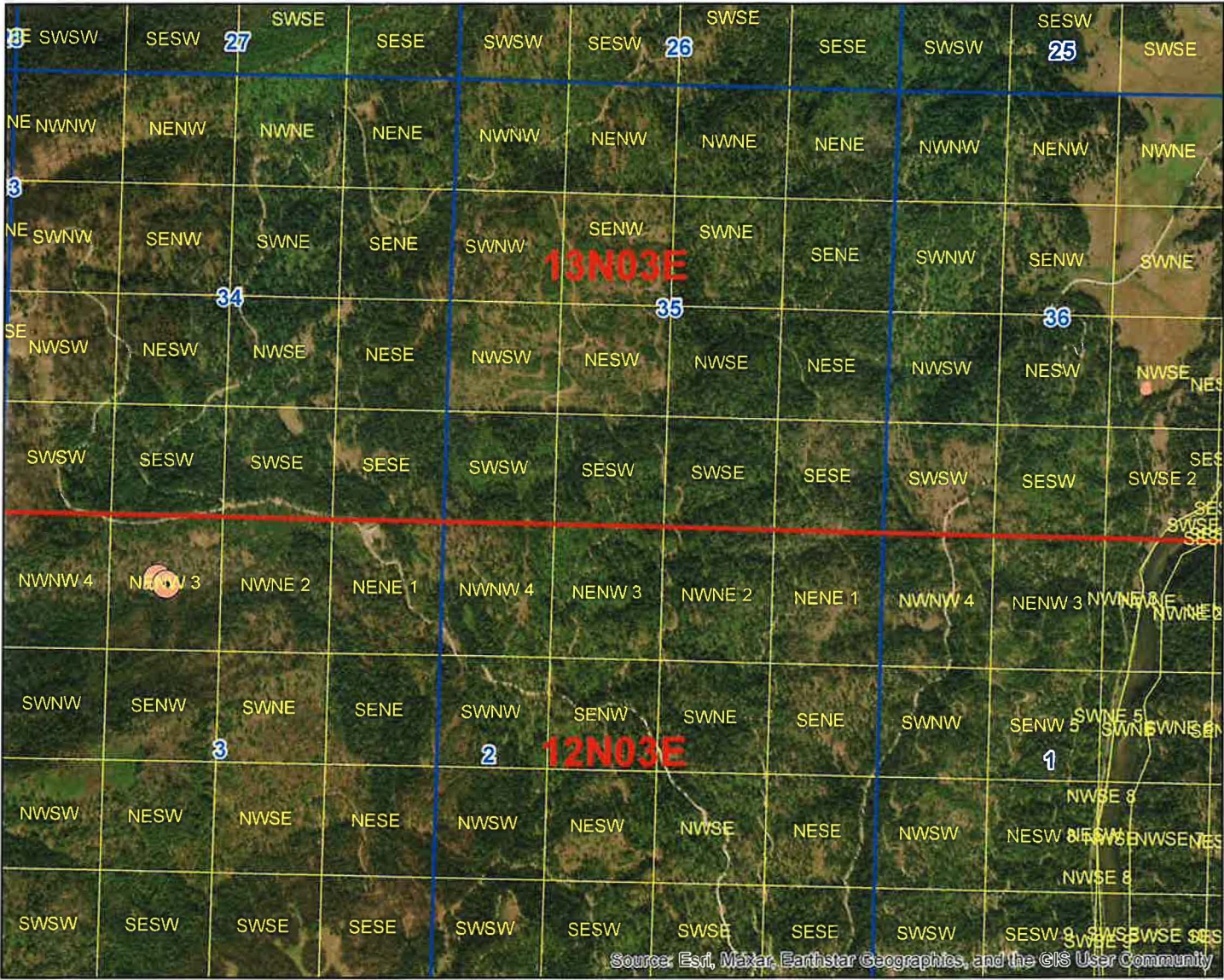
- Approved Lease POD
- ▨ Approved Lease POU
- ▭ Township/Range
- ▭ Sections
- ▭ QQ



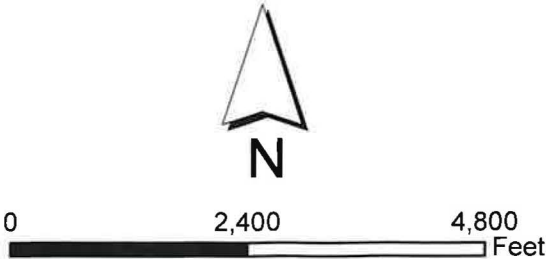
Idaho Water Resource Board
Water Supply Bank Lease Contract No. 2039

