

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

WATER SUPPLY BANK RENTAL AGREEMENT No. 988

This is to certify that:

2 HBG LLC
707 E 600 N
RUPERT, ID 83350-9466

RECEIVED
MAR 09 2026
DEPARTMENT OF
WATER RESOURCES

filed an application to rent water from the Water Supply Bank ("Bank"). The Idaho Water Resource Board ("Board"), being authorized to operate a Bank and to contract by and through the Director of the Idaho Department of Water Resources ("Director, Department") for rental of water from the Bank, agrees to rent water as follows:

Summary of Water Rights or Portions Rented from the Bank

Water Right No.	Priority Date	Source	Diversion Rate (CFS)	Diversion Volume (AF)	Acres (AC)	Rate Per Acre (CFS/AC)	Volume Per Acre (AF/AC)
17-7076	4/6/1976	GROUND WATER	0.11	30.1	8.6	0.013	3.50
Rental Totals			0.11	30.1	8.6	0.013	3.50

Term of Rental: This rental agreement shall take effect when all parties have signed it and shall continue in effect until December 31, 2030. Use of rental water shall be authorized as of either the date this rental agreement takes effect or the first day of the rental season of use, in 2026, whichever occurs last.

Annual Rental Fee:

2026 - 2030: \$99.33 annually

The full fee for the rental of the above-described right(s) is \$99.33 per year for years 2026 - 2030. The rental fee includes an administrative fee of \$99.33 per year for years 2026 - 2030. Note that the renter is obligated to pay only the administrative fees associated with the water right(s): 17-7076.

An annual payment shall be received by the Department on or before December 31 each year preceding the use of the rented water rights. The agreement will be void if payment is not received by the due date in a given year. Rental fees are non-refundable. To voluntarily terminate the agreement early, notify the Department in writing prior to the rental fee due date.

Total Water Use Authorized Under Rental Agreement

Beneficial Use	Diversion Rate (CFS)	Diversion Volume (AF)
INDUSTRIAL	0.11	27.9
Combined Total	0.11	27.9

*** The authorized water usage reflects a change from the water right elements rented, to account for a change in nature of use to industrial use.**

Detailed water right conditions are attached.

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

WATER SUPPLY BANK RENTAL AGREEMENT No. 988

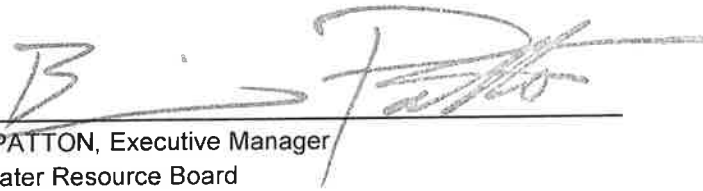
The undersigned renter agrees to use the water rented under this agreement in accordance with the Water Supply Bank rules and in compliance with the limitations and conditions of use described in this agreement:

 3-3-2026
Signature of Renter Date

Duane R. Grant Member
Printed Name Title

*Title required if signing on behalf of a company or organization or with power of attorney

Having determined that this agreement satisfied the provisions of Idaho Code § 42-1763 and IDAPA 37.02.03.030 (Water Supply Bank Rule 30), for the rental and use of water under the terms and condition herein provided, and none other, I hereby execute this Rental Agreement on behalf of the Idaho Water Resource Board.

By  Date 3/10/26
BRIAN PATTON, Executive Manager
Idaho Water Resource Board

Rental approved by IDWR  Date 3/10/26

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

WATER SUPPLY BANK RENTAL AGREEMENT No. 988

WATER USE DETAILS

LOCATION OF POINT(S) OF DIVERSION

GROUND WATER NWNE Sec. 5, Twp 15S, Rge 30E, ONEIDA County

BENEFICIAL USE
INDUSTRIAL

DIVERSION RATE
0.11 CFS

VOLUME
27.9 AF

SEASON OF USE

From To
1/1 12/31

RENTERS PLACE OF USE: INDUSTRIAL

Twp	Rng	Sec	NE				NW				SW				SE				Totals
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
14S	30E	33											X	X					X

