

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

WATER SUPPLY BANK LEASE CONTRACT No. 1868

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

LESSOR: HK CONTRACTORS INC
PO BOX 51450
IDAHO FALLS, ID 83405-1450

RECEIVED
MAY 22 2026
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 April 09, 2024.
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)
22-14581	12/1/1903	TETON RIVER, tributary to HENRYS FORK	0.47	Not Stated	11.8
Lease Totals			0.47	Not Stated	11.8

Summary of Water Rights Elements Rentable From the Bank

Water Right	Diversion Rate (CFS)	Diversion Volume (AF)	Acres (Limited) (AC)	Rate Per Acre (CFS/AC)	Volume Per Acre (AF/AC)
22-14581	0.47	41.3	11.8	0.040	3.50
Combined Limit Totals	0.47	41.3	11.8	0.040	3.50

**The water right elements rentable have been changed from the water right elements leased to account for a diversion volume.*

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

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3. **TERM OF LEASE:** The term of this lease shall be January 1, 2024 to December 31, 2028. 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.
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: HK CONTRACTORS INC
PO BOX 51450

IDAHO FALLS, ID 83405-1450

By Todd Trosper
Title President HK Contractors Inc
Date 5/18/2026

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 5/26/26

Lease approved by IDWR Patton

Date 5/26/26

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

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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): 22-14581

TETON RIVER NESESW Sec. 36 Twp 07N Rge 40E FREMONT County

Water Right	Beneficial Use	Season of Use			Diversion Rate (CFS)	Volume (AF)
		From		To		
22-14581	IRRIGATION	04/01	to	10/31	0.47 cfs	41.3 AF
Totals:					0.47 cfs	41.3 AF

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	
07N	40E	36										11.8							11.8

Total Acres: 11.8

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.
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.

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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. The right holder shall maintain a measuring device and lockable controlling works of a type approved by the Department in a manner that will provide the watermaster suitable control of the diversion(s).
13. 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. 1.
14. The unleased portion of Water Right No. 22-14581 shall not exceed a total diversion rate of 2.37 cfs, a total annual maximum diversion volume of 207.2 af at the field headgate, and the irrigation of 59.2 acres.

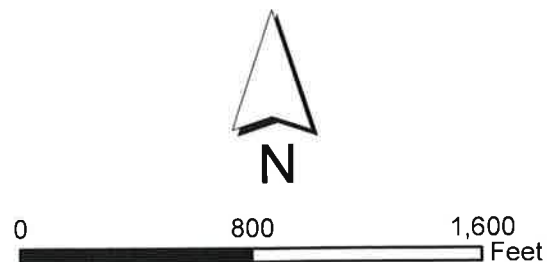
Idaho Water Resource Board
Water Supply Bank Lease Contract No. 1868

Water Right No. 22-14581
Effective until December 31, 2028

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.



- Water Supply Bank Lease POD
- Water Supply Bank Lease POU
- Township/Range
- Sections
- QQ



STATE OF IDAHO
WATER RESOURCE BOARD

RECEIVED

APR 09 2024

DEPT. OF WATER RESOURCES

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

Designated Applicant HK Contractors, Inc. **Water Right No.** 22-14581
(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 ☒

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

All items must be checked as either *Attached (Yes)* or *Not Applicable (N/A)*

Yes

- ☒ Completed *Application to Sell or Lease a Water Right to 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.
- ☒ Confirmation this form has been printed **single sided**, per requirement of the Water Supply Bank.

Attachment **N/A** **Yes**

- | | | | |
|----|-------------------------------------|-------------------------------------|--|
| 1A | ☐ | ☒ | Signatures and contact information for <i>all owners</i> of the water right to be leased or sold on this application. |
| 1B | ☐ | ☒ | An <u>Internal Revenue Service (IRS) Form W-9</u> for the Designated Applicant. |
| 1C | ☒ | ☐ | <i>Notice of Change in Water Right Ownership</i> form (accessible from www.idwr.idaho.gov). |
| 1D | ☒ | ☐ | Contact information for an authorized representative and documentary proof they are authorized to represent the Designated Applicant on this application. If the Designated 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 . |

Department Use Only

Fee Amount \$ <u>250.00</u>	Received By: <u>KM</u>	Date Received: <u>4.9.24</u>	Receipt # <u>C118121</u>
W-9 received? Yes ☒ No ☐ (Route W-9 to Fiscal)		Name on W-9: <u>H-K Contractors, Inc</u>	

2971

STATE OF IDAHO
WATER RESOURCE BOARD

APPLICATION TO SELL OR LEASE A WATER RIGHT
(Continued)

1. CONTACT INFORMATION

- A. This application must be completed by a Designated Applicant who is a current owner of the water right being sold or leased to the Water Supply Bank. If there are additional current owners, those individuals must authorize the Designated Applicant to represent them on this application by completing and signing Attachment 1A of this application package.