65-23566
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

Print Form

JUL 22 2025

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

DEPT. OF WATER RESOURCES

Applicant / Designated Lessor L&J Land and Livestock LLC
(Select one owner – see item 1A on the application)Water Right No. 65-23566
(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

Completed *Application to Sell or Lease a Water Right to the Water Supply Bank*, printed **single sided**, per requirement of the Water Supply Bank.

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



1A

Signatures and contact information for **all owners** of the water right to be leased or sold on this application.

1B

An Internal Revenue Service (IRS) Form W-9 for the Applicant / Designated Lessor.

1C

Notice of Change in Water Right Ownership form (accessible from www.idwr.idaho.gov).

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.



2

Description of a water right portion offered to the Water Supply Bank.



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: www.idwr.idaho.gov.



4A

Written consent from irrigation district or water delivery company.



4G

Evidence demonstrating the water right has not been forfeited pursuant to Section 42-222(2), Idaho Code.

5B

Rental rate and owner payment agreement between lessor and renter for lease/rental packages.

Department Use Only

Fee Amount \$ 250.00Received By: BMDate Received: 7.22.25Receipt # C122241W-9 received? Yes ☒ No ☐ (Route W-9 to Fiscal)Name on W-9: L&J Land and Livestock, LLC

3251

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 L&J Land and Livestock LLC
Mailing Address 105 Lazy J Road, Garden City, Idaho 83522
Street City State Zip Code
Email Address jbeq54@gmail.com Phone Number (208) 602-2481

☒ 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 Charlie S. Baser Organization Givens Pursley LLP
Professional Title Attorney Email Address csb@givenspursley.com
Mailing Address 601 W. Bannock St., Boise, Idaho 83702 Phone Number (208) 388-1200

☐ 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 L&J Land and Livestock LLC
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.
Water from the N. Fk. of Fawn Creek is diverted into a ditch at the POD for 65-23566 (Lot 3/NENW S3 T12N, R3E, B.M.)
and the ditch then carries the water diverted pursuant to 65-23566 to the POU where it is used for flood irrigation.
- 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. None
- 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. 65-23566 has been fully beneficially used in the last five years to
grow grass for livestock feeding
- 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 1st to December 31st (year)

* Mark Desired Lease Duration (Calendar Years)					
☐ 1	☐ 2	☐ 3	☐ 4	☒ 5	Other Term Length (# of years): * Prior IWRB approval required

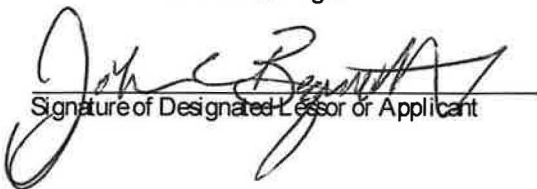
B. Show the minimum payment acceptable to the seller/lessor. If lease, the minimum payment may be shown as the "current rental rate" as established by the IWRB, or a negotiated rental rate with submittal of an agreement between the lessor and the renter. The owner payment is 90% of the rental fee. The 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).

Standard 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

John Bequette, Manager of Bequette LLC 7-16-25
Printed Name 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

STATE OF IDAHO
WATER RESOURCE BOARD

Complete Attachment 1A if more than one water right owner

ATTACHMENT 1A

Multiple Water Right Holders Party to the Lease Application

For the water right offered for sale or lease, list all owners (individuals or business entities) of the right or the property to which it is appurtenant. All water right holders must sign a Water Supply Bank Lease Application. However, only the Designated Lessor or Applicant needs to provide a completed IRS Form W-9 (Attachment 1B). **All correspondence and any financial payment associated with the rental of this water right will be directed to the Designated Lessor.** If additional space is needed to list any other water right holders, attach a second copy of Attachment 1A.

If submitting multiple applications, it is only necessary to complete one Attachment 1A for the group of applications. List each water right below.