RENTAL AGREEMENT CONDITIONS OF ACCEPTANCE

1. The use of water under this agreement shall be subject to the provisions of Idaho Code § 42-1766.
2. Rental of the specified right from 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.
3. Use of water under this agreement does not constitute a dedication of the water to renter's place of use, and upon expiration of this agreement, the points of diversion and place of use of the water shall revert to those authorized under the water right and/or again be available to rent from the bank.
4. Use of water under this agreement shall not prejudice any action of the Department in its consideration of an application for transfer or permit filed by the applicant for this same use.
5. Renter agrees to comply with all applicable state and federal laws while using water under this agreement.
6. Renter agrees to hold the Board, the Director and the state of Idaho harmless from all liability on account of negligent acts of the renter while using water.
7. Renter acknowledges and agrees that the Director may terminate authorization for the use of a water right based on a water right's priority date.
8. Failure of the renter to comply with the conditions of this agreement is cause for the Director to rescind approval of the rental agreement.
9. This agreement and water rights 17-7076 and 17-7008A when combined shall not exceed a total diversion rate of 4.97 cfs.
10. Industrial use is for a gravel washing facility and dust abatement.
11. This rental agreement does not authorize the construction of a well.

Idaho Water Resource Board

Attachment to Water Supply Bank Rental Agreement No. 988

Effective until December 31, 2030

This map depicts the **rental place of use** pursuant to the rental agreement and is attached to the agreement solely for illustrative purposes.



Legend

- Water Supply Bank Rental Point of Diversion
- Water Supply Bank Rental Place of Use
- Township/Range
- Sections
- QQ

0 750 1,500 2,250 Feet



STATE OF IDAHO
WATER RESOURCE BOARD

RECEIVED

NOV 17 2025

DEPT. OF WATER RESOURCES

APPLICATION TO RENT WATER
FROM THE BOARD'S WATER SUPPLY BANKApplicant Name: 2 HBG LLC

Is this application being submitted with a lease application as a lease/rental package?

Yes ☒ No ☐

If yes, specify companion water rights in Section 4

This application must be completed according to the minimum requirement checklist below. This checklist is part of the rental application and must be included with the rental application. **Applications that do not meet the minimum requirements will not be placed in the processing queue and may be returned until all minimum requirements have been met.**

Rental applications should be submitted well in advance of the desired start date for the use of rental water. Rental applications may be processed as early as November 1 of the year prior to the intended use of rental water. Any rental application received on or before November 1 for use in the next year will be assigned a received date of November 1. Rental applications submitted more than one year in advance of the proposed start date for the use of rental water will not be accepted and will be returned to applicants. Rental applications may be returned to applicants if the desired start date for the use of rental water cannot be accommodated by the Water Supply Bank. Rental requests will not be accepted once the rental season of use period has concluded.

One rental application per beneficial use of water. For multiple beneficial uses of water, separate rental requests should be submitted for each unique beneficial use of water. One rental application can be submitted if you propose to rent water from multiple sources.

For additional instructions on completing a rental application, visit the Bank's website at http://idwr.idaho.gov/water_supply_bank.

MINIMUM REQUIREMENT CHECKLIST

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

Yes

- ☒ Completed *Application to Rent Water from the Board's Water Supply Bank*
- ☐ Confirmation that this form has been printed single sided, per requirement of the Water Supply Bank

Attachment N/A Yes

- | | | |
|----|-------------------------------------|--|
| 2 | ☒ | A map showing the proposed point(s) of diversion, place(s) of use, and water diversion and distribution systems proposed to be used with your rental request |
| 3A | ☐ | ☒ Detailed information on a proposed use of rental water |
| 3F | ☒ | ☐ Authorization from the owner/operator of the rental point(s) of diversion |
| 3H | ☒ | ☐ Water modeling to account for the impacts of the rental request |
| 3J | ☒ | ☐ Documents justifying a rate of flow greater than 0.02 cfs/acre |
| 3K | ☒ | ☐ Authorization from the owner/operator of the property at the proposed rental place(s) of use |
| 4B | ☐ | ☒ Explanation of how the rental water will sufficiently accomplish your rental purposes |
| 4C | ☐ | ☒ Explanation of consumptive use amounts for water rights experiencing a change in nature of use |

Department Use Only – Proposed Water Right(s)

17-7076

**STATE OF IDAHO
WATER RESOURCE BOARD**

Application to Rent Water (Continued)

1. CONTACT INFORMATION

A. Applicant 2 HBG LLC

Mailing Address 707 E 600 N Rupert, Idaho 83350-9466

Street City State Zip Code

Email Address grant@pmt.org Phone Number 208-531-5149

B. Is this application being completed by an authorized representative on behalf of the applicant? Yes ☒ No ☐
If yes, representatives (includes company employees if the applicant is a corporation, as well as legal counsel or consultants) should provide their information below if they desire to be included on correspondence with the rental applicant.