Designated Applicant HK Contractors, Inc., c/o Jeff Trosper

Mailing Address P.O. Box 51450 Idaho Falls Idaho 83405
Street City State Zip Code

Email Address jefftrosper@hkcontractors.com Phone Number (208) 523-6600

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

OR

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

- B. Has the Designated Applicant submitted an IRS Form W-9 to this Department within the last 2 years? 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 Designated Applicant? Yes ☒ No ☐
If yes, representatives (includes employees of Designated Applicant companies) must complete this section and submit documentary proof of their authority to represent the Designated Applicant (Attachment 1D).

Name of Representative Thomas J. Budge Organization Racine Olson

Professional Title Attorney Email Address tj@racineolson.com

Mailing Address P.O. Box 1391, Pocatello, Idaho 83204-1391 Phone Number 208-232-6101

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

OR

☒ Send original correspondence to the Designated 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.

OR

☒ A part of the water right is being offered to the Bank.

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

3. MAP

Attach a map of the point(s) of diversion and place(s) of use proposed to be idled by this lease application. Make sure the idled 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 idle. 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
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APPLICATION TO SELL OR LEASE A WATER RIGHT
(Continued)

4. GENERAL INFORMATION

- A. Is the diversion works or system owned or managed by an irrigation district or water delivery company? Yes ☐ No ☒
If yes, provide written consent from the company, corporation or irrigation district authorizing the proposed sale or lease (Attachment 4A).

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](#).

- B. Please provide a description of the current water diversion and delivery system.
Open ditch with diesel pump.

- C. Describe any other water rights 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. 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? 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. Identify annual volumes and/or rates of water diverted in the last 5 years to accomplish the beneficial use authorized by this water right. Land has been irrigated the last five years by a tenant farmer. Volumes and diversion rate are unknown.

- G. 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 (Attachment 4G). See [Section 42-223, Idaho Code](#) for exceptions to forfeiture. Your application may be denied if forfeiture concerns are not addressed.

- 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 AGREEMENT

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

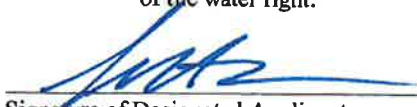
If lease, specify the years when the use of water will be suspended: 2024 to 2029 (maximum lease period 5 calendar years).
(Year) (Year)

- B. Show the minimum payment acceptable to the seller/lessor. The minimum payment may be shown as the "current rental rate" as established by the IWRB. Include the method of determining the minimum payment if other than the current rental rate.
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 Applicant acknowledges the following:

1. Payment to the Designated 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 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 Applicant

Jeff Trosper
Printed Name

3/27/2024
Date


Signature of Authorized Representative

Thomas J. Budge, Attorney
Printed Name

3/27/2024
Date

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

**STATE OF IDAHO
WATER RESOURCE BOARD**

ATTACHMENT 1A

Additional Water Right Holders Party to the Lease Application

For the water right on this application, 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 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 Applicant.** 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). 22-14581

	Designated Applicant	Applicant #2	Applicant #3
Name	HK Contractors, Inc.		
Mailing Address	c/o Jeff Trospen P.O. Box 51450 Idaho Falls, Idaho 83405		
Phone Number	(208) 523-6600		
Email Address	jefftrosper@hkcontractors.com		
Applicant Declaration	As Designated Applicant, I submit this lease application on behalf of all other water right holders.	I authorize the Designated Applicant to submit this application on my behalf.	I authorize the Designated Applicant to submit this application on my behalf.
Signature			

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

**STATE OF IDAHO
WATER RESOURCE BOARD**

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

ATTACHMENT 2

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

1. <u>Water Right Number</u>	Nature of Use	Leased Rate (cfs)	Leased Volume (af)	Leased Acres (ac)
22-14581	Irrigation	0.5		25
	Total Amounts:	0.5		25