Water Right No(s). _____

	Designated Lessor	Applicant #2	Applicant #3
Name			
Mailing Address			
Phone Number			
Email Address			
Applicant Declaration	As Designated Lessor, I submit this lease application on behalf of all other water right holders.	I authorize the Designated Lessor to submit this application on my behalf.	I authorize the Designated Lessor to submit this application on my behalf.
Signatures			

	Applicant #4	Applicant #5	Applicant #6
Name			
Mailing Address			
Phone Number			
Email Address			
Applicant Declaration	I authorize the Designated Lessor to submit this application on my behalf.	I authorize the Designated Lessor to submit this application on my behalf.	I authorize the Designated Lessor to submit this application on my behalf.
Signatures			

**STATE OF IDAHO
WATER RESOURCE BOARD**

Complete Attachment 2 if only a portion of the water right is offered to the Bank.
Only one water right per form.

ATTACHMENT 2

DESCRIPTION OF A WATER RIGHT PORTION OFFERED TO THE WATER SUPPLY BANK

1. <u>Water Right Number</u>	<u>Nature of Use</u>	<u>Leased Rate</u> (cfs)	<u>Leased Volume</u> (af)	<u>Leased Acres</u> (ac)
_____	<u>Irrigation</u>	<u>0.009</u>	<u>0.89</u>	<u>0.5</u>
_____	_____	_____	_____	<u>0.5</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Total Amounts:		<u>0.009</u>	<u>0.89</u>	<u>0.5</u>

2. Source of water N. Fk. Fawn Creek tributary to Fawn Creek

3. **Point(s) of diversion.** Locate the point of diversion within each 40-acre tract and/or the U.S. Government Lot of the Public Land Survey System. Spring sources should be described to the nearest 10-acre tract. Identify the county where the point of diversion is located.

TWP	RGE	SEC	GOVT LOT	1/4	1/4	1/4	County	Source	Local name or tag #
12N	03E	3	3	NE	NW		Valley	N. Fk. Fawn Creek	
12N	03E	3	3	NE	NW		Valley	N. Fk. Fawn Creek	

4. Place of Use to be idled. Mark the idled place of use within each 40-acre tract in the appropriate box using the number of acres for irrigation, or the symbol listed below for other uses.

D - domestic, S - stockwater, M - municipal, C - commercial, I - industrial, X - other.

TWP	RGE	SEC	NE				NW				SW				SE				Totals
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
13N	03E	36														0.5			0.5

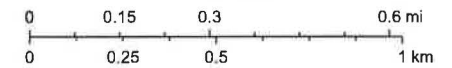
Attachment 3 WSB Lease Application 65-23566



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- POD - Water Rights
- POU - Water Rights
- All Other POU (non-provider)
- Quarter Quarters
- PLS Sections
- Townships