Representative Greg Sullivan Professional Title Engineer

Organization Brockway Engineering Relationship to Applicant Consultant

Mailing Address 2016 N Washington St Ste 4 Twin Falls, Idaho 83301

Email Address greg.sullivan@brockwayeng.com Phone Number 208-736-8543

2. MAP

Create a map of the proposed point(s) of diversion, place(s) of use and water diversion, delivery and distribution systems. Make sure the rental place of use is outlined and annotated with legal land descriptions (Township, Range, Section and Quarter-Quarters) or with GPS coordinates. For irrigation purposes, mark the number of acres you desire to irrigate. Attach the map to this application and label it **Attachment 2**.

3. DESCRIPTION OF PROPOSED USE FOR RENTAL WATER

A. Describe why you desire to rent water and provide a detailed description of your proposed use. If the proposed use is not for irrigation, describe in detail how you determined the amount of rental water required. If the space below is insufficient, attach additional sheets as required and label them **Attachment 3A**:

This water will be used for a gravel facility for washing and dust control.

B. Enter the desired and/or minimum rates of flow, volume, or irrigable acres requested for your rental purposes:

Desired Rate (Cubic Feet/Second)	Desired Volume (Acre-Foot)	Minimum Rate* (Cubic Feet/Second)	Minimum Volume* (Acre-Foot)	Desired Acres (if applicable)
0.11 CFS	22.4 AF	0.11 CFS	22.4 AF	AC

* Sometimes water rights provide an exceptionally low rate per acre and/or low volume per acre. This section is meant to establish an acceptable range of water sufficient for your proposed water use. Please see question 4B and complete if necessary.

C. This section must be completed in full. Enter the proposed start date and latest possible start date for using rental water as well as the number of years you would like to rent water. The latest possible start is the latest possible date by which you would be willing to pay for a rental and be able to benefit from utilizing rental water.

Desired Start Date (month/day/year)	Latest Possible Start Date (month/day/year)	*Mark Desired Rental Duration (Calendar Years)					**Applicant's preference if rental application cannot be processed prior to the latest possible start?	
3/1/2026	7/1/2026	☐ 1	☐ 2	☐ 3	☐ 4	☒ 5	☒ Process application as soon as possible	☐ Return application to applicant

* The number of years permissible for a rental is subject to the lease contract duration for the water right(s) being rented.

** Per Idaho Code 42-201, it is unlawful to divert or use water without a valid water right. Water Supply Bank rental applicants are not authorized to utilize rental water prior to the execution of an approved rental agreement. Rental requests may be returned to applicants if no water is available from the Bank to fulfill a rental request.

STATE OF IDAHO
WATER RESOURCE BOARD

Application to Rent Water (Continued)

- D. Describe your water distribution system and how rental water will be delivered from the point(s) of diversion (POD) to the proposed place of use (POU):

A temporary mainline will be connected to irrigation mainline. A flow meter will be installed to monitor rented water.

- E. Describe the physical type (pump, headgate, etc.) and location of the POD from which rental water is proposed to be diverted:

POD Description	Water Source	Other Water Rights Diverted from this POD
15S 30E Sec 5 NWNE	Ground Water	17-7008A

If the POD(s) above are located where water is turned into a canal, lateral or ditch, or if they are located on your property but are serviced by water that is delivered via a canal, lateral or ditch, your rental request must include documented authorization from all relevant canal companies, irrigation districts and/or water delivery entities, confirming that they consent to your diversion of water from their system.

- F. Has documented consent from all relevant water delivery entities been obtained? Yes ☐ N/A ☒
If yes, include documented consent as **Attachment 3F**.

- G. Do any POD(s) identified in Question 3E divert from a water source that may require water modeling? Yes ☐ No ☒
Refer to the Water Modeling Requirements Information Sheet to determine if a rental POD may require water modeling.

- H. Has water modeling been provided with your rental request? Yes ☐ N/A ☒
If yes, label modeling Attachment 3 H.
Rental applications that require modeling will be returned if modeling is not provided.