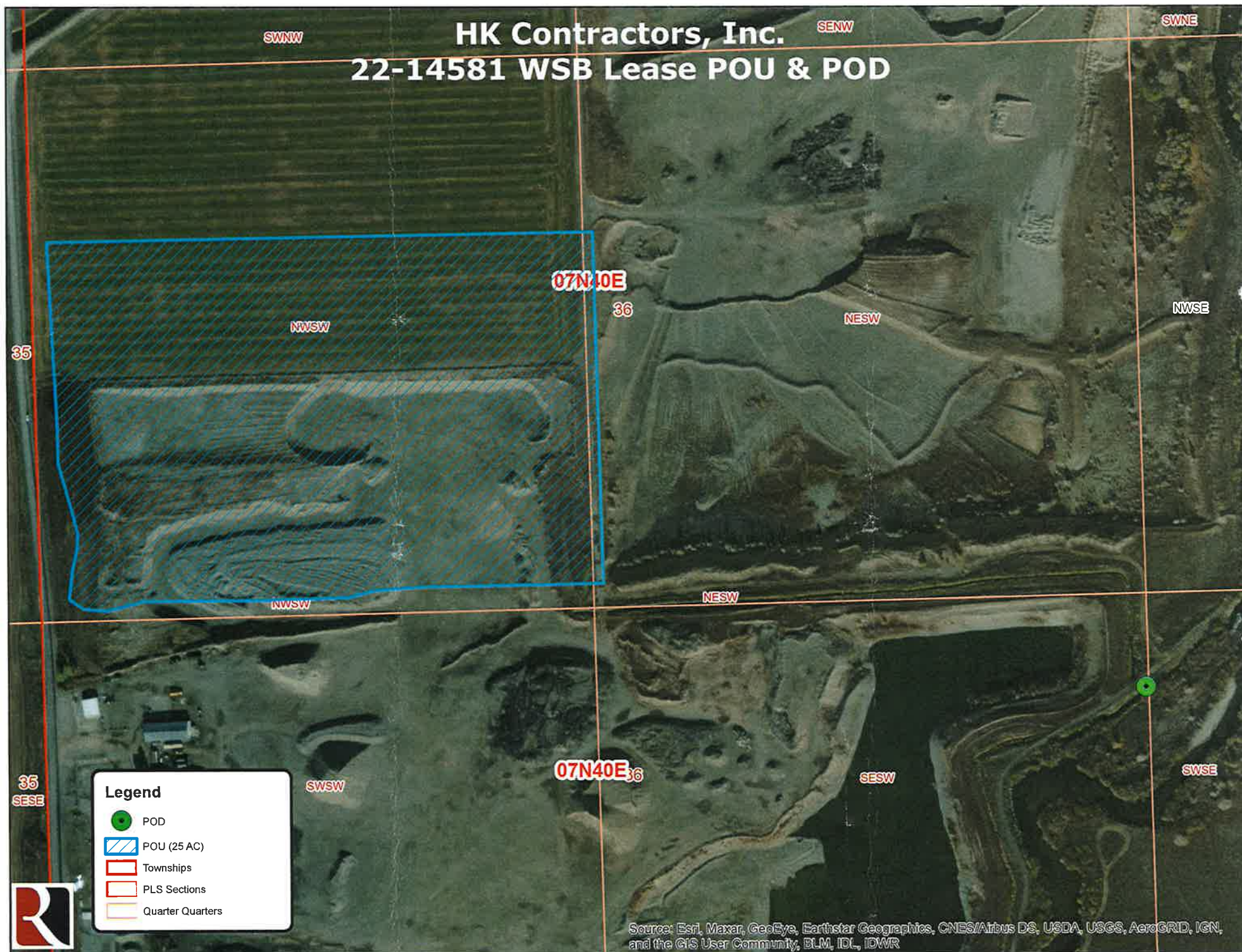
2. Source of water Teton River tributary to Henry's Fork

3. Point(s) of diversion:

Twp	Rge	Sec	Lot	¼	¼	¼	County
7N	40E	36		NE	SE	SW	Fremont

HK Contractors, Inc.

22-14581 WSB Lease POU & POD





0005570012

**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 #: 0005570012

Date Filed: 1/24/2024 9:53:27 AM

B0875-6207 01/24/2024 9:53 AM Received by Office of the Idaho Secretary of State

Entity Name and Mailing Address:

Entity Name: H-K CONTRACTORS, INC.
The file number of this entity on the records of the Idaho Secretary of State is: 0000121109
Address: PO BOX 51450
IDAHO FALLS, ID 83405-1450

Entity Details:

Entity Status: Active-Good Standing
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: C36175

The registered agent on record is:

Registered Agent: CORPORATION SERVICE COMPANY
Commercial Registered Agent
Physical Address:
1305 12TH AVE RD
NAMPA, ID 83686
Mailing Address:
1305 12TH AVE RD
NAMPA, ID 83686

Agent or Address Change

☐ Select if you are appointing a new agent.