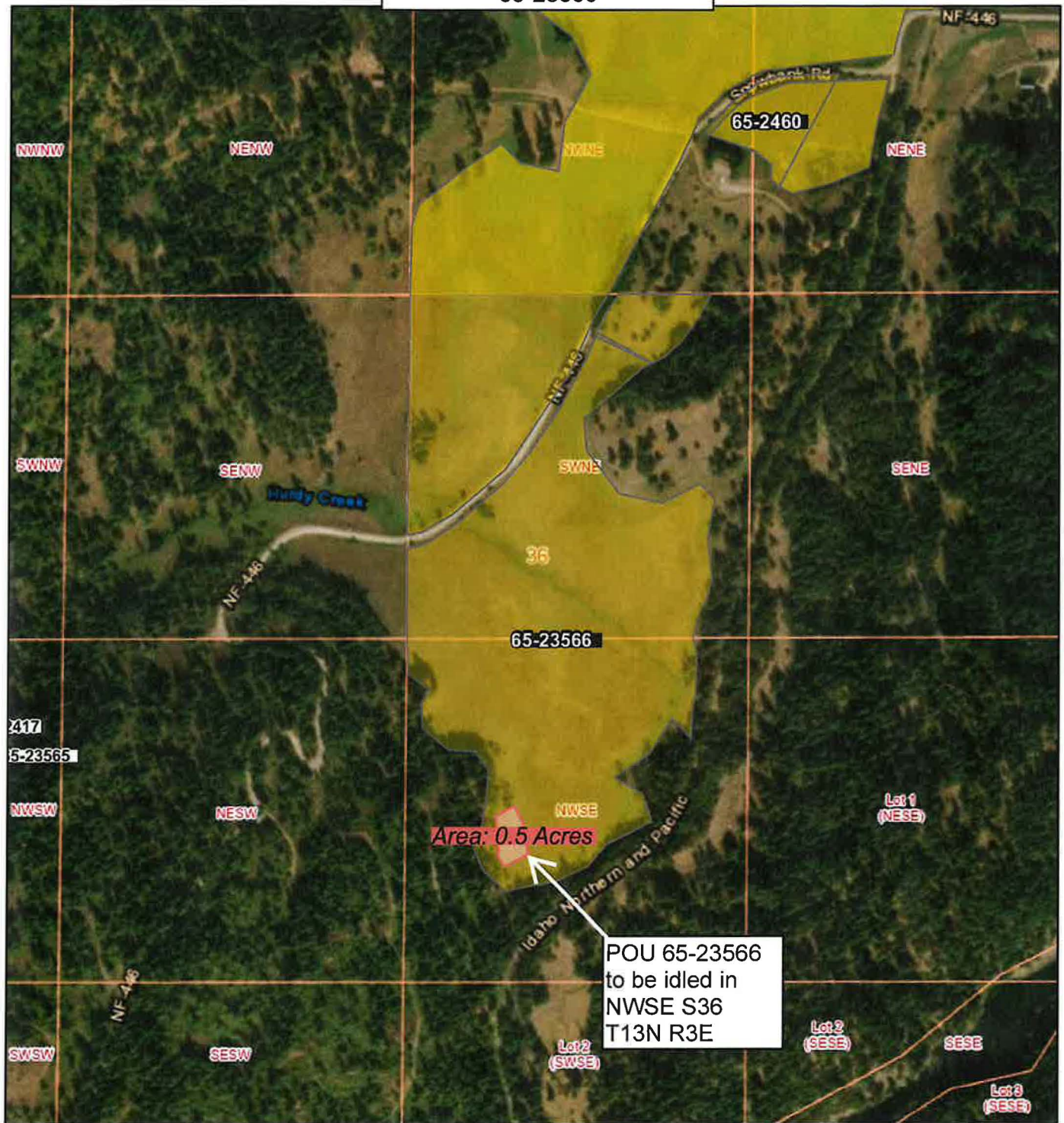
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Esri, HERE, IPC, Esri, HERE, Garmin, IPC, Maxar

Attachment 3

WSB Lease Application
65-23566



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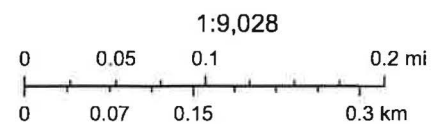
POU - Water Rights

All Other POU (non-provider)

Quarter Quarters

PLS Sections

Townships



Esri, HERE, IPC, Esri, HERE, Garmin, IPC, Maxar

RECEIVED

JUL 22 2025

DEPT. OF WATER RESOURCES

**OPERATING AGREEMENT OF
L & J LAND AND LIVESTOCK LLC**
An Idaho Limited Liability Company

THIS OPERATING AGREEMENT ("Agreement") of L & J Land and Livestock LLC, an Idaho limited liability company (the "Company") organized pursuant to and in accordance with the Idaho Uniform Limited Liability Company Act, Idaho Code Section 30-25-101, *et seq.* (the "Act"), is adopted by Bequette LLC (the "Member"), as the Operating Agreement of the Company effective December 15, 2016 ("Effective Date").

SECTION 1. Certificate of Organization. The Certificate of Organization for the Company was filed with the Idaho Secretary of State on June 27, 2014 (the "Certificate") by Michael C. Creamer, as the "Organizer" at the direction of the Member.

SECTION 2. Purpose and Powers. The purpose of the Company is to engage in any activity for which limited liability companies may be organized in the State of Idaho. The Company shall possess and may exercise all of the powers and privileges granted by the Act or by any other law or by this Agreement, together with any powers incidental thereto, so far as such powers and privileges are necessary or convenient to the conduct, promotion or attainment of the business purposes or activities of the Company.

SECTION 3. Registered Agent and Office. The name and address of the registered agent of the Company for service of process on the Company in the State of Idaho is Givens Pursley Corporate Services LLC, 601 W. Bannock Street, Boise, Idaho 83702. The mailing address of the Company is 105 Lazy J Road, Garden Valley, Idaho 83622.