- I. Specify the desired beneficial use of water and the requested season of use or number of acres required:

- ☐ Irrigation _____ (number of acres) Duration: Subject to IDWR standard seasons of use
- ☒ Commercial from: _____ (mm/dd) to: _____ (mm/dd)
- ☐ Stockwater from: _____ (mm/dd) to: _____ (mm/dd)
- ☐ Industrial from: _____ (mm/dd) to: _____ (mm/dd)
- ☐ Other: _____ from: 01/01 (mm/dd) to: 12/31 (mm/dd)

- J. For irrigation uses, do you propose to divert water at a rate greater than 0.02 cfs/acre? N/A ☒ Yes ☐ No ☐
If yes, justify the rate of flow and attach any supporting documents as **Attachment 3J**. Justification may include information on soil composition, conveyance losses, crop type, irrigation systems, public access areas, etc. A rate of 0.03 cfs/acre is permissible for irrigation of 5 acres or less.

- K. Do you own the land at the proposed rental place of use (POU)? Yes ☒ No ☐
If no, attach documentation from the POU owner/operator confirming your authorization to use the POU and label it **Attachment 3K**.

- L. List all other water rights and sources of water at the rental place of use for the same purpose, including privately owned water rights and water received from a municipal supplier, an irrigation district, a canal company or any other water delivery entity. Explain why additional water is required:

None

STATE OF IDAHO
WATER RESOURCE BOARD

Application to Rent Water (Continued)

4. RENTAL REQUESTS FOR SPECIFIC WATER RIGHTS

A. Are you requesting to rent specific water rights?

Yes ☐ No ☐

If yes, specify below the elements of the water rights you are requesting to rent. If no, continue to Question 4B.

Important Information: Diversion rates and volumes sought for rent must be proportionate to the per acre diversion rates and per acre volume limits of the water right under lease contract to the Water Supply Bank. Prior to completing this section, applicants should review all water right lease contracts and any active rental agreements to determine which elements of a water right are available to satisfy a rental request. Lease and rental documents are searchable via [IDWR's website](#).

Water rights identified below must either already be leased to the Bank or a lease proposal should accompany this rental request. **Rental requests for water rights not yet leased to the Bank will be returned if companion lease applications are not provided with the rental request.** For leased rights featuring combined limits, rentals must be consistent with combined diversion rate, volume or acre limits. Combined limits should be listed on a row below water right numbers.

Water Right Elements Leased to Water Supply Bank					Leased totals, minus water right elements involved in active rental agreements, equals water right elements available for rent	Water Supply Bank Rental Request		
Water Right Number (leave blank if sub-total of combined limits)	Nature of Use	Diversion Rate (CFS)	Volume (AF)	Acres (AC)		Diversion Rate (CFS)	Volume (AF)	Acres (AC)
17-7076	Commercial	0.11	30.1	8.6		0.11	22.4	
Applicants must ensure the requested rate per acre and volume per acre do not exceed the rate per acre and volume per acre limits of water rights leased to the Water Supply Bank					TOTAL	0.11	22.4	
						CFS	AF	AC

**Attach multiple copies of this page if space above is insufficient to list all water rights requested to be rented on this application.*

B. If water right conditions, combined limits, or the sum of all water right elements being requested provide an unconventional duty of water (e.g., an unusually low rate per acre or volume per acre for irrigation use), explain how your proposed rental will sufficiently accomplish your intended purposes. Attach a separate page if space is insufficient and label it **Attachment 4B**:

N/A

C. Does your rental request propose to change the nature of use for any water right(s) being rented?

Yes ☒ No ☐

If yes, explain how the water right(s) will be converted to new uses. Include the historic, consumptive use amounts for the water right being rented if you have it, as well as the new consumptive use amount for your proposed beneficial use. If space below is insufficient, attach a separate page and label it **Attachment 4C**:

This rental will utilize the rented water as commercial water. Alfalfa was grown on the 8.6 acres in 2020 utilizing 2.6 ft per acre of water.

STATE OF IDAHO
WATER RESOURCE BOARD

Application to Rent Water (Continued)

5. ADDITIONAL INFORMATION

- A. Is this the first time that rental water is being requested for this purpose at the rental place of use? Yes ☒ No ☐
If no, list previous rental requests/agreements and explain why you have not secured a permanent water right for your needs:

- B. Have you or do you intend to submit an application for permit or transfer proposing a similar use as this rental? Yes ☐ No ☒
If yes, describe:

- C. Was this rental application submitted in response to a Notice of Violation (NOV) or a pending NOV? Yes ☐ No ☒
If yes, describe the date and location of the NOV.