Corporate Officers and Directors:

Name	Title	Business Address
Jeff Trosper	President	6350 S YELLOWSTONE HIGHWAY IDAHO FALLS, ID 83402
Craig Mathision	Vice President	6350 S YELLOWSTONE HIGHWAY IDAHO FALLS, ID 83402
April Maus	Secretary	6350 S YELLOWSTONE HIGHWAY IDAHO FALLS, ID 83402
April Maus	Treasurer	6350 S YELLOWSTONE HIGHWAY IDAHO FALLS, ID 83402
Scott W. Parson	Director	2350 SOUTH 1900 WEST OGDEN, UT 84401
John J. Keating	Director	14 MONUMENT SQUARE SUITE 302 LEOMINSTER, MA 01453

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

Job Title: Vice President



Craig Mathison

Sign Here

01/24/2024

Date



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

May 26, 2026

HK CONTRACTORS INC
PO BOX 51450
IDAHO FALLS, ID 83405-1450

**RE: WATER SUPPLY BANK LEASE CONTRACT 1868
FOR WATER RIGHT(S) 22-14581**

Dear Lessor:

Water right 22-14581 is leased into the Water Supply Bank (Bank) as of January **2024** 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, 2028**, 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 bank@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- Eastern Region Office
TJ Budge (via email)



IDAHO DEPARTMENT OF
WATER RESOURCES

RECEIVED

MAY 22 2026

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

DEPARTMENT OF
WATER RESOURCES
idwr.idaho.gov

Governor Brad Little

Director Mathew Weaver

05/08/26

HK Contractors Inc
PO Box 51450
Idaho Falls ID 83405-1450

RE: APPLICATION TO LEASE WATER RIGHTS No. 22-14581 – CONTRACT 1868

******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. **Enclosed are two original Water Supply Bank Lease Contracts for review and signature. Please sign and return both 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, 2028 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 all the conditions of acceptance listed on the Lease Contract, specific note condition #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 Department staff at bank@idwr.idaho.gov or 208-287-4800.

Respectfully,

for
Water Supply Bank

Enclosures: Proposed Lease Contracts
Receipt No. C118121

CC: TJ Budge, Racine Olson (via email)

MEMORANDUM FOR APPLICATION # 2971

To: Water Right No. 22-14581

From: Phill Hummer

Date: 05/07/26

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

PURPOSE/NARRATIVE: Lease application no. 2971 was received on 04/09/2024 proposing to lease 25.0 acres of water right no. 22-14581. Review of available imagery found that the place of use was last fully irrigated in 2017. HK Contractors also filed lease application no. 2972 for water right 22-207B, which also has uncertain historic use. Since both applications are from the same applicant and have similar concerns with acceptability both were placed on hold pending response from the applicant's representative TJ Budge (Racine Olson). There were several correspondence between IDWR and Budge in 2024 regarding historic use of the water by HK Contractors. Although the correspondence were specific to right 22-207B, application no. 2971 continued to be held. In late 2024, IDWR became aware of pending legislation to change I.C. 43-1764 and it was decided to continue to hold both applications until the proposed change became effective.

AUTHORITY TO FILE: The application is signed by Jeff Trosper. Annual reports for HK Contractors Inc on file with Idaho Secretary of State list Jeff Trosper as the president of the company.

WATER RIGHT VALIDITY: Images of the POU available to IDWR at this time show the full 71.0 acres POU was last fully irrigated in 2017, 7 years prior to the filing of lease application 2971. A 10.7 acre portion became idle in 2018 due to the expansion of an industrial area in the southern part of the POU. Available images show that the industrial activity was expanded by about 6.0 acres in 2021 to a total of 16.7 acres. See images below. The application proposes a lease of 25.0 acres, which includes the portion that would become idle in 2024 (based on the application map). Since the application was held for so long, 2024 imagery is available to determine the extent of irrigation that occurred in 2024 and the portion of the POU that became idle due to expansion of the industrial area. A lease contract beginning in 2024 can only be for acres idled within 5 years prior to the year the application was received. The portion of the POU that can be accepted has to have been irrigated in 2018 and become idle in 2019. The 6.0 acre portion first idle in 2021 plus the 5.8 acre portion idled in 2024 can be accepted. The 10.7 acre portion at the southern end of the place use has been idle for more than 5 years (2018-2023) and can not be accepted for lease without historic use information or a valid defense to forfeiture, neither of which was included with the application.