SECTION 4. Capital Contributions. The Member has made Capital Contributions to the Company as reflected in the business records of the Company. The Member may, but shall not be required to, contribute cash or other property to the Company as it may decide, from time to time, in its sole and absolute discretion.

SECTION 5. Tax Characterization and Returns. The Member is the sole Member of the Company. Accordingly, pursuant to Treasury Regulation Section 301.7701-3 and Idaho Code Section 63-3006A, the Company shall be a disregarded entity for all relevant federal and state tax purposes. Therefore, the activities of the Company shall be deemed to be activities of the Member for such purposes. All provisions of the Certificate and this Agreement are to be construed so as to preserve the Company's status as a disregarded entity for tax purposes. In the event the Company no longer qualifies as a disregarded entity, the Company shall be treated as a partnership for all relevant federal and state tax purposes and shall make all available elections to be so treated.

SECTION 6. Management. The business and affairs of the Company shall be managed by the Member. The Member shall have full and complete authority, power, and discretion to manage and control the business, affairs, and properties of the Company, to make all decisions regarding those matters, and to perform any and all other acts or activities customary or incidental to the management of the Company's business.

SECTION 7. Allocations. All items of income, gain, loss, deduction, and credit shall be allocated to the Member.

SECTION 8. Distributions. The Company shall distribute to the Member any cash held by it less an amount reasonably necessary for the operation of the Company.

SECTION 9. Assignments. The Member may not assign any, all or any part of its interest in the Company without the unanimous consent of the Member.

SECTION 10. Dissolution. The Company shall dissolve, and its affairs shall be wound up, upon the earliest to occur of: (a) the decision of the Member, or (b) an event of dissolution of the Company under the Act (each a "Dissolution Event").

SECTION 11. Distributions Upon Dissolution. Upon the occurrence of a Dissolution Event, the Member shall be entitled to receive, after paying or making reasonable provision for all of the Company's creditors, to the extent required by the Act, the remaining funds of the Company.

SECTION 12. Limited Liability. The Member shall have no liability for the obligations of the Company except to the extent required by the Act.

SECTION 13. Separateness Provisions. Except as set forth in Section 14 of this Agreement, the Company shall (a) maintain books and records and bank accounts separate from those of the Member; (b) to the extent required by the Act, hold regular meetings to conduct the business of the Company; (c) observe all customary organizational and operational formalities required by the Act; (d) hold itself out to creditors and the public as a legal entity separate and distinct from any other entity; (e) conduct business in its own name and use separate stationery, invoices and checks; (f) not commingle its assets or funds with those of the Member; and (g) correct any known misunderstanding regarding its separate identity.

SECTION 14. Indemnification. The Company shall indemnify the Member to the fullest extent permissible under applicable law, against all liability, loss and costs (including, without limitation, attorney fees through all levels of appeal) incurred or suffered by the Member by reason of or arising from the fact that such person is or was a Member of the Company, or is or was serving at the request of the Company as a member, manager, director, officer, partner, trustee, employee, or agent of another foreign or domestic limited liability company, corporation, partnership, joint venture, trust, benefit plan, or other enterprise. The indemnification provided in this section shall not be exclusive of any other rights to which any person may be entitled under any statute, bylaw, agreement, resolution or contract, or otherwise.

SECTION 15. Amendment. This Agreement may be amended only in a writing signed by all members of the Member.

SECTION 16. Governing Law. This Agreement shall be governed by and construed under the laws of the state of Idaho, excluding any conflicts of laws, rule or principle that might refer the governance or construction of this Agreement to the law of another jurisdiction.

SECTION 17. Severability. Except as otherwise provided in the succeeding sentence, every term and provision of this Agreement is intended to be severable, and if any term

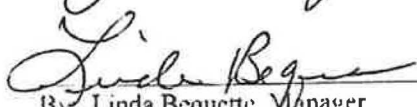
or provision of this Agreement is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the legality or validity of the remainder of this Agreement. The preceding sentence shall be of no force or effect if the consequence of enforcing the remainder of this Agreement without such illegal or invalid term or provision would be to cause any party to lose the benefit of its economic bargain.

The undersigned have executed this Operating Agreement effective as of the Effective Date.