D. Additional Information

The gravel washing and dust control are temporary water needs. A flow meter will be installed on the temporary mainline to the gravel washing facility.

DECLARATION

I hereby assert that the information contained in this application is true to the best of my knowledge. I understand that any willful misrepresentations made in this application may result in rejection of the application or cancellation of an approval. I understand that if this rental application is approved, it will be subject to the provisions of Section 42-1766, Idaho Code and all applicable state and federal laws. I understand that the submission of a rental application provides no guarantee for approval of a rental agreement. I also understand that, per Idaho Code 42-201, it is unlawful to divert or use water without a valid water right and that I am not authorized to utilize water as proposed in this application prior to the execution of an approved rental agreement.


Signature of Applicant

Duane R. Grant
Printed Name of Applicant

11/10/2025
Date

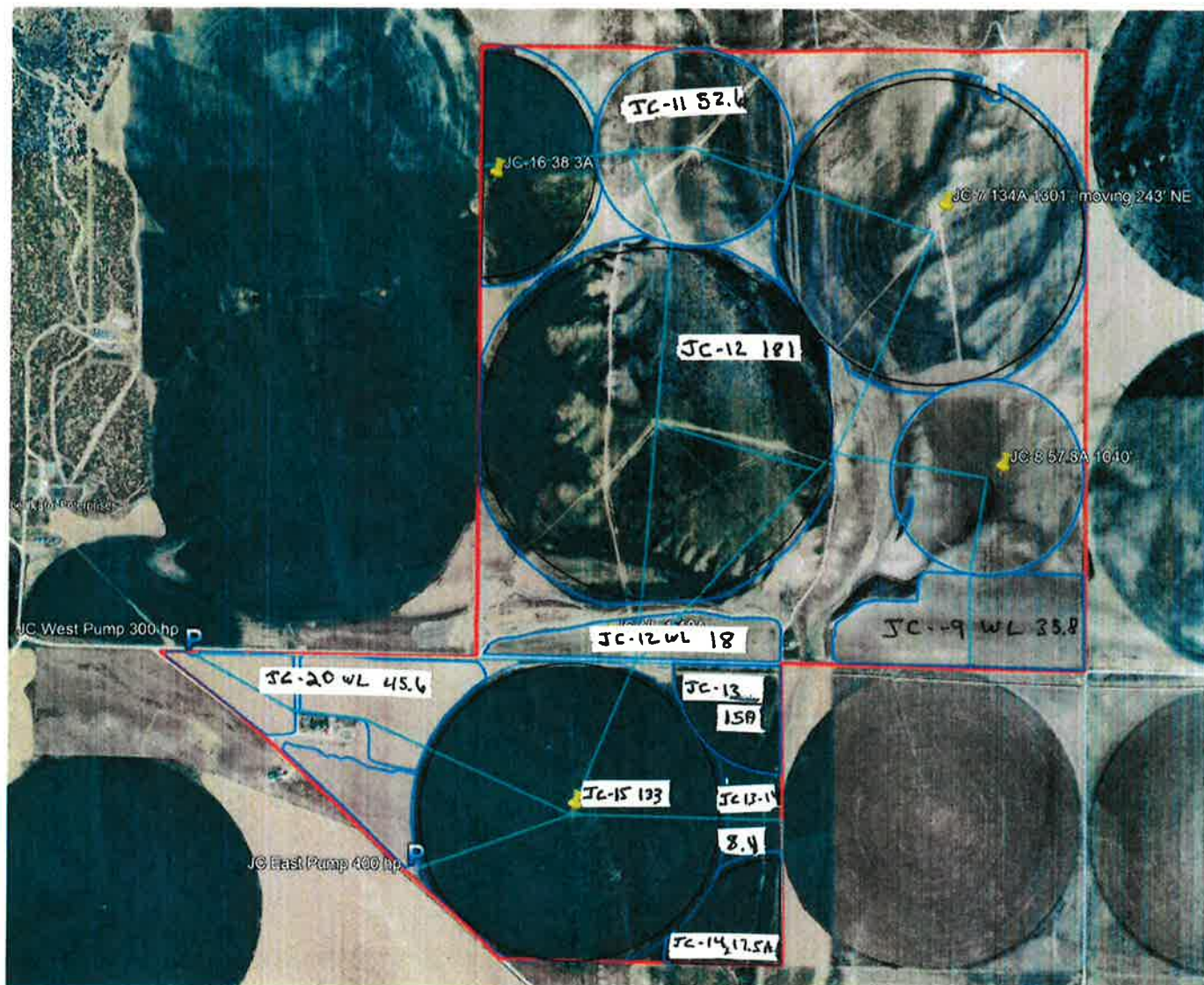
Signature of Representative

Printed Name of Representative

Date

Mail to:

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



Canton Farm

Field	Farmed Acre
JC-7	134
JC-8	50.8
JC-9 WL	35.8
JC-11	52.6
JC-12	181
JC-12 WL&HL	18
JC-13	15
JC 13&14 WL	8.4
JC-14	17.5
JC-15	133
JC-16	38.3
JC 20 HL	45.6
JC DryLand	97
Total	827

Cropping History Canton Farm

[illegible]



IDAHO DEPARTMENT OF
WATER RESOURCES

ET-IDWR

**Evapotranspiration and Consumptive
Irrigation Water Requirements
for Idaho**

Malad (NWS -- USC00105544)

Statistics based on thirty year normal spans 1986 to 2021 years

For a different land cover or crop click on the above link.

You can highlight this table and copy via the clipboard to a Microsoft Excel or OpenOffice spreadsheet to plot or otherwise work with this data.

Alfalfa - frequent cuttings															
Precipitation Deficit (Click here for a graph)															