ENLARGEMENT OF USE: The applicant proposes a lease of 0.50 cfs and 25.0 acres. As discussed above 11.8 acres can be accepted due to the possibility a portion has been lost to forfeiture. Right no. 22-14581 authorizes a diversion rate of 2.84 cfs for 71.0 acres, which is a duty of 0.04 cfs per acre. The standard headgate requirement at the POU is 3.5 acres. Enlargement is unlikely to occur if 0.47 cfs, 41.3 af, and 11.8 acres are accepted for lease and the applicant adheres to the contract by reducing total irrigation to 59.2 acres.

LOCAL PUBLIC INTEREST: Accepting valid rights into the water supply bank to provide water for new and supplemental uses is in the local public interest.

DEPARTMENT STAFF OR WATERMASTER COMMENTS: The location of the water right POD is with IDWR's Eastern Region and Water District 01. A request for comment regarding the proposed lease was sent 07/09/2024 at the time the initial review was conducted. No concerns were received.



Figure 1. Google Earth image from 2017 showing the entire place of use is irrigated.



Figure 2. Google Earth image from 2018 showing the 10.7 acre expansion of the gravel area.



Figure 3. Google Earth image from 2021 showing the expansion of the gravel area to 16.7 acres.

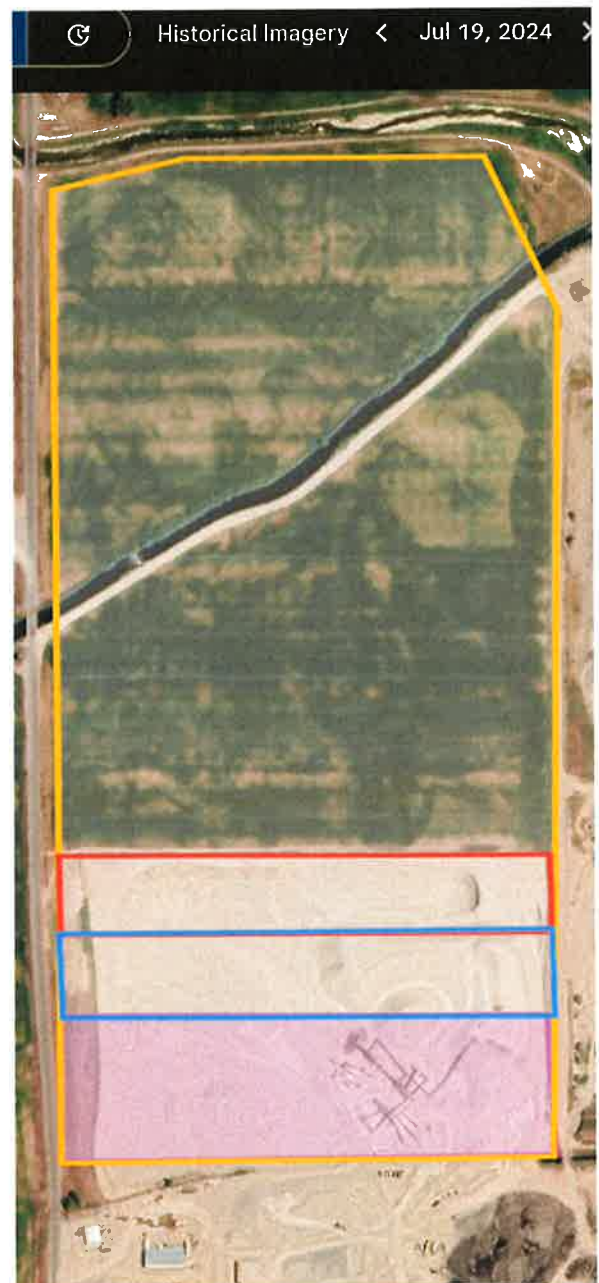


Figure 4. Google Earth image from 2024 showing the extent of irrigation that occurred during the first year of the lease contract.



RECEIVED

APR 09 2024

DEPT. OF WATER RESOURCES

April 2, 2024

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

Re: Water Supply Bank Application to Lease - Water Right 22-14581

To Whom It May Concern,

Enclosed please find for filing an Application to Lease a portion of water right no. 22-14581 to the Water Supply Bank, together with a check in the amount of \$250 for the filing fee. Should you have any questions, please give me a call if you have any questions.

Sincerely,

A handwritten signature in dark ink, appearing to read 'T. J. Budge', with a stylized flourish at the end.

T. J. BUDGE

c: Jeff Trosper

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