MEMBER:

BEQUETTE LLC


By: John Bequette, Manager


By: Linda Bequette, Manager



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 • Website: idwr.idaho.gov

Governor Brad Little

Director Mathew Weaver

November 12, 2025

L & J LAND AND LIVESTOCK LLC
105 LAZY J ROAD
GARDEN VALLEY, ID 83622-6020

**RE: WATER SUPPLY BANK LEASE CONTRACTS 2039
FOR WATER RIGHT(S) 65-23566**

Dear Lessor:

Water right **65-23566** 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. **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 or 208-287-4800.

Sincerely,

Kris Margheim

Kris Margheim
Technical Records Specialist

Enclosure: Executed Lease Contract

c: IDWR- Western Region Office
Water District No.65 (via email)



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 • Website: idwr.idaho.gov

Governor Brad Little

Director Mathew Weaver

RECEIVED

OCT 22 2025

DEPARTMENT OF
WATER RESOURCES

September 22, 2025

L & J LAND AND LIVESTOCK LLC
105 LAZY J RD
GARDEN VALLEY, ID 83622-6020

**RE: APPLICATION TO LEASE WATER RIGHTS 65-23566 TO THE WATER SUPPLY BANK
CONTRACT 2039**

******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 or 208-287-4800.

Sincerely,

for
Water Supply Bank

Enclosures: Proposed Lease Contracts
Receipt C122241

CC: Representative

Beck, Catalina

From: Beck, Catalina
Sent: Tuesday, September 9, 2025 2:51 PM
To: csb@givenspursley.com
Subject: Water Supply Bank proposed lease contract 2039 for L& J Land and Livestock LLC and proposed rental agreement 963 for David Mcnaul
Attachments: Rental - 2025-2029.pdf; Rental Agreement .docx; Lease - 2025-2029.pdf; Lease Contract .docx; POU Lease -2025-2029.pdf

Good Afternoon,

Here is a copy of the proposed lease contract 2039 for L& J Land and Livestock LLC and proposed rental agreement 963 for David Mcnaul. The lease contract and rental agreement will be mailed out tomorrow



Catalina Beck
Water Resource Agent
208-287-4920
Catalina.beck@idwr.idaho.gov

Idaho Department of Water Resources State Office
322 E Front Street Boise, ID 83702

Beck, Catalina

From: Beck, Catalina
Sent: Friday, August 15, 2025 7:06 AM
To: Miller, Nick
Cc: neil.waterdistrict65@gmail.com; Bank
Subject: Lease Rental Package for lease L&J Liverstock 3251 rental 3252 for David McNaul
Attachments: R2.8 Rental Review Memo .docx; Rental .pdf; Move Map .pdf; Lease - 2025-2029.pdf; L1.1 Lease Review Memo .docx; POU Lease -2025-2029.pdf

Good Morning Nick

We are seeking comments, regarding the Water Supply Bank (WSB) Lease Application 3251 for L&J Liverstock and Water Supply Bank Rental 3252 for David McNaul . I have attached a copy of the lease application, the lease review, a map for your reference, copy of the rental application, the rental review, move map and rental map for your reference .Please submit your comments within 7 days, no later than August 22,2025 . If we do not hear from you by that date, we will assume that no comment from you means you have no objection to, concerns about, or conditions about the lease.

Comments are preferred to be received by e-mail to catalina.beck@idwr.idaho.gov. However, comments by regular mail is acceptable.

If you have any questions, don't hesitate to contact me at the State Office at (208) 287-4920.



Catalina Beck
Water Resource Agent
208-287-4920
Catalina.beck@idwr.idaho.gov

Idaho Department of Water Resources State Office
322 E Front Street Boise, ID 83702

Beck, Catalina

From: Charlie S. Baser <charliebaser@givenspursley.com>
Sent: Thursday, August 14, 2025 12:19 PM
To: Beck, Catalina
Cc: jbeg54@gmail.com; David McNaul; Melissa Parpart
Subject: RE: Additional Information for Lease/ Rental Package for Water Right 65-23566

CAUTION: This email originated outside the State of Idaho network. Verify links and attachments BEFORE you click or open, even if you recognize and/or trust the sender. Contact your agency service desk with any concerns.

Hi Catalina,

That change in acreage and volume are fine with L&J Land and Livestock. I am copying the rental applicant David McNaul here as well for his consent.