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Growing Season ^a	Non Growing Season ^b	Annual
Mean ^j	mm/day												mm		
Monthly ^c	-0.51	-0.16	0.30	1.31	3.83	5.06	6.08	5.16	3.29	1.13	-0.20	-0.60	796	-39	756
15-Day Moving Average ^d	-0.55	-0.24	0.30	1.26	3.87	4.82	5.96	5.15	3.32	1.05	-0.21	-0.63	2,6 ft/acre		
7-Day Moving Average ^e	-0.52	-0.22	0.28	1.24	3.81	4.89	6.02	5.17	3.34	1.07	-0.20	-0.60			
3-Day Moving Average ^f	-0.49	-0.19	0.29	1.27	3.81	5.01	6.07	5.16	3.31	1.09	-0.19	-0.61			
Standard Deviation ^k	mm/day												mm		
Monthly ^c	0.57	0.58	0.21	1.03	1.45	1.16	0.83	1.20	1.15	0.99	0.41	0.58	92	31	99
15-Day Moving Average ^d	0.67	0.72	0.20	1.13	1.68	1.13	1.09	1.45	1.22	1.15	0.47	0.62			
7-Day Moving Average ^e	0.61	0.67	0.18	1.07	1.60	1.15	0.96	1.28	1.16	1.09	0.41	0.60			
3-Day Moving Average ^f	0.56	0.61	0.21	1.03	1.51	1.16	0.86	1.23	1.16	1.01	0.41	0.60			

N

BROCKWAY ENGINEERING, PLLC.
GWS - Date: 11/4/2025



0006431519

**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 #: 0006431519

Date Filed: 9/8/2025 6:15:30 PM

Entity Name and Mailing Address:		
Entity Name:	2-HBG, LLC	
The file number of this entity on the records of the Idaho Secretary of State is:	0005950404	
Address	707 E 600 N RUPERT, ID 83350-9466	
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:		
The registered agent on record is:		
Registered Agent	DUANE R GRANT Registered Agent Physical Address 707 E 600 N RUPERT, ID 83350 Mailing Address	
Agent or Address Change		
☐ Select if you are appointing a new agent.		
Limited Liability Company Managers and Members		
Name	Title	Business Address
☒ Grant 4-D Properties, LLC	Managing Member	DUANE GRANT 707 E 600 N RUPERT, ID 83350
☒ JV Family LLC	Managing Member	JOHN HANSEN 277 E 700 N RUPERT, ID 83350
☒ Monster Mule LLC	Managing Member	RIGGIN HOLMGREN PO BOX 51, 5150 N 4700 W BEAR RIVER CITY, UT 84301
☒ J-B Enterprises, LLC	Managing Member	JOSE BARBOZA 1525 SOD FARM RD POCATELLO, ID 83204
The annual report must be signed by an authorized signer of the entity.		
Job Title: Member		
Duane R Grant		09/08/2025
Sign Here		Date