Thanks!
Charlie

CHARLIE SUZANNAH BASER

GIVENS PURSLEY LLP

601 W Bannock St, Boise, ID 83702

main 208-388-1200

direct 208-388-1271

fax 208-388-1300

charliebaser@givenspursley.com

www.givenspursley.com

CONFIDENTIALITY NOTICE: This communication is confidential and may contain privileged information. If you have received it in error, please advise the sender by reply email and immediately delete the message and any attachments without copying or disclosing the contents. Thank you.

From: Beck, Catalina <Catalina.Beck@idwr.idaho.gov>
Sent: Thursday, August 7, 2025 12:02 PM
To: Charlie S. Baser <charliebaser@givenspursley.com>
Cc: jbeg54@gmail.com
Subject: Additional Information for Lease/ Rental Package for Water Right 65-23566

EXTERNAL

Good afternoon,

I am the agent reviewing the lease/rental application for water right 65-23566 for the water supply bank. I noticed that the requested lease amount for 0.5 acres, with a flow rate of 0.009 cfs and a volume of 0.89 AF, is based on irrigation use. However, since the nature of use is changing from irrigation to domestic for the rental the amount needs to be adjusted for consumptive use.

GIVENS PURSLEY LLP

Attorneys and Counselors at Law

601 W. Bannock Street
PO Box 2720
Boise, ID 83701
Main: 208-388-1200
www.givenspursley.com

RECEIVED

JUL 22 2025

DEPARTMENT OF
WATER RESOURCES

Charlie S. Baser
charliebaser@givenspursley.com
208-388-1271

July 22, 2025

Via Hand Delivery

Idaho Department of Water Resources
322 E. Front Street
Boise, ID 83702

RE: *Water Right 65-23566*

Dear Sir or Madam:

Enclosed please find L&J Land and Livestock LLC's ("L&J") Application to Sell or Lease a Water Right to the Water Supply Bank and David McNaul's ("McNaul") Application to Rent from the Water Supply Bank, along with a check in the amount of \$250.00 for filing with your office. Also enclosed is a W-9 form for L&J Land and Livestock LLC and the Operating Agreement of same. Please return a date stamped copy of this document to our office upon receipt via our runner.

By way of a quick explanation for this Lease/Rental package, McNaul owns a very remote parcel in Valley County on which he has a small cabin that is primarily used in the summer. There is no water available to the cabin, but the ditch that conveys L&J's irrigation water rights (including 65-23566) to L&J's place of use runs through McNaul's property. McNaul and L&J have agreed that, with the Water Supply Bank's approval, McNaul can rent a small amount of L&J's irrigation water from 65-23566 for in-home use, as described in McNaul's rental application. If you have any questions about this Lease/Rental package, please give me a call.

Sincerely,



Charlie S. Baser

CSB/mp
Enclosure
19022550.1 [12083-10]

3251 + 3252



0006347853

**STATE OF IDAHO***Office of the secretary of state, Phil McGrane***ANNUAL REPORT**

Idaho Secretary of State
PO Box 83720
Boise, ID 83720-0080
(208) 334-2301
Filing Fee: \$0.00

For Office Use Only

-FILED-

File #: 0006347853

Date Filed: 7/9/2025 2:11:03 PM

B1030-4878 07/09/2025 2:11 PM Received by Office of the Idaho Secretary of State

Entity Name and Mailing Address:

Entity Name: L & J LAND AND LIVESTOCK LLC
The file number of this entity on the records of the Idaho Secretary of State is: 0000425517
Address: JOHN BEQUETTE
105 LAZY J RD
GARDEN VALLEY, ID 83622-6020

Entity Details:

Entity Status: Active-Existing
This entity is organized under the laws of: IDAHO
If applicable, the old file number of this entity on the records of the Idaho Secretary of State was: W139515

The registered agent on record is:

Registered Agent: GIVENS PURSLEY CORPORATE SERVICES LLC
Commercial Registered Agent
Physical Address: 601 W BANNOCK ST
BOISE, ID 83702
Mailing Address: 601 W BANNOCK ST
BOISE, ID 83702

Agent or Address Change

☐ Select if you are appointing a new agent.

Limited Liability Company Managers and Members

Name	Title	Business Address
John Bequette	Member	105 LAZY J RD GARDEN VALLEY, ID 83622

The annual report must be signed by an authorized signer of the entity.

Job Title: Manager

John C Bequette

Sign Here

07/09/2025

Date