B1047-6420 09/08/2025 6:15 PM Received by Office of the Idaho Secretary of State



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

March 11, 2026

2 HBG LLC
707 E 600 N
RUPERT, ID 83350-9466

**RE: RENTAL OF WATER FROM THE WATER SUPPLY BANK
WATER RIGHT NO(S). 17-7076, AGREEMENT 988**

Dear Renter:

Please find enclosed a receipt in the amount of **\$99.33** and a copy of a fully executed Water Supply Bank Rental Agreement in connection with the rental of 30.1 acre-feet of water for irrigation of 8.6 acres during 2026. Upon receipt of this fully executed agreement, you are authorized to divert water in compliance with the conditions of water use described in the agreement.

If you have any questions, please contact this office at bank@idwr.idaho.gov or (208)-287-4800.

Sincerely,

Kris Margheim

for
Water Supply Bank

Enclosures: Receipt No. C125227
Rental Agreement (copy)

c: IDWR Eastern Regional Office (via email)



GRANT 4-D FARMS
707 E 600 N
RUPERT, ID

RECEIVED
MAR 09 2026
DEPARTMENT OF
WATER RESOURCES

Date: March 4, 2026

Idaho Department of Water Resources
Skyler Cheever, Water Resources Agent, Sr – State Office
PO Box 83720
Boise, ID 83720-0098

RE: Water Lease and Rental Contracts

Hi Skyler,

Thank you for your work and letter concerning Water Lease Contract No. 2124 and Rental Agreement No. 988. As requested, two original copies of each of these agreements are signed by me and included herein. Additionally, a check in the amount of \$99.33 is enclosed for the 2026 Water Rental fee.

Thanks again and please reach out should you need any additional information.

Respectfully submitted,



Duane R. Grant | President and CEO and Member of 2-HBG, LLC
c: 208.431.5112
e: Duane@grant4dfarms.com

GRANT 4-D FARMS

208.431.5112 duane@grant4dfarms.com www.grant4dfarms.com



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

February 27, 2026

2 HBG LLC
707 E 600 N
RUPERT, ID 83350-9466

**RE: APPLICATION TO RENT WATER FROM THE WATER SUPPLY BANK
WATER RIGHT NO, 17-7076 AGREEMENT 988**

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

Dear Applicant:

The Department of Water Resources acknowledges receipt of your application to rent water from the Water Supply Bank. **I have enclosed a Water Supply Bank Rental Agreement for your review and signature.** Upon signature and return of the original agreement, together with the rental fee described below, the Department will also sign the original agreement and return an executed copy to you. Execution of the agreement and compliance with the conditions of approval authorize diversion and use of water as provided in the agreement.

A rental fee of **\$99.33 per year** was calculated based on the current rental rate of \$33.00 per acre-foot times a diversion volume of 30.1 acre-feet. Since you are both the lessor and the renter of the right, **you are only obligated to pay the 10% administrative fee or \$99.33.** The annual rental fee for 2027 is due by December 31, 2026. The agreement will be void if payment is not received prior to the due date in a given year. If you would like to terminate the agreement prior to the end of the rental period, you must submit written notice of your intent to the Department at least 30 days prior to the rental fee due date.

Please send a check in the amount of \$99.33 for 2026 made payable to the Idaho Department of Water Resources, **together with the signed rental agreement, within 14 days** so I can complete processing.

Pursuant to the Water Supply Bank Rules, \$99.33 will be retained by the Department to offset administrative costs for **\$99.33**.

If you have any questions, please contact this office at (208) 287-4800.

Sincerely,

Skyler Cheever
Water Resource Agent, Sr – State Office
Idaho Dept. of Water Resources

Enclosures: Proposed Rental Agreement

c: IDWR Front Desk (via email)
Bank (via email)
Representative: Brockway Engineering (via email)

Idaho Water Resource Board

Attachment to Water Supply Bank Rental Agreement No. 988

Effective until December 31, 2030

This map depicts the **rental place of use** pursuant to the rental agreement and is attached to the agreement solely for illustrative purposes.



Legend

-  Water Supply Bank Rental Point of Diversion
-  Water Supply Bank Rental Place of Use
-  Township/Range
-  Sections
-  QQ



Cheever, Skyler

From: Cheever, Skyler
Sent: Thursday, February 19, 2026 4:23 PM
To: Cefalo, James
Subject: Water Supply Bank Lease/Rental Application Package 3351/3352 2 HBG LLC
Attachments: Lease Approval Map 2124.pdf; Lease Review Memo 3351.pdf; Rental Agreement 988.pdf; Rental Approval Map 988.pdf; Rental Review Memo 988.pdf

Hello James,

I have completed my review of Water Supply Bank Lease 3351 and Rental 3352 Application package with the proposed points of diversion within Administrative Basin 17. The applicant is 2 HBG LLC. The applicant proposes to lease an 8.6-acre portion of water right 17-7076 into the WSB from 2026-2030. They propose to rent the entirety of the same lease contract from the Water Supply Bank from 2026-2030. Attached is a copy of the rental agreement, review memos, and maps of the place of use. If you have any comments regarding the applicants' proposals or my reviews, please let me know within 7 days. If you have any questions or concerns, please let me know.

Best,

Skyler



Idaho Dept. of Water Resources

322 E. Front St, PO Box 83720 Boise, ID
83720

MEMORANDUM FOR RENTAL AGREEMENT # 988

To: Water Right No(s). 17-7076

From: Skyler Cheever – Water Resource Agent, Sr – State Office

Date: 2/13/2026

Re: Review & Analysis of Application to Rent Water from the State Water Supply Bank

PURPOSE/NARRATIVE:

Application 3352 was sent in by 2 HBG LLC and received by the Idaho Dept. of Water Resources on November 17th, 2026. This application is part of a lease application package with lease application/contract 3351/2124. The applicant proposes to rent the entirety of lease contract 2124 and change the nature of use to commercial use for a gravel washing station and dust abatement. However, the proposed use would better fall under industrial use. I recommend the beneficial use on the agreement be changed to industrial use. The proposed point of diversion (POD) is within Administrative Basin 17 and not within an active water district. This is the first time this rental application proposal has been received.

AUTHORITY TO FILE:

Duane Grant signed the application. Mr Grant had the authority to sign on behalf of the LLC because he is a managing member of 2 HBG LLC according to the Idaho Secretary of States Office Database. The property containing the proposed place of use (POU) and POD is currently owned by the applicant according to Idaho Tax Parcel Data. Therefore, there are no legal access concerns.

INJURY TO OTHER WATER RIGHTS:

The proposed point of diversion is the same as the lease POD. The applicant also proposes to change the nature of use, reducing the overall diversion volume to the historic consumptive use. The applicant proposes to extend the season of use from April 1st – October 31st to year around. However, diversion of water outside the standard irrigation would be at a time when groundwater is diverted far less. Therefore, it's unlikely this proposal would cause injury to other groundwater users.

ENLARGEMENT OF USE:

No other water rights, other than the unleased portions of the proposed WR overlap the proposed POU. WR 17-7008A overlaps the proposed POD and is limited with the unleased portions of 17-7076 to 4.97 cfs. To prevent an enlargement the same condition should be added to the rental agreement.

The applicant proposes renting 8.6 acres of irrigation and changing the nature of use to industrial. To change the nature of use the consumptive volume of the historic crop grown within the proposed POU is determined using evapotranspiration data. The applicant indicated they utilized the ET Idaho Malad station and alfalfa with frequent cuttings to determine a consumptive volume of 2.6 af/acre. However, after reviewing the locations of ET Idaho stations Malta 1NE was the closest station with the most recent data. According to station data the consumptive volume using alfalfa with frequent cuttings would be 3.25 af/acre. Therefore, the total authorized diversion volume will be reduced to 27.9 af. There are no other enlargement concerns.

LOCAL PUBLIC INTEREST:

The proposed rental of water is in the local public interest.

BENEFICIAL USE/CONSERVATION OF WATER RESOURCES:

The proposed rental is consistent with the conservation of water resources in Idaho.

DEPARTMENT STAFF OR WATERMASTER COMMENTS

The proposed POD is located in Administrative Bain 17 and is not within an active Water District. A request for comment was sent to the IDWR Eastern Regional Manager on February 19th, 2026. No concerns were received.